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BANK OF GANSU CO., LTD.*
甘肅銀行股份有限公司*

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

(Stock Code: 2139)

CONNECTED TRANSACTION
SUBSCRIPTION OF BONDS

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On November 24, 2020, Gansu Assets Management, a subsidiary of Gansu State-owned Assets Investment which is a substantial shareholder of the Bank, conducted a public issuance of the Bonds to domestic institutional investors in the PRC, with a total amount of RMB800 million and at an interest rate of 3.97%. On November 25, 2020, the Bank successfully subscribed for the Bonds in a total nominal value of RMB170 million. The total consideration was approximately RMB170 million.

IMPLICATION OF THE LISTING RULES

Gansu State-owned Assets Investment is a substantial shareholder of the Bank, and Gansu Assets Management is a subsidiary of Gansu State-owned Assets Investment and is thus a connected person of the Bank. The subscription and holding of the Bonds constitutes a financial assistance of the Bank to Gansu Assets Management, and therefore 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 subscription of the Bonds exceed(s) 0.1% but all percentage ratios are less than 5%, the transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from circular (including independent financial advice) and independent shareholders' approval requirements.

On November 24, 2020, Gansu Assets Management Co., Ltd. (甘肅資產管理有限公司) (“**Gansu Assets Management**”), a subsidiary of Gansu Provincial State-owned Assets Investment Group Co., Ltd. (甘肅省國有資產投資集團有限公司) (“**Gansu State-owned Assets Investment**”) which is a substantial shareholder of the Bank, conducted a public issuance of credit enhancement collective bonds for small and micro enterprises in RMB (the “**Bonds**”) to domestic institutional investors in the PRC, with a total amount of RMB800 million and at an interest rate of 3.97%. The interest starts to accrue on November 26, 2020. On November 25, 2020, Bank of Gansu Co., Ltd. (the “**Bank**”) successfully subscribed for the Bonds in a total nominal value of RMB170 million. The total consideration was approximately RMB170 million.

THE BONDS

Terms and conditions of the Bonds are summarized as follows:

Issuer:	Gansu Assets Management
Term:	Four years, with options for the issuer to adjust the coupon rate and a sell-back option for investors at the end of the third year during the effective term
Payment date:	November 26, 2024. In case the investors exercise the sell-back option, the payment date of the part of the Bonds resold is November 26, 2023
Nominal value and issuance amount:	RMB100; issued at par value
Total issuance amount:	RMB800 million
Interest rate and payment method:	At a fixed interest rate of 3.97% per annum. The coupon rate per annum is determined by the benchmark interest rate of Shanghai Interbank Offered Rate (“ Shibor Benchmark Interest Rate ”) plus a basic spread.

- **Shibor Benchmark Interest Rate:** The arithmetic mean of the one-year (1Y) Shanghai Interbank Offered Rates published on the website of Shanghai Interbank Offered Rate (www.shibor.org) by National Interbank Funding Center during five business days prior to November 24, 2020 (the announcement date of the Bonds issue).
- **Basic spread:** The ultimate basic spread and the ultimate coupon rate per annum of the Bonds for the first three years during the effective term are agreed among Gansu Assets Management and bookrunners through negotiation based on book-building results and pursuant to relevant state regulations, and shall be filed with relevant competent authorities and remain unchanged for the first three years during the effective term of the Bonds.

At the end of the third year during the effective term of the Bonds, the issuer has the option to raise or lower the coupon rate of the Bonds by 0 to 300 base points (both inclusive and one base point representing 0.01%). For the fourth year during the effective term of the Bonds, the coupon rate of the Bonds will remain unchanged.

The Bonds bear a simple interest rate on an annual basis, with no compound interest accrued. Interest shall be paid once a year and the principal shall be repaid on the date of maturity on a one-off basis. The last installment of interest shall be paid together with the principal.

Option for the issuer to adjust the coupon rate and a sell-back option for investors:	The issuer will publish an announcement with regard to whether and to what extent to adjust the coupon rate of the Bonds on the twentieth day prior to the interest payment date of the third interest accrual year. Any investor who chooses to sell all or part of the Bonds held by him/her/it back to the issuer must register within five business days after the date on which the applicant publishes an announcement with regard to whether and to what extent to adjust the coupon rate of the Bonds. Any investor who fails to register will be deemed to continue to hold the Bonds and accept the aforesaid adjustment.
Size of the subscription and total consideration paid by the Bank:	The total nominal value of the Bonds that the Bank subscribed for is RMB170 million. The total consideration paid is approximately RMB170 million, settled by cash and funded through the internal resources of the Bank.
Security of the Bonds:	The Bonds are fully secured by an unconditional irrevocable guarantee provided by Gansu State-owned Assets Investment on a joint-liability basis.
Listing arrangement for the Bonds:	The issuer will, within one month from the completion of the issuance of the Bonds, apply to relevant stock exchange or competent authority for the listing or trading of the Bonds.
Anticipated interest income:	Assuming no exercise of the option for the issuer to adjust the coupon rate and the sell-back option for investors during the effective term of the Bonds, the Bank is expected to receive an interest of RMB6,749,000 in total per annum during the effective term of the Bonds, calculated at an interest rate of 3.97%.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION OF THE BONDS

As part of the financial management of the Bank, the Bank increases its comprehensive income by way of investment in financial bonds, etc. from time to time. According to the rating by China Chengxin International Credit Rating Co., Ltd., the credit rating of the Bonds was AAA and the corporate credit rating of Gansu Assets Management was AA+. The Bank is of the view that the interest rate of the Bonds is flat with the average interest rate level for similar products in the market and the Bank believes that the subscription and holding of the Bonds will bring stable income for the Bank. The directors of the Bank are of the view that the transaction terms in respect of the subscription and holding of the Bonds are fair and reasonable, on normal commercial terms and can provide ideal and stable return for the Bank. Therefore, the directors of the Bank (including independent non-executive directors) are of the view that the subscription and holding of the Bonds are in the interests of the Bank and the shareholders as a whole.

As none of the directors of the board of directors (the “**Board**”) of the Bank is materially interested in the subscription of the Bonds, none of the directors is required to abstain from voting on relevant Board resolution.

GENERAL INFORMATION

The Bank

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

Gansu Assets Management (甘肅資管)

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

Gansu Assets Management has 6 direct shareholders, and is held as to 54% by its largest shareholder, Gansu State-owned Assets Investment (甘肅省國投)(83.54% equity interests of which is held by the State-owned Assets Supervision and Administration Commission of Gansu Provincial People's Government (甘肅省國有資產監督管理委員會)(“**Gansu SASAC**”)(「甘肅省國資委」) as the beneficial owner, 16.46% equity interests of which is held by Jiuquan Iron & Steel (Group) Co., Ltd. (酒泉鋼鐵(集團)有限責任公司)(“**Jiuquan Iron & Steel**”)(「酒鋼集團」), and 68.42% of Jiuquan Iron & Steel's equity interests is owned by Gansu SASAC as the beneficial owner and 31.58% of its equity interest is owned by Gansu State-owned Assets Investment); the second largest shareholder holds 15%, which is Gansu Province Urban and Rural Development Investment Group Co., Ltd. (甘肅省城鄉發展投資集團有限公司)(the beneficial owner which holds its 57.14% equity interests is the Bureau of Finance of Gansu Province (甘肅省財政廳), and the beneficial owner which holds its 42.86% equity interests is the Gansu SASAC); the third largest shareholders are Gansu Guangxun Investment Co., Ltd. (甘肅省光迅投資有限公司) and Gansu Financial Capital Management Co., Ltd. (甘肅省金融資本管理有限公司), each holding 10%. Gansu Guangxun Investment Co., Ltd. is 100% owned by Gansu Radio and Television Network Co., Ltd. (甘肅省廣播電視網絡股份有限公司), and Gansu Radio and Television Network Co., Ltd. has a total of 91 direct shareholders, the beneficial owner of its largest shareholder is Gansu Provincial TV Broadcast Group (甘肅省廣播電視總台(集團)), holding 25.37%, and the beneficial owner of its second largest shareholder is Lanzhou Broadcasting and Television Station (蘭州廣播電視台), which holds 11.96%, the shareholding ratio of each of the remaining shareholders is below 10%. The beneficial owner of 100% equity interests of Gansu Financial Capital Management Co., Ltd., the other third largest shareholder, is the Gansu SASAC. Each of the remaining shareholders of Gansu Asset Management holds less than 10% of the equity interests.

IMPLICATION OF THE LISTING RULES

As Gansu State-owned Assets Investment directly holds approximately 3.57% equity interests in the Bank and indirectly holds approximately 12.59% equity interests in the Bank through its subsidiaries, Gansu State-owned Assets Investment is a substantial shareholder of the Bank (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) and is thus a connected person of the Bank (as defined under the Listing Rules). Gansu Assets Management is a subsidiary of Gansu State-owned Assets Investment and is thus a connected person of the Bank. The subscription and holding of the Bonds constitutes a financial assistance of the Bank to Gansu Assets Management, and therefore constitutes a connected transaction of the Bank under Chapter 14A of the Listing Rules.

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

Lanzhou, Gansu Province
November 25, 2020

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

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

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