Gram Capital Limited
嘉林資本有限公司

11 September 2026

To: The independent board committee and the independent shareholders of Agricultural Bank of China Limited

Dear Sir/Madam,

(1) PROPOSED ISSUANCE OF A SHARES UNDER GENERAL MANDATE AND (2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the MOF Subscription and the Whitewash Waiver, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 11 September 2026 issued by the Bank to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 6 September 2026, the Board considered and approved (among other things) the proposal regarding the Issuance. The Issuance targets are the Ministry of Finance and CNTC and its relevant subsidiaries (i.e. the Subscribers). The proposed proceeds from the Issuance shall be no more than RMB160,000 million (inclusive) which, after deducting the relevant issuance expenses, will be fully used to replenish the CET1 capital of the Bank.

On the same day, in accordance with the A Share Issuance Plan, the Bank entered into the Share Subscription Agreements in relation to the MOF Subscription and the CNTC Subscriptions, respectively. The MOF Share Subscription Agreement and the CNTC Share Subscription Agreement are not inter-conditional.

With reference to Board Letter, as at the Latest Practicable Date, the Ministry of Finance held a total of 123,515,185,240 A Shares, representing approximately 35.29% of the issued Shares, and together with the voting rights of 9,797,058,826 A Shares held by the SSF which were transferred to the Ministry of Finance, the Ministry of Finance had control over approximately 38.09% voting rights exercisable at a shareholders' meeting of the Bank. Upon completion of the Issuance, the shareholding of the Ministry of Finance in the

Bank is expected to increase by more than 2%. As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of A Shares under the MOF Subscription will give rise to an obligation on the part of the Ministry of Finance to make a mandatory general offer for all H Shares (other than those already owned or agreed to be acquired by the Ministry of Finance and parties acting in concert with it (if any)), unless the Whitewash Waiver is granted by the Executive.

Accordingly, an application has been made to the Executive for the Whitewash Waiver to waive compliance with the obligation on the part of the Ministry of Finance to make a mandatory general offer for all H Shares (other than those already owned or agreed to be acquired by the Ministry of Finance and parties acting in concert with it (if any)) under Rule 26.1 of the Takeovers Code as a result of the MOF Subscription. The Executive has indicated it is minded to grant the Whitewash Waiver, subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders in respect of the MOF Subscription, respectively, at the ESM.

The Independent Board Committee comprising all non-executive Directors who are not interested or involved in the MOF Subscription and the Whitewash Waiver, namely Ms. ZHOU Ji, Mr. ZHANG Qi (張奇), Mr. WU Liansheng, Mr. WANG Changyun, Mr. JU Jiandong, Ms. ZHUANG Yumin, Mr. ZHANG Qi (張琦) and Ms. WONG Pui Sze Priscilla (Note: as Mr. ZHANG Hongwu is a director dispatched to the Board by the Ministry of Finance, he does not form part of the Independent Board Committee), has been formed to advise the Independent Shareholders on the terms of, and voting in respect of, the MOF Subscription and the Whitewash Waiver. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser (with the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of any relationships or interests between Gram Capital and the Bank, or any of the parties as prescribed under Rule 2.6 of the Takeovers Code during the past two years immediately preceding the commencement of the Offer Period up to and including the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Bank, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Issuance and the Whitewash Waiver. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the section headed "Responsibility Statement" of Appendix VI to the Circular. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Bank, the Ministry of Finance or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Issuance and the Whitewash Waiver. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Bank.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources, while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the MOF Subscription and the Whitewash Waiver, we have taken into consideration the following principal factors and reasons:

A. MOF SUBSCRIPTION

1. Information on the Bank

As advised by the Directors, the Bank is one of the major integrated financial service providers in China, aiming at high-quality development, highlighting the three positionings of a leading bank serving rural revitalization, a major bank serving the real economy and a people-oriented bank serving a better life, and fully implementing its three major strategies in rural and inclusive finance, smart banking and sound development. Capitalizing on its comprehensive business portfolio, extensive distribution network and advanced IT platform, the Bank provides a diverse portfolio of corporate and retail banking products and services for a broad range of customers and conducts treasury operations and asset management. The Bank's business scope also includes, among other things, investment banking, fund management, financial leasing and life insurance.

Financial performance

Set out below is (i) a summary of the audited consolidated financial performance of the Group for the three years ended 31 December 2025, which was prepared in accordance with IFRS Accounting Standards, as extracted from the Bank's annual report for the year ended 31 December 2025 (the "**2025 Annual Report**") and annual report for the year ended 31 December 2024 (the "**2024 Annual Report**"); and (ii) a summary of the unaudited consolidated financial performance of the Group for the six months ended 30 June 2026 (with comparative figures for the six months ended 30 June 2025), which was prepared in accordance with IFRS Accounting Standards, as extracted from the Bank's interim results announcement for the six months ended 30 June 2026 (the "**2026 IR Announcement**"):

	For the year ended 31 December 2025 ("FY2025") *RMB' million*	For the year ended 31 December 2024 ("FY2024") *RMB' million*	For the year ended 31 December 2023 ("FY2023") *RMB' million*	Changes for FY2025 as compared to FY2024 %	Changes for FY2024 as compared to FY2023 %
Operating income	725,131	711,416	695,468	1.93	2.29
– Net interest income	*569,594*	*580,692*	*571,750*	*(1.91)*	*1.56*
– Net non-interest income	*155,537*	*130,724*	*123,718*	*18.98*	*5.66*
Profit before tax	323,689	319,201	307,419	1.41	3.83
Net profit for the year	292,003	282,671	269,820	3.30	4.76

	For the six months ended 30 June 2026 ("1H2026") *RMB' million*	**For the six months ended 30 June 2025 ("1H2025")** *RMB' million*	**Year-on-year change** %
Operating income	411,122	369,793	11.18
– Net interest income	*312,244*	*282,473*	*10.54*
– Net non-interest income	*98,878*	*87,320*	*13.24*
Profit before tax	181,769	160,540	13.22
Net profit for the period	148,062	139,943	5.80

According to the above tables, the Group's net interest income was a major component of the Group's operating income, accounted for approximately 82.21%, 81.62%, 78.55% and 75.95% of the Group's operating income for FY2023, FY2024, FY2025 and 1H2026, respectively.

FY2024 vs FY2023

The Group's net interest income increased from approximately RMB571.75 billion for FY2023 to approximately RMB580.69 billion for FY2024, representing an increase of approximately 1.56%; while the Group's net non-interest income increased from approximately

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RMB123.72 billion for FY2023 to approximately RMB130.72 billion for FY2024, representing an increase of approximately 5.66%. With reference to the 2024 Annual Report, (i) the slight increase in net interest income was mainly due to the combined effect of (a) the increase in average balance of interest-earning assets and interest-bearing liabilities resulted in an increase of approximately RMB70.14 billion in net interest income; and (b) the changes in interest rates resulted in a decrease of approximately RMB61.20 billion in net interest income; and (ii) the aforesaid increase in net non-interest income was mainly due to the increase in other non-interest income (including net trading gain, net gain on financial investments and net gain on derecognition of financial assets measured at amortized cost) of approximately RMB11.53 billion for FY2024 as results of the increases in net trading gain on derivative financial instruments, net gain on financial instruments at fair value through profit or loss and income from disposal of debt instrument investments.

Driven by the increase in both net interest income and net non-interest income as mentioned above and the decrease in credit impairment losses (i.e. from approximately RMB135.71 billion for FY2023 to RMB130.84 billion for FY2024), the Group's profit before tax and net profit for FY2024 increased by approximately 3.83% and 4.76% respectively as compared to the respective items for FY2023.

FY2025 vs FY2024

The Group's net interest income decreased from approximately RMB580.69 billion for FY2024 to approximately RMB569.59 billion for FY2025, representing a decrease of approximately 1.91%; while the Group's net non-interest income increased from approximately RMB130.72 billion for FY2024 to approximately RMB155.54 billion for FY2025, representing an increase of approximately 18.98%. With reference to the 2025 Annual Report, (i) the slight decrease in net interest income was mainly due to the combined effect of (a) the increase in average balance of interest-earning assets and interest-bearing liabilities resulted in an increase of approximately RMB44.05 billion in net interest income; and (b) the changes in interest rates resulted in a decrease of approximately RMB55.15 billion in net interest income; and (ii) the aforesaid increase in net non-interest income was mainly due to both (a) the increase in net fee and commission income of approximately RMB12.52 billion for FY2025, which was mainly due to the Bank's deepening transformation of wealth management business, with increased income from wealth management and agency distribution of funds; and (b) the increase in other non-interest income of approximately RMB12.30 billion for FY2025, which was mainly due to the increase in net gain on derecognition of financial assets measured at amortized cost.

Driven by the increase in net non-interest income but offset by the decrease in net interest income as mentioned above and the decrease in credit impairment losses (i.e. from approximately RMB130.84 billion for FY2024 to approximately RMB127.19 billion for FY2025), the Group's profit before tax and net profit for FY2025 increased by approximately 1.41% and 3.30% respectively as compared to the respective items for FY2024.

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1H2026 vs 1H2025

The Group's net interest income increased from approximately RMB282.47 billion for 1H2025 to approximately RMB312.24 billion for 1H2026, representing an increase of approximately 10.54%; while the Group's net non-interest income increased from approximately RMB87.32 billion for 1H2025 to approximately RMB98.88 billion for 1H2026, representing an increase of approximately 13.24%. With reference to the 2026 IR Announcement, (i) the aforesaid increase in net interest income was mainly due to (a) the increase in average balance of interest-earning assets and interest-bearing liabilities resulted in an increase of approximately RMB29.56 billion in net interest income; and (b) the changes in interest rates resulted in an increase of approximately RMB0.21 billion in net interest income; and (ii) the aforesaid increase in net non-interest income was mainly due to the increase in other non-interest income of approximately RMB16.04 billion for 1H2026, which was mainly due to (a) the increase in net gain on financial instruments at fair value through profit or loss; and (b) the increase in net gain on derecognition of financial assets measured at amortized cost.

Driven by the increase in both net non-interest income and net interest income as mentioned above, partially offset by the increase in credit impairment losses (i.e. from approximately RMB97.96 billion for 1H2025 to approximately RMB110.62 billion for 1H2026), the Group's profit before tax and net profit for 1H2026 increased by approximately 13.22% and 5.80% respectively as compared to the respective items for 1H2025.

Financial position

Set out below is a summary of the consolidated financial position of the Group as at each of 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, as extracted from the 2024 Annual Report, 2025 Annual Report and 2026 IR Announcement:

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	As at 30 June 2026 RMB' million (unaudited)	As at 31 December 2025 RMB' million (audited)	As at 31 December 2024 RMB' million (audited)	As at 31 December 2023 RMB' million (audited)	Changes for 30 June 2026 as compared to 31 December 2025 %	Changes for 31 December 2025 as compared to 31 December 2024 %	Changes for 31 December 2024 as compared to 31 December 2023 %
Total assets	51,058,873	48,784,674	43,238,135	39,872,989	4.66	12.83	8.44
– Loans and advances to customers	*27,819,229*	*26,178,354*	*23,977,013*	*21,731,766*	*6.27*	*9.18*	*10.33*
– Financial investments (Note)	*17,854,606*	*16,321,315*	*13,849,103*	*11,213,713*	*9.39*	*17.85*	*23.50*
– Others	*5,385,038*	*6,285,005*	*5,412,019*	*6,927,510*	*(14.32)*	*16.13*	*(21.88)*
Total liabilities	47,724,033	45,541,303	40,140,862	36,976,122	4.79	13.45	8.56
– Deposits from customers	*34,050,893*	*32,649,947*	*30,305,357*	*28,898,468*	*4.29*	*7.74*	*4.87*
– Others	*13,673,149*	*12,891,356*	*9,835,505*	*8,077,654*	*6.06*	*31.07*	*21.76*
Total Equity	3,334,840	3,243,371	3,097,273	2,896,867	2.82	4.72	6.92
Equity attributable to ordinary equity holders of the Bank (excluding other equity instruments)	2,858,014	2,767,182	2,590,808	2,409,248	3.28	6.81	7.54

Note: the item included financial assets at fair value through profit or loss, debt instrument investments at amortized cost and other debt instrument and other equity investments at fair value through other comprehensive income.

According to the above table, the Group's loans and advances to customers and financial investments were major components of the Group's total assets, and in aggregate accounted for approximately 82.63%, 87.48%, 87.12% and 89.45% of the Group's total assets as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, respectively; while the Group's deposits from customers was a major component of the Group's total liabilities, accounted for approximately 78.15%, 75.50%, 71.69% and 71.35% of the Group's total liabilities as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, respectively.

The Group's loans and advances to customers increased from approximately RMB21,731.77 billion as at 31 December 2023 to approximately RMB23,977.01 billion as at 31 December 2024, and further increased to approximately RMB26,178.35 billion as at 31 December 2025 and approximately RMB27,819.23 billion as at 30 June 2026. With reference to the 2024 Annual Report, 2025 Annual Report and 2026 IR Announcement, the aforesaid increases were mainly due to the increase in balances of corporate loans, discounted bills and retail loans.

The Group's financial investments increased from approximately RMB11,213.71 billion as at 31 December 2023 to approximately RMB13,849.10 billion as at 31 December 2024, and further increased to approximately RMB16,321.32 billion as at 31 December 2025 and approximately RMB17,854.61 billion as at 30 June 2026. With reference to the 2024 Annual Report, the 2025 Annual Report and the 2026 IR Announcement, the aforesaid increases in the Group's financial investments was primarily attributable to the increase in non-restructuring-related debt securities as a result of the Group's increase in the investment in government bonds (from RMB6,847.28 billion as at 31 December 2023 to RMB9,205.38 billion as at 31 December 2024 and further increase to RMB12,211.39 billion as at 31 December 2025 and RMB13,015.24 billion as at 30 June 2026).

The Group's deposits from customers increased from approximately RMB28,898.47 billion as at 31 December 2023 to approximately RMB30,305.36 billion as at 31 December 2024, and further increased to approximately RMB32,649.95 billion as at 31 December 2025 and approximately RMB34,050.89 billion as at 30 June 2026. With reference to the 2024 Annual Report, 2025 Annual Report and 2026 IR Announcement, the aforesaid increases were mainly due to the increase in retail deposits.

As at 30 June 2026, the Group's equity attributable to ordinary equity holders of the Bank (excluding other equity instruments) was approximately RMB2,858.01 billion, representing the net assets per Share (the "**NAV per Share**", calculated by dividing equity attributable to ordinary equity holders of the Bank (excluding other equity instruments) at the end of the period by the total number of ordinary shares at the end of the period) of approximately RMB8.17 (as at 31 December 2025: approximately RMB7.91).

Capital adequacy indicators

Set out below are the capital adequacy ratio of the Group as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, as extracted from the 2024 Annual Report, the 2025 Annual Report and the 2026 IR Announcement:

	As at 30 June 2026 %	As at 31 December 2025 %	As at 31 December 2024 %	As at 31 December 2023 %
CET1 capital adequacy ratio	10.80	11.08	11.42	10.72
Tier-1 capital adequacy ratio	12.59	12.97	13.63	12.87
Capital adequacy ratio	17.50	17.93	18.19	17.14

The Group recorded increases in CET1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio as at 31 December 2024 as compared to those as 31 December 2023 respectively. With reference to the 2024 Annual Report, the aforesaid increases in aforesaid ratios were mainly due to a larger growth rate in net CET1 capital, net tier-1 capital (calculated by the summation of net CET1 capital and net other tier-1 capital) and net capital (calculated by the summation of net tier-1 capital and net tier-2 capital) than growth rate in risk-weighted assets as at end of the corresponding period.

The Group recorded decreases in CET1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio as at 31 December 2025 as compared to those as 31 December 2024 respectively. The aforesaid ratios further decreased as at 30 June 2026 as compared to 31 December 2025. With reference to the 2025 Annual Report and 2026 IR Announcement, the aforesaid decreases in aforesaid ratios were mainly due to a smaller growth rate in net CET1 capital, net tier-1 capital (calculated by the summation of net CET1 capital and net other tier-1 capital) and net capital (calculated by the summation of net tier-1 capital and net tier-2 capital) than growth rate in risk-weighted assets as at end of the corresponding period.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group's CET1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio complied with the capital adequacy requirements under the Administrative Measures for Capital Management of Commercial Banks (for Trial Implementation)* (《商業銀行資本管理辦法(試行)》) (effective from 1 January 2013 up to 31 December 2023) and the Administrative Measures for Capital Management of Commercial Banks (《商業銀行資本管理辦法》) (effective from 1 January 2024 onward).

Loan quality analysis

With reference to the 2024 Annual Report, the Bank paid close attention to the macroeconomic and financial situation, continuously improved the credit structure, stepped up credit risk prevention and control in key areas, improved the mechanism for risk identification, monitoring, early warning and disposal, and made credit risk prevention and control more prospective and proactive, to mitigate risks in a steady way. According to the 2025 Annual Report, the Bank continuously optimized the credit structure, improved the systems and mechanisms for credit risk management, prioritized risk prevention and defusion in key areas, and strove to strengthen the foresight and effectiveness of credit risk management. We further noted from the 2026 IR Announcement, the Bank continuously optimized the credit structure and intensified risk prevention and control in key areas. As a result, the non-performing loan ratios of the Bank decreased from 1.33% as at 31 December 2023 to 1.30% as at 31 December 2024, and further decreased to 1.27% as at 31 December 2025 and 1.25% as at 30 June 2026.

Dividend distribution

The Bank announced to distribute (i) final dividend for FY2023 of RMB0.2309 per Share (the ex-dividend date of A Share was 7 June 2024 and ex-dividend date of H Share was 30 May 2024); (ii) interim dividend for 1H2024 of RMB0.1164 per Share (the ex-dividend date of A Share was 8 January 2025 and ex-dividend date of H Share was 2 January 2025); (iii) final dividend for FY2024 of RMB0.1255 per Share (the ex-dividend date of A Share was 17 July 2025 and ex-dividend date of H Share was 9 July 2025); (iv) interim dividend for 1H2025 of RMB0.1195 per Share (the ex-dividend date of A Share was 15 December 2025 and ex-dividend date of H Share was 5 December 2025); (v) final dividend for FY2025 of

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RMB0.1300 per Share (the ex-dividend date of A Share was 13 May 2026 and ex-dividend date of H Share was 4 May 2026); and (vi) interim dividend for 1H2026 of RMB0.1297 per Share (the ex-dividend date of A Share is expected to be 21 October 2026 and ex-dividend date of H Share is expected to be 9 October 2026).

Industry overview

According to the National Bureau of Statistics of the PRC, the gross domestic product of the PRC grew continuously over the last five full years (2021 to 2025), and reached approximately RMB140,188 billion in 2025. This represented a compound annual growth rate ("**CAGR**") of approximately 4.54% for the corresponding period.

From 2021 to 2025, in line with the continuous development of national economy, the PRC's disposable income per capita grew from RMB35,128 in 2021 to RMB43,377 in 2025, representing a CAGR of approximately 5.41%.

We also conducted research on relevant statistics and governmental policies related to the PRC banking industry, as summarised below.

Set out below are the total loans and total deposits of depository financial institutions in the PRC from 2021 to 2025 (as at the end of period), published by the People's Bank of China:

			As at the end of		
	2025	**2024**	**2023**	**2022**	**2021**
Total loans *(RMB' billion)*	276,829	260,122	242,418	220,011	198,835
CAGR			*8.62%*		
Total deposits *(RMB' billion)*	337,148	309,109	290,688	265,043	239,242
CAGR			*8.95%*		

As shown in the table above, the total loans and total deposits of depository financial institutions in the PRC continuously increased from 2021 to 2025, with CAGR of approximately 8.62% and 8.95% respectively. This indicated a continuous expansion in the business scale of depository financial institutions in the PRC.

Set out below are the total assets of the PRC's commercial banks and PRC's large commercial banks from 2021 to 2025 (as at the end of period), published by the NFRA of the PRC:

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	As at the end of				
	2025	**2024**	**2023**	**2022**	**2021**
Total assets of the PRC's commercial banks *(RMB' billion)*	406,349	372,525	347,493	312,752	281,766
CAGR			*9.59%*		
Total assets of the PRC's large commercial banks *(RMB' billion)*	203,907	183,698	170,640	150,350	132,583
CAGR			*11.36%*		

Note: the above figures were extracted from monthly statistics as set out in the monthly total assets and total liabilities of Bank Industry (《銀行業總資產、總負債(月度)》) for 2021 to 2025*

As shown in the table above, the total assets of the PRC's commercial banks increased from approximately RMB281,766 billion as at the end of 2021 to approximately RMB406,349 billion as at the end of 2025, representing a CAGR of approximately 9.59%. Among the PRC's commercial banks, the PRC's large commercial banks recorded total assets of approximately RMB203,907 billion as at the end of 2025, representing a CAGR of approximately 11.36% as compared to that as at the end of 2021. The PRC's large commercial banks in terms of total assets (as at the end of period) followed the same trend as those of PRC's commercial banks from 2021 to 2025. Furthermore, the CAGR of total assets of the PRC's large commercial banks were higher than that of the PRC's commercial banks for the corresponding period.

Set out below are the net profit of the PRC's commercial banks and PRC's large commercial banks on a full-year basis from 2021 to 2025, published by the NFRA of the PRC:

	2025	**2024**	**2023**	**2022**	**2021**
Net profit of the PRC's commercial banks *(RMB' billion)*	2,378	2,323	2,377	2,303	2,184
CAGR			*2.15%*		
Net profit of the PRC's large commercial banks *(RMB' billion)*	1,339	1,310	1,316	1,293	1,231
CAGR			*2.12%*		

As shown in the table above, the net profit of the PRC's commercial banks moved in a generally increasing trend with a CAGR of approximately 2.15% from 2021 to 2025. Among the PRC's commercial banks, the PRC's large commercial banks recorded net profit of approximately RMB1,339 billion for 2025, representing a CAGR of approximately 2.12% as compared to that for 2021.

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Banking related matters

In recent years, the PRC government issued various policies or made several decisions affecting the PRC banking industry. Relevant and material government-issued policies and decisions regarding the PRC banking industry are set out below:

- In November 2021, the China Banking and Insurance Regulatory Commission of the PRC (being replaced by NFRA of the PRC in 2023) promulgated the Guidance on Supporting High-level Technological Self-reliance for the Banking and Insurance Industry* (《關於銀行業保險業支持高水平科技自立自強的指導意見》), pursuant to which the PRC government indicated that commercial banks should prioritize high-level technology companies as key service recipients and strive for continuous growth in the balance of loans to technology enterprises.

- In July 2022, the China Banking and Insurance Regulatory Commission of the PRC (which was replaced by NFRA of the PRC in 2023) issued the Notice on Further Promoting High-quality Development of Financial Services for the Manufacturing Industry* (《關於進一步推動金融服務製造業高質量發展的通知》), which outlined that banking institutions should enhance their financial support, and strategically align with, key sectors such as advanced manufacturing, strategic emerging industries, and the transformation and upgrading of traditional industries.

- In December 2022, the China Banking and Insurance Regulatory Commission of the PRC (being replaced by NFRA of the PRC in 2023) issued the Measures for the Protection of Consumer Rights and Interests in Banking and Insurance Institutions* (《銀行保險機構消費者權益保護管理辦法》), which indicated that banking and insurance institutions should integrate consumer rights protection into corporate governance, corporate culture development, and business development strategies to ensure that consumer rights protection are integrated throughout all stages of the operation.

- In March 2023, the PRC's national legislature approved a plan to reform the institutions of the State Council of the PRC. The State Council of the PRC announced that it would abolish the CBIRC and move its functions, powers and responsibilities to a national financial regulator (i.e. NFRA). Certain functions of the People's Bank of China and the CSRC will be transferred to the NFRA as well.

- In November 2023, the NFRA of the PRC published the Administrative Measures for Capital Management of Commercial Banks* (《商業銀行資本管理辦法》), which outlined that commercial banks should develop differentiated capital regulatory systems to align capital regulations with the size and complexity of their operations, thereby reducing compliance costs for small and medium-sized banks.

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- In November 2023, the People's Bank of China, the NFRA of the PRC, the China Securities Regulatory Commission, the State Administration of Foreign Exchange of the PRC, the National Development and Reform Commission of the PRC, the Ministry of Industry and Information Technology of the PRC, the Ministry of Finance of the PRC and the All-China Federation of Industry and Commerce collectively issued the Notice on Strengthening Financial Support Measures to Promote the Growth and Development of the Private Economy* (《關於強化金融支持舉措助力民營經濟發展壯大的通知》), which stipulated that banking institutions should set annual service objectives for private enterprises, intensify their financial support to private enterprises, and gradually increase the share of loans provided to private enterprises.

- As part of the basket of fiscal stimulus measures announced by the Ministry of Finance in October 2024, the Ministry of Finance would issue special sovereign bonds and proceeds raised will be injected into large state-owned commercial banks to replenish CET1 capital and enhance their ability to withstand risks and extend credit, with the ultimate goal of supporting the development of the real economy of the PRC. On 31 March 2025, the Ministry of Finance announced that it will issue the first batch of special sovereign bonds with amounts of RMB500 billion, to actively support CET1 capital replenishment for four large state-owned commercial banks.

- On 7 May 2025, PBOC announced to intensify macroeconomic adjustments by rolling out a package of monetary policy measures, consisting of three major categories (i.e. quantitative policies, price-based policies and structural policies) covering ten specific actions. The quantitative policies aim to increase medium- to long-term liquidity supply through measures such as reserve requirement ratio cuts to maintain ample market liquidity. The price-based policies aim to lower policy interest rates and reduce rates on structural monetary policy tools (i.e., the interest rates on central bank relending facilities to commercial banks) and concurrently cut housing provident fund loan rates to ease borrowing costs. The structural policies aim to enhance existing structural monetary policy tools and introduce new policy instruments to support key areas such as technological innovation, consumer spending expansion, inclusive finance (microfinance and SME support), etc.

- On 5 March 2026, Premier Li Qiang of the State Council of the PRC proposed in Government Work Report the issuance of RMB300 billion in special sovereign bonds to support state-owned large commercial banks in replenishing capital.

Our conclusion

In conclusion, the PRC's banking industry has maintained steady operations and high-quality development in recent years and served the real economy to a new height. Key indicators such as total loans and deposits of depository financial institutions and total assets of the PRC's commercial banks have shown consistent upward trends from 2021 to 2025.

Similarly, the net profit of the PRC's commercial banks has followed a generally increasing trajectory (with a slight year-on-year decrease from 2023 to 2024). Government initiatives, such as the promotion of high-level technological self-reliance, support for the manufacturing sector, and enhanced consumer protection measures, have further strengthened the industry's foundation. The establishment of the NFRA in 2023 has also fostered a more structured and efficient banking environment.

Looking ahead, while challenges such as regulatory compliance and market competition persist, the long-term prospects of the PRC's banking industry (which is supported by urban development and ongoing economic reforms and underpinned by its critical role in supporting the nation's economic development) remain positive.

2. Information on Ministry of Finance

With reference to the Circular, the Ministry of Finance is a component department of the State Council.

As at the Latest Practicable Date, the Ministry of Finance held a total of 123,515,185,240 A Shares, representing approximately 35.29% of the issued Shares, and together with the voting rights of 9,797,058,826 A Shares held by the SSF which were transferred to the Ministry of Finance, the Ministry of Finance had control over approximately 38.09% voting rights exercisable at a shareholders' meeting of the Bank.

3. Reasons for and benefits of the MOF Subscription

The MOF Subscription is part of the A Share Issuance Plan.

With reference to the Circular, in accordance with the national arrangements to prudently and orderly support state-owned large commercial banks to further increase their CET1 capital, the Bank makes reasonable use of external financing tools to timely replenish its CET1 capital, further consolidating the Bank's capital strength, thoroughly implementing the three positionings of the Bank as a leading bank serving rural revitalization, a major bank serving the real economy and a people-oriented bank serving a better life, and enhancing its risk resilience. The Bank will take the Issuance as an opportunity to concentrate on its core responsibility and principal business, improve the quality and efficiency of serving the real economy, continue to build differentiated competitive advantages, and provide strong support for the construction of a great modern socialist country through high-quality financial services.

As mentioned below, CET1 capital constitutes, among other things, paid-in capital or ordinary share. Accordingly, we concur with the Bank that the CET1 capital adequacy ratio of the Bank will be further enhanced after the completion of the Issuance, which is beneficial for enhancing the ability to resist various risks and ensuring healthy development of the Bank's business.

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In addition, pursuant to the A Share Issuance Plan, the proposed proceeds from the Issuance shall be no more than RMB160,000 million (inclusive)(from the MOF Subscription shall be RMB130,000 million) which, after deducting the relevant issuance expenses, will be fully used to replenish the CET1 capital of the Bank.

As at 30 June 2026, the Bank's net CET1 capital was approximately RMB2,838.78 billion and risk-weighted assets was approximately RMB26,281.61 billion. As at 30 June 2026, the Bank's CET1 capital adequacy ratio (which was calculated by net CET1 capital over risk-weighted assets) was approximately 10.80%. According to the 2026 Commercial Banks Major Regulatory Indicators Table (Quarterly)* (「2026年商業銀行主要監管指標情況表(季度)」) published by NFRA, the average CET1 capital adequacy ratio of the PRC commercial banks was 10.72% in the second quarter of 2026 (the fourth quarter of 2025: 10.92%). Assuming total proceeds from the Issuance amounting to RMB160,000 million and all of which being used to replenish the Bank's CET1 capital and based on the Bank's financial information as at 30 June 2026, the Bank's CET1 capital adequacy ratio would increase to approximately 11.41%.

Based on the above, we are of the view that the proposed use of proceeds from the Issuance is fair and reasonable.

Financing methods available to the Bank

As advised by the Directors, the Bank conducted relevant research and compared various re-financing plans which are commonly used to replenish the CET1 capital of the Bank before determining the Issuance.

- According to the Administrative Measures for Capital Management of Commercial Banks* (《商業銀行資本管理辦法》), CET1 capital constitutes (i) paid-in capital or ordinary shares (實收資本或普通股); (ii) capital reserve (資本公積); (iii) surplus reserve (盈餘公積); (iv) general risk reserve (一般風險準備); (v) retained earnings (未分配利潤); (vi) accumulated other comprehensive income (累計其他綜合收益); and (vii) qualified portion of non-controlling interests (少數股東資本可計入部分). Accordingly, we concur with the Bank that it is not applicable to replenish the CET1 capital of the Bank by pure debt financing.

- We noted that rights issue, public offer and subscription/issuance to specific targets are common adopted equity raising activities. Save as relevant requirements/guidance from Shanghai Stock Exchange and/or CSRC, we further understood the following:

  – the rights issue is targeted at the Bank's existing shareholders and shall be implemented to the holders of A Shares and H Shares simultaneously at the same price. The daily closing price of A Shares during recent one year represented premiums ranging from approximately 23% to 63% to the closing price of H Shares on the same day. Given the premiums of the price of A Shares over the price of H Shares during the aforesaid period, the Bank did not consider rights issue as an appropriate fund-raising method for the Group under the current market condition.

- the public issuance is the issuance of shares to unspecific investors. We could not find any listed company (listed on the Shanghai Stock Exchange) which conducted equity fund raising by way of public issuance of new shares for re-financing in 2024 and 2025.

- In relation to convertible bonds, it is a financing instrument combining characteristics of both equity and debts and normally have a long conversion period, allowing investors to have a longer period to decide whether to (i) convert the convertible bonds into shares; or (ii) hold to maturity. Comparing with issuance of A Shares, the Bank might take a longer time to replenish its CET1 capital by way of issuance of convertible bonds as the CET1 capital will be replenished upon the conversion of such convertible bonds.

Based on the above, we are of the view that the Issuance is an appropriate fund raising method for the Bank to replenish CET1 capital under the current market condition.

Taking into account (i) the aforesaid reasons for and benefits of the Issuance (including the MOF Subscription); (ii) the proposed use of proceeds from the Issuance; (iii) that the MOF Subscription indicated Ministry of Finance's proposed support on the large state-owned commercial banks to replenish CET1 capital and enhance their ability to withstand risks and extend credit; and (iv) that the Issuance is an appropriate fund raising method for the Bank to replenish CET1 capital under the current market condition, we are of the view that although the MOF Subscription is not conducted in the ordinary and usual course of business of the Bank, the MOF Subscription is in the interests of the Bank and the Shareholders as a whole.

4. Principal terms of the Issuance and the MOF Subscription

Set out below are the principal terms of the Issuance and the MOF Subscription (which will not proceed if the Whitewash Waiver is not granted or approved), details of which are set out under the sections headed "III. Proposed Issuance of A Shares under General Mandate" and "6. Execution of the conditional Share Subscription Agreement between the Bank and the Ministry of Finance" in the Board Letter:

Type and nominal value of Shares to be issued

The shares to be issued to Specified Investors are the Bank's domestically listed ordinary shares (A Shares) denominated in RMB with a nominal value of RMB1.00 per Share.

Method and time of issuance

The Issuance shall proceed by way of issue of Shares to the Specified Investors. The Bank will proceed to the Issuance at an appropriate time after approval by the Shanghai Stock Exchange and within the validity period upon obtaining approval of the registration from the CSRC.

Scale and use of proceeds

The proposed proceeds from the Issuance shall be no more than RMB160,000 million (inclusive)(from the MOF Subscription shall be RMB130,000 million) which, after deducting the relevant issuance expenses, will be fully used to replenish the CET1 capital of the Bank. The amount of proceeds will depend on the final issuance plan approved by the relevant regulatory authorities.

Issuance targets and subscription method

The Issuance targets are the Ministry of Finance and CNTC and its relevant subsidiaries (namely, Jiangsu Tobacco, Zhejiang Tobacco, Hubei Tobacco, Beijing Tobacco and CDIC), i.e. the Subscribers. The Issuance targets have entered into the Share Subscription Agreements with the Bank for the proposed subscription of the A Shares issued pursuant to the Issuance in cash.

Subject to the registration of the CSRC of the Issuance, the Board shall, as authorised at the ESM, authorise the relevant persons to implement the Issuance according to the requirements of relevant laws, regulations and regulatory documents.

Number of Shares to be issued

The number of A Shares proposed to be issued is determined by dividing the total proceeds by the issue price, and shall not exceed 15% of the Bank's total share capital in issue prior to the Issuance. The number of subscription Shares shall be rounded down to the nearest whole number, and the amount corresponding to any fraction of a Share shall be paid towards the capital reserve of the Bank. The number of Shares to be issued under the Issuance is also subject to the mandate limit of the General Mandate, being 15% of the total issued A Shares as at the date of approval of the General Mandate.

Upon obtaining approval of the registration from the CSRC, the number of Shares to be issued will be determined by the Board or its authorised persons (as authorised by the ESM) in accordance with relevant rules after discussion with the sponsors (the lead underwriters) in respect of the Issuance. If the total proceeds of, or the total number of Shares pursuant to, the Issuance is adjusted due to changes in regulatory policies or the requirements of registration documents, the proposed subscription amount to be paid by the Subscribers and the subscription quantity shall be adjusted accordingly in accordance with the requirements of the relevant authorities.

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Issue price and pricing mechanism

The Pricing Benchmark Date of the Issuance shall be the first day of the issuance period. The price of A Shares to be issued to Specified Investors shall, in principle, be no lower than the average trading price of A Shares of the Bank for the 20 trading days prior to (and excluding, same for the below) the Pricing Benchmark Date (rounded up to two decimal places).

The average trading price of A Shares for the 20 trading days prior to the Pricing Benchmark Date is calculated by dividing (i) the total trading value of A Shares of the Bank in the 20 trading days prior to the Pricing Benchmark Date by (ii) the total trading volume of A Shares of the Bank for the 20 trading days prior to the Pricing Benchmark Date. If there are any ex-right or ex-dividend activities in such 20 trading days that result in adjustment(s) to the Share price, the trading prices for trading days prior to such adjustment shall be calculated based on the ex-right or ex-dividend adjusted prices.

The final issue price shall, after the application for the Issuance has been approved by the Shanghai Stock Exchange and a registration approval has been granted by the CSRC, be determined by the Board or its authorised persons (pursuant to the authorisation granted by the ESM) and the sponsors (lead underwriters) in accordance with the relevant laws and regulations and the requirements of the regulatory authorities, taking into account market conditions. The final issue price per A Share will be announced separately upon the completion of the Issuance.

During the period between the date of the Board resolution approving the A Share Issuance Plan and the date of issuance, if there is any change in respect of the relevant laws, regulations and regulatory documents or the CSRC adjusts its policy towards matters such as the issue price or the pricing mechanism and such changes apply to the Issuance, the issue price per Share pursuant to the Issuance shall be adjusted accordingly.

According to《上市公司證券發行註冊管理辦法》(Measures for Administration and Registration of the Issue of Securities by Listed Companies*, the "**Measures**") issued by CSRC on 17 February 2023:

- the issue price shall not be lower than 80% of the average trading price for the period of last 20 trading days preceding the pricing benchmark date.

- pricing benchmark date is defined as the first day of the issuance period (發行期) of the issuance to specific targets. However, subject to various requirements under the Measures, pricing benchmark date could also be (i) the date of announcement of the board resolutions relating to the proposed issuance of A shares to specific targets; or (ii) the date of announcement of the shareholders' resolutions relating to the issuance to specific targets.

The pricing mechanism of the Issuance (including the Pricing Benchmark Date) is in compliance with the Measures.

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Analysis on Illustrative Issue Price

While the actual price of A Shares to be issued shall be determined based on the 20-day average trading price of A Shares and market conditions, as the A Shares will be issued pursuant to the General Mandate, the actual issue price shall be no lower than the HKLR General Mandate Floor Price. For illustration purpose only, the average trading price of A Shares for the 20 trading days prior to (and excluding) the Latest Practicable Date is RMB6.737 per A Share, which is much higher than the HKLR General Mandate Floor Price.

According to the pricing mechanism of the Issuance and on the assumption that the Latest Practicable Date is the pricing benchmark date, the issue price, solely for illustrative purpose, would be RMB6.74 per A Share (the "**Illustrative Issue Price**"). Given that the Illustrative Issue price is far above the HKLR General Mandate Floor Price and the HKLR General Mandate Floor Price represented a substantial discount of approximately 23.22% to the lowest closing prices of A Shares of RMB5.90 per A Share during the Share Review Period (as defined below), we have compared the recent price movement of A Shares with the Illustrative Issue Price instead of the HKLR General Mandate Floor Price.

The Illustrative Issue Price represents:

(i) a discount of approximately 0.27% to the average trading price of RMB6.758 per A Share (the "**LPD Trading Price**") as at the Latest Practicable Date;

(ii) a discount of approximately 3.37% to the average trading price of RMB6.975 per A Share for the last five trading days immediately before the Latest Practicable Date;

(iii) a premium of approximately 0.05% over the average closing price of RMB6.737 per A Share (the "**20-Day Trading Price**") for the last 20 trading days immediately before the Latest Practicable Date;

(iv) a premium of approximately 3.08% over the average closing price of RMB6.539 per A Share for the last 60 trading days immediately before the Latest Practicable Date;

(v) a discount of approximately 14.79% to the NAV per Share of approximately RMB7.91 as at 31 December 2025 and a discount of approximately 17.50% to the NAV per Share of approximately RMB8.17 as at 30 June 2026 (the "**NAV per Share Discount**"); and

(vi) a premium of approximately 48.79% over the HKLR General Mandate Floor Price of RMB4.53 per H Share, which, for Shareholders' references only, represented (a) a discount of approximately 32.97% to the LPD Trading Price of RMB6.758 per A Share; and (b) a discount of approximately 32.76% to the 20-Day Trading Price of RMB6.737 per A Share.

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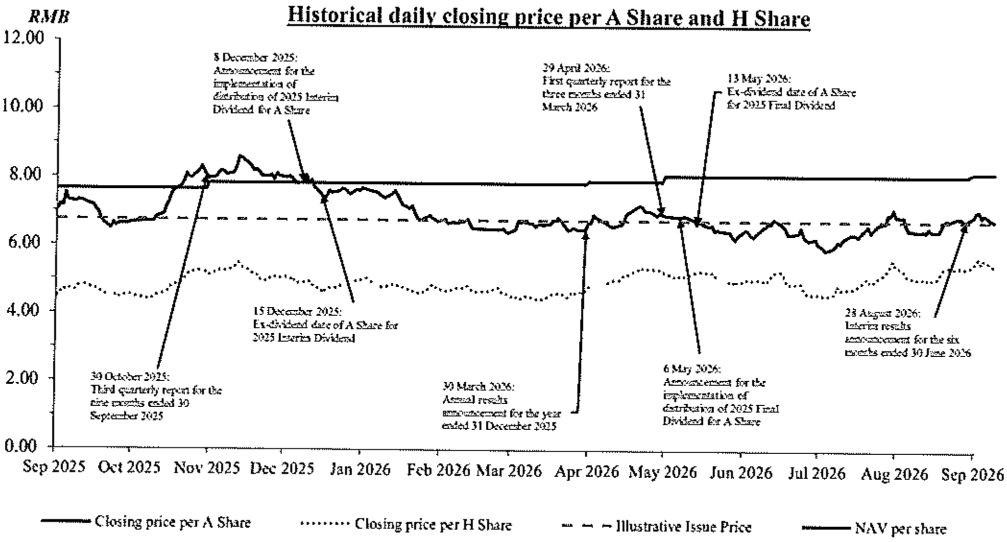
We also reviewed the daily closing price of the A Shares and H Shares from 1 September 2025, being approximately one year prior to the Latest Practicable Date, up to and including the Latest Practicable Date (the "**Share Review Period**"), which is commonly adopted for analysis and the duration of such period (number of trading days) is sufficient for us to perform a thorough analysis on the historical closing price of Shares. The comparison of the daily closing price of Shares and the Illustrative Issue Price is illustrated as follows:



Note: The daily closing price of H Shares was presented in RMB equivalent based on the exchange rate of HK$1.00 to RMB0.86458

Source: Wind Financial Terminal

During the Share Review Period, the highest and lowest closing prices of A Shares were RMB8.59 per A Share recorded on 12 November 2025 and RMB5.90 per A Share recorded on 3 July 2026, respectively. The Illustrative Issue Price of RMB6.74 per A Share is within the A Shares' closing price range during the Share Review Period.

From the beginning of the Share Review Period, the closing prices of A Shares formed an increasing trend and reached closing price of RMB7.52 per A Share on 4 September 2025. Thereafter, the closing prices of A Shares decreased to RMB6.49 per A Share on 22 September 2025. After the closing prices of A Shares recovered and reached the highest closing price of RMB8.59 per A Share on 12 November 2025, the closing prices of A Shares moved in a decreasing trend and reached the lowest closing price of RMB5.90 per A Share on 3 July 2026. Following bottoming-out in early July 2026, the closing prices of A Shares gradually rebounded. As at the Latest Practicable Date, the closing price of A Shares was RMB6.76 per A Share, representing a moderate decrease of approximately 4.11% as compared to the closing price per A Share of RMB7.05 on 1 September 2025, being the beginning of the Share Review Period.

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As mentioned above, the Illustrative Issue Price represented a discount of approximately 17.50% to the NAV per Share of approximately RMB8.17 as at 30 June 2026 (i.e. the NAV per Share Discount).

Based on the Group's NAV per Share as at 30 June 2025 (i.e. approximately RMB7.65), 30 September 2025 (i.e. approximately RMB7.82), 31 December 2025 (i.e. approximately RMB7.91), 31 March 2026 (i.e. approximately RMB8.08) and 30 June 2026 (i.e. approximately RMB8.17), the closing price of the A Shares has historically been traded ranging from a discount of approximately 26.95% to a premium of approximately 9.78% to the Group's NAV per Share during the Share Review Period. Given that the NAV per Share Discount is within the Group's historical closing prices of A Shares to historical NAV per Share during the Share Review Period, we are of the view that the NAV per Share Discount is justifiable.

Shareholders should note that as the final issue price shall be determined by the Board or its authorised persons (pursuant to the authorisation granted by the ESM) and the sponsors (lead underwriters) in accordance with the relevant laws and regulations and the requirements of the regulatory authorities, taking into account market conditions, the final issue price may not be the same as the Illustrative Issue Price. Accordingly, the above analysis is for illustrative purpose only.

Comparable Transactions

To assess the fairness and reasonableness of the pricing mechanism, we attempted to identify transactions regarding issuance of A shares to specific targets by companies listed on the main board of Shanghai Stock Exchange which (i) were not subject to delisting risk caution or other risks caution raised by Shanghai Stock Exchange); (ii) the pricing benchmark date is the first day of the issuance period (發行期) of the relevant issuance to specific targets; and (iii) both the pricing benchmark date and the listing date of the aforesaid newly issued A shares fall within the period from 1 March 2026 up to the Latest Practicable Date, being approximately six months immediately before the Latest Practicable Date (the "**Transactions Review Period**"), for comparison purpose.

We identified 14 transactions (the "**Comparable Transactions**") which met our aforesaid criteria and they are exhaustive. As (i) the Comparable Transactions could illustrate recent market practice in relation to issuance of A shares to specific targets conducted by companies listed on the main board of Shanghai Stock Exchange; and (ii) the number of the Comparable Transactions is sufficient for us to assess the pricing mechanism of the Issuance, we are therefore of the view that the Transactions Review Period is fair and reasonable. Despite that the businesses, operations and prospects of the Group are not exactly the same as the listed companies involved in the Comparable Transactions, the Comparable Transactions are adequate and appropriate to demonstrate the market practices regarding issuance of A shares to specific targets by companies listed on main board of Shanghai Stock Exchange.

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Company name	Pricing benchmark date	Basis for the determination of issue price	Premium/discount of the issue price over the average trading price per share for the last 20 trading days immediately preceding the pricing benchmark date in relation to the respective issuance (the "Comparable Transactions 20 Days Premium/Discount") %
ADD Industry (Zhejiang) Co., Ltd (浙江正裕工業股份有限公司) (603089.SH)	3 March 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	(9.10)
China Energy Engineering Corporation Limited (中國能源建設股份有限公司) (3996.HK & 601868.SH)	4 March 2026	Not lower than the (i) 80% of the 20-day average trading price of the A-shares immediately preceding the price benchmark date (i.e. the first day of the issuance period); and (ii) the latest audited net asset value attributable to owners of the company per share of the company prior to the issuance.	3.46
Sino-Platinum Metals Co., Ltd. (雲南省貴金屬新材料控股集團股份有限公司) (600459.SH)	9 April 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	1.37
Zhejiang XCC Group Co., Ltd. (浙江五洲新春集團股份有限公司) (603667.SH)	10 April 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	(13.85)
Leshan Giantstar Farming & Husbandry Corporation Limited (樂山巨星農牧股份有限公司) (603477.SH)	13 April 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	0.78
Zhejiang Biyi Electric Appliance Co., Ltd. (浙江比依電器股份有限公司) (603215.SH)	13 April 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	(9.70)
Jiangsu Lopal Tech. Group Co., Ltd. (江蘇龍蟠科技集團股份有限公司) (2465.HK & 603906.SH)	16 April 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	(6.25)
Nancal Technology Co., Ltd (能科科技股份有限公司) (603859.SH)	15 June 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	(4.68)

Gram Capital Limited
嘉林資本有限公司

Company name	Pricing benchmark date	Basis for the determination of issue price	Premium/discount of the issue price over the average trading price per share for the last 20 trading days immediately preceding the pricing benchmark date in relation to the respective issuance (the "Comparable Transactions 20 Days Premium/Discount") %
Guangdong Songfa Ceramics Co., Ltd. (廣東松發陶瓷股份有限公司) (603268.SH)	8 July 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	(2.14)
Jason Furniture(Hangzhou) Co., Ltd. (顧家家居股份有限公司) (603816.SH)	24 July 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	(19.96)
Kehua Holdings Co., Ltd. (科華控股股份有限公司) (603161.SH)	29 July 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	(19.93)
Sanway Co., Ltd. (福華尚緯股份有限公司) (603333.SH)	17 August 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	(19.90)
Chongqing Wangbian Electric (Group) Corp., Ltd. (重慶望變電氣(集團)股份有限公司) (603191.SH)	19 August 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	(19.94)
Zijin Longking Co., Ltd. (紫金龍淨環保新能源股份有限公司) (600388.SH)	21 August 2026	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date (i.e. the first day of the issuance period)	(19.97)
		Maximum	**3.46**
		Minimum	**(19.97)**
		Average	**(9.93)**
		Median	**(9.40)**

Source: Wind Financial Terminal and cninfo.com.cn

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As depicted in the above table:

(i) (a) all of the Comparable Transactions adopted the pricing mechanism of "not less than 80% of the 20-day average trading price of the A-shares immediately preceding the pricing benchmark date"; and (b) one of the Comparable Transactions further included the requirement that the relevant issue price shall not be lower than the latest audited net asset value per share of the company prior to the issuance in addition to pricing mechanism as mentioned in (a), as their basis for the determination of issue price;

(ii) five of the Comparable Transactions originally set "the date of announcement of the board resolutions relating to the proposed issuance of A shares to specific targets" as its pricing benchmark date, and subsequently changed to the first day of the issuance period as its pricing benchmark date; and

(iii) the Comparable Transactions 20 Days Premium/Discount ranged from approximately a discount of approximately 19.97% to a premium of approximately 3.46%, with average and median discounts of approximately 9.99% and 9.40% respectively.

As the price of the A Shares to be issued to the Specified Investors shall, in principle, be no lower than the average trading price of A Shares of the Bank for the 20 trading days prior to the Pricing Benchmark Date, the issue price shall represent at least no discount to the average trading price per share for the last 20 trading days immediately preceding the Pricing Benchmark Date, which falls within the range of the Comparable Transactions 20 Days Premium/Discount. In addition, the pricing mechanism of the Issuance is the same as most of the Comparable Transactions. As such, we are of the opinion that the pricing mechanism under the Issuance is in line with market practice.

In light of the above factors, in particular, the pricing mechanism of the Issuance is in compliance with relevant regulations in the PRC and in line with market practice, we are of the view that the pricing mechanism of the Issuance is fair and reasonable.

As mentioned above, if there are any ex-right or ex-dividend activities in such 20 trading days that result in adjustment(s) to the Share price, the trading prices for trading days prior to such adjustment shall be calculated based on the ex-right or ex-dividend adjusted prices. We also noted from the Comparable Transactions that similar arrangements were adopted in issuance proposals of the Comparable Transactions. Therefore, we are of the view that the adjustment mechanism is on normal commercial terms.

Lock-up period

In accordance with the relevant regulations of the CSRC, the NFRA and the Shanghai Stock Exchange, as well as the terms of the Share Subscription Agreements, the lock-up period of the A Shares to be subscribed by the issuance targets pursuant to this issuance to Specified Investors is five years from the date on which the equity is acquired (being the date on which

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the registration of the Shares issued under the Issuance has been completed with the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited). If the relevant regulatory authorities impose additional restrictions to the lock-up period and the transfer upon expiration of the lock-up period, such restrictions shall prevail. Shares subscribed for by the issuance targets under the Issuance, together with any Shares derived therefrom during the lock-up period as a result of events such as bonus issue and conversion of capital reserve into share capital by the Bank shall also be subject to the aforesaid lock-up period arrangement.

After the lock-up period, transfer of the Shares subscribed by the issuance targets will be effected in accordance with relevant laws, rules and regulations such as the Company Law, the Securities Law and the relevant rules of the NFRA, the CSRC and the Shanghai Stock Exchange.

According to the Interim Measures for the Equity Management of Commercial Banks* (《商業銀行股權管理暫行辦法》) (the "**Banks Equity Management Measures**"), any major shareholders of commercial banks (shareholders holding or controlling 5% or more of shares or voting rights of the commercial banks, or any shareholders who do not hold 5% of total capital or equity but have significant influence over the business management of the commercial banks) are subject to the lock-up period of five years from the date of obtaining the relevant equity of the commercial banks.

The lock-up period applicable to the Ministry of Finance is consistent with the relevant regulatory requirements.

Having considered that the lock-up arrangement is required by relevant PRC regulation, we consider that such arrangement is on normal commercial term and fair and reasonable.

Arrangement of accumulated profits prior to the completion of the Issuance

The accumulated undistributed profits prior to the completion of the Issuance will be shared among the Shareholders after the completion of the Issuance in proportion to their respective shareholdings in the Bank.

Our conclusion on terms of the MOF Subscription

Having considered our analyses above (including the pricing mechanism of the Issuance being fair and reasonable and the lock-up arrangement is on normal commercial term and fair and reasonable; and no abnormal term observed) and that the MOF Subscription is part of the A Share Issuance Plan, we are of the view that the terms of the Issuance (including the MOF Subscription) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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5. Dilution effect on the shareholding interests of the existing public Shareholders

As illustrated by the table under the sub-section headed "D. Effect of the Issuance on the shareholding structure of the Bank" of the Board Letter, on the assumption that (i) the Subscribers will subscribe for 35,320,088,296 A Shares in total; and (ii) there will be no further change in the shareholding structure of the Bank until the completion of the Issuance, the shareholding interests of the existing public Shareholders (including all of the public A Shareholders and H Shareholders but excluding the Subscribers) in the Bank would be diluted by approximately 2.0 percentage points immediately after completion of the Issuance. Nonetheless, in view of (i) the reasons for and the benefits of the Issuance (including the MOF Subscription); (ii) the terms of the MOF Subscription being on normal commercial terms and fair and reasonable; and (iii) our assessment and independent work done (including our summaries of financial information of the Bank and related industry overview, our analyses on financing methods available to the Bank, use of proceeds from the issuance and the key terms of the Issuance (e.g. the pricing mechanism of the Issuance, lock-up arrangement)) on points (i) and (ii) as mentioned above, we are of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

6. Recommendation on the MOF Subscription

Having taken into consideration the factors and reasons as stated above, including

- that the MOF Subscription is in the interests of the Bank and the Shareholders as a whole after considering (a) that it is important for Bank to integrate capital through various internal and external channels and the CET1 capital adequacy ratio of the Bank will be further enhanced after the completion of the Issuance, which is beneficial for enhancing the ability to resist various risks and ensuring healthy development of the Bank's business; (b) the proposed use of proceeds from the Issuance being fair and reasonable; (c) that the MOF Subscription indicated Ministry of Finance's proposed support on the large state-owned commercial banks to replenish CET1 capital and enhance their ability to withstand risks and extend credit; and (d) that the Issuance is an appropriate fund raising method for the Bank to replenish CET1 capital under the current market condition; and

- our analyses on terms of the MOF Subscription (including the pricing mechanism of the Issuance being fair and reasonable and the lock-up arrangement being on normal commercial term and fair and reasonable; and no abnormal term observed) and that the MOF Subscription is part of the A Share Issuance Plan,

we are of the opinion that (i) the terms of the MOF Subscription are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the MOF Subscription is not conducted in the ordinary and usual course of business of the Bank, it is in the interests of the Bank and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the ESM to approve the MOF Subscription and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

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B. WHITEWASH WAIVER

According to the Board Letter, as at the Latest Practicable Date, the Ministry of Finance held a total of 123,515,185,240 A Shares, representing approximately 35.29% of the issued Shares, and together with the voting rights of 9,797,058,826 A Shares held by the SSF which were transferred to the Ministry of Finance, the Ministry of Finance had control over approximately 38.09% voting rights exercisable at a shareholders' meeting of the Bank. Upon completion of the Issuance, the shareholding of the Ministry of Finance in the Bank is expected to increase by more than 2%. As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of A Shares under the MOF Subscription will give rise to an obligation on the part of the Ministry of Finance to make a mandatory general offer for all H Shares (other than those already owned or agreed to be acquired by the Ministry of Finance and parties acting in concert with it (if any)), unless the Whitewash Waiver is granted by the Executive.

Accordingly, an application has been made to the Executive for the Whitewash Waiver to waive compliance with the obligation on the part of the Ministry of Finance to make a mandatory general offer for all H Shares (other than those already owned or agreed to be acquired by the Ministry of Finance and parties acting in concert with it (if any)) under Rule 26.1 of the Takeovers Code as a result of the MOF Subscription. The Executive has indicated it is minded to grant the Whitewash Waiver, subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders in respect of the MOF Subscription, respectively, at the ESM.

The MOF Subscription will not proceed if the Whitewash Waiver is not granted or approved.

In view of (i) the reasons for and benefits of the Issuance (including the MOF Subscription) as set out under the sub-section headed "3. Reasons for and benefits of the MOF Subscription" of this letter; (ii) the terms of the MOF Subscription are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the MOF Subscription (the proceeds of which accounts for over 80% of the maximum proceeds from the Issuance of RMB160,000 million) will not proceed if the Whitewash Waiver is not granted or approved, we are of the opinion that the approval of the Whitewash Waiver, which is a prerequisite for the completion of the MOF Subscription, is in the interests of the Bank and the Shareholders as a whole and is fair and reasonable for the purpose of proceeding with the MOF Subscription.

Recommendation on the Whitewash Waiver

Having taken into consideration the reasons for and benefits of the Issuance (including the MOF Subscription) and that the MOF Subscription will not proceed if the Whitewash Waiver is not granted or approved (the proceeds of which accounts for over 80% of the maximum proceeds from the Issuance of RMB160,000 million), we are of the view that the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Bank and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the ESM to approve the Whitewash Waiver and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited

Graham Lam
Managing Director

Note: *Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.*

* *For identification purposes only*

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