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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 CREDITOR'S RIGHTS ASSETS TRANSFER

CREDITOR'S RIGHTS ASSETS TRANSFER

The Board of the Bank hereby announces that, in order to further relieve the existing pressure of non-performing assets undertaken by the Bank, the Bank will dispose of the Creditor's Rights Assets by way of public bidding, the balance of the principal and the interest of which amounts to approximately RMB329.64 million in total. After the completion of the public bidding, evaluation and selection process, the Bank recognized Gansu Assets Management as the winner of the bidding. On June 27, 2024, the Bank and Gansu Assets Management entered into the Assets Transfer Agreement, pursuant to which the Bank agrees to transfer legally-owned Creditor's Rights Assets set out therein to Gansu Assets Management for a total consideration of RMB52.61 million.

IMPLICATION OF THE LISTING RULES

As at the date of this announcement, Gansu State-owned Assets Investment, directly and indirectly holding approximately 23.41% issued share capital in the Bank, is a substantial shareholder of the Bank (as defined under the Listing Rules). Gansu Assets Management is a subsidiary of Gansu State-owned Assets Investment and is thus a connected person of the Bank. The Creditor's Rights Assets Transfer constitutes a connected transaction of the Bank under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Creditor's Rights Assets Transfer exceed(s) 0.1% but all percentage ratios are less than 5%, the Creditor's Rights Assets Transfer is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from relevant circular (including independent financial advice) and independent shareholders' approval requirements.

The Board of the Bank hereby announces that, in order to relieve the existing pressure of non-performing assets undertaken by the Bank, the Bank will dispose of the Creditor's Rights Assets by way of public bidding, the balance of the principal and the interest of which amounts to approximately RMB329.64 million in total. There were four asset management companies participating in the bidding for the Creditor's Rights Assets Transfer. Except for Gansu Assets Management, the other asset management companies are Independent Third Parties.

After the completion of the public bidding, evaluation and selection process, the Bank recognized Gansu Assets Management as the winner of the bidding. On June 27, 2024, the Bank and Gansu Assets Management entered into the Assets Transfer Agreement, pursuant to which the Bank agrees to transfer legally-owned Creditor's Rights Assets set out therein to Gansu Assets Management for a total consideration of RMB52.61 million.

I. ASSETS TRANSFER AGREEMENT

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

(a) Date

June 27, 2024

(b) Parties

- (i) the Bank, as the transferor; and
- (ii) Gansu Assets Management, as the transferee

(c) Transfer Target

The transfer target is the Bank's legally-owned Creditor's Rights Assets set out in the Assets Transfer Agreement, including:

- the balance of the principal of creditor's rights and the interest thereon (approximately RMB329.64 million in total) as at the Transaction Benchmark Date (i.e., May 28, 2024) under the Assets Transfer Agreement;
- the pertaining rights, interests and benefits of the above-mentioned Creditor's Rights Assets:
 - (i) all titles and related rights and interests (present and future, existing and contingent) of the Creditor's Rights Assets held by the Bank;

- (ii) all the repayments, due or to become due, attributable to the Creditor's Rights Assets;
- (iii) the rights to demand, bring an action in respect of, recover and receive all the payables in relation to the Creditor's Rights Assets; and
- (iv) all the rights and legal remedies arising from realizing and enforcing the Creditor's Rights Assets.

Since the Transaction Benchmark Date (excluding such date), the risk of the creditor's rights of the transfer target and the relevant expenses have been transferred to Gansu Assets Management.

(d) Consideration and Payment Terms

The consideration for the transfer of Creditor's Rights Assets under the Assets Transfer Agreement shall be RMB52.61 million.

The Bank has engaged an independent third party valuer in connection with the Creditor's Rights Assets Transfer to evaluate the Creditor's Rights Assets, which has learned the status of the Creditor's Rights Assets by way of onsite and offsite inquiries and account manager interviews, etc., taking into account factors including available precedents, market demand, regional effect, status of peripheral assets, development of legal proceedings, disposal timing and tax and expenses, and made projections on recovery on account-by-account basis and prudently and objectively determined the valuation of the Creditor's Rights Assets under the Assets Transfer Agreement which ranges from RMB47.7 million to RMB65.5 million. The Bank has set the base price for the Creditor's Rights Assets Transfer with reference to the valuation of the Creditor's Rights Assets and on the basis of the valuer's advice, and has adopted public bidding, evaluation and selection approach in accordance with the Administrative Measures for the Bulk Transfer of Non-performing Assets of Financial Enterprises (Cai Jin [2012] No.6) (《金融企業不良資產批量轉讓管理辦法》(財金[2012]6號)), to determine the winning bidder. The Board (including the independent non-executive Directors) of the Bank considers that the consideration for the Creditor's Rights Assets Transfer is fair and reasonable.

(e) Payment of Consideration

In accordance with the Assets Transfer Agreement, Gansu Assets Management shall pay the transfer consideration to the account designated by the Bank in one lump sum within 5 working days after the execution of the Assets Transfer Agreement.

(f) Conditions for Completion

The completion of the Creditor's Rights Assets Transfer is conditional upon the satisfaction of the following conditions: (1) the Bank has received the consideration for the Creditor's Rights Assets Transfer payable by Gansu Assets Management as agreed in the Assets Transfer Agreement; (2) Gansu Assets Management has provided the relevant business registration, qualification and internal authorization documents as stipulated in the Assets Transfer Agreement to the Bank.

(g) Completion

Upon satisfaction of the above completion conditions, the completion of the transfer of the assets shall occur on the Completion Date as agreed in Assets Transfer Agreement. The Bank is only obliged to deliver relevant documents of the Creditor's Rights Assets to Gansu Assets Management on "as is" basis as of the Completion Date. Gansu Assets Management may exercise all the rights as a creditor according to the requirements of relevant laws and regulations from the Completion Date.

(h) Management during the Transition Period

During the transition period (being the period from the Transaction Benchmark Date to the Completion Date), the Bank shall continue to manage the assets in accordance with the standards for the management of ordinary creditor's rights of the Bank before the Transaction Benchmark Date, subject to and in compliance with all requirements under the relevant PRC laws and regulations and the agreement under the Assets Transfer Agreement. Gansu Assets Management may propose a disposal plan in writing. The Bank may dispose of the creditor's rights in accordance with such plan if it is approved by the Bank. Save for that, the Bank has no right to dispose of the creditor's rights during the transition period.

(i) Cooperation after the Completion

After the completion, the Bank will provide necessary assistance and cooperation to Gansu Assets Management, including but not limited to issuing the notice of debt transfer and demand to the debtor. If the Creditor's Rights Assets involve legal proceedings, the Bank will assist in handling litigation and/or change of the execution subject.

II. REASONS FOR AND BENEFITS OF THE CREDITOR'S RIGHTS ASSETS TRANSFER

The Creditor's Rights Assets under the Assets Transfer Agreement are the Bank's non-performing assets, which involve a relatively large amount and multiple stakeholders and creditors. The execution of the Assets Transfer Agreement and the Creditor's Rights Assets Transfer will be beneficial to alleviate the pressure of non-performing assets assumed by the Bank, which is also an effective solution to revitalize credit resources and make full use of market-based methods to dispose of non-performing assets, and can further consolidate the foundation of the Bank's high quality development. After comprehensive consideration, the Bank considers that entering into the Assets Transfer Agreement is beneficial to the Bank and its shareholders. Based on the difference between the consideration for the non-performing assets and the book value of the principal amount of the non-performing assets of the Bank (approximately RMB265.70 million) as at the Transaction Benchmark Date, the Bank expects to record a loss of approximately RMB213.09 million (unaudited) in total from the Creditor's Rights Assets Transfer.

The Bank has adopted public bidding approach for the Creditor's Rights Assets Transfer and issued invitations to six asset management companies qualified for bulk acquisition of non-performing financial assets for the Creditor's Rights Assets Transfer. Among which, five asset management companies attended the bidding session and four of them participated in bidding for the transfer of the assets. Except for Gansu Assets Management, all the other asset management companies are Independent Third Parties. The Bank conducted the public bidding, evaluation and selection in accordance with the Administrative Measures for the Bulk Transfer of Non-performing Assets of Financial Enterprises (Cai Jin [2012] No. 6) (《金融企業不良資產批量轉讓管理辦法》(財金[2012]6號)), and finally, Gansu Assets Management won the bidding. The transfer of non-performing assets by way of bidding is in compliance with the requirements of relevant laws with respect to the transfer of non-performing assets and the common practice of bulk transfer of non-performing assets in the industry.

The Directors of the Bank (including the independent non-executive Directors) are of the view that the Assets Transfer Agreement and the transactions contemplated thereunder are entered into on normal commercial terms, which are fair and reasonable and in the interests of the Bank and its shareholders as a whole.

As Ms. Zhang Tingting, a non-executive Director of the Bank, holds a position in Gansu State-owned Assets Investment, she has abstained from voting on the resolution of the Board approving the Creditor's Rights Assets Transfer in accordance with the provisions of the Articles of Association of the Bank. Save as aforesaid, no other Directors of the Bank are materially interested in the Creditor's Rights Assets Transfer, and none of other Directors is required to abstain from voting on relevant Board resolution.

III. GENERAL INFORMATION

The Bank

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

Gansu Assets Management

Gansu Assets Management is a local financial asset management company established on March 24, 2016 as approved by Gansu provincial government, with a registered capital of RMB2 billion. The principal businesses of Gansu Assets Management include the management, investment and disposal of non-performing assets; external investment; wealth and asset management; finance, investment, legal, risk management, asset and project evaluation consulting, and non-ferrous metal investment and trading.

Gansu Assets Management is owned as to 56.13% by its largest shareholder, Gansu State-owned Assets Investment (Gansu State-owned Assets Investment is owned as to 83.99% by the Gansu SASAC as the beneficial owner, and as to 16.01% by Jiuquan Iron & Steel (whereas Jiuquan Iron & Steel's equity interest is owned as to 68.42% by Gansu SASAC as the beneficial owner and as to 31.58% by Gansu State-owned Assets Investment)); as to 22.78% by its second largest shareholder, Gansu Financial Holding (Gansu Financial Holding is owned as to 46.58% by Department of Finance of Gansu Province (甘肅省財政廳), as to 28.12% by Gansu Highway Aviation Tourism (a company wholly owned by Gansu SASAC), as to 25.30% by the Gansu SASAC); and as to 10% by the third largest shareholder, Gansu Financial Capital Management Co., Ltd., a wholly-owned subsidiary of Gansu Highway Aviation Tourism. Save for the aforesaid shareholders, each of the other shareholders of Gansu Asset Management holds less than 10% of the equity interests thereof.

IV. IMPLICATION OF THE LISTING RULES

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The Creditor's Rights Assets Transfer constitutes a connected transaction of the Bank under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Creditor's Rights Assets Transfer exceed(s) 0.1% but all percentage ratios are less than 5%, the Creditor's Rights Assets Transfer is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from relevant circular (including independent financial advice) and independent shareholders' approval requirements.

V. DEFINITIONS

“Assets Transfer Agreement”	the assets transfer agreement entered into between the Bank and Gansu Assets Management on June 27, 2024 in relation to the Creditor's Rights Assets with principal and interest amounting to RMB329.64 million in total
“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”	the board of directors of the Bank
“Completion Date”	the completion date of the Creditor's Rights Assets Transfer as stipulated by the parties under the Assets Transfer Agreement, expecting to be no later than December 31, 2024
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Creditor's Rights Assets”	the relevant creditor's rights assets included as the transfer targets in the Assets Transfer Agreement
“Creditor's Rights Assets Transfer”	the transactions in relation to the transfer of the Creditor's Rights Assets by the Bank to Gansu Assets Management pursuant to the Assets Transfer Agreement

“Director(s)”	the director(s) of the Bank
“Gansu Assets Management”	Gansu Assets Management Co., Ltd.(甘肅資產管理有限公司), a company established in the PRC on March 24, 2016
“Gansu State-owned Assets Investment”	Gansu Provincial State-owned Assets Investment Group Co., Ltd. (甘肅省國有資產投資集團有限公司), a company established in the PRC on November 23, 2007
“Gansu SASAC”	the State-owned Assets Supervision and Administration Commission of Gansu Province (甘肅省國有資產監督管理委員會)
“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 established in the PRC on December 24, 1999
“Gansu Financial Holding”	Gansu Financial Holding Group Co., Ltd. (甘肅省金融控股集團有限公司), a company established in the PRC on April 26, 2016
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or entity(ies) who is/are not considered as the connected person(s) or the associate(s) of the connected person(s) of the Bank under the Listing Rules
“Jiuquan Iron & Steel”	Jiuquan Iron & Steel (Group) Co., Ltd. (酒泉鋼鐵(集團)有限公司), a company established in the PRC on May 26, 1998
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan

“Transaction
Benchmark Date”

the cut-off date as agreed in the Assets Transfer Agreement for calculating and determining the balance of principal, interest and default penalty of principal creditor’s rights under the loan-related creditor’s rights, i.e. May 28, 2024

“%”

percent

By order of the Board
Bank of Gansu Co., Ltd.*
Liu Qing
Chairman

Lanzhou, Gansu
June 27, 2024

As at the date of this announcement, the Board comprises Mr. LIU Qing and Mr. WANG Xizhen as executive Directors; Mr. ZHANG Junping, Ms. ZHANG Tingting, Mr. ZHANG Youda, Mr. GUO Jirong and Ms. YANG Chunmei as non-executive Directors; and Mr. DONG Ximiao, Mr. WANG Tingting, Mr. LIU Guanghua, Mr. WANG Lei and Mr. HAU Pak Sun 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/deposit-taking business in Hong Kong.*