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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your Shares in CHINA BOHAI BANK CO., LTD., you should at once hand this circular to the purchaser or transferee or to a licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Bank.

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**CHINA BOHAI BANK CO., LTD.**  
**渤海銀行股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 9668)**

**(1) PROPOSED MANDATE IN RELATION TO THE POTENTIAL VERY  
SUBSTANTIAL DISPOSAL THROUGH PUBLIC TENDER  
AND  
(2) NOTICE OF THE 2024 SECOND  
EXTRAORDINARY GENERAL MEETING**

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Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Board is set out on pages 4 to 17 of this circular.

The Bank will convene the 2024 Second EGM at 3 p.m. on Thursday, September 19, 2024 at Meeting Room 6702, China Bohai Bank Tower, 218 Haihe East Road, Hedong District, Tianjin, China. Notice of the 2024 Second EGM is set out in this circular and is also published on the website of The Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.cbhb.com.cn](http://www.cbhb.com.cn)).

If you intend to appoint a proxy to attend the 2024 Second EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. For holders of Domestic Shares, the proxy form should be returned to the office of the Board of the Bank at 218 Haihe East Road, Hedong District, Tianjin, China, Postal Code: 300012; and in any event, not later than 24 hours before the time appointed for holding the 2024 Second EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2024 Second EGM or any adjournment thereof should you so wish and, in such event, the proxy form shall be deemed to have been revoked.

This circular is prepared in both Chinese and English. In case of any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

August 28, 2024

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the meanings as set out below.*

“2024 Second EGM”	the 2024 second extraordinary general meeting of the Bank or any adjournment thereof to be convened and held for the Shareholders to consider and, if thought fit, approve the Proposed Disposal and the grant of the Proposed Mandate
“Announcement”	the announcement of the Bank dated July 19, 2024 in relation to, among others, the Proposed Disposal and the Proposed Mandate
“Articles of Association”	the Articles of Association of CHINA BOHAI BANK CO., LTD. (as amended, supplemented or otherwise modified from time to time)
“Assets Transfer Agreement”	the assets transfer agreement proposed to be entered into between the Bank and the final transferee(s) in relation to the Proposed Disposal for the disposal of the Transferred Assets in batches
“Bank” or “our Bank”	CHINA BOHAI BANK CO., LTD. (渤海銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability on December 30, 2005, the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 9668)
“Board”	the board of directors of the Bank
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration to be paid by the potential transferee(s) to the Bank in relation to the Proposed Disposal
“Director(s)”	the director(s) of the Bank
“Domestic Share(s)”	ordinary share(s) issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
“Equity Exchange”	a comprehensive equity exchange institution or platform legally established

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## DEFINITIONS

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“Group”	the Bank and its subsidiary
“H Share(s)”	the overseas listed foreign share(s) issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars and listed and traded on the Hong Kong Stock Exchange
“HK\$” or “HKD” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Initial Minimum Consideration”	details of the definition of Initial Minimum Consideration are set out in the description under the heading “Consideration” in the letter from the Board of this circular
“Latest Practicable Date”	August 28, 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mandate Validity Period”	one year from the date of approval of the Proposed Disposal and the Proposed Mandate by the 2024 Second EGM
“Ministry of Finance”	the Ministry of Finance of the People’s Republic of China
“PRC”	the People’s Republic of China
“Previous Assets Transfer”	disposal of the Previous Transferred Assets by the Bank to Tianjin JR and the related transactions contemplated under the Previous Assets Transfer Agreement
“Previous Assets Transfer Agreement”	the Previous Assets Transfer Agreement entered into between the Bank and Tianjin JR in relation to the Previous Assets Transfer on March 8, 2024
“Previous Transferred Assets”	the assets sold by the Bank to Tianjin JR under the Previous Assets Transfer Agreement

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## DEFINITIONS

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“Proposed Disposal”	the proposed disposal of the Transferred Assets by the Bank through public tender in batches by single-account transfer or batch transfer within the scope of the Proposed Mandate and the Mandate Validity Period
“Proposed Mandate”	a general mandate proposed to be granted in advance to the Directors (or their delegates) by the Shareholders at the 2024 Second EGM to proceed with and complete the Proposed Disposal through public tender, with a validity period of one year from the date of approval by the 2024 Second EGM
“Remaining Group”	the Group after the Proposed Disposal
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the Domestic Share(s) and H Share(s)
“Supervisor(s)”	the supervisor(s) of the Bank
“Tianjin JR”	Tianjin JR Assets Management Co., Ltd (天津津融資產管理有限公司), a company incorporated in the PRC with limited liability on April 25, 2016
“Transferred Assets”	the assets to be sold by the Bank in batches under the Assets Transfer Agreement (details are set out in the description under the heading “Transferred Assets” in the letter from the Board of this circular), including the transferred principal amount, the corresponding interest penalties and the judicial fees disbursed
“%”	percent

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## LETTER FROM THE BOARD

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**CHINA BOHAI BANK CO., LTD.**

**渤海銀行股份有限公司**

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

**(Stock Code: 9668)**

***Executive Directors:***

Mr. WANG Jinhong (*Chairman*)

Mr. QU Hongzhi

Mr. DU Gang

***Registered Address and***

***Office Address:***

218 Haihe East Road

Hedong District

Tianjin

PRC

***Non-executive Directors:***

Mr. AU Siu Luen (*Vice Chairman*)

Ms. YUAN Wei

Mr. DUAN Wenwu

Mr. HU Aimin

Mr. ZHANG Yunji

***Principal place of business***

***in Hong Kong:***

Suites 1201-1209 and 1215-1216

12/F, Two International

Finance Centre

Central

Hong Kong

***Independent non-executive Directors:***

Mr. MAO Zhenhua

Mr. MU Binrui

Mr. TSE Yat Hong

Mr. ZHU Ning

Mr. SHUM Siu Hung Patrick

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED MANDATE IN RELATION TO THE POTENTIAL VERY  
SUBSTANTIAL DISPOSAL THROUGH PUBLIC TENDER  
AND  
(2) NOTICE OF THE 2024 SECOND  
EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) further details of the Proposed Mandate in relation to the Proposed Disposal through Public Tender; and (ii) other information as required under the Listing Rules together with the notice of the 2024 Second EGM. Furthermore, this circular also includes the written report of matter to be listened to at the 2024 Second EGM.

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## LETTER FROM THE BOARD

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### THE PROPOSED DISPOSAL THROUGH PUBLIC TENDER

On July 19, 2024, the Board has resolved to seek the Proposed Mandate, as the Bank proposes to transfer its legally owned Transferred Assets by way of a public tender process, and to enter into the Assets Transfer Agreement with the final transferee(s).

Upon approval of the Proposed Disposal and the Proposed Mandate by the 2024 Second EGM, the Bank will make further announcement(s) in accordance with Rule 14.36 of the Listing Rules as and when appropriate in relation to the subsequent progress of the Proposed Disposal and the Proposed Mandate.

#### Date

Upon approval of the Proposed Disposal and the Proposed Mandate by the 2024 Second EGM, the Bank expects to complete the Proposed Disposal in batches within the Mandate Validity Period, and the specific date of the transfer transaction for each batch will be determined by the Bank at its discretion having regard to the actual situation of the preparation work for the transfer of assets in each batch, and the Bank will make further announcement(s) in accordance with Rule 14.36 of the Listing Rules as and when appropriate in relation to the subsequent progress of the Proposed Disposal and the Proposed Mandate.

#### Public tender

According to the Management Measures on the Bulk Transfer of Non-performing Assets of Financial Enterprises (《金融企業不良資產批量轉讓管理辦法》) (Cai Jin [2012] No. 6) issued by the Ministry of Finance and the then China Banking Regulatory Commission, the Notice by the General Office of the China Banking and Insurance Regulatory Commission on the Launch of Pilot Program on Non-Performing Loan Transfer (《中國銀保監會辦公廳關於開展不良貸款轉讓試點工作的通知》) (Yin Bao Jian Ban Bian Han [2021] No. 26) and other regulatory documents, “the transfer of non-performing assets shall be conducted in adherence to the principles of legal compliance, openness and transparency, competitive selection and value maximization”. Meanwhile, with reference to the current practice of transferring interbank non-performing assets, an invitation of offer is generally adopted to be sent to all local asset management companies with qualification for acquisition of non-performing assets, to proceed with transactions by way of on-site bidding or public tender on the equity exchange platform. Therefore, in order to realize the principles of openness and transparency, competitive selection and value maximization, the Bank will adopt the method of public tender on the Equity Exchange for the Proposed Disposal.

#### Public tender process in relation to the Proposed Disposal

- (1) In order to proceed with a formal public tender process in relation to the Proposed Disposal, the Bank will submit to the Equity Exchange an application for information disclosure, the identification documents of the transferor, the internal decision-making documents of the transferor, proof of ownership documents of the Transferred Assets and other related information in relation to the Proposed Disposal upon approval by the Shareholders’ general meeting.

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## LETTER FROM THE BOARD

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- (2) The Equity Exchange shall publish a public notice on the transfer information upon reviewing the relevant materials, which shall in principle take no less than five working days, with the day following the date of publication as the commencement date.
- (3) A potential transferee shall submit an application for the transfer to the Equity Exchange before the final date for publication of transfer information (which shall in principle be no less than five working days after the day following the date of publication) and submit the relevant materials (including the payment of security deposit) in accordance with what has been announced, and the Equity Exchange shall register the potential transferees one by one.
- (4) After the expiry of the public notice (which shall in principle be no less than five working days after the day following the date of publication), if only one potential transferee is solicited, the transaction shall be executed by agreement (in such cases, a transaction executed by agreement is also equivalent to a transaction executed through tender). If two or more potential transferees are solicited, the Equity Exchange will arrange for online bidding for the potential transferees which have applied, and determine the final transferee. After determining the final transferee, the Equity Exchange will arrange the parties to enter into a transfer agreement in accordance with the closing date of the public notice. After the procedures of, among other things, subsequently concluding an agreement and fund settlement, the Equity Exchange will issue the relevant proof of transaction to both parties.

### **Proposed Mandate**

As the asset size involved in the Proposed Disposal is relatively large, it is difficult to complete the asset disposal by way of a single transfer, and there are uncertainties as to the time required for the arrangement and preparation of each batch of asset disposal and the conditions of implementation. In order to facilitate the orderly completion of the transfer of the assets involved in the Proposed Disposal, and on the basis of the principle that it will be fully conducive to further optimizing the asset structure of the Bank and consolidating its asset quality, and the principle that the interests of the Bank and the Shareholders are protected to the maximum possible extent, the Bank proposes to seek the grant of the Proposed Mandate by the 2024 Second EGM for the completion of the asset transfer in batches within the Mandate Validity Period.

In addition, according to the trading rules of the Equity Exchange, the transferor shall have completed its internal necessary decision-making procedures (including the approval procedure by the Shareholders' general meeting) at the time of submitting the application for the asset transfer, and according to the tender and transaction process of the Equity Exchange, an asset transfer agreement can only be entered into upon the determination of the final transferee of the assets after the tender and transfer process is completed. Therefore, the Bank will not be able to seek the approval by the Shareholders' general meeting after the entering into of the Assets Transfer Agreement in accordance with the provisions of Chapter 14 of the Listing Rules, and in order to safeguard the feasibility of the transaction, the Board hereby seeks the prior approval of the Proposed Disposal and the Proposed Mandate by the 2024 Second EGM.



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## LETTER FROM THE BOARD

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The Board proposes to the 2024 Second EGM to authorize the Board and agrees that the Board shall further delegate to the senior management of the Bank the full authority to determine and approve all matters relating to the Proposed Disposal under the framework and principles of the Proposed Disposal as considered and approved by the 2024 Second EGM, including but not limited to, determining and approving the timing of the disposal of the Transferred Assets, the specific size and forms of and arrangements for the disposal, matters relating to the public tender, determination of the final transferee, the entering into of the Assets Transfer Agreement and all other matters relating to the Proposed Disposal, other than matters expressly provided for in the relevant laws and regulations, and the articles of association of the Bank, or subject to voting again by the Shareholders' general meeting based on the opinion of the relevant competent authorities. Such authorities shall be valid for one year from the date of approval by the 2024 Second EGM (i.e. the Mandate Validity Period).

The Directors consider that the prior submission of the Proposed Disposal and the Proposed Mandate for approval by the 2024 Second EGM will allow for greater flexibility and efficiency for the transaction and ensure the smooth implementation of the transaction, which is also in the interests of the Bank and the Shareholders of the Bank as a whole. Upon approval by the 2024 Second EGM, the Bank expects to complete the public tender process for the assets to be transferred in batches and the entering into of the related Assets Transfer Agreement within the Mandate Validity Period.

### **Parties to the major terms of the Proposed Disposal**

- (1) The Bank, as the seller; and
- (2) Tianjin branch, China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司天津市分公司); or

Tianjin branch, China Orient Asset Management Co., Ltd. (中國東方資產管理股份有限公司天津市分公司); or

Tianjin branch, China Great Wall Asset Management Co., Ltd. (中國長城資產管理股份有限公司天津市分公司); or

Tianjin branch, China CITIC Financial Asset Management Co., Ltd. (中國中信金融資產管理股份有限公司天津市分公司); or

Tianjin JR Assets Management Co., Ltd (天津津融資產管理有限公司); or

Tianjin Binhai Zhengxin Assets Management Co., Ltd. (天津濱海正信資產管理有限公司), as the potential transferee.

The above potential transferees are all the companies with qualification for acquisition of financial non-performing assets in Tianjin, the PRC. The potential transferee(s) shall not be a connected person of the Bank as defined under Chapter 14A of the Listing Rules. Save for the above potential transferees, there is no other company or organization as a potential transferee. As of the Latest Practicable Date, the Bank had not entered into any agreement with any potential transferee. All or some of the aforesaid transferees may or may not participate in the public tender(s).

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## LETTER FROM THE BOARD

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As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the above potential transferees and their ultimate beneficial owners are third parties independent of the Bank and its connected persons.

### **Transferred Assets**

The Transferred Assets are the legally owned assets of the Bank. As at December 31, 2023, the principal amount of the assets to be transferred amounted to approximately RMB25,605 million, their interest amount in aggregate approximately RMB2,035 million, their penalty amount in aggregate approximately RMB1,300 million, the amount of judicial fees disbursed in aggregate approximately RMB25 million, their debt amount in aggregate approximately RMB28,965 million, and the provision for impairment of assets included in the audited financial statements of the Bank for the year ended December 31, 2023 approximately RMB7,415 million. Therefore, the net amount of the debts of the Transferred Assets as at December 31, 2023, net of provision for impairment, was approximately RMB21,550 million. As at June 30, 2024, the principal amount of the assets to be transferred amounted to approximately RMB25,603 million, their interest amount in aggregate approximately RMB2,166 million, their penalty amount in aggregate approximately RMB1,683 million, the amount of judicial fees disbursed in aggregate approximately RMB47 million, their debt amount in aggregate approximately RMB29,499 million, and the provision for impairment of assets included in the unaudited financial statements of the Bank for the six months ended June 30, 2024 approximately RMB7,426 million. Therefore, the net amount of the debts of the Transferred Assets as at June 30, 2024, net of provision for impairment, was approximately RMB22,073 million.

As the process of asset transfer in batches may involve the recovery, resolution and disposal of assets, the specific assets subject to transfer may differ from the assets to be transferred as calculated as at June 30, 2024, and the actual assets subject to transfer will be based on the final tender information. The final total principal amount of the Transferred Assets in batches will not exceed the currently estimated total principal amount of the Transferred Assets.

The loss before tax and net loss after tax of the Transferred Assets for the six months ended June 30, 2024 were RMB321 million and RMB240 million, respectively. The loss before tax and net loss after tax of the Transferred Assets for the year ended December 31, 2023 were RMB1,583 million and RMB1,188 million, respectively. The loss before tax and net loss after tax of the Transferred Assets for the year ended December 31, 2022 were RMB2,828 million and RMB2,121 million, respectively.

As at June 30, 2024, the assets of the Bank to be transferred involved the debts owed by 53 entities with total principal amount of RMB25,603 million. They involved loans to 52 entities with principal amount of RMB25,183 million and factoring to 1 entity with principal amount of RMB420 million by debt type. They involved debts within 1 year (excluding 1 year) owed by 13 entities with principal amount of RMB575 million, debts within 1-3 years (excluding 3 years) owed by 15 entities with principal amount of RMB1,934 million, debts within 3-5 years (excluding 5 years) owed by 19 entities with principal amount of RMB19,835 million and debts of more than 5 years (including 5 years) owed by 7 entities with principal amount of RMB3,259 million (one of them was involved in debts within 3-5 years (excluding 5 years) and debts of more than 5 years (including 5 years)) by aging.

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## LETTER FROM THE BOARD

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### Consideration

The final Consideration for the Transferred Assets will depend on the final bidding price in public tender. The total Initial Minimum Consideration for the Transferred Assets shall be no less than approximately RMB17,672 million (equivalent to the total debts of the assets to be transferred as at June 30, 2024 of RMB29,499 million at a discount of approximately 40%). The Initial Minimal Consideration is subject to factors such as the appraised value as at the benchmark date of the public tender of each batch of the assets to be transferred, the settlement and resolution in 2024, and business adjustments. The appraised value of each batch of the Transferred Assets may change due to time factor and the appraised value of a batch of the Transferred Assets as at the time of the transfer shall prevail. The final Consideration for the Transferred Assets as a whole is expected to be no less than the total Initial Minimum Consideration as mentioned above.

### *Consideration determined after taking into account the following factors:*

- (1) The Bank has estimated the expected value of payment of non-performing assets on a case- by-case basis from four aspects, including the source of payment of pledges, the source of payment of general creditor's rights, the source of payment of guarantees and other sources of payment. The initial price of the Transferred Assets is also reasonably determined based on the expected value of payment, taking into account factors such as the estimated recovery. In particular, the estimated recovery mainly refers to the size of the assets recovered and the duration of the recovery subject to factors such as the conditions of the Transferred Assets and the effect of the external environment.
- (2) The discount coefficient is determined with reference to the prevailing market conditions of the transfer of assets, in particular, the historical data on transaction prices under the conditions of asset management companies, overall industry profitability and fast realization of assets subject to transfer. If the bid price offered by a potential transferee is above (inclusive) the base price of the Bank and is the highest price, such transferee will become the final transferee. With reference to the discounts in a number of historical transactions for the period from the establishment of the Bank to the previous non-performing asset transfer in batches, the average discount of the transaction prices was approximately 60% off of the principal. According to the investigation of the Bank, the average discount of the prices of debt transfer in batches of other banks in Tianjin for the last three years was approximately 71.7% off of the principal.
- (3) Considering that the borrowers in respect of the debt transfer are incapable of making payments to a certain extent, and certain losses are also incurred or the principal and interest remain unable to be recovered despite the implementation of guarantees or necessary legal proceedings being taken, the completion of the debt transfer will be conducive to further adjusting the asset quality and structure, and reducing provision and impairment losses on assets under such circumstances, which will further optimize the relevant financial indicators of the Bank and improve its profitability. The funds recovered from the debt transfer will be used to repay the loans and corresponding affiliated interests of the Bank, and the difference will be written off by the Bank.

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## LETTER FROM THE BOARD

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- (4) In order to minimize the loss of the Bank in the asset transfer, the Bank has determined the final proposed transfer price with reference to the prevailing market conditions and the development trends of the transfer of assets, and will determine the final price of the Transferred Assets based on the bidding through tender. The final proposed transfer price through tender will be determined with reference to the prevailing market conditions and the development trends of the transfer of assets. If the bid price offered by an asset management company is above (inclusive) the base price of the Bank and is the highest price, such asset management company will become the successful transferee.

Accordingly, the Directors of the Bank consider that the Initial Minimum Consideration for the assets to be transferred and the manner in which it is determined are fair and reasonable.

The Consideration for each batch of the assets to be transferred will be paid as a lump sum payment by the final transferee to the designated account of the Bank, within the time limit agreed in the Assets Transfer Agreement (generally within 30 days from the effective date of the Assets Transfer Agreement), in accordance with the Assets Transfer Agreement to be entered into after each batch of the assets is executed through tender.

The Bank agrees to sell and the final transferee agrees to purchase all rights, interests and benefits under the Transferred Assets from the benchmark date of the actual transfer, including but not limited to:

- (1) all repayments, due or to become due, attributable to each individual asset under the Transferred Assets;
- (2) the rights to demand, claim for, recover, and receive all payable amounts relating to each individual asset under the Transferred Assets (regardless of whether they are payable by the obligor); and
- (3) all rights and legal remedies for giving effect to and the implementation of each individual asset under the Transferred Assets, including but not limited to litigation costs, preservation fees, attorney fees and other expenses paid by the seller.

### **Conditions Precedent to The Proposed Disposal And The Assets Transfer Agreement**

The conditions precedent to the Assets Transfer Agreement and the Proposed Disposal include:

- (i) the Bank has obtained all necessary consents and approvals for the Proposed Disposal (including the approval of it by the Shareholders at an extraordinary Shareholders' general meeting as an ordinary resolution);
- (ii) the transferor has fulfilled a public transfer process in respect of the Proposed Disposal; and
- (iii) the transferee successfully wins the bid by way of a public transfer process.

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## LETTER FROM THE BOARD

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None of the aforementioned conditions precedent is waivable by any party to the Proposed Disposal and the Asset Transfer Agreement. As at the Latest Practicable Date, no public tender process has been commenced in respect of the Proposed Disposal.

### **Completion**

Upon fulfillment of the conditions of the Assets Transfer Agreement and from the date of the full payment of the Consideration by the final transferee, all rights, interests and benefits and risks of the Bank in respect of the Transferred Assets as stipulated in the Assets Transfer Agreement shall be enjoyed and borne by the final transferee and the transfer of such rights, interests and benefits and risks shall not be conditional upon the Bank's actual delivery of the relevant documents of the Transferred Assets or the Transferred Assets.

### **Liability for Breach of Contract**

Unless otherwise provided in the Assets Transfer Agreement, any breach of the Assets Transfer Agreement by either party shall be deemed to be a breach of contract by the party. The defaulting party shall indemnify the injured party for the actual loss incurred as a result of breach of contract by the defaulting party. If both parties are in breach of contract, each party shall bear the corresponding liability.

If the transferor has materially breached its major obligations under the Assets Transfer Agreement, resulting in the transferee being unable to exercise its major powers normally or being seriously threatened, and the transferor is still unable to eliminate the breach within five business days after receiving a breach of contract notice from the transferee, the transferor shall pay the transferee a penalty for the breach of contract of 0.03% of the transfer price daily, and the transferor shall make up for any losses incurred as a result of the breach of contract, provided that the above measure is not sufficient to compensate for the actual losses incurred by the transferee.

In the absence of breach of contract by the transferor, if the transferee materially breaches its payment obligation under the Assets Transfer Agreement, the transferee shall pay the transferor a penalty for the breach of contract of 0.03% of the transfer price daily.

If the payment of the transferee is overdue for more than 30 days, the transferor shall have the right to terminate the Assets Transfer Agreement and shall have the right to transfer the underlying assets of the transaction to another party without notice to the transferee. The deposit already paid by the transferee shall be withheld by the transferor as a penalty for the breach of contract and shall not be claimed by the transferee. If the transferor otherwise disposes of the underlying assets of the transaction, and the transfer price at the time of disposal is lower than the price quoted by the transferee, the difference between the two prices shall be deemed to be one of the losses suffered by the transferor as a result of the transferee's fundamental breach of contract, and the transferee shall pay compensation to the transferor separately according to the difference between the two prices.

The liability for breach of contract shall be subject to the actual terms of the Assets Transfer Agreement entered into between the Bank and the final transferee.

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECT OF THE PROPOSED DISPOSAL ON THE BANK

Based on the data as at June 30, 2024, it is estimated that, under the Proposed Disposal, (i) the Consideration receivable by the Bank is no less than approximately RMB17,672 million; and (ii) the principal amount of the Transferred Assets and the corresponding interest thereon and other debts are approximately RMB29,499 million, the net amount of debts, net of provision for impairment, is approximately RMB22,073 million. The negative financial effect of the above Consideration less the net amount of debts, net of provision for impairment, is approximately RMB4,401 million. The estimated total assets decreased to RMB1,744.089 billion from RMB1,747.996 billion before the Proposed Disposal. The estimated total liabilities decreased to RMB1,627.056 billion from RMB1,629.425 billion before the Proposed Disposal. The estimated effect is the maximum negative effect using the estimated lowest initial consideration. The Bank anticipates that there is a possibility that the Proposed Disposal could be completed at a price higher than the Initial Minimum Consideration (i.e. at a discount of 40%) in the actual transfer in the future. The estimated financial effect on the Bank in respect of the possible final transaction consideration at a higher price is generally as follows: the negative financial effect on the Bank would be approximately RMB2,899 million if the transaction is concluded at a transaction consideration at a discount of approximately 35%; and the negative financial effect would be approximately RMB1,424 million if the transaction is concluded at a transaction consideration at a discount of approximately 30%. The above estimates may differ from the actual financial effect of the Proposed Disposal. The above analysis is for illustrative purposes only and does not represent the actual financial performance and position of the Bank after completion of the Proposed Disposal. For details of the financial effect of the Proposed Disposal on the Bank, please refer to the section headed “(II) Unaudited Pro Forma Consolidated Statement of Financial Position of the Group after the Proposed Disposal and (III) Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Group after the Proposed Disposal” in Appendix III of this circular.

### USE OF PROCEEDS FROM THE PROPOSED DISPOSAL

The proceeds from the Proposed Disposal shall be no less than approximately RMB17,672 million, which is intended to be used for the Bank’s general working capital, and can improve the Bank’s asset quality and reduce capital occupation, thereby increasing the capital adequacy ratio and enhancing its liquidity.

### REASONS FOR AND BENEFITS OF THE PROPOSED MANDATE AND THE PROPOSED DISPOSAL

The Bank expects to further improve its asset quality, effectively enhance its risk resilience, and strengthen corporate governance through the Proposed Disposal, thereby laying a more solid foundation for overall stable operations. This will further enhance its comprehensive competitiveness and promote sustainable development. The Bank has the right to transfer its assets flexibly in batches within the term and scope of the Proposed Mandate through the Proposed Mandate.

Therefore, the Directors of the Bank, including independent non-executive Directors, believe that the Proposed Disposal is entered into on normal commercial terms in the usual and ordinary course of business of the Bank, which is fair and reasonable and in the interests of the Bank and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE BANK AND THE POTENTIAL COUNTERPARTIES

#### Information on the Bank

The Bank is a joint stock company incorporated in the PRC with limited liability on December 30, 2005, and its H Shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 9668). The Bank is principally engaged in banking business in the PRC.

#### Information on potential transferees

##### *Information on China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司)*

China Cinda Asset Management Co., Ltd. is a joint stock company incorporated in the PRC with limited liability (stock code of Hong Kong Stock Exchange: 1359). It is principally engaged in distressed asset management and provides customized financial solutions and differentiated asset management services to its clients through the synergistic operation of its diversified business platforms. The ultimate beneficial owner of China Cinda Asset Management Co., Ltd. is the Ministry of Finance, which is a third party independent of the Bank and its connected persons.

##### *Information on China Orient Asset Management Co., Ltd. (中國東方資產管理股份有限公司)*

China Orient Asset Management Co., Ltd. is a joint stock company incorporated in the PRC with limited liability. It is principally engaged in comprehensive financial services including asset management, insurance, banking, securities, trust, credit rating, and overseas business. The ultimate beneficial owner of China Orient Asset Management Co., Ltd. is the Ministry of Finance, which is a third party independent of the Bank and its connected persons.

##### *Information on China Great Wall Asset Management Co., Ltd. (中國長城資產管理股份有限公司)*

China Great Wall Asset Management Co., Ltd. is a joint stock company incorporated in the PRC with limited liability. It is principally engaged in comprehensive financial services including distressed asset management, asset management, banking, securities, insurance, trust, leasing, and investment. The ultimate beneficial owner of China Great Wall Asset Management Co., Ltd. is the Ministry of Finance, which is a third party independent of the Bank and its connected persons.

##### *Information on China CITIC Financial Asset Management Co., Ltd. (中國中信金融資產管理股份有限公司)*

China CITIC Financial Asset Management Co., Ltd. is a joint stock company incorporated in the PRC with limited liability (stock code of Hong Kong Stock Exchange: 2799). It is principally engaged in financial services including distressed asset management, asset management, banking, securities, trust, financial leasing, investment, futures, and consumer finance. The ultimate beneficial owner of China CITIC Financial Asset Management Co., Ltd. is CITIC Group Corporation (which is held as to 100% by the State Council of the People's Republic of China), which is a third party independent of the Bank and its connected persons.

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## LETTER FROM THE BOARD

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### ***Information on Tianjin Binhai Zhengxin Asset Management Co., Ltd. (天津濱海正信資產管理有限公司)***

Tianjin Binhai Zhengxin Asset Management Co., Ltd. is a company incorporated in the PRC with limited liability. It is principally engaged in acquisition and disposal of bulk distressed assets of financial companies. The ultimate beneficial owner of Tianjin Binhai Zhengxin Asset Management Co., Ltd. is Mr. Feng Hui (馮暉), who is a third party independent of the Bank and its connected persons.

### **Information on Tianjin JR**

Tianjin JR is a company incorporated in the PRC with limited liability on April 25, 2016 and is principally engaged in asset management; financial, legal and risk management consultancy and advisory business. The ultimate beneficial owner of Tianjin JR is the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府國有資產監督管理委員會). Tianjin TEDA International Holding (Group) Co., Ltd. (天津市泰達國際控股(集團)有限公司) is held as to 53% by TEDA Investment Holding Co., Ltd., a substantial Shareholder of the Bank which holds 20.61% equity interest in the Bank as of the Latest Practicable Date, and as to 47% indirectly by its subsidiary, Tianjin TEDA Industrial Group Co., Ltd. (天津泰達實業集團有限公司). Tianjin TEDA International Holding (Group) Co., Ltd. holds approximately 6.7657% equity interest in Tianjin Financial Investment and Services Group Co., Ltd.\* (天津津融投資服務集團有限公司), which in turn holds 55.5% equity interest in Tianjin JR. The State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government directly or indirectly holds an aggregate of 89.634% equity interest in Tianjin Financial Investment and Services Group Co., Ltd. (excluding the equity interest held by Tianjin TEDA International Holding (Group) Co., Ltd.). Bangxin Assets Management Co., Ltd. (邦信資產管理有限公司) holds 20% equity interest in Tianjin JR, and its ultimate beneficial owner is China Orient Asset Management Co., Ltd. For its details, please refer to "Information on China Orient Asset Management Co., Ltd. (中國東方資產管理股份有限公司)" mentioned hereinabove. Tianjin Juntai Enterprise Management Co., Ltd (天津駿泰企業管理有限公司) holds 19.5% equity interest in Tianjin JR, and its ultimate beneficial owner is Far East Horizon Limited, which is a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3360) specializing in provision of innovative financial solutions to its customers. Tianjin Dongjiang Port Industry City Investment Group Co., Ltd. (天津東疆港產城投資集團有限公司) holds 5% equity interest in Tianjin JR, and its ultimate beneficial owner is the Administration Committee of Tianjin Dongjiang Comprehensive Bonded Zone, a government agency.

As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors of the Bank, having made all reasonable enquiries, China Cinda Asset Management Co., Ltd., China Orient Asset Management Co., Ltd., China Great Wall Asset Management Co., Ltd., China CITIC Financial Asset Management Co., Ltd., Tianjin JR and Tianjin Binhai Zhengxin Asset Management Co., Ltd. and their ultimate beneficial owners are third parties independent of the Bank and its connected persons.



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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

Based on the amount of the Initial Minimum Consideration, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Disposal exceed 75%, the Proposed Disposal constitutes a very substantial disposal of the Bank under Chapter 14 of the Listing Rules, and thus is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Pursuant to Rule 14.22 of the Listing Rules, a series of transactions should be aggregated and treated as if they were one transaction if they are all completed within a 12-month period or are otherwise related. As a potential transferee of the Proposed Disposal and the transferee of the Previous Assets Transfer may be the same and the nature of the transactions is the same, if the Proposed Disposal is finally determined to be conducted with Tianjin JR, the Proposed Disposal shall be aggregated with the Previous Assets Transfer under the Previous Assets Transfer Agreement. Accordingly, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions under the Proposed Disposal as aggregated under the Listing Rules exceed 75%, the Proposed Disposal constitutes a very substantial disposal of the Bank under Chapter 14 of the Listing Rules, and thus is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Director has a material interest in the approval of the transaction under the Proposed Disposal and the Proposed Mandate. Therefore, no Director was required to abstain from voting on the Board resolution approving the Proposed Disposal and the Proposed Mandate.

According to the trading rules of the Equity Exchange, the transferor shall have completed its internal necessary decision-making procedures (including the approval procedure by the Shareholders' general meeting) at the time of submitting the application for the asset transfer. Therefore, the Bank will not be able to seek the approval by the Shareholders' general meeting after the entering into of the Assets Transfer Agreement in accordance with the provisions of Chapter 14 of the Listing Rules. Accordingly, the Board will seek the prior approval of the Proposed Disposal and the Proposed Mandate by the Shareholders' general meeting. The Directors consider that the prior submission of the Proposed Disposal and the Proposed Mandate for approval by the Shareholders' general meeting will allow for greater flexibility and efficiency for the transaction and ensure the smooth implementation of the transaction, which is also in the interests of the Bank and the Shareholders of the Bank as a whole. Upon approval by the Shareholders' general meeting, the Bank expects to complete the public tender process and enter into the relevant Assets Transfer Agreement during the Mandate Validity Period and seeks to complete as early as possible by the end of December 2024.

**The terms of the public tender have yet to be finalized and therefore may be subject to further change. Completion of the potential disposal is subject to Shareholders' approval and the completion of the public tender process. The potential disposal may or may not proceed. Therefore, Shareholders and potential investors of the Bank should exercise caution when dealing in the securities of the Bank. The Company will make further announcement(s) in compliance with the Listing Rules as and when appropriate or required.**

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## LETTER FROM THE BOARD

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### **MATTER TO BE LISTENED TO AT THE 2024 SECOND EGM**

Report on Mr. ZHAO Zhihong's resignation as an executive Director of the Bank will also be listened to at the 2024 Second EGM by way of written report.

### **THE 2024 SECOND EGM**

A notice convening the 2024 Second EGM to be held at 3 p.m. on Thursday, September 19, 2024 at Meeting Room 6702, China Bohai Bank Tower, 218 Haihe East Road, Hedong District, Tianjin, China is set out on pages EGM-1 to EGM-2 of this circular for the purpose of considering and, if thought fit, approve the resolution to be proposed at the 2024 Second EGM in relation to the Proposed Mandate and the Proposed Disposal.

A proxy form for use at the 2024 Second EGM is enclosed to this circular. If you intend to appoint a proxy to attend the 2024 EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. For holders of Domestic Shares, the proxy form should be returned to the office of the Board of the Bank at 218 Haihe East Road, Hedong District, Tianjin, China, Postal Code: 300012; and in any event, not later than 24 hours before the time appointed for holding the 2024 Second EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2024 Second EGM or any adjournment thereof should you so wish and, in such event, the proxy form shall be deemed to have been revoked.

### **CLOSURE OF REGISTER OF MEMBERS**

In order to ascertain the right to attend the 2024 Second EGM, the register of members of the Bank will be closed from Friday, September 13, 2024 to Thursday, September 19, 2024 (both days inclusive) during which period no transfer of Shares will be registered.

Holders of H Shares are reminded that in order to be entitled to attend and vote at the 2024 Second EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Bank's 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 Thursday, September 12, 2024.

### **VOTING METHODS AT THE 2024 SECOND EGM**

According to the Listing Rules, the voting of resolution at the 2024 Second EGM will be taken by poll. The relevant poll results will be published on the website of The Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Bank's website at [www.cbhb.com.cn](http://www.cbhb.com.cn).

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## LETTER FROM THE BOARD

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Please be advised that in accordance with Article 69 of the Articles of Association, when the credit extended by the Bank to a shareholder (in particular, substantial shareholder) is overdue, or if a shareholder pledges 50% or more of his/her equity in the Bank, the voting rights of such shareholder at the Shareholders' general meetings and of director(s) appointed by such shareholder at Board meetings shall be subject to restriction.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has a material interest in the Proposed Disposal and the transactions as contemplated thereunder and is required to abstain from voting on the relevant resolution at the 2024 Second EGM.

### RECOMMENDATION

The Directors are of the view that the Proposed Disposal through public tender, the Propose Mandate and transactions contemplated thereunder are fair and reasonable, and are in the interests of the Bank and the Shareholders as a whole. The Board would recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the 2024 Second EGM to approve the Proposed Disposal through public tender and the grant of the Proposed Mandate.

Yours faithfully,  
By order of the Board  
**CHINA BOHAI BANK CO., LTD.**  
**WANG Jinhong**  
*Chairman*

Tianjin, China  
August 28, 2024

## 1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended December 31, 2021, 2022 and 2023 are disclosed on pages 127 to 279 of the annual report of the Bank for the year ended December 31, 2021 (the “**2021 Annual Report**”), pages 131 to 275 of the annual report of the Bank for the year ended December 31, 2022 (the “**2022 Annual Report**”), pages 129 to 271 of the annual report of the Bank for the year ended December 31, 2023 (the “**2023 Annual Report**”) and pages 68 to 163 of the interim results announcement of the Bank for the six months ended June 30, 2024 (the “**2024 Interim Results Announcement**”), respectively, all of which are published on the website of The Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk), and the website of the Bank at [www.cbhb.com.cn](http://www.cbhb.com.cn). Quick links to such financial information are set out below:

2021 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0422/2022042201525.pdf>

2022 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042602679.pdf>

2023 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042300480.pdf>

2024 Interim Results Announcement:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0828/2024082801268.pdf>

## 2. STATEMENT OF INDEBTEDNESS

As of July 31, 2024, (being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular), the Group has the following indebtedness:

### (a) Certificates of interbank deposit issued

For the seven months ended July 31, 2024, the Bank issued a number of certificates of interbank deposits with total face value of RMB225,440 million for a duration between 1 to 12 months. The effective interest rates ranged from 1.82% to 2.52% per annum. For the year ended December 31, 2023, the Bank issued a number of certificates of interbank deposits with total face value of RMB369,070 million for a duration between 1 to 12 months. The effective interest rates ranged from 2.03% to 2.85% per annum. As at July 31, 2024, the face value of the outstanding certificates of interbank deposit was RMB200,010 million.

**(b) Financial bonds issued**

- (i) On June 24, 2024, the Bank issued three-year financial bonds with face value of RMB5,000 million. The coupon interest rate per annum is 2.05%.
- (ii) On July 25, 2023, the Bank issued three-year financial bonds with face value of RMB10,000 million. The coupon interest rate per annum is 2.72%.
- (iii) On May 12, 2023, the Bank issued three-year financial bonds with face value of RMB10,000 million. The coupon interest rate per annum is 2.88%.
- (iv) On December 1, 2022, the Bank issued three-year financial bonds with face value of RMB15,000 million. The coupon interest rate per annum is 2.95%.
- (v) On February 22, 2022, the Bank issued three-year financial bonds with face value of RMB10,000 million. The coupon interest rate per annum is 2.95%.

**(c) Tier 2 capital debts issued**

- (i) On April 18, 2024, the Bank issued ten-year fixed interest rate tier 2 capital debts with face value of RMB14,000 million. The coupon interest rate per annum is 2.77%. According to the issuance terms, the Bank has an option to redeem all the debts at face value on the last day of the fifth year.
- (ii) On January 15, 2021, the Bank issued ten-year fixed interest rate tier 2 capital debts with face value of RMB9,000 million. The coupon interest rate per annum is 4.40%. According to the issuance terms, the Bank has an option to redeem all the debts at face value on the last day of the fifth year.

**(d) Certificates of deposit issued**

For the seven months ended July 31, 2024, the Bank issued a number of certificates of deposit with total face value of 1,049 million RMB equivalent (consisting of RMB600 million and USD63 million) for a duration between 3 to 12 months. The effective interest rates ranged from 3.00% to 5.80% per annum. For the year ended December 31, 2023, the Bank issued a number of certificates of deposit with total face value of 4,843 million RMB equivalent (consisting of RMB1,300 million and USD498 million) for a duration between 1 to 12 months. The effective interest rates ranged from 2.80% to 6.32% per annum. As at July 31, 2024, the face value of the outstanding certificates of deposit was 2,078 million RMB equivalent.

**(e) Medium term notes issued**

On November 3, 2021, the Hong Kong Branch of the Bank issued three-year fixed-rate medium term notes with face value of USD300 million. The coupon interest rate per annum is 1.50%. As at 31 July 2024, the face value of the medium term notes was 2,140 million RMB equivalent.

As of July 31, 2024, there were no defaults of principal and interest or other breaches with respect to these debts.

**(f) Lease liabilities**

The balance of lease liabilities of the Group as of July 31, 2024 was RMB3,718 million.

All of the above issued debts and lease liabilities are unsecured and unguaranteed. Except as disclosed above, the Group did not have, as of July 31, 2024, any debt securities issued and outstanding, and authorized 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.

**3. NO MATERIAL ADVERSE CHANGE**

The Directors confirm that, as of the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since December 31, 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**4. WORKING CAPITAL**

Pursuant to Rule 14.66(D1B) of the Listing Rules, a working capital statement in paragraph 30 of Part B of Appendix 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 Group is principally engaged in the provision of commercial and retail banking services. The business model of the Group does not involve the need for sufficient funds to purchase or the conversion of goods into revenue through sales. Therefore, the concept of working capital is not a key indicator of the Group's solvency. In assessing the Group's financial position by the Group's shareholders, working capital information is not applicable to the Group's shareholders, but capital adequacy ratio and liquidity ratio are more relevant in measuring the financial position of a bank. As a bank established in the PRC, the Group shall comply with the regulations of the National Financial Regulatory Administration on regulatory capital and shall maintain the minimum capital requirements.

Below please find the capital adequacy ratios and the liquidity ratio of the Bank as at December 31, 2021, 2022 and 2023 and June 30, 2024. For the disclosure of the expected capital adequacy and liquidity positions of the Remaining Group, please refer to Section 3 in “Appendix III – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP” in this circular.

**Capital adequacy ratio (%)**

	As at December 31, 2021	As at December 31, 2022	As at December 31, 2023	As at June 30, 2024
Core tier-one capital adequacy ratio	8.69	8.06	8.17	8.27
Tier-one capital adequacy ratio	10.76	9.94	10.01	10.03
Capital adequacy ratio	12.35	11.50	11.58	12.46

**Liquidity ratio indicator (%)**

	As at December 31, 2021	As at December 31, 2022	As at December 31, 2023	As at June 30, 2024
Liquidity ratio	59.28	63.11	58.40	75.05

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

It is expected that in the second half of 2024, the expansion of domestic demand will further boost the macroeconomic recovery, and macro policies will continue to strengthen counter-cyclical and cross-cyclical adjustments. A proactive fiscal policy and a prudent monetary policy will continuously step up support for further economic stabilization and improvement. Liquidity will remain reasonably abundant with consumption expected to recover further. Real estate investment may stabilize, while infrastructure and manufacturing investment are likely to grow at an accelerated pace. The net interest margin of commercial banks is expected to enter a low-level oscillation for consolidation, and the narrowing pressure will be eased. The banking sector will still face asset quality pressure to a certain extent. Banks will prioritize revitalizing existing loans, improving the utilization efficiency of existing loans, and optimizing the proportion of existing credit size structure by adjusting the direction of incremental loans. Banks will place greater emphasis on overall coordination of assets and liabilities, as well as increasing the proportion of demand deposits, thereby mitigating deposit cost pressure to a certain extent.

In the second half of the year, the Bank will continuously fully comply with the requirements of the regulatory policies, and insist on the general principle of seeking progress while maintaining stability, thereby promoting stability through progress. It will actively make progress in mode switching, structural adjustment, quality improvement and efficiency growth, intensify and solidify the “Five Major Developments”, and continuously promote the “Ten Special Tasks”. It will focus on strengthening the asset and liability management to make every effort to boost revenue, and strengthening the active liability management to make every effort to grow non-interest income. It will promote the transformation and quality improvement of the corporate business, the retail business and the financial markets business for synergistic development. The risk policy will be continuously improved and the control over credit review and approval and the management process will be strengthened to further consolidate the line of defense for risk management and control, and optimize the asset quality. In the second half of the year, it is expected that with the gradual intensification of various policies to improve the economy, improvement in consumer spending power and willingness to consume will further boost domestic demand, while exports continue to show resilience, providing support for sustained economic recovery. The Bank will continue to focus on the essence of its principal businesses, constantly optimize its business structure and revenue structure, step up efforts in asset recovery and disposal, and intensify cost reduction and efficiency enhancement. As various key work initiatives are further implemented, the Bank’s asset size, loan-to-deposit ratio will steadily increase, its business structure and cost control will continue to improve, its asset quality will be further strengthened, and its profitability will continue to stabilize, with further improvement in the quality and effectiveness of its overall operation and management.



**APPENDIX II      UNAUDITED PROFIT AND LOSS STATEMENTS ON THE IDENTIFIABLE  
NET INCOME STREAM OF THE TRANSFERRED ASSETS**

**1.      UNAUDITED FINANCIAL INFORMATION OF THE TRANSFERRED ASSETS**

In accordance with Rule 14.68(2)(b)(i) of the Listing Rules, the unaudited profit and loss statements of the Transferred Assets for the three years ended December 31, 2021, 2022 and 2023 and for the six months ended June 30, 2024 (the “**Unaudited Profit and Loss Statements**”) and their basis of preparation are set out below.

The Unaudited Profit and Loss Statements 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 Transferred Assets of the Bank. The Bank’s auditor, Deloitte Touche Tohmatsu (the “**reporting accountants**”), were engaged to review the Unaudited Profit and Loss Statements 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)	Year ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2023	Six months ended June 30, 2024
Interest income	811,351	1,049,178	418,887	(194,771)
<b>Net interest income</b>	<b>811,351</b>	<b>1,049,178</b>	<b>418,887</b>	<b>(194,771)</b>
<b>Operating income</b>	<b>811,351</b>	<b>1,049,178</b>	<b>418,887</b>	<b>(194,771)</b>
Impairment losses on assets	(873,885)	(3,877,584)	(2,002,310)	(125,731)
<b>Loss before tax</b>	<b>(62,534)</b>	<b>(2,828,406)</b>	<b>(1,583,423)</b>	<b>(320,502)</b>
Income tax expense	15,634	707,102	395,856	80,126
<b>Net loss</b>	<b>(46,900)</b>	<b>(2,121,304)</b>	<b>(1,187,567)</b>	<b>(240,376)</b>

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**APPENDIX II      UNAUDITED PROFIT AND LOSS STATEMENTS ON THE IDENTIFIABLE  
NET INCOME STREAM OF THE TRANSFERRED ASSETS**

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**Basis of preparation of the Unaudited Profit and Loss Statements**

The Unaudited Profit and Loss Statements 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 Transferred Assets 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 consolidated financial statements of the Group for the six months ended June 30, 2024 and the Group's annual consolidated financial statements for the year ended December 31, 2023, which conform with International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”). The Unaudited Profit and Loss Statements 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, 2024 and the annual consolidated financial statements of the Group for the year ended December 31, 2023, and other financial information included elsewhere in this circular.

**1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP  
AFTER THE PROPOSED 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 had been completed on June 30, 2024; and (b) the financial results of the Group after asset disposal for the six months ended June 30, 2024 as if the Proposed Disposal had been completed on January 1, 2024. 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 Proposed Disposal been completed on January 1, 2024, June 30, 2024 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 Proposed 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, 2024, which has been derived from the Bank’s published interim results announcement for the period ended, after taking into account pro forma adjustments as summarized in the accompanying notes that are, factually supportable and directly attributable to the Proposed 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, 2024 and other financial information included elsewhere in this circular.

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

(Expressed in RMB'000, unless otherwise stated)	The Group as at June 30, 2024 <i>Note 1</i>	Pro forma adjustments <i>Note 2</i>	The Group after the Proposed Disposal as at June 30, 2024
<b>Assets</b>			
Cash and balances with the central bank	76,082,193	17,672,000	93,754,193
Deposits with banks and other financial institutions	19,604,097	–	19,604,097
Placements with banks and other financial institutions	9,931,053	–	9,931,053
Derivative financial assets	2,711,736	–	2,711,736
– Financial assets purchased under resale agreements	16,213,376	–	16,213,376
Loans and advances to customers	935,947,091	(18,100,331)	917,846,760
Financial investments:			
– Financial investments measured at fair value through profit or loss	183,325,271	–	183,325,271
– Financial investments measured at fair value through other comprehensive income	127,911,816	–	127,911,816
Financial investments measured at amortized cost	340,511,700	(1,405,928)	339,105,772
Property and equipment	3,432,311	–	3,432,311
Deferred tax assets	14,642,128	(1,856,532)	12,785,596
Right-of-use assets	3,762,625	–	3,762,625
Other assets	13,920,343	(215,792)	13,704,551
<b>Total assets</b>	<b><u>1,747,995,740</u></b>	<b><u>(3,906,583)</u></b>	<b><u>1,744,089,157</u></b>
<b>Liabilities</b>			
Borrowings from the central bank	133,383,949	–	133,383,949
Deposits from banks and other financial institutions	169,028,557	–	169,028,557
Placements from banks and other financial institutions	35,065,124	–	35,065,124
Derivative financial liabilities	1,423,378	–	1,423,378

**APPENDIX III**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

(Expressed in RMB'000, unless otherwise stated)	The Group as at June 30, 2024 <i>Note 1</i>	Pro forma adjustments <i>Note 2</i>	The Group after the Proposed Disposal as at June 30, 2024
Financial assets sold under repurchase agreements	54,133,162	–	54,133,162
Deposits from customers	952,834,686	–	952,834,686
Income tax payable	131,957	(2,369,045)	(2,237,088)
Debt securities issued	267,162,889	–	267,162,889
Lease liabilities	3,860,855	–	3,860,855
Other liabilities	12,400,811	–	12,400,811
<b>Total liabilities</b>	<b><u>1,629,425,368</u></b>	<b><u>(2,369,045)</u></b>	<b><u>1,627,056,323</u></b>
<b>Equity</b>			
Share capital	17,762,000	–	17,762,000
Other equity instruments	19,961,604	–	19,961,604
Capital reserve	10,732,077	–	10,732,077
Surplus reserve	7,828,688	–	7,828,688
General reserve	20,679,291	–	20,679,291
Other reserves	(2,247,527)	–	(2,247,527)
Retained earnings	43,854,239	(1,537,538)	42,316,701
Total equity attributable to equity holders of the Bank	<u>118,570,372</u>	<u>(1,537,538)</u>	<u>117,032,834</u>
Non-controlling interests	–	–	–
<b>Total equity</b>	<b><u>118,570,372</u></b>	<b><u>(1,537,538)</u></b>	<b><u>117,032,834</u></b>
<b>Total liabilities and equity</b>	<b><u>1,747,995,740</u></b>	<b><u>(3,906,583)</u></b>	<b><u>1,744,089,157</u></b>

*Note 1:* The amounts are extracted from the unaudited consolidated statement of financial position of the Group as at June 30, 2024 as set out in the Bank's published interim results announcement for the six months ended June 30, 2024.

*Note 2:* The adjustments represent the effect of the Proposed Disposal of the Transferred Assets to the unaudited consolidated statement of financial position of the Group as at June 30, 2024: Assuming the Proposed Disposal had been completed on June 30, 2024 and only the Initial Minimum Consideration of RMB17,672 million is received, (i) the carrying amount of loans and advances to customers of RMB18,100 million; (ii) the carrying amount of financial investments measured at amortized cost of RMB1,406 million; and (iii) the carrying amount of other assets comprising interest receivable and judicial fees receivable totalling RMB216 million, and the relevant effect on deferred tax assets and current income tax payable are derecognized, leading to a reduction of RMB1,538 million on the retained earnings. The final Consideration for the Transferred Assets as a whole is expected to be no less than the total Initial Minimum Consideration.

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

For the six months ended June 30, 2024

(Expressed in RMB'000, unless otherwise stated)	The Group			The Group after the Proposed Disposal
	<i>Note 1</i>	Pro forma adjustments		<i>Note 6</i>
		<i>Note 2</i>	<i>Note 3</i>	
Interest income	28,157,865	194,771	–	28,352,636
Interest expense	(20,077,707)	–	–	(20,077,707)
<b>Net interest income</b>	<b>8,080,158</b>	<b>194,771</b>	<b>–</b>	<b>8,274,929</b>
Fee and commission income	2,254,523	–	–	2,254,523
Fee and commission expense	(558,603)	–	–	(558,603)
<b>Net fee and commission income</b>	<b>1,695,920</b>	<b>–</b>	<b>–</b>	<b>1,695,920</b>
Net trading income	388,431	–	–	388,431
Net gains on financial investments	2,963,902	–	–	2,963,902
Other operating income	16,530	–	–	16,530
<b>Operating income</b>	<b>13,144,941</b>	<b>194,771</b>	<b>–</b>	<b>13,339,712</b>
Operating expenses	(5,018,272)	–	–	(5,018,272)
Impairment losses on assets	(4,012,307)	125,731	(2,370,552)	(6,257,128)
<b>Profit before taxation</b>	<b>4,114,362</b>	<b>320,502</b>	<b>(2,370,552)</b>	<b>2,064,312</b>
Income tax expense	(417,253)	(80,126)	592,638	95,259
<b>Profit for the period</b>	<b>3,697,109</b>	<b>240,376</b>	<b>(1,777,914)</b>	<b>2,159,571</b>
<b>Profit for the period attributable to:</b>				
Equity holders of the Bank	3,697,109	240,376	(1,777,914)	2,159,571
Non-controlling interests	–	–	–	–

- 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, 2024 as set out in the Bank's published interim results announcement for the six months ended June 30, 2024.
- Note 2:* The adjustments represent the elimination of the financial results of the Transferred Assets from the Group for the six months ended June 30, 2024 as if the Proposed Disposal had been completed on January 1, 2024 by reversing the interest income, impairment losses on assets and the corresponding income tax expense of the Transferred Assets for the six months ended June 30, 2024. These amounts are extracted from Section 1 of UNAUDITED FINANCIAL INFORMATION OF THE TRANSFERRED ASSETS as set out in Appendix II to this circular.
- Note 3:* The adjustment represents an additional provision for impairment loss on assets of RMB2,371 million that needs to be recognized by the Group if the cash Consideration received is the Initial Minimum Consideration and the Transferred Assets had been derecognized at their carrying amount as at January 1, 2024, assuming that the Proposed Disposal was completed on January 1, 2024. Net profit would decrease by RMB1,778 million after considering the related impact on income tax expense of RMB593 million.
- Note 4:* The adjustments 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 Proposed 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, 2024.
- Note 6:* For illustrative purpose, the additional provision of impairment loss on assets as stated in note 3 above would decrease if the assumed transaction Consideration is higher than the Initial Minimum Consideration, which is approximately the total debts of the assets to be transferred as at June 30, 2024 of RMB29,499 million at a discount of 40%. Had the Proposed Disposal been completed on January 1, 2024, the estimated profit before tax of the Group as of June 30, 2024 after the Proposed Disposal would be RMB3,567 million and the estimated net profit would be RMB3,286 million if the assumed transaction Consideration is at a discount of 35%; and the estimated profit before tax of the Group as of June 30, 2024 after the Proposed Disposal would be RMB5,042 million and the estimated net profit would be RMB4,393 million if the assumed transaction Consideration is at a discount of 30%.

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

*The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Group, in respect of the Group's Unaudited Pro Forma Financial Information prepared for the purpose of incorporation in this circular.*



### Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information

To the Directors of China Bohai Bank Co., Ltd.,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Bohai Bank 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, 2024 and the unaudited pro forma consolidated statement of profit or loss for the six months ended June 30, 2024, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages III-1 to III-5 of the Bank's circular dated August 28, 2024 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are also described on pages III-1 to III-5 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed disposal of the transferred assets of the Bank (the “**Proposed Disposal**”) on the Group's financial position as at June 30, 2024 and the Group's financial performance for the six months ended June 30, 2024 as if the Proposed Disposal had taken place as at June 30, 2024 and January 1, 2024 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 published interim results announcement for the six months ended June 30, 2024, on which a review report has been issued.

### Directors' responsibilities for Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 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 behaviour.

Our 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” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and 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 4.29 of the Listing Rules in Hong Kong, 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 4.29 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 a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Disposal as at June 30, 2024 and January 1, 2024 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 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 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
August 28, 2024

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

	Prior to the completion of the Proposed Disposal For the six months ended June 30, 2024	Upon completion of the Proposed Disposal	Change
<b>Profitability Indicators (%)</b>			
Average return on total assets <sup>(1)</sup>	0.42	0.25	(0.17)
Weighted average return on net assets <sup>(2)</sup>	7.67	4.52	(3.15)
Net interest spread <sup>(3)</sup>	1.16	1.25	0.09
Net interest margin <sup>(4)</sup>	1.07	1.11	0.04
Net fee and commission income to operating income ratio	12.90	12.71	(0.19)
Cost-to-income ratio <sup>(5)</sup>	36.27	35.74	(0.53)
	<b>As at June 30, 2024</b>		<b>Change</b>
<b>Assets Quality Indicators (%)</b>			
Non-performing loan ratio <sup>(6)</sup>	1.81	1.41	(0.40)
Allowance coverage ratio <sup>(7)</sup>	158.41	157.69	(0.72)
Allowance to gross loans ratio <sup>(8)</sup>	2.86	2.22	(0.64)
<b>Capital Adequacy Indicators (%)</b>			
Core tier-one capital adequacy ratio <sup>(9)(10)</sup>	8.27	8.44	0.17
Tier-one capital adequacy ratio <sup>(9)(11)</sup>	10.03	10.23	0.20
Capital adequacy ratio <sup>(9)(12)</sup>	12.46	12.51	0.05
Total equity to total assets ratio	6.78	6.71	(0.07)
<b>Other Indicators (%)</b>			
Loan-to-deposit ratio <sup>(13)</sup>	98.23	96.33	(1.90)
Liquidity ratio <sup>(14)</sup>	75.05	79.41	4.36
Liquidity coverage ratio <sup>(15)</sup>	138.27	163.46	25.19

*Notes:*

- (1) Average return on total assets equals net profit divided by average value of total assets at the beginning and end of the period.
- (2) Weighted average return on net assets is calculated pursuant to the Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 9): Calculation and Disclosure of Rate of Return on Equity and Earnings per Share (2010 Revision) issued by the China Securities Regulatory Commission.
- (3) Net interest spread is calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.

- (4) Net interest margin is calculated by dividing net interest income by the average balance of total interest-earning assets.
- (5) Cost-to-income ratio is calculated by dividing total operating expenses (excluding tax and surcharges, etc.) by operating income.
- (6) Non-performing loan ratio (NPL ratio) equals the balance of non-performing loans divided by gross loans and advances to customers (excluding interests accrued).
- (7) Allowance coverage ratio equals the sum of allowance for impairment losses on the loans measured at amortized cost and allowance for impairment losses on the loans measured at fair value through other comprehensive income divided by the NPL balances.
- (8) Allowance to gross loan ratio equals the sum of allowance for impairment losses on loans measured at amortized cost and allowance for impairment losses on the loans measured at fair value through other comprehensive income divided by gross loans and advances to customers (excluding interests accrued).
- (9) The National Administration of Financial Regulation of the PRC requires commercial banks to meet the requirements of various capital indicators at various levels as stipulated in the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》). In particular, for non-systemically important banks, the core tier-one capital adequacy ratio shall be no less than 7.5%, the tier-one capital adequacy ratio shall be no less than 8.5%, and the capital adequacy ratio shall be no less than 10.5%.
- (10) Core tier-one capital adequacy ratio = (core tier-one capital - corresponding capital deductions)/risk-weighted assets.
- (11) Tier-one capital adequacy ratio = (tier-one capital - corresponding capital deductions)/risk-weighted assets.
- (12) Capital adequacy ratio = net capital/risk-weighted assets.
- (13) Loan-to-deposit ratio = (total carrying amount of loans/total carrying amount of deposit) x 100%.
- (14) Calculated by dividing balance of the current assets by balance of the current liabilities.
- (15) Calculated by dividing qualified high-quality liquid assets by net cash outflow in the next 30 days.

The Bank will continue to carry out its existing principal businesses following the completion of the Proposed Disposal.

The Proposed Disposal will be conducive to the improvement of the asset structure of the Group after Proposed Disposal. The Proposed Disposal of approximately RMB25,603 million principal amount of assets will enhance the assets quality of the Remaining Group with various regulatory indicators being expected to be significantly improved. The non-performing loan ratio after the Proposed Disposal will be 1.41%, representing a decrease of 0.40 percentage points as compared with that as of June 30, 2024; the provision coverage ratio will be 157.69%, representing an decrease of 0.72 percentage points as compared with that as of June 30, 2024; and the capital adequacy ratio will be 12.51%, representing an increase of 0.05 percentage points as compared with that as of June 30, 2024, which will effectively enhance the risk-resistant capability.

The Proposed Disposal will not affect the Bank's operations and other aspects of the Group after the Proposed Disposal. Upon completion of the Proposed Disposal, there will be no change in the principal business of the Group. The Remaining Group will actively develop its business and be dedicated to serving the Bank's customers.

The management discussion and analysis of the Group for the three years ended December 31, 2021, 2022 and 2023 are disclosed on pages 14 to 63 of the 2021 Annual Report, pages 14 to 65 of the 2022 Annual Report, pages 14 to 61 of the 2023 Annual Report and pages 7 to 49 of the 2024 Interim Results Announcement respectively, all of which are published on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk), and the website of the Bank at [www.cbhb.com.cn](http://www.cbhb.com.cn) for each of the three financial years ended December 31, 2021, 2022 and 2023, and for the six months ended June 30, 2024. Quick links to such management discussion and analysis are set out below:

2021 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0422/2022042201525.pdf>

2022 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042602679.pdf>

2023 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042300480.pdf>

2024 Interim Results Announcement:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0828/2024082801268.pdf>

## 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. DISCLOSURE OF INTERESTS

### (a) Interests of the Directors and chief executives in the Bank and its associated corporation

As of the Latest Practicable Date, none of the Directors, Supervisors or chief executive had any interests or short positions in the Shares, underlying Shares and/or debentures of the Bank or any associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which any such Directors, Supervisors or chief executive of the Bank were taken or deemed to have under such provisions of the SFO); which were entered in the register kept by the Bank pursuant to section 352 of the SFO, or which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

### (b) Interests of the substantial Shareholders

As of the Latest Practicable Date, to the knowledge of the Directors or chief executives of the Bank, as recorded in the register required to be kept under section 336 of the SFO, the following persons (other than the Directors, Supervisors and chief executives of the Bank) had or were deemed to have interests and short positions in the shares or underlying Shares of the Bank which would be required to be disclosed to our Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Nature of Interest	Class of Shares	Long positions/ short positions	Number of Shares directly or indirectly held	% of interest in the Bank	% of the relevant class of shares
TEDA Investment Holding Co., Ltd.	Beneficial owner	Domestic Shares	Long positions	3,612,500,000	20.34	31.25
	Interest in controlled corporation <sup>(1)</sup>	H Shares	Long positions	48,438,000	0.27	0.78

**APPENDIX V**
**GENERAL INFORMATION**

<b>Name of Shareholders</b>	<b>Nature of Interest</b>	<b>Class of Shares</b>	<b>Long positions/ short positions</b>	<b>Number of Shares directly or indirectly held</b>	<b>% of interest in the Bank</b>	<b>% of the relevant class of shares</b>
Standard Chartered PLC <sup>(2)</sup>	Interest in controlled corporation	H Shares	Long positions	2,888,555,000	16.26	46.59
Standard Chartered Bank (Hong Kong) Limited	Beneficial owner	H Shares	Long positions	2,888,555,000	16.26	46.59
China COSCO Shipping Corporation Limited <sup>(3)</sup>	Interest in controlled corporation	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
China Shipping Group Company Limited <sup>(3)</sup>	Interest in controlled corporation	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
COSCO SHIPPING Development Co., Ltd. <sup>(3)</sup>	Interest in controlled corporation	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
China Shipping Investment Co., Ltd.	Beneficial owner	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
State Development & Investment Corp., Ltd.	Beneficial owner	Domestic Shares	Long positions	1,686,315,000	9.49	14.59
China Baowu Steel Group Corporation Limited	Beneficial owner	Domestic Shares	Long positions	1,686,315,000	9.49	14.59
LU Zhiqiang <sup>(4)</sup>	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
HUANG Qiongzi <sup>(4)</sup>	Interest of spouse	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
Tohigh Holdings Co., Ltd. <sup>(4)</sup>	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86

Name of Shareholders	Nature of Interest	Class of Shares	Long positions/ short positions	Number of Shares directly or indirectly held	% of interest in the Bank	% of the relevant class of shares
Oceanwide Group Co., Ltd. <sup>(4)</sup>	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
China Oceanwide Holdings Group Co., Ltd. <sup>(4)</sup>	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
Oceanwide Industry Co., Ltd. <sup>(4)</sup>	Beneficial owner	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
Tianjin Shanghai Investment Holding Company Limited	Beneficial owner	Domestic Shares	Long positions	1,156,000,000	6.51	10.00
Shandong Gold Financial Holdings Group (Hong Kong) Co., Limited	Beneficial owner	H Shares	Long positions	327,294,500	1.84	5.28
Yichang HEC Health Pharmaceutical Co., Ltd.	Beneficial owner	H Shares	Long positions	322,920,500	1.82	5.21

## Notes:

- (1) The interests are held by TEDA Investment Holding Co., Ltd. through its wholly-owned subsidiary Jinlian (Tianjin) Finance Lease Co., Ltd.
- (2) Standard Chartered Bank (Hong Kong) Limited is wholly owned by Standard Chartered PLC, and therefore Standard Chartered PLC is deemed to be interested in all the shares held by Standard Chartered Bank (Hong Kong) Limited for the purpose of the SFO.
- (3) China Shipping Investment Co., Ltd. is wholly owned by COSCO SHIPPING Development Co., Ltd., and in turn owned by China Shipping Group Company Limited as to approximately 39.28%. China Shipping Group Company Limited is wholly owned by China COSCO Shipping Corporation Limited. As such, each of China COSCO Shipping Corporation Limited, China Shipping Group Company Limited and COSCO SHIPPING Development Co., Ltd. is deemed to be interested in all the shares held by China Shipping Investment Co., Ltd. for the purpose of the SFO.
- (4) Oceanwide Industry Co., Ltd. is owned by China Oceanwide Holdings Group Co., Ltd. and Oceanwide Group Co., Ltd. as to 60% and 40%, respectively. China Oceanwide Holdings Group Co., Ltd. is owned by Oceanwide Group Co., Ltd. and Tohigh Holdings Co., Ltd. as to 98% and 2%, respectively. Oceanwide Group Co., Ltd. is wholly owned by Tohigh Holdings Co., Ltd. Tohigh Holdings Co., Ltd. is owned by Mr. LU Zhiqiang as to 77.14%. As such, each of Mr. LU Zhiqiang, Ms. HUANG Qiongzhi (spouse of Mr. LU Zhiqiang), Tohigh Holdings Co., Ltd., Oceanwide Group Co., Ltd. and China Oceanwide Holdings Group Co., Ltd. is deemed to be interested in all the shares held by Oceanwide Industry Co., Ltd. for the purpose of the SFO.



Save as disclosed above, as of the Latest Practicable Date, the Bank is not aware of any other person (other than the Directors, Supervisors and the chief executive (as defined under the Listing Rules) of the Bank) having any interests or short positions in the shares or underlying Shares of the Bank as of the Latest Practicable Date as recorded in the register required to be kept by the Bank pursuant to section 336 of the SFO.

### **3. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

As of the Latest Practicable Date, none of the Directors had entered into any service contract in force with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### **4. COMPETING INTERESTS**

Mr. DUAN Wenwu, a non-executive Director of the Bank, was the chairman of SDIC Capital Co., Ltd. (國投資本股份有限公司) and a non-executive director of China International Capital Corporation Limited (中國國際金融股份有限公司). Our Directors are of the view that, there is no competition or only minimal potential competition between those financial institutions and our Bank arising from our Director's positions in those financial institutions, since: (I) Mr. DUAN Wenwu was not involved in the daily operation and management of the Bank; (II) we have appointed six independent non-executive Directors, representing at least one-third of the total members of our Board of Directors to balance any potential conflict of interests in order to safeguard the interests of our Bank and the Shareholders as a whole.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors and their respective close associates are interested in any business, which competes or is likely to compete, either directly or indirectly, with our business pursuant to Rule 8.10(2) of the Listing Rules.

### **5. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS**

As of the Latest Practicable Date, none of the Directors and Supervisors had any direct or indirect interest in any asset which had been, since December 31, 2023, being the date to which the latest published audited consolidated financial statements of the Bank were made up, acquired or 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.

### **6. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS**

As of the Latest Practicable Date, to the knowledge of the Bank, none of the Directors and Supervisors was materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Group.

## 7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given advice, letter or opinion for incorporation and as contained in this circular:

<b>Name</b>	<b>Qualification</b>
Deloitte Touche Tohmatsu	Certified Public Accountants

As of the Latest Practicable Date, the expert identified above had no shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As of the Latest Practicable Date, the expert identified above had no direct or indirect interests in any assets which have been, since December 31, 2023 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or 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.

The expert identified above 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 the expert is included.

## 8. MATERIAL LITIGATION

As of the Latest Practicable Date, the Bank as the plaintiff or claimant was involved in a total of 98 litigations with the amount in dispute of over RMB30 million each, most of which were routine litigations and settlements initiated by the Bank, and no provisions would be made.

As of the Latest Practicable Date, the Bank as the defendant or respondent was involved in a total of 3 litigations with the amount in dispute of over RMB10 million each. Among them, 1 case was withdrawn by the plaintiff, and the remaining 2 cases had not yet entered the substantive trial stage. Currently, no provisions will be made.

As of the Latest Practicable Date, the Bank as the third party was involved in a total of 4 litigations with the amount in dispute of over RMB10 million each. Among them, 1 case had obtained effective judgment, and the Bank did not have to bear any responsibility. The remaining 3 cases were pending for judgment. Currently, no provisions will be made.

According to the above, the Bank considers that the above-mentioned litigations and arbitrations will not have any material and adverse impact on our operating activities and financial position.

In 2021, the Bank had a dispute with individual corporate customers over the business of bank acceptance bills pledged by certificates of deposit and reported the case to the security authorities. In 2022, the Bank filed a civil lawsuit with the People's Court in this regard. As of the Latest Practicable Date, the case was in the judicial process. The outcome of the case is subject to the judgment of the court, and the Bank is of the view that the financial impact of the above dispute cannot be reliably estimated.

Save as disclosed above, as of the Latest Practicable Date, no member of the Group is at present engaged in any litigation or arbitration of material importance to the Group and no litigation or claim of material importance to the Group is known to the Directors to be pending or threatened by or against any member of the Group.

## **9. MATERIAL CONTRACTS**

Save for the Previous Assets Transfer Agreement, the Bank did not entered into any contracts which are or may be material and entered into after the date two years before the date of this circular, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Bank.

## **10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be available for inspection on the websites of the Bank ([www.cbhb.com.cn](http://www.cbhb.com.cn)) and The Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) from the date of this circular until 14 days hereafter;

- (a) the Previous Assets Transfer Agreement;
- (b) the Assets Transfer Agreement (in draft form);
- (c) the report on the unaudited profit and loss statements on the identifiable net income stream of the transferred assets, the text of which is set out in Appendix II to this circular;
- (d) the report on the unaudited pro forma financial statements of the Remaining Group, the text of which is set out in Appendix III to this circular; and
- (e) the letter of consent from the expert identified in the section headed "Qualification and Consent of Expert" above in this appendix.

**11. GENERAL**

- (a) The principal place of business in Hong Kong of the Bank is Suites 1201-1209 and 1215-1216, 12/F, Two International Finance Centre, Central, Hong Kong.
- (b) The registered address and office address of the Bank is 218 Haihe East Road, Hedong District, Tianjin, the PRC.
- (c) The joint company secretaries of the Bank are (i) Ms. Zhang Xiao, who is an associate member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom, and (ii) Mr. Du Gang, an executive Director.
- (d) The Bank's share registrar for H Shares is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The Bank's share registrar for Domestic Shares is China Securities Depository and Clearing Corporation Limited at No. 17 Tai Ping Qiao Street, Xicheng District, Beijing.
- (e) This circular is prepared in both English and Chinese. In the event of inconsistency, the Chinese text shall prevail over its English text.

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## **WRITTEN REPORT OF MATTER TO BE LISTENED TO**

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### **REPORT ON MR. ZHAO ZHIHONG'S RESIGNATION AS AN EXECUTIVE DIRECTOR OF THE BANK**

The Board has received the resignation of Mr. Zhao Zhihong, whose term of employment as a professional manager expired and he resigned as an executive Director of the Bank, a member of the Risk Management and Green Finance Committee of the Board, a member of the Related Party Transactions Control Committee of the Board, a vice president and the chief risk management officer due to his age, which was considered and approved by the Board, and became effective on July 19, 2024.

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## NOTICE OF THE 2024 SECOND EGM

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### CHINA BOHAI BANK CO., LTD. 渤海銀行股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 9668)

#### NOTICE OF THE 2024 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 Second Extraordinary General Meeting of CHINA BOHAI BANK CO., LTD. (the “**Bank**”) (the “**2024 Second EGM**”) will be held at 3 p.m. on Thursday, September 19, 2024 at Meeting Room 6702, China Bohai Bank Tower, 218 Haihe East Road, Hedong District, Tianjin, China, for the purpose of considering and, if thought fit, passing the following resolution:

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) to consider and approve the proposed disposal (the “**Proposed Disposal**”) of the transferred assets to be sold by the Bank, including the transferred principal amount, the corresponding interest penalties and the judicial fees disbursed (the “**Transferred Assets**”) by the Bank through public tender in batches by single-account transfer or batch transfer under the Proposed Mandate (as defined below) within the mandate validity period (as defined below);
- (b) to consider and approve the proposed grant a general mandate (“**Proposed Mandate**”) in advance to the board of directors of the Bank by the shareholders of the Bank at the meeting to proceed with and complete the Proposed Disposal through public tender, i.e. authorize the board of directors of the Bank (the “**Board**”) and agree that the Board shall further delegate to the senior management of the Bank the full authority to determine and approve all matters relating to the Proposed Disposal under the framework and principles of the Proposed Disposal, including but not limited to, determining and approving the timing of the disposal of the Transferred Assets, the specific size and forms of and arrangements for the disposal, matters relating to the public tender, determination of the final transferee, the entering into of the assets transfer agreement (the “**Assets Transfer Agreement**”) and all other matters relating to the Proposed Disposal, other than matters expressly provided for in the relevant laws and regulations, and the articles of association of the Bank, or subject to voting again at a Shareholders’ general meeting based on the opinion of the relevant competent authorities. Such authorities shall be valid for one year from the date of approval by the Shareholders’ general meeting.”

The following report will also be listened to at the 2024 Second EGM by way of written report:

Report on Mr. ZHAO Zhihong’s resignation as an executive Director of the Bank.

By order of the Board  
CHINA BOHAI BANK CO., LTD.  
WANG Jinhong  
Chairman

August 28, 2024

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## NOTICE OF THE 2024 SECOND EGM

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*As of the date of this notice, the Board comprises Mr. WANG Jinhong, Mr. QU Hongzhi and Mr. DU Gang as executive directors; Mr. AU Siu Luen, Ms. YUAN Wei, Mr. DUAN Wenwu, Mr. HU Aimin and Mr. ZHANG Yunji as non-executive directors; and Mr. MAO Zhenhua, Mr. MU Binrui, Mr. TSE Yat Hong, Mr. ZHU Ning and Mr. SHUM Siu Hung Patrick as independent non-executive directors.*

*Notes:*

1. According to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the voting of resolution contained in the notice of the meeting will be taken by poll.
2. In order to determine the shareholders who are entitled to attend the meeting, the register of members of the Bank will be closed from Friday, September 13, 2024 to Thursday, September 19, 2024 (both days inclusive). In order to attend and vote at the meeting, holders of H Shares of the Bank whose transfer documents have not been registered shall deposit all transfer documents accompanied by the relevant share certificate(s) at the H share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, September 12, 2024.
3. Shareholders who are entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on their behalves. A proxy needs not be a shareholder of the Bank.
4. A shareholder shall entrust the proxy in writing. The written power of attorney shall be signed by the principal or by the proxy entrusted thereby in writing; if the principal is a legal person or other institution, the power of attorney shall be signed under the seal of the legal person or under the hand of its legal representative or other representative duly authorized.
5. If you intend to appoint a proxy to attend the meeting, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H shares, the proxy form (together with a notarially certified copy of the power of attorney or other authority (if any) if this form of proxy form is signed by a person on behalf of the appointor) should be returned to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. For holders of domestic shares, the above document(s) should be returned to the office of the Board at 218 Haihe East Road, Hedong District, Tianjin, China, Postal Code: 300012; and in any event, not later than 24 hours before the time appointed for holding the 2024 Second EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish and, in such event, the proxy form shall be deemed to have been revoked.
6. The meeting is expected to last for no more than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own traveling, dining and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the meeting.