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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**  
**TRANSFER OF CREDITOR'S RIGHTS ASSETS**

**CREDITOR'S RIGHTS ASSETS TRANSFER**

The Board of the Bank is pleased to announce that, in order to relieve the existing pressure of non-performing assets undertaken by the Bank, the Bank intends to transfer the Creditor's Rights Assets by way of public bidding, the balance of the principal and the interest of which amounts to approximately RMB507.81 million in total. After the completion of the public bidding, evaluation and selection process, the Bank recognized Gansu Assets Management as the winner of the bidding. On October 20, 2021, the Bank and Gansu Assets Management entered into the Assets Transfer Agreement, pursuant to which, the Bank agrees to transfer its legally-owned Creditor's Rights Assets set out therein to Gansu Assets Management for a consideration of approximately RMB101.40 million.

**IMPLICATION OF THE LISTING RULES**

As at the date of this announcement, Gansu State-owned Assets Investment, directly and indirectly holding approximately 12.67% issued share capital in the Bank, is a substantial shareholder of the Bank (as defined under the Listing Rules). Gansu Assets Management is a subsidiary of Gansu State-owned Assets Investment and is thus a connected person of the Bank. The Creditor's Rights Assets Transfer constitutes a connected transaction of the Bank under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Creditor's Rights Assets Transfer exceed(s) 0.1% but all percentage ratios are less than 5%, the Creditor's Rights Assets Transfer is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from relevant circular (including independent financial advice) and independent shareholders' approval requirements.

The Board of the Bank hereby announces that, in order to relieve the existing pressure of non-performing assets undertaken by the Bank, the Bank intends to transfer the Creditor's Rights Assets by way of public bidding, the balance of the principal and the interest of which amounts to approximately RMB507.81 million in total. There are two asset management companies participating in the asset transfer bidding. Except for Gansu Assets Management, the other asset management company is an Independent Third Party.

After the completion of the public bidding, evaluation and selection process, the Bank recognized Gansu Assets Management as the winner of the bidding. On October 20, 2021, the Bank and Gansu Assets Management entered into the Assets Transfer Agreement, pursuant to which, the Bank agrees to transfer its legally-owned Creditor's Rights Assets set out therein to Gansu Assets Management for a consideration of approximately RMB101.40 million.

## **I. ASSETS TRANSFER AGREEMENT**

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

### **(a) Date**

October 20, 2021

### **(b) Parties**

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

### **(c) Transfer Subject**

The transfer subject is the Bank's legally-owned Creditor's Rights Assets set out in the Assets Transfer Agreement, including the balance of the principal of creditor's rights and the interest thereon as at the Transaction Benchmark Date (i.e. May 20, 2021) amounting to approximately RMB507.81 million in total.

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

**(d) Consideration and Payment Terms**

The total transfer consideration for the Creditor's Rights Assets under the Assets Transfer Agreement is RMB101.40 million.

The Bank has engaged an independent third party valuer in connection with the Creditor's Rights Assets Transfer to evaluate the Creditor's Rights Assets, which has learned the status of the Creditor's Rights by way of onsite and offsite inquiries and account manager interviews, etc., taking into account factors including considerable precedents, market demand, regional effect, status of peripheral assets, development of legal proceedings, disposal timing and tax and expenses, and made projections on recovery on account-by-account basis and prudently and objectively determined the valuation of the Creditor's Rights Assets in an amount of RMB95.13 million. The Bank has set the base price with reference to the valuation of the Creditor's Rights Assets and on the basis of the valuer's advice, and has formulated the bidding rules and adopted public bidding, evaluation and selection approach in accordance with the Administrative Measures for the Bulk Transfer of Non-performing Assets of Financial Enterprises (Cai Jin [2012] No. 6) (《金融企業不良資產批量轉讓管理辦法》(財金〔2012〕6號)), and has recognized the highest bidding price offered (as is higher than the base price) as the transfer price and the one who offered the same as the winning bidder. The Board (including the independent non-executive Directors) of the Bank considers that the consideration for the Creditor's Rights Assets Transfer is fair and reasonable.

As agreed in the Assets Transfer Agreement, Gansu Assets Management shall pay the transfer consideration to the account designated by the Bank in one lump sum within five working days of the execution of the Assets Transfer Agreement.

**(e) Conditions for Completion**

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

**(f) Completion**

The Bank has confirmed that it shall in principle transfer all the assets documents to Gansu Assets Management by December 31, 2021, to ensure that Gansu Assets Management will obtain all the legal instruments related to the claim and exercise of the loan-related creditor's rights. Gansu Assets Management may exercise all the rights as a creditor according to the requirements of relevant laws and regulations from the Completion Date.

## **(g) Management during the Transition Period**

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

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

The Creditor's Rights Assets under the Assets Transfer Agreement are the Bank's non-performing assets, which involve a relatively large amount and multiple stakeholders and creditors. The execution of the Assets Transfer Agreement and the proceeds from the Creditor's Rights Assets Transfer will be used to alleviate the existing pressure of non-performing assets assumed by the Bank and activate the Bank's credit stock, which is also an effective solution to revitalize credit resources and make full use of market-based methods to dispose of non-performing assets, and can further consolidate the foundation of the Bank's high-quality development. After comprehensive consideration, the Bank considers that entering into the Assets Transfer Agreement is beneficial to the Bank and its shareholders. Based on the difference between the consideration for the non-performing assets and the book value of the principal amount of the non-performing assets of the Bank as at the Transaction Benchmark Date of the Assets Transfer Agreement (approximately RMB416.66 million), the Bank expects to record a loss of approximately RMB0.315 billion (unaudited) from the disposal.

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

The Directors (including the independent non-executive Directors) are of the view that, although the Creditor's Rights Transfer Agreement is not entered into in the ordinary and usual course of business of the Bank, the Assets Transfer Agreement was entered into on normal commercial terms, which are fair and reasonable and in the interests of the Bank and its shareholders as a whole. None of the other Directors has been or is currently deemed to be materially interested in the approval of the execution of the Assets Transfer Agreement.

### **III. GENERAL INFORMATION**

#### **The Bank**

The Bank is the only provincial 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 operations businesses.

#### **Gansu Assets Management**

Gansu Assets Management refers to Gansu Assets Management Co., Ltd. (甘肅資產管理有限公司), which is a local financial assets management company established on March 24, 2016 as approved by Gansu provincial government, with a registered capital of RMB2 billion. The principal businesses of Gansu Assets Management include the management, investment and disposal of non-performing assets; external investment; wealth and asset management; finance, investment, legal, risk management, asset and project evaluation consulting, and non-ferrous metal investment and trading.

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

#### IV. IMPLICATION OF THE LISTING RULES

As at the date of this announcement, Gansu State-owned Assets Investment, directly and indirectly holding approximately 12.67% issued share capital in the Bank, is a substantial shareholder of the Bank (as defined under the Listing Rules). Gansu Assets Management is a subsidiary of Gansu State-owned Assets Investment and is thus a connected person of the Bank. The Creditor's Rights Assets Transfer constitutes a connected transaction of the Bank under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Creditor's Rights Assets Transfer exceed(s) 0.1% but all percentage ratios are less than 5%, the Creditor's Rights Assets Transfer is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from relevant circular (including independent financial advice) and independent shareholders' approval requirements.

#### V. DEFINITIONS

“Assets Transfer Agreement”	the assets transfer agreement entered into between the Bank and Gansu Assets Management on October 20, 2021
“Bank”	Bank of Gansu Co., Ltd. (甘肅銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability and whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 2139)
“Board” or “Board of Directors”	the board of directors of the Bank
“Completion Date”	the completion date of the Creditor's Rights Assets Transfer as stipulated in the Assets Transfer Agreement, i.e. December 31, 2021
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Creditor's Rights Assets”	the Creditor's Rights Assets included in the relevant Assets Transfer Agreement
“Creditor's Rights Assets Transfer”	the transaction in relation to the transfer of the Creditor's Rights Assets by the Bank to Gansu Assets Management pursuant to the Assets Transfer Agreement



“Director(s)”	the director(s) of the Bank
“Gansu State-owned Assets Investment”	Gansu Provincial State-owned Assets Investment Group Co., Ltd. (甘肅省國有資產投資集團有限公司), a company incorporated in the PRC on November 23, 2007
“Gansu SASAC”	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 Highway Aviation Tourism”	Gansu Highway Aviation Tourism Investment Group Co., Ltd (甘肅省公路航空旅遊投資集團有限公司), a company incorporated in the PRC on December 24, 1999
“Gansu Financial Holding”	Gansu Financial Holding Group Co., Ltd. (甘肅省金融控股集團有限公司), a company incorporated in the PRC on April 26, 2016
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or entity(ies) who is/are not considered as the connected person(s) or the associate(s) of the connected person(s) of the Bank under the Listing Rules
“Jiuquan Iron & Steel”	Jiuquan Iron & Steel (Group) Co., Ltd. (酒泉鋼鐵(集團)有限責任公司), a company incorporated in the PRC on May 26, 1998
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan

“Transaction Benchmark  
Date”

the deadline for calculating and determining the balance of principal, interest and default penalty of principal creditor’s rights under the loan-related creditor’s rights, i.e. May 20, 2021

“‰”

percent

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

Lanzhou, Gansu Province  
October 20, 2021

*As of the date of this announcement, the Board comprises Mr. LIU Qing and Mr. WANG Wenyong as executive directors; Ms. WU Changhong, 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.*