# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in Bank of Gansu Co., Ltd., you should at once pass this circular, together with the enclosed proxy form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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甘肃银行
BANK OF GANSU

# 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)**

# VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RESPECT OF THE ASSET DISPOSAL
# REPLENISHMENT OF OTHER TIER-ONE CAPITAL THROUGH THE CONVERTIBLE NEGOTIATED DEPOSIT
# NOTICE OF 2025 FIRST EXTRAORDINARY GENERAL MEETING
# AND
# NOTICE OF 2025 FIRST H SHARE CLASS MEETING

**Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders**

德林證券
DL SECURITIES

**DL Securities (HK) Limited**

The 2025 First Extraordinary General Meeting of Bank of Gansu Co., Ltd. will be held at 9:00 a.m. on Friday, September 19, 2025, the 2025 First Domestic Share Class Meeting will be held at 9:30 a.m., or immediately after the conclusion of the 2025 First Extraordinary General Meeting (whichever is the later), and the 2025 First H Share Class Meeting will be held at 10:00 a.m., or immediately after the conclusion of the 2025 First Domestic Share Class Meeting (whichever is the later), at the conference room at 4/F of Bank of Gansu Tower, No. 525-1 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC. Notices of the 2025 First Extraordinary General Meeting and the 2025 First H Share Class Meeting are set out on pages 62 to 67 of this circular. Notices of the 2025 First Extraordinary General Meeting and the 2025 First H Share Class Meeting have been published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk).

A letter from the Board is set out on pages 6 to 25 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 26 to 27 of this circular. A letter from DL Securities, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 39 of this circular.

Whether or not you are able to attend the 2025 First Extraordinary General Meeting and/or the Class Meetings, you are advised to read the notices of the 2025 First Extraordinary General Meeting and the Class Meetings carefully and to complete the proxy forms that have been despatched to you in accordance with the instructions printed thereon. H Shareholders shall return the proxy forms to the H Share registrar of the Bank, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, while the Domestic Shareholders shall return the proxy forms to the registered office and the principal place of business of the Bank in the PRC at Bank of Gansu Tower, No. 525 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC, by hand or by post no later than 24 hours before the time appointed for convening the 2025 First Extraordinary General Meeting and the Class Meetings or any adjourned meeting thereof. Completion and return of the proxy forms will not preclude you from attending and voting at the 2025 First Extraordinary General Meeting and/or the Class Meetings or any adjourned meeting(s) thereof in person if you so wish.

* *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.*

September 4, 2025

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*In this circular, unless the context otherwise requires, the following expressions have the following meaning:*

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| "2025 First Domestic Share Class Meeting" | the first domestic share class meeting of 2025 of the Bank to be held at 9:30 a.m. on Friday, September 19, 2025 or immediately after the conclusion of the EGM (whichever is later) at the conference room at 4/F of Bank of Gansu Tower, No. 525-1 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC |
| "2025 First H Share Class Meeting" | the first H share class meeting of 2025 of the Bank to be held at 10:00 a.m. on Friday, September 19, 2025 or immediately after the conclusion of 2025 First Domestic Share Class Meeting (whichever is later) at the conference room at 4/F of Bank of Gansu Tower, No. 525-1 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC, the notice of which is set out on pages 65 to 67 of this circular |
| "Agreement" | the agreement on the Convertible Negotiated Deposit in the amount of RMB3.0 billion to be entered into by the Bank and the Department of Finance of Gansu Province or its designated entity |
| "Articles of Association" | the Articles of Association of the Bank currently in force, as amended, modified or otherwise supplemented from time to time |
| "Asset Disposal" | the disposal of the Disposed Assets by the Bank to Gansu Assets Management pursuant to the Asset Transfer Agreement |
| "Asset Transfer Agreement" | the asset transfer agreement entered into between the Bank and Gansu Assets Management on August 5, 2025 in relation to the Asset Disposal |
| "Bank" | Bank of Gansu Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2139) |
| "Board" | the board of Directors of the Bank |

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| "Class Meeting(s)" | collectively the 2025 First Domestic Share Class Meeting and the 2025 First H Share Class Meeting |
| "Company Law" | the Company Law of the People's Republic of China |
| "Completion Date" | December 30, 2025, or such other date as may be otherwise determined by the Bank and Gansu Assets Management |
| "connected person(s)" | has the meaning ascribed to it in the Listing Rules |
| "Consideration" | the consideration for the Asset Disposal, being RMB15.3 billion |
| "Convertible Negotiated Deposit" | when the Bank has been granted a special bond quota, the Department of Finance of Gansu Province or its designated entity will deposit the special bond funds with the bank and the deposits will be converted into ordinary Shares upon fulfillment of the conversion conditions or will be repaid by the Bank with interest upon maturity or redemption of the Convertible Negotiated Deposit |
| "Director(s)" | the director(s) of the Bank |
| "Disposed Assets" | a portfolio of assets consisting of certain low-efficiency assets held by the Bank, details of which are set out in the sections headed "Asset Transfer Agreement – Disposed Assets" and "Information on the Disposed Assets" in the letter from the Board of this circular |
| "Domestic Share(s)" | the ordinary Shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid up in Renminbi |
| "Domestic Shareholder(s)" | holders of the Domestic Share(s) |
| "EGM" or "2025 First Extraordinary General Meeting" | the first extraordinary general meeting of 2025 of Bank to be held at 9:00 a.m. on Friday, September 19, 2025 at the conference room at 4/F of Bank of Gansu Tower, No. 525-1 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC, the notice of which is set out on pages 62 to 64 of this circular |

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| "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 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 established in the PRC on July 16, 1990 |
| "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) under the Gansu Provincial Government |
| "Gansu State-owned Assets Investment" | Gansu Province State-owned Assets Investment Group Co., Ltd. (甘肅省國有資產投資集團有限公司), a company incorporated in the PRC on November 23, 2007 |
| "Group" | the Bank and its subsidiaries |
| "Group after Asset Disposal" | the remaining Group after completion of the Asset Disposal |
| "H Share(s)" | the overseas listed foreign Shares with a nominal value of RMB1.00 each in the ordinary share capital of the Bank which are listed on the Stock Exchange and traded in Hong Kong in Hong Kong dollars (stock code: 2139) |
| "H Shareholder(s)" | holder(s) of H Shares |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "Independent Board Committee" | the independent board committee formed by the Bank to advise the Independent Shareholders in respect of the Asset Disposal, consisting of all independent non-executive Directors, namely, Mr. LIU Guanghua, Mr. WANG Lei and Mr. HAU Pak Sun |

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| "Independent Financial Adviser" or "DL Securities" | DL Securities (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser for providing recommendations in respect of the Asset Disposal to the Independent Board Committee and the Independent Shareholders |
| "Independent Shareholders" | the Shareholder(s) excluding Gansu State-owned Assets Investment and its associates |
| "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 |
| "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 |
| "Latest Practicable Date" | September 3, 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| "NFRA" | the National Financial Regulatory Administration |
| "PRC" or "China" | the People's Republic of China, which for the purposes of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| "Renminbi" or "RMB" | Renminbi, the lawful currency of the PRC |
| "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| "Share(s)" | the shares of the Bank, including Domestic Shares and H Shares |
| "Shareholder(s)" | the shareholder(s) of the Bank, including Domestic Shareholder(s) and H Shareholder(s) |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |

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| "subsidiary(ies)" | has the meaning ascribed to it in the Listing Rules |
| "substantial shareholder(s)" | has the meaning ascribed to it in the Listing Rules |
| "Transaction Benchmark Date" | the cut-off date agreed in the Asset Transfer Agreement for calculating and determining the principal balance and interest receivable of the Disposed Assets, being June 30, 2025 |
| "%" | percent |

甘肃银行
BANK OF GANSU

# 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)**

*Executive Directors:*
Mr. LIU Qing *(Chairman)*
Mr. WANG Xizhen

*Non-executive Directors:*
Mr. ZHANG Bin
Mr. ZHANG Junping
Mr. YE Rong
Ms. YANG Chunmei

*Independent Non-executive Directors:*
Mr. LIU Guanghua
Mr. WANG Lei
Mr. HAU Pak Sun

*Registered office and principal place of business in the PRC:*
No. 525-1 Donggang West Road
Chengguan District
Lanzhou, Gansu Province
the PRC

*Principal place of business in Hong Kong:*
40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

September 4, 2025

*To: the Shareholders*

Dear Sir or Madam,

## VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RESPECT OF THE ASSET DISPOSAL REPLENISHMENT OF OTHER TIER-ONE CAPITAL THROUGH THE CONVERTIBLE NEGOTIATED DEPOSIT

## INTRODUCTION

On behalf of the Board, I would like to invite you to attend the EGM to be held at 9:00 a.m. on Friday, September 19, 2025 and the 2025 First Domestic Share Class Meeting and the 2025 First H Share Class Meeting thereafter at the conference room at 4/F of Bank of Gansu Tower, No. 525-1 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC.

At the EGM, resolutions will be proposed to approve (i) a very substantial disposal and connected transaction under the Asset Transfer Agreement, and (ii) the replenishment of other tier-one capital through the Convertible Negotiated Deposit. At the Class Meetings, a resolution will be proposed to approve the replenishment of other tier-one capital through the Convertible Negotiated Deposit.

## VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

Reference is made to the announcement of the Bank dated August 5, 2025 in relation to the Asset Disposal contemplated under the Asset Transfer Agreement, which constitutes a very substantial disposal and connected transaction of the Bank and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Asset Disposal. DL Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on pages 26 to 27 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from DL Securities set out on pages 28 to 39 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders. Your attention is also drawn to the additional information set out in the appendices to this circular.

### The Asset Transfer Agreement

***Date***

August 5, 2025

***Parties***

(i) the Bank, as the transferor; and

(ii) Gansu Assets Management, as the transferee

***Disposed Assets***

The Disposed Assets are a portfolio of assets consisting of certain underperforming assets held by the Bank, including:

(i) all the (existing and future, actual and contingent) ownership and relevant interests of the Bank in the Disposed Assets;

(ii) all repayments that are due or to be due for the Disposed Assets;

(iii) the rights to request, claim, recover and accept all payable amounts related to the Disposed Assets; and

(iv) all rights and legal remedies related to the realization and enforcement of each asset item under the Disposed Assets.

***Consideration***

The Consideration for the Asset Disposal is RMB15.3 billion.

The Consideration was determined by the Bank and Gansu Assets Management after arm's length negotiation with reference to the net book value of the principal and interest of the Disposed Assets. As of the Transaction Benchmark Date, the total book balance of the principal and interest of the Disposed Assets was approximately RMB19.719 billion, of which the book balance of the principal was approximately RMB17.864 billion and the interest receivable was approximately RMB1.855 billion. The Bank has made an impairment provision of approximately RMB4.797 billion for the Disposed Assets, and the net book value of the principal and interest of the Disposed Assets after deducting the impairment provision was approximately RMB14.922 billion. The Consideration for the Asset Disposal is slightly higher than the net book value of the Disposed Assets, which is in the interests of the Bank and Shareholders as a whole.

***Payment***

The Consideration shall be paid by Gansu Assets Management to the Bank in installments in the following manner:

(i) Gansu Assets Management shall pay RMB8.0 billion (the "**Initial Payment**") to the Bank within five business days from the date on which the Asset Transfer Agreement becomes effective; and

(ii) Gansu Assets Management shall pay the remaining Consideration in installments within five years after the Asset Transfer Agreement becomes effective. In particular, RMB2.19 billion shall be paid on or before December 31, 2028, RMB1.825 billion shall be paid on or before December 31, 2029, and RMB3.285 billion shall be paid on or before December 31, 2030.

The payment arrangement for the remaining Consideration is determined after taking into account factors such as the expected time frame for recovering the Disposed Assets, the nature of the assets, and the default risk of Gansu Assets Management, specifically:

(i) such payment arrangement is generally consistent with the expected time frame for recovering the Disposed Assets. Considering the quantity and time required for asset disposals by the Bank in previous years, it is expected to take approximately three to five years to complete the disposal of all assets on an account-by-account basis;

(ii) the Disposed Assets are mainly underperforming assets. Although the consideration for the Asset Disposal is paid in installments, the Disposed Assets can be sold at a price slightly higher than their net book value after deducting the impairment provision, which is in the interests of the Bank and the Shareholders as a whole. Adopting a lump-sum payment or a shorter payment period would require the Bank to offer a greater discount on the price; and

(iii) Gansu Assets Management is a state-owned enterprise, with the Gansu SASAC as its ultimate controlling shareholder. In the historical transactions where the Bank sold non-performing assets to Gansu Assets Management, Gansu Assets Management has not defaulted on any agreement with the Bank nor delayed any payment to the Bank. The Bank considers that the default risk of Gansu Assets Management is controllable.

On such basis, the Board is of the view that the method of payment for the Consideration of the Asset Disposal is fair and reasonable, and in the interests of the Bank and its Shareholders as a whole.

***Completion***

The completion of the Asset Disposal is conditional upon satisfaction of the following conditions: (1) the Bank has received the Initial Payment in full from Gansu Assets Management in accordance with the Asset Transfer Agreement; and (2) Gansu Assets Management has provided the Bank with the relevant business registration, qualifications, and internal authorization documents required by the Asset Transfer Agreement.

Upon satisfaction of the above completion conditions, the Bank shall deliver the relevant documents of the Disposed Assets to Gansu Assets Management on the Completion Date, but is only obliged to deliver such documents on an "as is" basis as of the Completion Date. Completion of the checking, review, verification and delivery of the relevant documents of the Disposed Assets shall constitute the completion of the Asset Disposal.

Subject to the receipt of the Initial Payment by the Bank, the rights, interests and benefits of the Disposed Assets, as well as the risks involved in the Disposed Assets and any costs arising therefrom, shall be enjoyed and borne by Gansu Assets Management from the Transaction Benchmark Date. If any income or cost is generated or incurred from the Disposed Assets during the period from the Transaction Benchmark Date to the Completion Date, the Bank shall pay the net income, after deducting the relevant costs, to Gansu Assets Management, or (if the relevant costs exceed the income) Gansu Assets Management shall pay the difference to the Bank, in each case, within ten days after the Completion Date.

**Information on the Disposed Assets**

The Disposed Assets are a portfolio of assets consisting of certain underperforming assets held by the Bank, including credit assets and financial investment assets. The credit assets are mainly loans of a total principal amount of RMB4.085 billion, with industry distribution across wholesale and retail, real estate, manufacturing, and mining. The financial investment assets have a total principal amount of RMB13.779 billion, including trust products of RMB7.623 billion, asset management plans of RMB4.098 billion, bonds of RMB1.859 billion, and private equity funds of RMB0.199 billion.

The unaudited loss before taxation and loss after taxation attributable to the Disposed Assets for the year ended December 31, 2023 were approximately RMB0.669 billion and RMB0.502 billion, respectively. The unaudited loss before taxation and loss after taxation attributable to the Disposed Assets for the year ended December 31, 2024 were approximately RMB0.903 billion and RMB0.677 billion, respectively.

**Financial Effect of the Asset Disposal**

As of the Transaction Benchmark Date, the book balance of the principal and interest of the Disposed Assets was approximately RMB19.719 billion. After accounting for the impairment provision of approximately RMB4.797 billion that the Bank has made for the Disposed Assets, the net book value of the Disposed Assets is approximately RMB14.922 billion. The Consideration for the Asset Disposal to be received by the Bank is approximately RMB15.3 billion, which includes the Initial Payment of RMB8.0 billion, and the remaining Consideration of RMB7.3 billion to be paid in installments within five years. The present value of the remaining Consideration, after accounting for the time value, is estimated at approximately RMB6.796 billion, and the total present value of the Consideration for the Asset Disposal is approximately RMB14.796 billion. Based on the net book value of the Disposed Assets and the present value of the Consideration, it is expected that the Asset Disposal will result in a negative financial impact of approximately RMB0.126 billion. Upon completion of the Assets Disposal, if materialised, the total assets of the Company are expected to decrease by approximately RMB268.0 million, the total liabilities of the Company is expected to decrease by approximately RMB71.3 million, and the net assets of the Company is expected to decrease by approximately RMB196.7 million. The above estimate may differ from the actual financial impact of the Asset Disposal.

For further details and breakdown of the financial effect of the Asset Disposal, please refer to the unaudited pro forma financial information of the Group after Asset Disposal as set out in Appendix III of this circular.

**Use of Proceeds**

The proceeds from the Asset Disposal will be used for the general working capital of the Bank. The Bank will further optimize its asset structure and credit allocation structure, intensify efforts to serve the real economy, and strongly support the high-quality economic and social development of Gansu Province.

**Reasons for and Benefits of the Asset Disposal**

The Disposed Assets are the underperforming assets of the Bank. The Asset Disposal will be beneficial for improving the asset quality of the Bank, optimizing its asset structure and reducing the provision and asset impairment losses, and can further improve the Bank's relevant financial indicators and enhance profitability. Meanwhile, the Asset Disposal enables the Bank to reduce its risk-weighted assets and improve its capital adequacy ratio, which also serves as an effective solution to revitalize credit resources and enhance risk resistance, thereby further solidifying the foundation for the high-quality development of the Bank. Gansu Assets Management, which is qualified to conduct bulk acquisition of financial non-performing assets, has agreed to accept the transfer of the Disposed Assets to improve the Bank's operational indicators.

On the above basis, the Directors (including the independent non-executive Directors) are of the view that the Asset Disposal is conducted by the Bank in its ordinary and usual course of business, on normal commercial terms, is fair and reasonable and in the interests of the Bank and its Shareholders as a whole.

No Director is materially interested in the Asset Disposal, and therefore none of the Directors is required to abstain from voting on the relevant resolution of the Board.

**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 RMB2.0 billion. The principal businesses of Gansu Assets Management include the management, investment and disposal of non-performing assets; external investment; wealth and asset management; financial, investment, legal, risk management, asset and project evaluation consulting and advisory, and non-ferrous metals investment and trading.

Gansu Assets Management is owned as to 56.13% by its largest shareholder, Gansu State-owned Assets Investment (which is owned as to 83.99% by Gansu SASAC, and as to 16.01% by Jiuquan Iron & Steel (which is owned as to 68.42% by Gansu SASAC and as to 31.58% by Gansu State-owned Assets Investment)); as to 22.78% by its second largest shareholder, Gansu Financial Holding Financing Guarantee Group Co., Ltd. (甘肅金控融資擔保集團股份有限公司) (which is owned as to 98% by the Gansu Financial Holding Group Co.,

Ltd. (甘肅省金融控股集團有限公司) (which is owned as to 81.25% by the Department of Finance of Gansu Province and as to 18.75% indirectly by Gansu SASAC)); and as to 10% by the third largest shareholder, Gansu Financial Capital Management Co., Ltd. (甘肅省金融資本管理有限公司), an indirectly wholly-owned subsidiary of Gansu SASAC. Save for the aforesaid shareholders, each of the other shareholders of Gansu Assets Management holds less than 10% of the equity interests thereof.

**Listing Rules Implications of the Asset Disposal**

As one or more of the applicable percentage ratios in respect of the Asset Disposal exceed(s) 75%, the Asset Disposal constitutes a very substantial disposal of the Bank under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and shareholders' approval requirements under such chapter.

As of the Latest Practicable Date, Gansu State-owned Assets Investment, which directly and indirectly holds approximately 23.41% of the issued share capital of the Bank, is a substantial shareholder of the Bank. Gansu Assets Management is a subsidiary of Gansu State-owned Assets Investment and is therefore a connected person of the Bank. The Asset Disposal 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 Asset Disposal exceed(s) 5%, the Asset Disposal is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## REPLENISHMENT OF OTHER TIER-ONE CAPITAL THROUGH THE CONVERTIBLE NEGOTIATED DEPOSIT

**Background**

Reference is made to the announcement of the Bank dated August 25, 2025 in relation to the replenishment of other tier-one capital through the Convertible Negotiated Deposit.

On July 1, 2020, the Executive Meeting of State Council decided to allocate a certain amount within the quota of new local government special bonds, allowing local governments to replenish the capital of small and medium-sized banks by means of subscription for convertible bonds and other means in accordance with laws and regulations. In accordance with the aforesaid policies and arrangements, the Ministry of Finance has allocated a certain amount within the annual quota of new local government special bonds for local governments to subscribe to qualified capital instruments (including Convertible Negotiated Deposit) or inject capital into small and medium-sized banks for replenishment of their capital.

In order to further enhance the Bank's ability to withstand risks and better serve the development of the real economy, the Bank intends to apply for special local government bonds to replenish its capital. After the Bank obtains the quota of special local government bonds, the provincial finance department or its designated entity will replenish the Bank's capital in the form of the Convertible Negotiated Deposit.

**Methods and Necessity of Capital Replenishment**

Convertible Negotiated Deposit is an innovative capital instrument to replenish the capital of small and medium-sized banks. It is to inject local government bond funds that can be used to replenish the capital of small and medium-sized banks into target banks in the form of deposits to replenish the target banks' capital. At the same time, the subscriber of the Convertible Negotiated Deposit enters into an agreement with the target banks to convert the deposit into ordinary Shares upon the fulfillment of the conditions for the conversion, or to repay the principal and interest by the target banks upon the maturity of the Convertible Negotiated Deposit or when it becomes redeemable.

The Bank intends to sign the Agreement with the Department of Finance of Gansu Province or its designated entity, pursuant to which the Department of Finance of Gansu Province or its designated entity shall deposit the special bond funds into the Bank in the form of deposits to replenish the Bank's other tier-one capital, and the Bank shall pay interest every six months. Where the conversion conditions are triggered during the term, all or part of the Convertible Negotiated Deposit shall be converted into the ordinary Shares of the Bank periodically. Using special bonds to replenish capital is conducive to improving the Bank's capital adequacy level and enhancing its ability to withstand risks.

**Basic Elements for Convertible Negotiated Deposit**

***Subject of deposit***

Department of Finance of Gansu Province or its designated entity.

***Qualified Target Subscribers***

Upon the triggering of the conversion conditions, the Bank shall issue Shares to the qualified entity designated by the Department of Finance of Gansu Province. Such entity shall not be connected to the Bank or Department of Finance of Gansu Province (within the meaning of the Listing Rules), nor shall it have any business and financial relationship with Department of Finance of Gansu Province, and shall comply with the provisions of the NFRA on the qualifications of shareholders of the commercial bank as well as the relevant requirements of the Gansu Provincial Government. Post-issuance shareholding structure of the Bank shall meet the requirements of the Stock Exchange regarding public float and other relevant aspects (the "**Qualified Target Subscribers**").

The Department of Finance of Gansu Province or its designated entity will designate high-quality private enterprises that have stable operations, excellent qualifications, sound management systems and good financial conditions as the Qualified Target Subscribers. Upon the triggering of the conversion conditions and the implementation of the conversion, the Bank, the Department of Finance of Gansu Province (or its designated entity) and the Qualified Target Subscribers will sign a subscription agreement, which will set out the payment terms, requiring

the Qualified Target Subscribers to pay the subscription amount for the converted Shares to the Department of Finance of Gansu Province (or its designated entity) based on the conversion price. The Bank shall then issue the Shares to the Qualified Target Subscribers.

***Quota***

Not more than RMB3 billion.

***Interest rate***

Before the conversion, the interest rate of the Convertible Negotiated Deposit shall match with the corresponding interest rate on the issuance of local government special bond and the interest rate will be approximately 2.86% per annum.

***Repayment of principal and payment of interest***

The term of the Convertible Negotiated Deposit shall be set in batches in accordance with the maturity requirements of the Special Bonds. Among which, the installment with a term of 3 years is RMB0.6 billion; the installment with a term of 4 years is RMB0.6 billion; the installment with a term of 5 years is RMB0.6 billion; the installment with a term of 6 years is RMB0.6 billion; and the installment with a term of 7 years is RMB0.6 billion. Interest on the Convertible Negotiated Deposit is paid semi-annually. The Bank may repay the funds of the Convertible Negotiated Deposit in advance upon approval by the Department of Finance of Gansu Province.

***Purpose***

To replenish other tier-one capital of the Bank.[1]

***Core conversion terms***

When the core tier-one capital adequacy ratio of the Bank is *lower* than 5.125%, and other conditions as set out in the Agreement are met, all or part of the Convertible Negotiated Deposit will be converted into ordinary Shares periodically and included in the core tier-one capital.

Specifically, the conversion of Convertible Negotiated Deposit into ordinary Shares of the Bank shall satisfy the following conditions: (i) the core tier-one capital adequacy ratio of the Bank is lower than 5.125% (In accordance with the relevant laws and regulations, *the* core tier-one capital adequacy ratio should not be less than 7.5% and the Bank's core tier-one capital adequacy ratio as at June 30, 2025 is 10.65%); or (ii) the core tier-one capital adequacy ratio

1 In accordance with the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》), the total capital of commercial banks includes core tier-one capital, other tier-one capital and tier-two capital. Other tier-one capital includes: other tier-one capital instruments and its premium as well as applicable portions of minority shareholders' capital that may be included.

of the Bank is not lower than 5.125%, but non-viability trigger events occurred to the Bank as confirmed by the NFRA. The non-viability trigger event is defined as the earlier of the NFRA having decided that without a write-down or conversion, the Bank would become non-viable; or the NFRA having decided that without capital injection or equivalent support, the Bank would become non-viable. The class and number of the converted ordinary Shares and the shareholding structure of the Bank shall satisfy the particular requirement of the Stock Exchange for the minimum public float, otherwise the conversion shall be terminated. In accordance with the requirements under Rule 8.08(1) of the Listing Rules, the minimum public float of the Bank shall be 25% (the "**Minimum Public Float**"). To ensure compliance with the Minimum Public Float requirement, the Convertible Negotiated Deposit will be converted into Domestic Shares and H Shares at a ratio of 75% to 25%.

***Conversion price***

It is determined on the basis of the higher value of (i) average trading price of H Shares of the Bank for 20 trading days preceding the date of the Board resolution approving the Convertible Negotiated Deposit (i.e. the total trading amount of H Shares of the Bank for the 20 trading days preceding August 25, 2025/total trading volume of H Shares of the Bank for such 20 preceding trading days), which will be translated into the price of RMB (i.e. HK$0.292 (equivalent to approximately RMB0.266)) with the central parity of the RMB against the Hong Kong dollars announced by State Administration of Foreign Exchange on the date of the Board resolution, and (ii) the net assets per Share attributable to the owners of the parent company based on the consolidated statement after asset and capital verification at the time of conversion of the Convertible Negotiated Deposit (see "Conversion price" below for details). The Bank's net assets per Share attributable to the owners of the parent company based on the consolidated statement as of June 30, 2025 was RMB2.26. The conversion price shall be subject to adjustments as set out "Conversion price" below.

The basis for determining the conversion price of the Convertible Negotiated Deposit is based on the Measures for the Administration on Securities Issuance and Registration of Listed Companies of the China Securities Regulatory Commission and other relevant laws and regulations, as well as the conversion clauses of domestic and overseas preference shares issued by domestic banks (for replenishing other tier-one capital) with reference to the average trading price in the 20 trading days prior to the pricing base date. In the opinion of the Board, the determination of the conversion price is in compliance with the Company Law, and is fair and reasonable.

Further, in accordance with the relevant requirements under the Company Law, the conversion price of the converted H Shares under the Convertible Negotiated Deposit shall not be less than the nominal value of the Shares, being RMB1.00 per Share. Accordingly, the minimum conversion price under the Convertible Negotiated Deposit is RMB1.00 per Share (the "**Minimum Conversion Price**").

For illustrative purpose, the Minimum Conversion Price of the Convertible Negotiated Deposit is RMB1.00 (equivalent to approximately HK$1.10):

(1) It represents a premium of approximately 275.43% over the average trading price of the Bank's H Shares in the 5 trading days prior to the date of the resolution of the Board (i.e. August 25, 2025);

(2) It represents a premium of approximately 272.88% over the average trading price of the Bank's H Shares in the 10 trading days prior to the date of the resolution of the Board (i.e. August 25, 2025);

(3) It represents a premium of approximately 269.13% to the average trading price of the Bank's H Shares in the 30 trading days prior to the date of the resolution of the Board (i.e. August 25, 2025);

(4) It represents a premium of approximately 311.99% to the average trading price of the Bank's H Shares in the 90 trading days prior to the date of the resolution of the Board (i.e. August 25, 2025).

Therefore, under the above conditions, as calculated by the Minimum Conversion Price of RMB1.00 per Share and the conversion ratio of Domestic Shares and H Shares at a ratio of 75% to 25%, the conversion of for the Convertible Negotiated Deposit may have one of the following circumstances:

*(a) If the conversion conditions are triggered within 6 years (inclusive) after the issuance date of special bonds, the amount of conversion deposits involved will be RMB3.0 billion*

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 2,250,000,000 Domestic Shares and 750,000,000 H Shares of the Bank), which are held by the Qualified Target Subscribers to the maximum extent (i.e., a total of 2,250,000,000 Domestic Shares and 750,000,000 H Shares). The equity structures of the Bank immediately before and after the conversion to Shares are set out as follows:

| | **As at the date of the circular** | | **Immediately after the implementation of the conversion** | |
|---|---|---|---|---|
| | **Number of Shares** | **Approximate percentage of the total issued Shares of the Bank** | **Number of Shares** | **Approximate percentage of the total issued Shares of the Bank** |
| Among which: | | | | |
| Qualified Target Subscribers | – | – | 2,250,000,000 | 12.45% |

| | As at the date of the circular | | Immediately after the implementation of the conversion | |
|---|---|---|---|---|
| | Number of Shares | Approximate percentage of the total issued Shares of the Bank | Number of Shares | Approximate percentage of the total issued Shares of the Bank |
| 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)[2] | 2,657,154,433 | 17.63% | 2,657,154,433 | 14.70% |
| Gansu Province State-owned Assets Investment Group Co., Ltd. [3] | 1,909,250,972 | 12.67% | 1,909,250,972 | 10.57% |
| Jinchuan Group[4] | 983,972,303 | 6.53% | 983,972,303 | 5.45% |
| Jiuquan Iron & Steel[5] | 983,972,303 | 6.53% | 983,972,303 | 5.45% |
| Other holder(s) of the Domestic Shares | 4,741,641,319 | 31.46% | 4,741,641,319 | 26.24% |
| **Total issued Domestic Shares** | **11,275,991,330** | **74.83%** | **13,525,991,330** | **74.85%** |
| Qualified Target Subscribers[6] | – | – | 750,000,000 | 4.15% |
| Holder(s) of H Shares | 3,793,800,000 | 25.17% | 3,793,800,000 | 21.00% |
| **Total issued H Shares** | **3,793,800,000** | **25.17%** | **4,543,800,000** | **25.15%** |
| **Total** | **15,069,791,330** | **100.00%** | **18,069,791,330** | **100.00%** |

*Notes:*

1. Certain amounts and percentage figures included in the table above have been subject to rounding adjustments, and any discrepancy between the total amount and the arithmetical sum of the amounts listed is due to rounding.

2. Gansu Highway Aviation Tourism Investment Group Co., Ltd. is wholly-owned by Gansu SASAC and directly holds 2,657,154,433 Domestic Shares of the Bank, representing approximately 17.63% of total issued share capital of the Bank.

3. The equity interests in Gansu State-owned Assets Investment is held by Gansu SASAC as to 84% and Jiuquan Iron & Steel as to 16%, and it directly holds 1,909,250,972 Domestic Shares of the Bank, representing approximately 12.67% of total issued share capital of the Bank.

4. The equity interests in Jinchuan Group is held by Gansu State-owned Assets Investment as to approximately 54.24% and directly holds 983,972,303 Domestic Shares of the Bank, representing approximately 6.53% of total issued share capital of the Bank.

5. The equity interests in Jiuquan Iron & Steel is held by Gansu State-owned Assets Investment as to approximately 31.58% and Gansu SASAC as to 68.42%, and it directly holds 983,972,303 Domestic Shares of the Bank, representing approximately 6.53% of total issued share capital of the Bank.

6. The Qualified Target Subscribers will be independent third parties as defined by the Listing Rules and, as such, will be counted as public shareholders.

Immediately after the conversion to Shares, the Bank's total share capital is 18,069,791,330 Shares, including 13,525,991,330 Domestic Shares and 4,543,800,000 H Shares. Then the public float of the Bank will be 25.15%, which meets the Minimum Public Float requirement.

*(b) If the conversion conditions are triggered within 6-7 years (inclusive) after the issuance date of special bonds, the amount of conversion deposits involved will be RMB2.4 billion*

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 1,800,000,000 Domestic Shares and 600,000,000 H Shares of the Bank), which are held by the Qualified Target Subscribers to the maximum extent (i.e., a total of 1,800,000,000 Domestic Shares and 600,000,000 H Shares). Immediately after the conversion to Shares, the Bank's total share capital is 17,469,791,330 Shares, including 13,075,991,330 Domestic Shares and 4,393,800,000 H Shares. Then the public float of the Bank will be 25.15%, which meets the Minimum Public Float requirement.

*(c) If the conversion conditions are triggered within 7-8 years (inclusive) after the issuance date of special bonds, the amount of conversion deposits involved will be RMB1.8 billion*

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 1,350,000,000 Domestic Shares and 450,000,000 H Shares of the Bank), which are held by the Qualified Target Subscribers to the maximum extent (i.e., a total of 1,350,000,000 Domestic Shares and 450,000,000 H Shares). Immediately after the conversion to Shares, the Bank's total share capital is 16,869,791,330 Shares, including 12,625,991,330 Domestic Shares and 4,243,800,000 H Shares. Then the public float of the Bank will be 25.16%, which meets the Minimum Public Float requirement.

*(d) If the conversion conditions are triggered within 8-9 years (inclusive) after the issuance date of special bonds, the amount of conversion deposits involved will be RMB1.2 billion*

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 900,000,000 Domestic Shares and 300,000,000 H Shares of the Bank), which are held by the Qualified Target Subscribers to the maximum extent (i.e., a total of 900,000,000 Domestic Shares and 300,000,000 H Shares). Immediately after the conversion to Shares, the Bank's total share capital is 16,269,791,330 Shares, including 12,175,991,330 Domestic Shares and 4,093,800,000 H Shares. Then the public float of the Bank will be 25.16%, which meets the Minimum Public Float requirement.

*(e) If the conversion conditions are triggered within 9-10 years (inclusive) after the issuance date of special bonds, the amount of conversion deposits involved will be RMB0.6 billion*

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 450,000,000 Domestic Shares and 150,000,000 H Shares of the Bank), which are held by the Qualified Target Subscribers to the maximum extent (i.e., a total of 450,000,000 Domestic Shares and 150,000,000 H Shares). The

Bank's total share capital is 15,669,791,330 Shares, including 11,725,991,330 Domestic Shares and 3,943,800,000 H Shares. Then the public float of the Bank will be 25.17%, which meets the Minimum Public Float requirement.

Provided the conditions for conversion are met and the Minimum Public Float Requirement is satisfied, the Convertible Negotiated Deposit shall be converted into Domestic Shares and H Shares at a ratio of 75% to 25% in each of the five scenarios as set out in paragraphs (a) to (e) above, with a maximum conversion of 2,250,000,000 Domestic Shares and 750,000,000 H Shares. If the Bank's public float after conversion does not meet the Minimum Public Float Requirement, the Bank will consider various means to comply with the requirement (where applicable), or will not proceed with the conversion.

Based on that and the conversion price of RMB1.00, no theoretical dilutive effect will be resulted from the conversion. The Bank will ensure the compliance with the theoretical dilution effect requirement in accordance with Rule 7.27B of Listing Rules at the time of signing the Agreement and completing the Convertible Negotiated Deposit. The above calculation is for the illustrative purpose only.

**Authorization**

The Bank will propose to the EGM and the Shareholders' Class Meetings to consider and approve the aforesaid capital replenishment plan and the authorization to issue the Shares in relation thereto, and sign the Agreement with the Department of Finance of Gansu Province or its designated entity within 12 months from the date of obtaining the approval of the EGM and the Shareholders' Class Meetings. Meanwhile, the Board will (1) propose to the Shareholders' General Meeting to authorize the Board and the Board to authorize the senior management to carry out the relevant work in due course in accordance with the main contents of the Agreement and the Bank's supplemental capital replenishment arrangements and in conjunction with the requirements of the Department of Finance of Gansu Province and the regulatory authorities, including making modifications to the proposal and the Agreement according to the requirements of the Listing Rules; and (2) propose to the Shareholders' General Meeting to authorize the Board and the Board to authorize the senior management to carry out the specific matters relating to the Convertible Negotiated Deposit, including but not limited to: submitting materials to the financial departments and regulatory authorities, determining the specific scale, time, term and interest rate of deposits, the repayment of principal and interest of deposits and other related matters, signing all relevant legal documents reached by both parties concerning the Convertible Negotiated Deposit, etc., and making appropriate adjustments in accordance with the requirements of financial departments and regulatory authorities.

The aforesaid authorization period shall be valid within 12 months from the date of approval by the EGM and the Shareholders' Class Meetings.

**The "Convertible Negotiated Deposit" Agreement on Replenishing Small and Medium-sized Banks' Capital with the Special Bonds**

***Main contents***

When the Bank has been granted a special bond quota, the Department of Finance of Gansu Province or its designated entity will deposit such special bond funds with the Bank in the form of the Convertible Negotiated Deposit to supplement other tier-one capital of the Bank, as detailed below:

(i) The Department of Finance of Gansu Province or its designated entity will deposit the proceeds from the special bonds in the form of negotiated deposit into the special RMB deposit account opened in the Bank according to the Agreement.

(ii) With the consent of the relevant authorities, when the core tier-one capital adequacy ratio of the Bank is less than 5.125%, the Convertible Negotiated Deposit shall be converted into ordinary Shares of the Bank in accordance with the Agreement (see "Conversion conditions" below for details).

(iii) If the conversion conditions are not satisfied, the Bank shall pay the interest and repay the principal upon the maturity of the Convertible Negotiated Deposit according to the Agreement.

(iv) During the term of the Convertible Negotiated Deposit, the Bank shall promptly inform the Department of Finance of Gansu Province and the regulatory authorities of the core indicators such as capital adequacy ratio, formulate emergency plans, and strengthen liquidity management to ensure that the principal and interest of the Convertible Negotiated Deposit may be fully settled on time.

***Agreements on the Convertible Negotiated Deposit***

When the Bank has been granted a special bond quota, the Department of Finance of Gansu Province or its designated entity will inject RMB3.0 billion in total in five installments into the Bank in the form of the Convertible Negotiated Deposit (the actual amount shall be subject to the amount of the special bond funds that are finally decided to be used by the Department of Finance of Gansu Province and other government departments).

Among which, the installment with a term of 3 years is RMB0.6 billion; the installment with a term of 4 years is RMB0.6 billion; the installment with a term of 5 years is RMB0.6 billion; the installment with a term of 6 years is RMB0.6 billion; and the installment with a term of 7 years is RMB0.6 billion.

The commencement date of the Convertible Negotiated Deposit is the date of the Convertible Negotiated Deposit that actually deposited into by the Department of Finance of Gansu Province or its designated entity. The date of cessation in calculation of interest shall be the conversion completion date or the maturity date of the special bonds.

***Conversion conditions***

The parties agree that the conversion of the Convertible Negotiated Deposit into the ordinary Shares of the Bank shall be subject to the following conditions:

(1) The core tier-one capital adequacy ratio of the Bank is lower than 5.125%; or

(2) The core tier-one capital adequacy ratio of the Bank is not lower than 5.125%, but non-viability trigger events occurred to the Company as confirmed by the NFRA. The non-viability trigger event is defined as the earlier of the NFRA having decided that without a conversion, the Bank would become non-viable; or the NFRA having decided that without capital injection or equivalent support, the Bank would become non-viable.

If the conversion conditions are triggered, all or part of the Shares shall be held by the independent third parties. The class and number of the converted ordinary Shares and the shareholding structure of the Bank shall satisfy the requirement of minimum public float, otherwise the conversion shall be terminated.

***Conversion price***

The conversion price is determined on the basis of the higher value of:

(1) average trading price of H Shares of the Bank for 20 trading days preceding the date of the Board resolution approving the Convertible Negotiated Deposit (i.e. the total trading amount of H Shares of the Bank for the 20 trading days preceding August 25, 2025/total trading volume of H Shares of the Bank for such 20 preceding trading days), which will be translated into the price of RMB with the central parity of the RMB against the Hong Kong dollars announced by State Administration of Foreign Exchange on the date of the Board resolution (i.e. HK$0.292 (equivalent to approximately RMB0.266)); and

(2) the net assets per Share attributable to the owners of the parent company based on the consolidated statement after asset and capital verification at the time of conversion of the Convertible Negotiated Deposit. The net assets per share attributable to the owners of the parent company of the Bank based on the consolidated statement as at June 30, 2025 is RMB2.26.

If, after the date of the Board resolution to carry on the Convertible Negotiated Deposit business (before the date of the trigger event of the conversion), the Bank issues bonus dividends of ordinary Shares, converts capital reserves to share capital and issues new Shares at a price lower than the audited net assets per Share in the year end prior to the issuance (excluding any additional share capital from the conversion of financial instruments issued by the Bank with a provision for conversion into ordinary Shares) and makes rights issue (whether at a price lower than the audited net assets per Share in the year end prior to the issuance or not), the Bank will adjust the conversion price on a cumulative basis in accordance with the sequence of occurrences of the foregoing events, provided that the distribution of cash dividend of ordinary Shares by the Bank will not result in the adjustment of the conversion price. The specific adjustment rules have been set out as follow:

Bonus issue or conversion of capital reserves to share capital: $P1=P0\times N/(N+n)$;

Issuance of new Shares at a price lower than net assets per Share or rights issue: $P1=P0\times(N+k)/(N+n)$; $k=n\times A/M$;

In the aforesaid rules, "P0" denotes the effective conversion price before adjustment; "N" denotes the aggregate ordinary Shares of the Bank before the issuance of bonus dividends of ordinary Shares, conversion of capital reserves to share capital, issuance of new Shares or right issue; "n" denotes the number of new Shares created due to the issuance of bonus dividends of ordinary Shares, conversion of capital reserves to share capital, issuance of new Shares or right issue; "A" denotes the price of new Share issue or rights issue; "M" denotes audited net assets per Share in the year prior to the completion date of new Share issue or rights issue; and "P1" denotes the effective conversion price after adjustment.

In the case of rights issue (whether at a price lower than the audited net assets per Share in the year end prior to the issuance or not), the total number of shares capital of the Bank will increase and the equity interest per share will be diluted accordingly. Therefore, a corresponding discount shall be applied to the conversion price to ensure that all Shareholders' rights and interests are protected.

The ordinary Shares of the Bank to be issued as a result of the conversion of the Convertible Negotiated Deposit will rank pari passu with the existing issued ordinary Shares, and all holders of ordinary Shares whose names appear on the register of members of the Bank on the record date for dividend entitlement shall be entitled to receive the dividend for the current dividend period.

All or part of the Convertible Negotiated Deposit will be converted by the Department of Finance of Gansu Province or its designated entity to Shares held in the Bank (the "**Target Shares**"), and the number of Shares converted = the principal amount of the Convertible Negotiated Deposit/the conversion price, and the Target Shares are ordinary Shares.

***Implementation of the conversion***

If the conversion conditions are triggered and the implementation of the conversion is conducted, the Department of Finance of Gansu Province (or its designated entity) and the Qualified Target Subscribers will enter into a capital increment agreement according to the conversion standards and conditions agreed in the Agreement. Under the five scenarios (a) to (e) set out in the paragraph "Conversion Price" above, upon conversion, the range of shareholding that the Qualified Target Subscribers may hold is between a minimum of 3.83% and a maximum of 16.6% of the Bank's total Shares. However, no single Qualified Target Subscriber will be allocated 10% or more of the Bank's Shares, ensuring that all Qualified Target Subscribers remain independent third parties as defined by the Listing Rules. If a single shareholder's shareholding reaches or exceeds 5%, such shareholder will be classified as major shareholder in accordance with the Interim Measures for the Administration of Commercial Bank Equity (《商業銀行股權管理辦法》). As stipulated by the Company Law and the Governance Guidelines for Banking and Insurance Institutions (《銀行保險機構公司治理準則》), major shareholders of the Bank are required to make capital replenishment commitments to the Bank and may also nominate a director to the Board.

***Effectiveness and termination***

Neither the Department of Finance of Gansu Province or its designated entity nor the Bank shall change or cancel the Agreement without prior notice. If any change is required, the Department of Finance of Gansu Province or its designated entity and the Bank shall agree and sign a supplementary agreement, which shall have the equal binding effect as the Agreement.

The Agreement shall come into force upon the satisfaction of the following conditions:

(1) The Agreement is signed and stamped by the legal representatives or authorized representatives of the relevant parties;

(2) The Agreement is approved by securities regulatory authorities in the place where the Bank's Shares are listed and considered and passed by the Shareholders' General Meetings and Shareholders' Class Meetings; and

(3) The Convertible Negotiated Deposit and deposits into the Target Shares under the Agreement is approved by the relevant government authorities or upstream authorities (mainly include Gansu Provincial Government, Gansu SASAC, etc.) (if necessary).

The Agreement shall be terminated in any of the following circumstances:

(1) The parties reach consensus to terminate the Agreement;

(2) The Convertible Negotiated Deposit cannot be implemented due to force majeure and other objective factors beyond the control of the parties;

(3) The severe violation of the Agreement or applicable laws by any party of the Agreement makes it impossible to perform and complete the Agreement. In this case, the other party has the right to unilaterally terminate the Agreement through written notice.

**Listing Rules Implications of the Convertible Negotiated Deposit**

Pursuant to the Listing Rules and the Articles of Association, the specific mandate of the proposed Convertible Negotiated Deposit and issuance of Shares is subject to the requirements for approval at the Shareholders' General Meeting and Shareholders' Class Meetings.

The proposed Convertible Negotiated Deposit and its specific mandate were considered and approved by the Board on August 25, 2025. None of the Directors has material interest in the above matters and hence no Director has abstained from voting on such Board resolution.

The Bank did not conduct any equity fund raising activities or issue any equity securities within the 12 months immediately preceding the date of this circular.

**EGM AND CLASS MEETINGS**

The EGM and the Class Meetings will be held on Friday, September 19, 2025 at the conference room at 4/F of Bank of Gansu Tower, No. 525-1 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC. The notices of the EGM and the 2025 First H Share Class Meeting are set out on pages 62 to 67 of this circular.

An ordinary resolution approving the Asset Disposal, and a special resolution approving the replenishment of other tier-one capital through the Convertible Negotiated Deposit, shall be proposed at the EGM. A special resolution approving the replenishment of other tier-one capital through the Convertible Negotiated Deposit, shall be proposed at each of the 2025 First Domestic Share Class Meeting and the 2025 First H Share Class Meeting.

As at the Latest Practicable Date, Gansu State-owned Assets Investment, a substantial shareholder of the Bank and the holding company of Gansu Assets Management, directly held 1,909,250,972 Domestic Shares. Additionally, it held 1,617,944,606 Domestic Shares through its controlled corporations Jinchuan Group and Gansu Electric Power Investment. Gansu State-owned Assets Investment also owns 31.58% of the equity interests of Jiuquan Iron & Steel, which held 983,972,303 Domestic Shares. Gansu State-owned Assets Investment, Jiuquan Iron & Steel, Jinchuan Group and Gansu Electric Power Investment will abstain from voting in respect of the resolution on the Asset Disposal. Collectively, these entities held a total of 4,511,167,881 Domestic Shares, representing 29.94% of the total issued Shares.

As at the Latest Practicable Date, Department of Finance of Gansu Province, through its wholly-owned subsidiary, Gansu Financial Holding Group Co., Ltd., holds approximately 8.29% of the total issued Shares. They will abstain from voting in respect of the proposal on the replenishment of other tier-one capital through the Convertible Negotiated Deposit.

Whether or not you are able to attend the EGM and/or the Class Meetings, you are advised to read the notices of the EGM and the Class Meetings carefully and to complete the proxy forms that have been despatched to you in accordance with the instructions printed thereon. H Shareholders shall return the proxy forms to the H Share registrar of the Bank, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, while the Domestic Shareholders shall return the proxy forms to the registered office and the principal place of business of the Bank in the PRC at Bank of Gansu Tower, No. 525-1 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC, by hand or by post no later than 24 hours before the time appointed for convening the EGM and the Class Meetings or any adjourned meeting thereof. Completion and return of the proxy forms will not preclude you from attending and voting at the EGM and/or the Class Meetings or any adjourned meeting(s) thereof in person if you so wish.

**RECOMMENDATION**

The Directors consider that the proposed resolutions set out in the notice of the EGM and the Class Meetings are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions set out in the notice of the EGM and the Class Meetings.

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

* *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.*

甘肃银行
BANK OF GANSU

# 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)**

September 4, 2025

*To: the Independent Shareholders*

Dear Sir or Madam,

## VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RESPECT OF THE ASSET DISPOSAL

We refer to the circular of the Bank dated September 4, 2025 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders as to whether, in our opinion, the Asset Disposal is entered into by the Bank in its ordinary and usual course of business, on normal commercial terms, in the interests of the Bank and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned.

The assets proposed to be sold in this transaction are claims over certain low-efficiency assets, specifically including all ownership and related rights and interests of the Disposed Assets, all due or to-be-due repayments arising from the Disposed Assets, the rights to claim, sue for, recover and accept all amounts payable in relation to the Disposed Assets, as well as all rights and legal remedies related to the realization and enforcement of each of the Disposed Assets. For financial institutions under capital constraints, disposing of low-performing assets in bulk is a rational choice that aligns with commercial logic. At the same time, it serves as an important means for financial institutions to proactively optimize their asset structures and achieve steady and high-quality development.

In consideration of promoting the disposal of low-performing assets and effectively maintaining financial market stability, financial regulatory authorities have explicitly included bulk disposal of inefficient assets within the scope of banks' regular business operations. In accordance with the laws and regulations promulgated by the state and financial regulatory authorities, the Bank has also established a relatively comprehensive standardized process for bulk disposal of low-performing assets.

In this connection, DL Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Asset Disposal. We wish to draw your attention to the letter from the Board set out on pages 6 to 25 of the Circular, and the letter from DL Securities to the Independent Board Committee and the Independent Shareholders set out on pages 28 to 39 of the Circular which contains its opinion in respect of the Asset Disposal.

In summary, having taken into account the advice of DL Securities and its recommendation in relation thereto, we consider that the Asset Disposal is entered into by the Bank in its ordinary and usual course of business, on normal commercial terms, in the interests of the Bank and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that you vote in favour of the relevant resolution set out in the notice of the EGM.

Yours faithfully,
Independent Board Committee of
**Bank of Gansu Co., Ltd.***
**LIU Guanghua**
**WANG Lei**
**HAU Pak Sun**

* *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.*

*Set out below is the text of a letter received from DL Securities to the Independent Board Committee and the Independent Shareholders in respect of the Asset Disposal, which have been prepared for inclusion in this circular.*

德林證券
DL SECURITIES

29/F, Vertical Square
28 Heung Yip Road
Wong Chuk Hang, Hong Kong
4 September 2025

*To: the Independent Board Committee and*
*the Independent Shareholders of Bank of Gansu Co., Ltd.*

Dear Sirs and Madams,

## VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RESPECT OF THE ASSET DISPOSAL

### INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Asset Disposal under the Asset Transfer Agreement, particulars of which are set out in the letter from the Board (the "**Letter from the Board**") contained in this circular of the Bank dated 4 September 2025 (the "**Circular**"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

On 5 August 2025, the Bank entered into the Asset Transfer Agreement with Gansu Assets Management in relation to the Asset Disposal to sell the Disposed Assets to Gansu Assets Management for the Consideration of RMB15.3 billion. The Asset Transfer Agreement will become effective upon approval of the Independent Shareholders at the EGM.

### LISTING RULE IMPLICATION

As one or more of the applicable percentage ratios in respect of the Asset Disposal exceed(s) 75%, the Asset Disposal constitutes a very substantial disposal of the Bank and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as of the Latest Practicable Date, Gansu State-owned Assets Investment, directly and indirectly holding approximately 23.41% of the issued share capital of the Bank, is a substantial shareholder of the Bank. Gansu Assets Management is a subsidiary of Gansu State-owned Assets Investment and is therefore a connected person of the Bank. The Asset Disposal 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 Asset Disposal exceed(s) 5%, the Asset Disposal is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Liu Guanghua, Mr. Wang Lei and Mr. Hau Pak Sun has been established to consider and make a recommendation to the Independent Shareholders on whether the terms of Asset Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned, whether the Asset Disposal contemplated thereunder are in the interests of the Bank and the Shareholders as a whole and how the Independent Shareholders should vote at the EGM. We, DL Securities (HK) Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

## OUR INDEPENDENCE

In the last two years, we did not have any engagement with the Group as an independent financial adviser. As at the Latest Practicable Date, we did not have any relationships or interests with the Group or any other parties that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Bank or any other party to the captioned transactions, and therefore we are considered to be eligible to give independent advice on the terms of the Asset Transfer Agreement.

## BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Board in relation to the terms of the Asset Transfer Agreement and the transactions contemplated thereunder, we have reviewed, amongst others, (i) the Asset Transfer Agreement, (ii) the annual report for the year ended 31 December 2023 (the "**Annual Report 2023**"); (iii) the annual report for the year ended 31 December 2024 (the "**Annual Report 2024**"), (iv) the interim report for the six months ended 30 June 2025 (the "**Interim Report 2025**"), and (v) the information set out in the Circular. We have relied on the information, facts and representations contained or referred to in the Circular, the public information announced by the Bank and the information, facts and representations provided by, and the opinions expressed by the Directors and management of the Bank (the "**Management**"). We have assumed that all information, facts, opinions and representations made or referred to in the disclosed information and the Circular were true, accurate and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the Management. The Directors jointly and severally accept full responsibility for the accuracy of the Circular and public information disclosed and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular and public information disclosed have been arrived at after due and careful consideration and there are no other facts not contained in the public information disclosed, the omission of which would make any statement in the public information disclosed misleading.

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the public information disclosed or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Bank or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the transactions contemplated under the Asset Transfer Agreement, as referred to in Rule 13.80 of the Listing Rules (including the notes thereof) in formulating our opinion and recommendation. This letter is issued for the information for the Board solely in connection with their consideration of the terms of the Asset Transfer Agreement and the transactions contemplated thereunder, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the Asset Transfer Agreement and the Asset Disposal contemplated thereunder, we have taken the following principal factors and reasons into consideration:

### 1. Information on the parties

#### *(i) Information on 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.

Set out in the table below is certain audited financial information of the Bank for each of the three years ended 31 December 2024 as extracted from the Annual Report 2023 and the Annual Report 2024 and certain unaudited financial information of the Bank for the six months ended 30 June 2024 and 2025 as extracted from the Interim Report 2025:

| | For the year ended 31 December | | | For the six months ended 30 June | |
|---|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2024** | **2025** |
| | *(audited)* | *(audited)* | *(audited)* | *(unaudited)* | *(unaudited)* |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Interest income | 13,788,636 | 13,900,634 | 12,978,106 | 6,736,012 | 5,992,266 |
| Interest expense | -8,720,713 | -8,466,102 | -8,341,807 | -4,198,879 | -3,745,244 |
| Net interest income | 5,067,923 | 5,434,532 | 4,636,299 | 2,537,133 | 2,247,022 |
| Fee and commission income | 464,043 | 424,000 | 434,409 | 235,083 | 245,417 |
| Fee and commission expenses | -64,065 | -44,091 | -34,294 | -16,218 | -17,097 |
| Net fee and commission income | 399,978 | 379,909 | 400,115 | 218,865 | 228,320 |
| Operating income | 6,526,796 | 6,665,142 | 5,953,958 | 3,156,828 | 2,717,318 |
| Impairment losses on assets | -3,618,369 | -3,706,972 | -3,101,569 | -1,742,483 | -1,317,905 |
| Profit/(loss) before tax | 570,414 | 569,538 | 475,801 | 338,726 | 339,091 |
| Net profit/(loss) attributable to equity shareholders of the Bank | 601,434 | 644,561 | 582,348 | 393,681 | 397,854 |

| | As at 31 December | | | As at 30 June |
|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2025** |
| | *(audited)* | *(audited)* | *(audited)* | *(unaudited)* |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Total assets | 377,202,463 | 388,588,652 | 414,707,570 | 427,481,596 |
| Total liabilities | 344,603,216 | 355,408,580 | 380,869,654 | 393,360,084 |
| Total equity attributable to the owners of the Bank | 32,558,867 | 33,137,637 | 33,793,063 | 34,075,627 |

*For the six months ended 30 June 2025*

For the six months ended 30 June 2025, the Bank recorded a total operating income of approximately RMB2,717.3 million, representing a decrease of approximately 13.9% as compared to approximately RMB3,156.8 million for the six months ended 30 June 2024. The Bank's net profit attributable to shareholders slightly increased by approximately 1.1% from approximately RMB393.7 million for the six months ended 30 June 2024 to approximately RMB397.9 million for the six months ended 30 June 2025. As disclosed in the Interim Report 2025, the main reason for the decrease in the Bank's operating income was mainly due to the impact of declining market interest rates which reduced the Bank's interest income.

As at 30 June 2025, the Bank's total assets amounted to approximately RMB427,481.6 million, representing a year-on-year increase of approximately 3.1%; total loans and advances to customers (including interest accrued) amounted to approximately RMB241,906.0 million, representing a year-on-year increase of approximately 4.5%; the non-performing loan ratio was approximately 1.85%, representing a decrease of 0.08 percentage point as compared with the beginning of 2025, total deposits from customers (including interest accrued) amounted to RMB334,421.3 million, representing an increase of 4.1% as compared with the end of 2024.

*For the years ended 31 December 2023 and 2024*

For the year ended 31 December 2024, the Bank recorded a total operating income of approximately RMB5,954.0 million, representing a decrease of approximately 10.7% as compared to approximately RMB6,665.1 million for the year ended 31 December 2023. The Bank's net profit attributable to shareholders decreased by approximately 9.7% from approximately RMB644.6 million in 2023 to approximately RMB582.3 million in 2024. As disclosed in the Annual Report 2024, the main reason for the decrease in the Bank's operating income was mainly due to the impact of the downward trend of market interest rates, the Bank's operating income decreased, and therefore the net profit also declined year on year.

For the year ended 31 December 2023, the Bank recorded a total operating income of approximately RMB6,665.1 million, representing an increase of approximately 2.1% as compared to approximately RMB6,526.8 million for the year ended 31 December 2022. The Bank's net profit attributable to shareholders increased by approximately 7.0% from approximately RMB601.4 million in 2022 to approximately RMB644.6 million in 2023. As disclosed in the Annual Report 2023, the main reason for the increase in the Bank's operating income was mainly due to the fact that the Bank adhered to serving the real economy and increased the investment of credit assets, and at the same time actively optimised the structure of assets and liabilities and reduced the costs of debts, which promoted the increase of the Bank's operating income, with net profit steadily growing year on year.

As at 31 December 2024, the Bank's total assets amounted to approximately RMB414,707.6 million, representing a year-on-year increase of approximately 6.7%; total loans and advances to customers (including interest accrued) amounted to approximately RMB231,414.3 million, representing a year-on-year increase of approximately 3.8%; the non-performing loan ratio was approximately 1.93%, representing a decrease of 0.07 percentage point as compared with the end of 2023, mainly because the Bank strengthened its efforts in disposal of non-performing assets, and optimised credit management policies, which further consolidated the foundation of risk management and kept the quality of assets relatively stable; total deposits from customers (including interest accrued) amounted to RMB321,379.3 million, representing a year-on-year increase of 8.7%.

***(ii) Information on Gansu Assets Management***

Gansu Assets Management is a local financial asset management company established on 24 March 2016 as approved by Gansu Provincial Government, with a registered capital of RMB2.0 billion. The principal businesses of Gansu Assets Management include the management, investment and disposal of non-performing assets; external investment; wealth and asset management; financial, investment, legal, risk management, asset and project evaluation consulting and advisory, and non-ferrous metals investment and trading.

Gansu Assets Management is owned as to 56.13% by its largest shareholder, Gansu State-owned Assets Investment (which is owned as to 83.99% by Gansu SASAC, and as to 16.01% by Jiuquan Iron & Steel (which is owned as to 68.42% by Gansu SASAC and as to 31.58% by Gansu State-owned Assets Investment)); as to 22.78% by its second largest shareholder, Gansu Financial Holding Financing Guarantee Group Co., Ltd. (甘肅金控融資擔保集團股份有限公司) (which is owned as to 98% by the Gansu Financial Holding Group Co., Ltd. (甘肅省金融控股集團有限公司) (which is owned as to 81.25% by the Department of Finance of Gansu Province, and as to 18.75% indirectly by Gansu SASAC)); and as to 10% by the third largest shareholder, Gansu Financial Capital Management Co., Ltd. (甘肅省金融資本管理有限公司), an indirectly wholly-owned subsidiary of Gansu SASAC. Save for the aforesaid shareholders, each of the other shareholders of Gansu Assets Management holds less than 10% of the equity interests thereof.

***(iii) Information on the Disposed Assets***

The Disposed Assets consist of a portfolio of certain underperforming assets held by the Bank, including credit assets and financial investment assets. As of the Transaction Benchmark Date, the principal balance and accrued interest of the Disposed Assets amounted to approximately RMB19.719 billion. Among them, the principal balance of credit assets was approximately RMB4.085 billion, and the principal balance of financial investment assets was approximately RMB13.779 billion. After accounting for the impairment provision of approximately RMB4.797 billion that the Bank has made for the Disposed Assets, the net book value of the Disposed Assets is approximately RMB14.922 billion.

In addition, the unaudited loss before taxation attributable to the Disposed Assets for the three financial years ended 31 December 2024 and the six months ended 30 June 2025 amounts to approximately RMB407.7 million, RMB668.9 million, RMB902.7 million and RMB514.0 million, respectively. The unaudited net loss after taxation attributable to the Disposed Assets for the three financial years ended 31 December 2024 and the six months ended 30 June 2025 amounts to approximately RMB305.8 million, RMB501.7 million, RMB677.0 million and RMB385.5 million, respectively. For further details of the profit and loss attributable to the Disposed Assets, please refer to Appendix II of this circular.

**2. Background to and reasons for the Asset Disposal**

As set out in the Letter from the Board, the Disposed Assets are underperforming assets of the Bank. The Asset Disposal will be beneficial for improving the Bank's asset quality, optimising its asset structure and reducing the provisions and impairment losses, and can further enhance the Bank's relevant financial indicators and profitability.

In order to assess and conclude whether the entering into of the Asset Transfer Agreement is in the interest of the Bank and the Independent Shareholders as a whole, we have taken into consideration the following factors:

(i) the Asset Disposal can enhance the asset quality of the Bank. The loan quality of the Bank will improve through the disposal of the Disposed Assets with its non-performing loan ratio decreasing from 1.85% to 1.28%, and the Bank's risk-weighted assets will be reduced to enhance its core tier-one capital and improve its capital adequacy ratio as below:

| | **For the six months ended/as at 30 June 2025** *(unaudited)* | **If the Asset Disposal had completed** | **Indicative Change** |
|---|---|---|---|
| **Assets Quality Indicators** *(%)* | | | |
| Non-performing loan ratio | 1.85 | 1.28 | -0.57 |
| Provision coverage ratio | 136.79 | 154.46 | 17.67 |
| Provision to total loan ratio | 2.53 | 1.98 | -0.55 |
| **Capital Adequacy Indicators** *(%)* | | | |
| Core tier-one capital adequacy ratio | 10.65 | 10.82 | 0.17 |
| Tier-one capital adequacy ratio | 10.65 | 10.82 | 0.17 |
| Capital adequacy ratio | 10.65 | 10.83 | 0.18 |
| Shareholders' equity to total assets ratio | 7.98 | 7.94 | -0.04 |
| **Other indicator** *(%)* | | | |
| Loan to deposit ratio | 70.44 | 69.19 | -1.25 |

(ii) we notice that pursuant to Administrative Measures on 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)) (the "**Administrative Measures**"), financial enterprises may bulk transfer non-performing assets of certain size to asset management companies and the purchasers of bulk asset transfer shall be asset management companies. Pursuant to the Notice on Regulating the Asset Transfer of State-owned Financial Institutions published by the Ministry of Finance (Cai Jin [2021] No. 102) (《財政部關於規範國有金融機構資產轉讓有關事項的通知》 (財金[2021]102號)), state-owned financial institutions shall, in principle, conduct asset transfers through open transactions methods such as market transactions, public auctions, online auctions, and competitive negotiations. For transfer of assets under specific industries to state-owned and state-controlled enterprises and other circumstances recognised by the financial department at the same level, state-owned financial institutions can conduct transactions through direct agreement transfer after being reviewed and decided by state-owned financial institutions according to the authorisation mechanism. With reference to a commentary report "Banks' Nonperforming Assets and Securitization FAQ" published by S&P Global (China) Ratings on 29 September 2020, we understand that the use of asset management companies to clear banks' balance sheets and reduce related uncertainty of future non-performing loan accumulation is also a common global practice. We also noticed there was significant increase in the scale of non-performing loan ("**NPL**") transfers in China in 2025. According to the statistics published by China Credit Assets Registry & Exchange Co., Ltd. ("**Yindeng Center**") (*www.yindeng.com.cn*), the total announced NPL transfer listing volume reached approximately RMB74.27 billion in the first quarter of 2025, a year-on-year increase of approximately 190.5%, with actual transaction volume reaching approximately RMB48.3 billion, representing an increase of approximately 138.8%. The purchasers remain dominated by local asset management companies ("**AMCs**"), which accounted for approximately 67% of transaction volume, followed by major national AMCs. The Asset Disposal to Gansu Assets Management, which satisfies the prerequisite requirements contemplated under the Administrative Measures and is qualified to conduct bulk acquisition of financial non-performing assets, is therefore in line with industry practices and also could improve the Bank's operational indicators; and

(iii) as stated in the Letter from the Board, the proceeds from the Asset Disposal will be used for the Bank's general working capital. The Bank will further optimise its asset structure and credit allocation structure which can facilitate the Group's business operation and development.

Having considered the reasons for and benefits of the Asset Disposal above, we consider that (i) bulk transfer method is a common means for banks to swiftly transfer non-performing assets; (ii) the Asset Disposal is consistent with industry norms, where financial institutions regularly clean their balance sheets by transferring impaired or non-core assets to specialised asset management companies; (iii) the Asset Disposal is consistent with the past practice of the Bank for which there were similar asset disposal arrangements with Gansu Assets Management in 2024; and (iv) the Asset Disposal could enables the Bank to quickly recover over 50% of the Consideration while the remaining will be settled according to the payment terms by Gansu Assets Management with better creditability and a lower counterparty risk as compared to

those borrowers of the loans in the Disposed Assets, and therefore we concur with the Directors' view that the Asset Disposal contemplated under the Asset Transfer Agreement is in the ordinary and usual course of the business of the Group and in the interests of the Bank and the Shareholders as a whole.

**3. Principal terms of the Asset Transfer Agreement**

Pursuant to the Asset Transfer Agreement, the Consideration for the Asset Disposal is RMB15.3 billion, which is primarily determined based on the net book value of the Disposed Assets. As of the Transaction Benchmark Date, the principal balance and accrued interest of the Disposed Assets amounted to approximately RMB19.719 billion, of which the book balance of the principal was approximately RMB17.864 billion and the interest receivable was approximately RMB1.855 billion. The Bank has made impairment provisions of approximately RMB4.797 billion for the Disposed Assets, and the net book value of the principal and interest of the Disposed Assets after deducting the impairment provision was approximately RMB14.922 billion. Thus, the Consideration for the Asset Disposal of RMB15.3 billion represents a slight premium of approximately 2.53% over the net book value of the principal and interest of the Disposed Assets.

For further details of the principal terms of the Asset Transfer Agreement, please refer to the section headed "The Asset Transfer Agreement" of the Letter from the Board.

In assessing the fairness and reasonableness of the terms of the Asset Transfer Agreement and the transactions contemplated thereunder, we have primarily taken into account (i) the Consideration which is slightly higher than the net amount of the creditor's rights of the Disposed Assets after deducting the impairment provisions, and (ii) the payment terms of the Asset Disposal.

***Consideration***

We have reviewed the audited financial statements of the Group as set out in the Annual Report 2024 and noticed that the Group made provision for impairment losses on loans and advances to customers and other assets, including but not limited to the Disposed Assets, in accordance with the International Financial Reporting Standard 9. Impairment allowances represent management's best estimate of the expected credit losses ("**ECL**") for the loan portfolios at the balance sheet date. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments. As set out in the independent auditor's report, the audit procedures were designed to evaluate the management's internal controls and assessment process for the measurement on the ECL model and to challenge the reasonableness of the models and assumptions used to estimate the ECL of loans and advances to customers. The auditor of the Bank reviewed the assumptions, critical judgement, management bias and the ECL models used by the management by assessing the reliability of the management's past estimates and future forecast.

Furthermore, making reference to the market transactions conducted by other banks in the industry, under the model of bulk asset transfer, the consideration accepted by asset management companies for relevant bulk transfer is generally lower than the book value of the assets intended for bulk transfer. With reference to statistics of non-performing loan transfer business for the first quarter of 2025 published by Yindeng Center, the average discount rates, calculated by using the transfer price divided by the sum of the outstanding principal and interests (equivalent to the percentage amount received by the vendors/creditors in terms of the total outstanding principal and interests upon such transfer), during each of the quarters in 2024 and first quarter in 2025 on bulk transfer non-performing assets was 13.1%, 19.6%, 23.2%, 18.6% and 15.0% respectively, implying that the discount to the total outstanding principal and interests were approximately 86.9%, 80.4%, 76.8%, 81.4% and 85.0% respectively. The determination of the Consideration by reference to the net carrying amount of the Disposed Assets without any discount or at a discount of approximately 22.4% to the total outstanding principal and interests is therefore more favourable to the Bank as compared to the market average.

For our due diligence purpose, we reviewed the transactions of non-performing loan assets from 1 January 2025 to the Transaction Benchmark Date listed on Ali Asset (阿里資產) (https://zc-paimai.taobao.com/zc/), an online auction platform under "Taobao Marketplace" brand operating by Alibaba Group Holding Limited (Stock code: 9988.HK & BABA.NYSE) and its subsidiaries and consolidated entities. The assets listed on Ali Assets include, among other things, assets under judicial auction, assets taken to be auction under bankruptcy and financial instruments including equity interest, debt interest, real estates and land, machineries and vehicles, and others. Among the transactions being reviewed, there were 27 transactions with transaction prices of over RMB100 million (the "**Reference Transactions**"). The vendors involved in the Reference Transactions are primarily AMCs and banks located in various regions of the PRC. The credit assets being auctioned are mostly packages of corporate loans. These loan asset packages consist of outstanding corporate loans and the corresponding interest. The outstanding amounts of these loan packages vary, ranging from about RMB141.2 million to approximately RMB1.06 billion. Notwithstanding that the backgrounds, principal activities of the borrowers, business scale, profitability and financial position of the borrowers in the asset packages of the Reference Transactions identified may not be the same as that of the Bank and the Disposed Assets, we consider that the Reference Transactions are fair and representative samples and they could still provide a general reference on the current market conditions and the degree of discounts required for AMCs and banks in order to dispose their credit asset packages of corporate loans. We note that the discount of the transacted price to the outstanding balance of the principal and interest of the underlying credit assets of the Reference Transactions ranged from approximately 4.4% to 93.9%, with an average and median of approximately 63.5% and 67.1%. The discount of approximately 22.4% as represented by the Consideration of the Asset Disposal of RMB15.3 billion to the total book balance of the principal and interest of the Disposed Assets of approximately RMB19.719 billion is therefore within the aforesaid discounts range and is lower than the average and median of the aforesaid discounts.

***Payment terms***

Pursuant to the Asset Transfer Agreement, the Consideration of Asset Disposal shall be payable by Gansu Assets Management to the Bank in cash according to the following schedule:

(i) Gansu Assets Management shall pay RMB8.0 billion to the Bank within five business days from the date on which the Asset Transfer Agreement becomes effective; and

(ii) Gansu Assets Management shall pay the remaining Consideration in installments within five years after the Asset Transfer Agreement becomes effective. In particular, RMB2.19 billion shall be paid on or before 31 December 2028, RMB1.825 billion shall be paid on or before 31 December 2029, and RMB3.285 billion shall be paid on or before 31 December 2030.

We noticed that approximately 52.3% of the consideration will be paid within five business days from the date on which the Asset Transfer Agreement becomes effective while approximately 47.7% of the consideration will be paid during the three years ending 31 December 2030. Based on our review of the notifiable transactions of assets transfer or disposal of distressed assets with consideration not less than RMB10 billion disclosed by the PRC banks listed on the Main Board of the Stock Exchange since their listing, we have identified five transactions which are exhaustive based on the above selection criteria. We are of the view that the selection criterion of a consideration not less than RMB10 billion is fair and reasonable, as it offers a meaningful benchmark for assessing the settlement terms of transactions comparable in scale to the Asset Disposal. Two out of the five transactions identified have deferred settlement terms: (i) the whole consideration of RMB176.0 billion for the asset disposal of Shengjing Bank Co., Ltd. was settled by a special purpose note with a term of 15 years with reference to its announcement dated 27 September 2023; and (ii) the consideration of RMB10.0 billion for the asset disposal of Bank of Zhengzhou Co., Ltd. was settled 50% by cash and 50% by a trust benefit right with a term of 5 years with reference to its announcement dated 4 September 2024. As such, we consider the payment terms under the Asset Transfer Agreement to be justifiable, taking into account (i) the size of the consideration under the Asset Transfer Agreement, and (ii) it is not uncommon to have deferred settlement terms with sizeable considerations as mentioned above.

Having considered the above, in particular that (i) price discounts are common in bulk asset transfers in the industry and the discount of the Asset Disposal is within the range and lower than the average of those of the Reference Transactions; and (ii) the payment terms of the Consideration, we are of the view that (i) the Asset Disposal contemplated under the Asset Transfer Agreement is entered into on normal commercial terms and in the interests of the Bank and the Shareholders as a whole; and (ii) the terms of the Asset Disposal contemplated under the Asset Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

**4. Financial Effect**

Based on the net book value of the Disposed Assets and the present value of the Consideration, it is expected that the Asset Disposal will result in a negative financial impact of approximately RMB0.126 billion. Upon Completion of the Asset Disposal, if materialised, the total assets of the Bank are expected to decrease by approximately RMB268.0 million, the total liabilities of the Bank is expected to decrease by approximately RMB71.3 million, and the net assets of the Bank is expected to decrease by approximately RMB196.7 million.

It should be noted that the aforementioned analysis is for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Asset Disposal.

**RECOMMENDATION**

Having taken into account the above principal reasons and factors, we consider that the terms of the Asset Disposal contemplated under the Asset Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the Asset Disposal contemplated under the Asset Transfer Agreement are entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Bank and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to, and also recommend the Independent Shareholders to, vote in favour of the relevant resolution to approve the Asset Disposal contemplated under the Asset Transfer Agreement.

Yours faithfully
For and on behalf of
**DL Securities (HK) Limited**
**Tommy Cheng**
*Managing Director*
*Corporate Finance Division*

*Mr. Tommy Cheng is a licensed person under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officer of DL Securities (HK) Limited. Mr. Tommy Cheng has over 14 years of experience in corporate finance industry.*

## FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Bank (https://www.gsbankchina.com/):

- the annual report for the year ended December 31, 2022 published on April 19, 2023 (pages 174 to 320)
  (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0419/2023041900243.pdf)

- the annual report of the Group for the year ended December 31, 2023 published on April 18, 2024 (pages 174 to 316)
  (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041801221.pdf)

- the annual report of the Group for the year ended December 31, 2024 published on April 23, 2025 (pages 173 to 316)
  (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0423/2025042300719.pdf)

- the interim report of the Group for the six months ended June 30, 2025 published on August 25, 2025 (pages 78 to 152)
  (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0825/2025082502020.pdf)

## INDEBTEDNESS

As at the close of business on July 31, 2025, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following indebtedness:

- Issued interbank certificates of deposit: For the seven months ended July 31, 2025, the Bank issued a number of interbank certificates of deposit with total nominal value of RMB36,690.00 million, with terms ranging from three months to one year and effective interest rates per annum between 1.64% to 2.12%. As of July 31, 2025, the outstanding balance of the above issued interbank certificates of deposit that have not yet matured was RMB36,048.93 million. The above issued interbank certificates of deposit are unsecured and unguaranteed.

- Lease liabilities: As of July 31, 2025, the balance of the Group's lease liabilities was RMB293.39 million. The lease liabilities are unsecured and unguaranteed.

- Other liabilities, including deposits from customers (part of which is secured), borrowing from the central bank (secured), deposits (part of which is secured) and placements from banks and other financial institutions and financial assets sold under repurchase agreements that arose from the normal course of the Bank's banking business; and bank acceptances, unused credit card commitments, letters of credit and letters of guarantee issued, other commitments and contingencies (including pending litigation) that arose from the normal course of banking business carried out by the Group.

Save as disclosed above, the Group did not have, as of July 31, 2025, any debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees.

## WORKING CAPITAL

Pursuant to Rule 14.66(10) of the Listing Rules, a working capital statement in paragraph 30 of Appendix D1B is not required for a listed issuer which is a banking company, provided that: (1) the inclusion of such a statement would not provide significant information for investors; (2) the issuer's solvency and capital adequacy are subject to prudential supervision by another regulatory body; and (3) the issuer will provide alternative disclosures on (i) the regulatory requirements as to the solvency, capital adequacy and liquidity of banking companies in the relevant jurisdiction or place of operation; and (ii) the issuer's solvency ratios, capital adequacy ratios and liquidity ratios (as applicable) for the latest three financial years.

The Bank is of the view that the traditional concept of "working capital" does not apply to banking businesses. The Bank is regulated in the PRC by, among others, the People's Bank of China and the National Financial Regulatory Administration. These regulatory authorities impose minimum capital adequacy and liquidity requirements on commercial banks operating in the PRC. As the business model of the Bank does not rely on holding sufficient cash to purchase goods in order to generate sales revenue, working capital is not regarded as a suitable indicator of solvency or liquidity for a banking entity. Thus, the inclusion of the working capital statement would not provide significant information for the Shareholders and investors of the Bank. The Directors believe that the more appropriate financial indicators are the capital adequacy indicators of the Bank, calculated as a ratio of the Bank's relevant capital base to its risk-weighted assets, and is widely used by regulators in the banking industry to assess and monitor the Bank's solvency, financial condition, strength and ability to meet its liabilities and other risks.

Set out below are the capital adequacy ratios of the Bank for the three years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2025. For the disclosure of the expected capital adequacy and liquidity positions of the Group after Asset Disposal, please refer to the unaudited pro forma financial information of the Group after Asset Disposal as set out in the appendix to this circular.

**Capital adequacy ratio (%)**

| | For the year ended December 31, 2022 | For the year ended December 31, 2023 | For the year ended December 31, 2024 | For the six months ended June 30, 2025 |
|---|---|---|---|---|
| Core tier-one capital adequacy ratio | 11.76 | 11.38 | 11.16 | 10.65 |
| Tier-one capital adequacy ratio | 11.76 | 11.38 | 11.16 | 10.65 |
| Capital adequacy ratio | 12.28 | 11.88 | 11.16 | 10.65 |

**Liquidity ratio indicator (%)**

| | For the year ended December 31, 2022 | For the year ended December 31, 2023 | For the year ended December 31, 2024 | For the six months ended June 30, 2025 |
|---|---|---|---|---|
| Liquidity ratio | 37.59 | 36.62 | 56.42 | 57.58 |

## FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the first half of year, the international environment has been fraught with turbulence and changes, severely disrupting the international economic and trade order. Domestically, supply outpaced demand, and pains were felt in the transition between old and new growth drivers. Faced with such complex situations, the Party Central Committee with Comrade Xi Jinping at its core united and led the whole Party and the people of all ethnic groups in responding to changes with stability, overcoming difficulties, coordinating domestic economic work and international economic and trade struggles, strengthening extraordinary counter-cyclical adjustments, and implementing a "combination of policies". China's economy has pressed forward against pressures, maintaining a momentum of development that is stable while making progress and moving for the better. New productive forces have grown and expanded, and high-quality development has been moving towards new heights and better prospects. The total assets and total liabilities of the banking industry have maintained steady growth, providing strong financial support for the real economy.

Looking ahead to the second half of the year, with the joint effect of various favorable factors, China has the foundation, conditions, and confidence to cope with various risks and challenges in development. A moderately accommodative monetary policy will help maintain sufficient liquidity and guide financial institutions to achieve reasonable credit growth. A more

proactive fiscal policy will provide a strong guarantee for promoting sustained economic recovery and improvement. The Bank will continue to adhere to the general principle of seeking progress while maintaining stability, with the vision of "a listed urban commercial bank with high-quality development and a comprehensive financial service provider of the first choice in the region" (高質量發展的上市城商行,區域首選的綜合金融服務商) and the core mission of value creation. It will continue to make efforts in strengthening Party building, addressing weaknesses, consolidating foundations, adjusting structures, preventing risks, promoting development, and increasing benefits, so as to achieve a dynamic balance among scale, profitability, risk and capital. First, continue to increase credit supply. Adhere to the strategic positioning of "based on Longyuan and serving Gansu", focus on Gansu Province's initiatives such as the "Four Strengthening" (四強) actions, "Five Aspects" (五量) of economic measures, "Attracting Large, Strong and Leaders Initiative" (引大引強引頭部) actions, and "Seven Regions, One Screen, One Corridor" (七地一屏一通道) plan, promote steady credit growth in key areas such as technology, green development, inclusive finance and manufacturing, sectors. Second, adhere to localized and characteristic development. Leverage its own strengths to thoroughly implement the "Five Major Areas" (五篇大文章) in a detailed manner, and build new growth drivers through differentiated deployment of the financial "Five Major Areas". Increase financing support for key areas such as "Two Heavy" (兩重) and "Two New" (兩新). Third, focus on prioritizing benefits to drive value creation. Continuously expand non-interest income, optimize the income structure, and fully promote the steady growth of operating income. Strengthen active liability management, intensify efforts to control liability costs, maintain basic stability of net interest margin, and continuously improve operating efficiency. Fourth, improve comprehensive risk management capabilities. Actively build a comprehensive risk management system featuring "active prevention, smart control and comprehensive management" (主動防、智能控、全面管), consolidate the "three lines of defense" (三道防線), and strengthen full-process risk control. Strengthen forward-looking research on risks, improve sensitivity and insight, and effectively respond to potential risks and challenges. Fifth, deepen and refine customer group management. Improve the mechanism for hierarchical and segmented customer management, form a systematic and standardized approach to customer operations. Dig deep into customer needs, improve the customer product allocation system from both asset and liability sides, enhance customer service stickiness, and improve the accuracy and refinement of services.

## MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP AFTER ASSET DISPOSAL

The Asset Disposal will be conducive to the optimization of the asset structure of the Group. The disposal of assets with a principal amount of approximately RMB17.864 billion will enhance the assets quality of the Group after Asset Disposal with various regulatory indicators being expected to be significantly improved. The non-performing loan ratio after the Asset Disposal will be 1.28%, representing a decrease of 0.57 percentage point as compared with that as of 30 June 2025; the provision coverage ratio will be 154.46%, representing an increase of 17.67 percentage points as compared with that as of 30 June 2025; and the capital adequacy ratio will be 10.83%, representing an increase of 0.18 percentage point as compared with that as of 30 June 2025, which will effectively enhance the risk-resistant capability. The Asset Disposal will not affect the Bank's operations and other aspects of the Group after Asset Disposal. Upon completion of the Asset Disposal, there will be no change in the principal business of the Group.

## 1. UNAUDITED FINANCIAL INFORMATION OF THE DISPOSED ASSETS

In accordance with Rule 14.68(2)(b)(i) of the Listing Rules, the unaudited financial information of the Disposed Assets for the three years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2025 (the "Unaudited Financial Information of the Disposed Assets") and their basis of preparation are set out below.

The Unaudited Financial Information of the Disposed Assets are prepared by the directors of the Bank solely for the purpose of inclusion in this circular in connection with the proposed disposal of the disposed assets by the Bank. The Bank's auditor, SHINEWING (HK) CPA Limited (the "reporting accountants"), were engaged to review the Unaudited Financial Information of the Disposed Assets in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion. The reporting accountants have issued an unmodified review report.

| **(Expressed in RMB'000, unless otherwise stated)** | **For the year ended 31 December 2022** | **For the year ended 31 December 2023** | **For the year ended 31 December 2024** | **For the six months ended 30 June 2025** |
|---|---|---|---|---|
| Interest income | 618,637 | 564,817 | 459,990 | 213,205 |
| **Net interest income** | 618,637 | 564,817 | 459,990 | 213,205 |
| Net trading (losses) gains | (94,495) | 73,991 | – | – |
| **Operating income** | 524,142 | 638,808 | 459,990 | 213,205 |
| Impairment losses on assets | (931,841) | (1,307,704) | (1,362,709) | (727,220) |
| **Loss before tax** | (407,699) | (668,896) | (902,719) | (514,015) |
| Income tax credit | 101,925 | 167,224 | 225,680 | 128,504 |
| **Net losses** | (305,774) | (501,672) | (677,039) | (385,511) |

**Basis of preparation of the Unaudited Financial Information of the Disposed Assets**

The Unaudited Financial Information of the Disposed Assets have been prepared solely for the purpose of inclusion in the circular to be issued by the Bank in connection with the proposed disposal of the disposed assets by the Bank in accordance with Rule 14.68(2)(b)(i) of the Listing Rules and the relevant accounting policies adopted by the Bank in the preparation of the condensed consolidated financial statements of the Group for the six months ended June 30, 2025 and the Group's annual consolidated financial statements for the year ended December 31, 2024, which conform with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"). The Unaudited Financial Information of the Disposed Assets neither contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard ("IAS") 1 (Revised) "Presentation of Financial Statements" nor a set of financial statements as defined in IAS 34 "Interim Financial Reporting" issued by the IASB, and that it should be read in connection with the Group's financial information as set out in the published interim results announcement of the Bank for the six months ended June 30, 2025 and the annual consolidated financial statements of the Group for the year ended December 31, 2024, and other financial information included elsewhere in this circular.

## 1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER ASSET DISPOSAL

### (I) Introduction

The unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") presented below is prepared to illustrate (a) the financial position of the Group after asset disposal as if the proposed disposal of the disposal assets by the Bank ("Asset Disposal") had been completed on June 30, 2025; and (b) the financial results of the Group after asset disposal for the six months ended June 30, 2025 as if the Asset Disposal had been completed on January 1, 2025. This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position or financial results of the Group after asset disposal had the Asset Disposal been completed on January 1, 2025, June 30, 2025 or at any future date.

The Unaudited Pro Forma Financial Information is prepared by the Directors of the Bank in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA, for the purpose of illustrating the effect of the Asset Disposal.

The Unaudited Pro Forma Financial Information is based upon the unaudited consolidated financial information of the Group for the six months ended June 30, 2025, which has been derived from the Bank's published interim results announcement for the period ended, after taking into account pro forma adjustments as summarised in the accompanying notes that are, factually supportable and directly attributable to the Asset Disposal.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in the published interim results announcement of the Bank for the six months ended June 30, 2025 and other financial information included elsewhere in this circular.

**(II) Unaudited Pro Forma Consolidated Statement of Financial Position of the Group after Asset Disposal**

| (Expressed in RMB'000, unless otherwise stated) | The Group as at 30 June 2025 *Note 1* | Pro forma adjustments *Note 2* | The Group after Asset Disposal as at 30 June 2025 |
|---|---|---|---|
| **Assets** | | | |
| Cash and deposits with the central bank | 19,988,949 | 8,000,000 | 27,988,949 |
| Deposits with banks | 2,207,870 | – | 2,207,870 |
| Placements with banks and other financial institutions | 11,697,598 | – | 11,697,598 |
| Financial assets held under resale agreements | 1,855,337 | – | 1,855,337 |
| Financial assets at amortised cost | 75,454,276 | (10,705,700) | 64,748,576 |
| Loans and advances to customers | 235,969,056 | (3,719,041) | 232,250,015 |
| Financial assets at fair value through profit or loss | 37,415,326 | (529,192) | 36,886,134 |
| Financial assets at fair value through other comprehensive income | 29,099,091 | – | 29,099,091 |
| Interest in an associate | 10,138 | – | 10,138 |
| Property and equipment | 2,715,955 | – | 2,715,955 |
| Right-of-use assets | 311,533 | – | 311,533 |
| Deferred tax assets | 2,465,019 | (178,991) | 2,286,028 |
| Other assets | 8,291,448 | 6,864,941 | 15,156,389 |
| **Total assets** | 427,481,596 | (267,983) | 427,213,613 |

| (Expressed in RMB'000, unless otherwise stated) | The Group as at 30 June 2025 *Note 1* | Pro forma adjustments *Note 2* | The Group after Asset Disposal as at 30 June 2025 |
|---|---|---|---|
| **Liabilities** | | | |
| Borrowings from the central bank | 8,632,863 | – | 8,632,863 |
| Deposits from banks and other financial institutions | 9,967,158 | – | 9,967,158 |
| Placements from banks | 1,982,355 | – | 1,982,355 |
| Financial assets sold under repurchase agreements | 4,529,183 | – | 4,529,183 |
| Deposits from customers | 334,421,345 | – | 334,421,345 |
| Accrued staff costs | 184,373 | – | 184,373 |
| Taxes payable | 71,283 | (71,283) | – |
| Debts securities issued | 31,914,184 | – | 31,914,184 |
| Deferred tax liabilities | 939 | – | 939 |
| Lease liabilities | 274,154 | – | 274,154 |
| Other liabilities | 1,382,247 | – | 1,382,247 |
| **Total liabilities** | 393,360,084 | (71,283) | 393,288,801 |
| **Equity** | | | |
| Share capital | 15,069,791 | – | 15,069,791 |
| Capital reserve | 5,958,667 | – | 5,958,667 |
| Defined benefit plan reserve | (5,290) | – | (5,290) |
| Investment revaluation reserve | (6,718) | – | (6,718) |
| Surplus reserve | 2,024,105 | – | 2,024,105 |
| General reserve | 5,784,233 | – | 5,784,233 |
| Retained earnings | 5,250,839 | (196,700) | 5,054,139 |
| Total equity attributable to owners of the Bank | 34,075,627 | (196,700) | 33,878,927 |
| Non-controlling interests | 45,885 | – | 45,885 |
| **Total equity** | 34,121,512 | (196,700) | 33,924,812 |
| **Total liabilities and equity** | 427,481,596 | (267,983) | 427,213,613 |

*Note 1:* The amounts are extracted from the unaudited consolidated statement of financial position of the Group as at June 30, 2025 as set out in the Bank's published interim results announcement for the six months ended June 30, 2025.

*Note 2:* The adjustments represent the effect of the Asset Disposal to the unaudited consolidated statement of financial position of the Group as at June 30, 2025: Assuming the Asset Disposal had been completed on June 30, 2025 and only the Initial Payment of RMB8 billion is received, (i) the carrying amount of loans and advances to customers of RMB3,719 million; (ii) the carrying amount of financial assets at amortised cost of RMB10,706 million; (iii) the carrying amount of financial assets at fair value through profit or loss of RMB529 million and (iv) the carrying amount of other assets comprising interest receivable and other receivables totalling RMB6,865 million, and the relevant effect on deferred tax assets and taxes payable are derecognised, leading to a reduction of RMB197 million on the retained earnings. The remaining Consideration for the Disposed Assets as a whole is expected to receive within five years after the Asset Transfer Agreement becomes effective which is included in the carrying amounts of other assets.

## (III) Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Group after Asset Disposal

| (Expressed in RMB'000, unless otherwise stated) | The Group for the six months ended 30 June 2025 *Note 1* | Pro forma adjustments *Note 2* | Pro forma adjustments *Note 3* | The Group after Asset Disposal as at 30 June 2025 |
|---|---|---|---|---|
| Interest income | 5,992,266 | (213,205) | 64,056 | 5,843,117 |
| Interest expenses | (3,745,244) | – | – | (3,745,244) |
| Net interest income | 2,247,022 | (213,205) | 64,056 | 2,097,873 |
| Fee and commission income | 245,417 | – | – | 245,417 |
| Fee and commission expenses | (17,097) | – | – | (17,097) |
| Net fee and commission income | 228,320 | – | – | 228,320 |
| Net trading gains | 107,379 | – | – | 107,379 |
| Net gains arising from investment securities | 130,066 | – | – | 130,066 |
| Net exchange losses | (15,887) | – | – | (15,887) |
| Other operating income, net | 20,418 | – | – | 20,418 |
| Operating income | 2,717,318 | (213,205) | 64,056 | 2,568,169 |
| Operating expenses | (1,060,119) | – | – | (1,060,119) |
| Impairment losses on assets, net of reversals | (1,317,905) | 727,220 | (672,241) | (1,262,926) |
| Operating profit | 339,294 | 514,015 | (608,185) | 245,124 |
| Share of loss of an associate | (203) | – | – | (203) |
| Profit before tax | 339,091 | 514,015 | (608,185) | 244,921 |
| Income tax credit (expense) | 59,795 | (128,504) | 25,974 | (42,735) |
| **Profit for the period** | 398,886 | 385,511 | (582,211) | 202,186 |
| **Profit for the period attributable to:** | | | | |
| Owners of the Bank | 397,854 | 385,511 | (582,211) | 201,154 |
| Non-controlling interests | 1,032 | – | – | 1,032 |
| **Net profit** | 398,886 | 385,511 | (582,211) | 202,186 |

*Note 1:* The amounts are extracted from the unaudited consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended June 30, 2025 as set out in the Bank's published interim results announcement for the six months ended June 30, 2025.

*Note 2:* The adjustments represent the elimination of the financial results of the Disposed Assets from the Group for the six months ended June 30, 2025 as if the Asset Disposal had been completed on January 1, 2025 by reversing the interest income, impairment losses on assets and the corresponding income tax credit of the Disposed Assets for the six months ended June 30, 2025. These amounts are extracted from Section 1 of UNAUDITED FINANCIAL INFORMATION OF THE DISPOSED ASSETS as set out in Appendix II to this circular.

*Note 3:* The adjustment represents (1) the estimated interest income of approximately RMB64 million derived from the consideration receivable of RMB7.3 billion to be paid in installments within five years with discounted value estimated at approximately RMB6.796 billion. The estimated interest income was calculated by using the discounted consideration receivable of RMB6.796 billion, after accounting for the discount rate of approximately 1.9% and time factor.

(2) An additional provision for impairment loss on assets of RMB672 million that needs to be recognised by the Group and the Disposed Assets had been derecognised at their carrying amount as at January 1, 2025, assuming that the Asset Disposal was completed on January 1, 2025. As of January 1, 2025, the carrying amount of Disposed Assets was approximately RMB15.468 billion (including RMB4.146 billion for loans and advances and RMB11.322 billion for investments), while the total consideration amounted to RMB15.3 billion with a present value of RMB14.796 billion (RMB8 billion Initial Payment and RMB6.796 billion discounted consideration receivable); the difference between the discounted consideration of RMB14.796 billion and the carrying amount of the Disposed Assets of RMB15.468 billion resulted an impairment loss of RMB672 million.

Net profit would decrease by RMB582 million after considering the related impact on income tax credit of RMB26 million.

*Note 4:* The adjustments related to the additional provision for impairment loss on assets as detailed in note 3 above for the purpose of the Unaudited Pro Forma Consolidated Statements of Profit or Loss of the Group are not expected to have a continuing effect on the Group.

*Note 5:* Except for the Asset Disposal, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2025.

## 2. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER ASSET DISPOSAL BY THE REPORTING ACCOUNTANTS



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

**Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Investment Pro Forma Financial Information of the Group After Disposal**

To the Directors of Bank of Gansu Co., Ltd.,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Bank of Gansu Co., Ltd. (the "Bank") and its subsidiary (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 consolidated statement of financial position as at June 30, 2025 and the unaudited pro forma consolidated statement of profit or loss for the six months ended June 30, 2025, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 46 to 51 of the circular in connection with the proposed disposal of the disposed assets by the Bank (the "Asset Disposal") issued by the Group dated September 4, 2025 (the "Circular"). The applicable criteria on the basis of which the Directors of the Bank have compiled the Unaudited Pro Forma Financial Information are described on pages 46 to 51 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Asset Disposal of the Bank on the Group's financial position as at June 30, 2025 and the Group's financial performance for the six months ended June 30, 2025 as if the Asset Disposal had taken place as at June 30, 2025 and January 1, 2025 respectively. As part of this process, information about the Group's financial position and financial performance has been extracted by the Directors from the Group's financial statement for the six months ended June 30, 2025, on which a review report has been published.

**Directors' Responsibility for the Unaudited pro forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 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 behavior.

The firm applies Hong Kong Standard on Quality Management ("HKSQM") 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 29(7) of Chapter 4 of the Listing Rules, on the Unaudited 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 Unaudited 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 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 Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited 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 Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of the Asset Disposal on unadjusted financial information of the Group as if the Asset Disposal had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Asset Disposal as at June 30, 2025 and January 1, 2025 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited 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 Unaudited 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 unaudited pro forma adjustments give appropriate effect to those criteria; and

- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

**Opinion**

In our opinion:

(a) the Unaudited 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 Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

**SHINEWING (HK) CPA Limited**
*Certified Public Accountants*
**Lee Shun Ming**
Practising Certificate Number: P07068

Hong Kong
September 4, 2025

## 3. FINANCIAL PERFORMANCE INDICATORS OF THE GROUP AFTER ASSET DISPOSAL

| | Prior to the completion of the Proposed Asset Disposal | Upon completion of the Proposed Asset Disposal | Change |
|---|---|---|---|
| | For the six months ended 30 June 2025 | | |
| **Profitability Indicators** *(%)* | | | |
| Return on assets[(1)] | 0.19 | 0.10 | -0.09 |
| Return on equity[(2)] | 2.35 | 1.19 | -1.16 |
| Net interest spread[(3)] | 0.97 | 1.03 | 0.06 |
| Net interest margin[(4)] | 1.12 | 1.10 | -0.02 |
| Net fee and commission income to operating income ratio[(5)] | 8.40 | 8.88 | 0.48 |
| Cost-to-income ratio[(6)] | 37.28 | 39.45 | 2.17 |
| **Asset Quality Indicators (%)** | | | |
| Non-performing loan ratio[(7)] | 1.85 | 1.28 | -0.57 |
| Provision coverage ratio[(8)(9)] | 136.79 | 154.46 | 17.67 |
| Provision to total loan ratio[(9)(10)] | 2.53 | 1.98 | -0.55 |
| **Capital Adequacy Indicators** *(%)* | | | |
| Core tier-one capital adequacy ratio[(11)(12)] | 10.65 | 10.82 | 0.17 |
| Tier-one capital adequacy ratio[(12)(13)] | 10.65 | 10.82 | 0.17 |
| Capital adequacy ratio[(12)(14)] | 10.65 | 10.83 | 0.18 |
| Shareholders' equity to total assets ratio | 7.98 | 7.94 | -0.04 |
| **Other Indicators** *(%)* | | | |
| Loan to deposit ratio[(15)] | 70.44 | 69.19 | -1.25 |
| Liquidity ratio[(16)] | 57.58 | 64.32 | 6.74 |
| Core liabilities ratio[(17)] | 73.94 | 73.94 | – |
| Liquidity gap ratio[(18)] | 10.91 | 19.89 | 8.98 |

*Notes:*

(1) Calculated by dividing the net profit for a period by the average balance of total assets at the beginning and the end of that period.

(2) Calculated by dividing the net profit for a period by the average balance of total equity at the beginning and the end of that period.

(3) Represents the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.

(4) Calculated by dividing net interest income by average interest-earning assets.

(5) Calculated by dividing net fee and commission income by operating income.

*Notes: (Continued)*

(6) Calculated by dividing total operating expenses (net of business tax and surcharges) by operating income.

(7) Non-performing loan ratio = total non-performing loans/total loans and advances to customers. Pursuant to the Core Indicators for the Risk Management of Commercial Banks (for Trial Implementation) (the "Core Indicators (for Trial Implementation)"), the non-performing loan ratio of commercial banks shall not be more than 5%.

(8) Provision coverage ratio = provision for impairment losses on loans/total non-performing loans and advances.

(9) Pursuant to Administrative Measures for Loan Loss Allowance of Commercial banks (商業銀行貸款損失準備管理辦法), the adequacy of loan loss allowance of commercial banks is assessed based on its provision to loan ratio and its provision coverage ratio.

(10) Provision to total loan ratio = provision for impairment losses on loans/total loans and advances to customers.

(11) Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets.

(12) Pursuant to the National Administration of Financial Regulation, it requires commercial banks to meet the requirements of capital adequacy ratios by the end of the reporting period in accordance with "Administrative Measures for the Capital of Commercial Banks". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50% respectively.

(13) Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets.

(14) Capital adequacy ratio = (total capital – corresponding capital deductions)/risk-weighted assets.

(15) Such ratio represents the ratio the Bank submitted to the National Administration of Financial Regulation, which was calculated in accordance with relevant financial data under PRC accounting standards and the National Administration of Financial Regulation requirements.

(16) Calculated by dividing balance of the current assets by balance of the current liabilities. Pursuant to the Core Indicators (for Trial Implementation), the liquidity ratio of commercial banks shall not be less than 25%.

(17) Calculated by dividing core liabilities by total liabilities. Pursuant to the Core Indicators (for Trial Implementation), the core liabilities ratio of commercial banks shall not be less than 60%.

(18) Calculated by dividing the liquidity gap (being the amount of on and off balance sheet assets with maturities of 90 days or less minus the amount of on and off balance sheet liabilities with maturities of 90 days or less) by the amount of on and off balance sheet assets with maturities of 90 days or less. Pursuant to the Core Indicators (for Trial Implementation), the liquidity gap ratio of commercial banks shall not be less than -10%.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 circular misleading.

## 2. INTEREST IN SECURITIES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Bank had any interest or short position in the Shares, underlying Shares and debt securities of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) nor had any interest in the right to subscribe for Shares in the Bank which had to be notified to the Bank and the 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 which were required, pursuant to section 352 of the SFO, to be entered in the register of the Bank referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Bank and the Stock Exchange:

| Name | Position in the Bank | Class of Shares | Nature of Interest | Number of Shares Held in the Bank | Percentage of the Domestic Shares of the Bank (%) | Percentage of the Total Share Capital of the Bank (%) |
|---|---|---|---|---|---|---|
| Mr. LIU Qing | Chairman, Executive Director | Domestic Shares | Beneficial owner | 301,714 (L)[(1)] | 0.003 | 0.002 |

*Note:*

(1) L represents long position.

## 3. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date.

## 4. POSITIONS OF DIRECTORS IN SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following Directors are also employees of a company which has an interest or short position in the Shares and 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:

| Name | Position in the Bank | Name of substantial shareholder of the Bank | Position in the substantial shareholder of the Bank |
|---|---|---|---|
| Mr. Zhang Junping | Non-executive Director | Gansu Province Highway Aviation Tourism Investment Group Co., Ltd. | Chief Financial Officer |
| Mr. Ye Rong | Non-executive Director | Gansu Financial Holding Group Co., Ltd. | Deputy General Manager |
| Ms. Yang Chunmei | Non-executive Director | Mengshang Bank Co., Ltd. | Head of the Board Office |

## 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Bank or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates were interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## 7. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date:

(a) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and

(b) none of the Directors had any direct or indirect interest in any assets which had been since December 31, 2024 (the date to which the latest published audited consolidated financial statements of the Bank were made up), (i) acquired or disposed of by; (ii) leased to; or (iii) were proposed to be acquired or disposed of by; or (iv) were proposed to be leased to any member of the Group.

## 8. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Bank since December 31, 2024, being the date to which the latest published audited consolidated financial statements of the Bank were made up.

## 9. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

## 10. EXPERTS

The following are the qualifications of the experts who have given opinions or advice, which are contained or referred to in this circular:

| Name | Qualification |
|---|---|
| DL Securities | a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFC |
| SHINEWING (HK) CPA Limited | certified public accountants |

As at the Latest Practicable Date, each of DL Securities and SHINEWING (HK) CPA Limited:

(a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears;

(b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(c) did not have any direct or indirect interest in any assets which had been since December 31, 2024 (the date to which the latest published audited consolidated financial statements of the Bank were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

## 11. MISCELLANEOUS

(a) The company secretary of the Bank is Mr. Wong Wai Chiu, who is a fellow member of The Hong Kong Chartered Governance Institute, a fellow member of the Chartered Governance Institute, a member of CPA Australia, a member of the Hong Kong Trustee Association and a certified trust practitioner.

(b) The registered office of the Bank and its principal place of business in the PRC is at No. 525-1 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC.

(c) The principal place of business of the Bank in Hong Kong is at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

(d) The H Share registrar of the Bank is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong.

## 12. DOCUMENTS ON DISPLAY

Copied of the following documents are published on the website of the Stock Exchange (http://www.hkexnews.hk) and on the website of the Bank (https://www.gsbankchina.com/) for a period of 14 days from the date of this circular:

(a) the Asset Transfer Agreement;

(b) the letter of advice from DL Securities to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 28 to 39 of this circular;

(c) the report from SHINEWING (HK) CPA Limited on the unaudited financial information of the Disposed Assets, the text of which is set out in Appendix II of this circular;

(d) the report from SHINEWING (HK) CPA Limited on the unaudited pro forma financial information of the Group after Asset Disposal, the text of which is set out in Appendix III of this circular; and

(e) the written consents referred to in the section headed "Experts" in this appendix.

甘肃银行
BANK OF GANSU

# 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)**

## NOTICE OF 2025 FIRST EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2025 first extraordinary general meeting (the "**EGM**") of Bank of Gansu Co., Ltd. (the "**Bank**") will be held at the conference room at 4/F of Bank of Gansu Tower, No. 525-1 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC at 9:00 a.m. on Friday, September 19, 2025, to consider and, if thought fit, pass the following resolutions:

### ORDINARY RESOLUTION

1. "**THAT:**

   (a) the Asset Disposal contemplated under the Asset Transfer Agreement (as defined and described in the circular to the shareholders of the Bank dated September 4, 2025) be and is hereby approved, ratified and confirmed; and

   (b) the directors of the Bank or any other person authorized by the directors of the Bank be and are hereby authorized to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the Asset Transfer Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the Asset Transfer Agreement which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution."

### SPECIAL RESOLUTION

2. To consider and approve the proposal in relation to the replenishment of other tier-one capital through a convertible negotiated deposit.

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

Lanzhou, Gansu
September 4, 2025

*Notes:*

**1. Voting by poll**

Pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, all votes of Shareholders at a general meeting must be taken by poll. As such, the votes on the resolutions set out in the notice of EGM will be taken by poll. An announcement on the voting results will be published on the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Bank at www.gsbankchina.com after the convening of the EGM.

**2. Eligibility for attending the EGM and closure of register of H Shareholders**

In order to determine the H Shareholders who are eligible to attend the EGM, the register of H Shareholders of the Bank will be closed from Thursday, September 18, 2025 to Friday, September 19, 2025 (both days inclusive), during which period no transfer of H Shares will be registered.

For H Shareholders who wish to attend the EGM, all share certificates accompanied by instruments of transfer must be lodged with the Bank's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, September 17, 2025. H Shareholders of the Bank who are registered with Computershare Hong Kong Investor Services Limited on Friday, September 19, 2025 are entitled to attend the EGM.

A Shareholder or his/her/its proxy should present proof of identity when attending the EGM. If a Shareholder is a legal person, its legal representative or other persons authorized by the board of directors or other governing body of such Shareholder may attend the EGM by providing a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such person to attend the meeting.

**3. Proxy**

(1) Each Shareholder who has the right to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies in writing to attend and vote on his/her/its behalf at the EGM. A proxy needs not be a Shareholder of the Bank.

(2) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.

H Shareholders shall lodge the proxy form, together with the notarized power of attorney or other document of authorization, with Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time specified for holding the EGM.

(3) Completion and return of the proxy form will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof should he/she so wish.

(4) In the case of joint Shareholders and more than one of the Shareholders attending the meeting, whether in person or by proxy, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Bank in respect of the joint shareholding.

**4. Miscellaneous**

(1) The EGM is expected to last for no more than half a working day.

(2) Address of Computershare Hong Kong Investor Services Limited:

Shops 1712-1716
17 Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
(for lodging the instruments of transfer)

17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
(for lodging the proxy forms)

Telephone: (852) 2862 8555
Facsimile: (852) 2865 0990

(3) Registered office and principal place of business of the Bank in the PRC:

No. 525-1 Donggang West Road
Chengguan District
Lanzhou, Gansu Province
the PRC

Contact department: the Office of the Board
Telephone: 86 (931) 877 0491
Facsimile: 86 (931) 877 1877
Contact person: Mr. Chen Yufeng (陳宇峰)

*As at the date of this notice, the Board comprises Mr. LIU Qing and Mr. WANG Xizhen as executive Directors; Mr. ZHANG Bin, Mr. ZHANG Junping, Mr. YE Rong and Ms. YANG Chunmei as non-executive Directors; and 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.*

甘肃银行
BANK OF GANSU

# 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)**

## NOTICE OF THE 2025 FIRST H SHARE CLASS MEETING

**NOTICE IS HEREBY GIVEN** that the first H share class meeting of 2025 (the "**2025 First H Share Class Meeting**") of Bank of Gansu Co., Ltd. (the "**Bank**") will be held at the conference room at 4/F of Bank of Gansu Tower, No. 525-1 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC at 10:00 a.m. on Friday, September 19, 2025 or immediately after the conclusion of the first domestic share class meeting for 2025 of the Bank to be held on the same day, whichever is later, to consider and, if thought fit, pass the following resolution:

## SPECIAL RESOLUTION

To consider and approve the proposal in relation to the replenishment of other tier-one capital through a convertible negotiated deposit.

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

Lanzhou, Gansu
September 4, 2025

*Notes:*

**1. Voting by poll**

Pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, all votes of Shareholders at a general meeting must be taken by poll. As such, the votes on the resolutions set out in the notice of 2025 First H Share Class Meeting will be taken by poll. An announcement on the voting results will be published on the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Bank at www.gsbankchina.com after the convening of the 2025 First H Share Class Meeting.

**2. Eligibility for attending the 2025 First H Share Class Meeting and closure of register of H Shareholders**

In order to determine the H Shareholders who are eligible to attend the 2025 First H Share Class Meeting, the register of H Shareholders of the Bank will be closed from Thursday, September 18, 2025 to Friday, September 19, 2025 (both days inclusive), during which period no transfer of H Shares will be registered.

For H Shareholders who wish to attend the 2025 First H Share Class Meeting, all share certificates accompanied by instruments of transfer must be lodged with the Bank's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, September 17, 2025. H Shareholders of the Bank who are registered with Computershare Hong Kong Investor Services Limited on Friday, September 19, 2025 are entitled to attend the 2025 First H Share Class Meeting.

A Shareholder or his/her/its proxy should present proof of identity when attending the 2025 First H Share Class Meeting. If a Shareholder is a legal person, its legal representative or other persons authorized by the board of directors or other governing body of such Shareholder may attend the 2025 First H Share Class Meeting by providing a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such person to attend the meeting.

**3. Proxy**

(1) Each Shareholder who has the right to attend and vote at the 2025 First H Share Class Meeting convened by the above notice is entitled to appoint one or more proxies in writing to attend and vote on his/her/its behalf at the 2025 First H Share Class Meeting. A proxy needs not be a Shareholder of the Bank.

(2) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.

H Shareholders shall lodge the proxy form, together with the notarized power of attorney or other document of authorization, with Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time specified for holding the 2025 First H Share Class Meeting.

(3) Completion and return of the proxy form will not preclude a Shareholder from attending and voting in person at the 2025 First H Share Class Meeting or any adjournment thereof should he/she so wish.

(4) In the case of joint Shareholders and more than one of the Shareholders attending the meeting, whether in person or by proxy, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Bank in respect of the joint shareholding.

**4. Miscellaneous**

(1) The 2025 First H Share Class Meeting is expected to last for no more than half a working day.

(2) Address of Computershare Hong Kong Investor Services Limited:

Shops 1712-1716
17 Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
(for lodging the instruments of transfer)

17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
(for lodging the proxy forms)

Telephone: (852) 2862 8555
Facsimile: (852) 2865 0990

(3) Registered office and principal place of business of the Bank in the PRC:

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Contact department: the Office of the Board
Telephone: 86 (931) 877 0491
Facsimile: 86 (931) 877 1877
Contact person: Mr. Chen Yufeng (陳宇峰)

*As at the date of this notice, the Board comprises Mr. LIU Qing and Mr. WANG Xizhen as executive Directors; Mr. ZHANG Bin, Mr. ZHANG Junping, Mr. YE Rong and Ms. YANG Chunmei as non-executive Directors; and 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.*