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

Dear Sirs and Madams,

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

INTRODUCTION

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

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

LISTING RULE IMPLICATION

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

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

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

OUR INDEPENDENCE

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

BASIS OF OUR OPINION

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

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information on the parties

(i) Information on the Bank

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

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

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

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

For the six months ended 30 June 2025

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

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

For the years ended 31 December 2023 and 2024

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

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

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

(ii) Information on Gansu Assets Management

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

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

(iii) Information on the Disposed Assets

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

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

2. Background to and reasons for the Asset Disposal

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

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

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

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

(ii) we notice that pursuant to Administrative Measures on the Bulk Transfer of Non-performing Assets of Financial Enterprises (Cai Jin [2012] No. 6) (《金融企業不良資產批量轉讓管理辦法》(財金[2012]6號)) (the "**Administrative Measures**"), financial enterprises may bulk transfer non-performing assets of certain size to asset management companies and the purchasers of bulk asset transfer shall be asset management companies. Pursuant to the Notice on Regulating the Asset Transfer of State-owned Financial Institutions published by the Ministry of Finance (Cai Jin [2021] No. 102) (《財政部關於規範國有金融機構資產轉讓有關事項的通知》 (財金[2021]102號)), state-owned financial institutions shall, in principle, conduct asset transfers through open transactions methods such as market transactions, public auctions, online auctions, and competitive negotiations. For transfer of assets under specific industries to state-owned and state-controlled enterprises and other circumstances recognised by the financial department at the same level, state-owned financial institutions can conduct transactions through direct agreement transfer after being reviewed and decided by state-owned financial institutions according to the authorisation mechanism. With reference to a commentary report "Banks' Nonperforming Assets and Securitization FAQ" published by S&P Global (China) Ratings on 29 September 2020, we understand that the use of asset management companies to clear banks' balance sheets and reduce related uncertainty of future non-performing loan accumulation is also a common global practice. We also noticed there was significant increase in the scale of non-performing loan ("**NPL**") transfers in China in 2025. According to the statistics published by China Credit Assets Registry & Exchange Co., Ltd. ("**Yindeng Center**") (*www.yindeng.com.cn*), the total announced NPL transfer listing volume reached approximately RMB74.27 billion in the first quarter of 2025, a year-on-year increase of approximately 190.5%, with actual transaction volume reaching approximately RMB48.3 billion, representing an increase of approximately 138.8%. The purchasers remain dominated by local asset management companies ("**AMCs**"), which accounted for approximately 67% of transaction volume, followed by major national AMCs. The Asset Disposal to Gansu Assets Management, which satisfies the prerequisite requirements contemplated under the Administrative Measures and is qualified to conduct bulk acquisition of financial non-performing assets, is therefore in line with industry practices and also could improve the Bank's operational indicators; and

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

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

3. Principal terms of the Asset Transfer Agreement

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

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

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

Consideration

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

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

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

Payment terms

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

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

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

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

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

4. Financial Effect

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

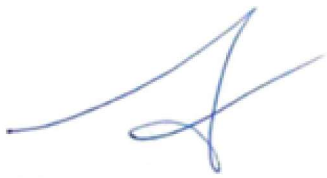
It should be noted that the aforementioned analysis is for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Asset Disposal.

RECOMMENDATION

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

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

Yours faithfully
For and on behalf of
DL Securities (HK) Limited



Tommy Cheng
Managing Director
Corporate Finance Division

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