

14 September 2025

*To: The independent board committee and the independent shareholders  
of Weihai Bank Co., Ltd.\**

Dear Sir/Madam,

**CONNECTED TRANSACTION RELATING TO  
SUBSCRIPTION OF DOMESTIC SHARES BY  
SHANDONG HI-SPEED SUBSCRIBERS**

**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 Shandong Hi-Speed's Subscription, details of which are set out in the letter from the Board (the "Board Letter") contained in the circular dated 14 September 2025 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 31 July 2025, the Board passed a resolution proposing the issuance of no more than 758,020,103 Domestic Shares and no more than 153,834,000 H Shares to the eligible subscribers at the issue price of RMB3.29 per Share (the "Issue Price"). The net proceeds from the Issuance, after deducting relevant issuance expenses, will be entirely used to supplement the Bank's core Tier 1 capital.

On 1 September 2025, the Bank entered into conditional Domestic Shares Subscription Agreements with Shandong Hi-Speed Group and Shandong Hi-Speed respectively, pursuant to which, Shandong Hi-Speed Group and Shandong Hi-Speed conditionally agreed to subscribe for, and the Bank conditionally agreed to allot and issue, up to 324,213,962 Domestic Shares and up to 105,816,432 Domestic Shares respectively, representing a total of up to 430,030,394 Domestic Shares at the subscription price of RMB3.29 per Domestic Share, being the same as the Issue Price.

With reference to the Board Letter, the Shandong Hi-Speed's Subscription constitutes a connected transaction of the Bank pursuant to the Hong Kong Listing Rules and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee comprising Mr. FAN Chi Chiu, Mr. WANG Yong, Ms. SUN Zuying, Mr. YANG Yunhong and Mr. PENG Feng (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Shandong Hi-Speed's Subscription are on normal commercial terms and are fair and reasonable; (ii) whether the Shandong Hi-Speed's Subscription is conducted in the ordinary and usual course of the business of the Group and is in the interests of the Bank and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolutions of the Shandong Hi-Speed's Subscription at the Extraordinary General Meeting and the Class Meetings. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

## INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Bank; or (ii) any services provided by Gram Capital to the Bank, during the past two years immediately preceding the Latest Practicable Date, or any other parties 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 (including the Shandong Hi-Speed's Subscription). 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 13.80 of the Hong Kong Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Bank. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. 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, Shandong Hi-Speed Group, Shandong Hi-Speed 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 (including the Shandong Hi-Speed's Subscription). 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. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. 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 extracted from the relevant sources.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Shandong Hi-Speed's Subscription, we have taken into consideration the following principal factors and reasons:

### 1. Information on the Bank

With reference of the Board Letter, the Bank is a joint stock limited liability company incorporated in the PRC in July 1997 and its H shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 09677). The Bank is principally engaged in taking deposits from the public, extending short-term, medium-term and long-term loans, effecting domestic settlements, discounting bills, and acting as an agent for issuance of, settlement for, and underwriting of, government bonds, and other financial services.

#### *Financial performance*

Set out below is a summary of the consolidated financial performance of the Bank for the two years ended 31 December 2024 and the six months ended 30 June 2025 (together with comparative figures) as extracted from the Bank's annual report for the year ended 31 December 2024 (the "2024 Annual Report") and the Bank's interim results announcement for the six months ended 30 June 2025 (the "2025 Interim Results"):

	For the six months ended 30 June 2025 ("1H2025") RMB'000 (unaudited)	For the six months ended 30 June 2024 ("1H2024") RMB'000 (unaudited)	Changes from 1H2024 to 1H2025 %	For the year ended 31 December 2024 ("FY2024") RMB'000 (audited)	For the year ended 31 December 2023 ("FY2023") RMB'000 (audited)	Changes from FY2023 to FY2024 %
Operating income	5,056,374	4,556,012	10.98	9,315,605	8,735,479	6.64
- Net interest income	3,647,895	3,463,337	5.33	6,999,921	6,623,535	5.68
- Net non-interest income	1,408,479	1,092,675	28.90	2,315,684	2,111,944	9.65
Net profit for the year/period attributable to the equity shareholders of the Bank	1,127,572	1,074,481	4.94	1,991,714	1,933,826	2.99

According to the above table, the Group's net interest income was a major component of the Group's operating income, accounted for approximately 75.82%, 75.14% and 72.14% of the Group's operating income for FY2023, FY2024 and 1H2025, respectively.

*Comparison between FY2023 and FY2024*

The Group's net interest income increased by approximately 5.68% from approximately RMB6,624 million for FY2023 to approximately RMB7,000 million for FY2024. According to the 2024 Annual Report, the increase in net interest income for FY2024 was mainly due to the increase in interest income (i.e. from RMB15,605 million to RMB16,499 million) as a result of the steady expansion of the Group's loan business, offset by the increase in interest expenses (i.e. from RMB8,981 million to RMB9,499 million) as a result of the steady growth in the scale of the Group's liability business.

The Group's net non-interest income increased by approximately 9.65% from approximately RMB2,112 million for FY2023 to approximately RMB2,316 million for FY2024. According to the 2024 Annual Report, the increase in net non-interest income for FY2024 was mainly due to the increase of RMB438 million in net gains and losses arising from investment securities and RMB184 million in other net operating gains and losses for FY2024, primarily driven by a year-on-year increase in net gains arising from investment securities and operating lease business income.

Driven by the increase in operating income of the Group for FY2024 as mentioned above, the net profit for FY2024 attributable to the equity shareholders of the Bank increased by approximately 2.99% as compared to that for FY2023.

*Comparison between 1H2024 and 1H2025*

The Group's net interest income increased by approximately 5.33% from approximately RMB3,463 million for 1H2024 to approximately RMB3,648 million for 1H2025. With reference to the 2025 Interim Results, the increase in net interest income for 1H2025 was mainly due to the increase in interest income (i.e. from RMB8,154 million to RMB8,392 million) as a result of the rapid growth in the Group's interest-earning assets, offset by the increase in interest expenses (i.e. from RMB4,690 million to RMB4,744 million) as a result of the growth in the scale of the Group's liability business.

The Group's net non-interest income increased by approximately 28.90% from approximately RMB1,093 million for 1H2024 to approximately RMB1,408 million for 1H2025. With reference to the 2025 Interim Results, the increase in net non-interest income for 1H2025 was mainly due to the increase of RMB189 million in net fee and commission income as a result of the Group's increased efforts to expand its intermediary business; and the increase of RMB127 million in net trading losses/gains, net gains arising from investments and other operating income, primarily attributable to the opportunity seized by the Group in light of the market interest rate fluctuations during 1H2025.

Driven by the increase in operating income of the Group for 1H2025 as mentioned above, the net profit for 1H2025 attributable to the equity shareholders of the Bank increased by approximately 4.94% as compared to that for 1H2024.

### Financial position

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

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)	As at 31 December 2023 RMB'000 (audited)	Changes from 31 December 2024 to 30 June 2025 %	Changes from 31 December 2023 to 31 December 2024 %
Total assets	483,842,963	441,463,774	391,876,826	9.60	12.65
– Loans and advances to customers	226,159,859	207,506,283	187,404,674	8.99	10.73
– Financial investments (Note 1)	181,904,006	167,137,404	145,892,938	8.84	14.56
– Others	75,779,098	66,820,087	58,579,214	13.41	14.07
Total liabilities	451,341,821	410,666,307	363,868,933	9.90	12.86
– Deposits from customers	339,392,108	301,951,559	273,978,508	12.40	10.21
– Others	111,949,713	108,714,748	89,890,425	2.98	20.94
Net assets	32,501,142	30,797,467	28,007,893	5.53	9.96
Net assets attributable to Shareholders (Note 2)	24,548,280	24,898,851	22,140,747	(1.41)	12.46

#### Notes:

- The item included (i) financial investments measured at fair value through profit or loss; (ii) financial investments measured at fair value through other comprehensive income; and (iii) financial investments measured at amortised cost.
- For the avoidance of doubt, net assets attributable to Shareholders excluded perpetual capital bonds issued by the Bank.

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 85.05%, 84.86% and 84.34% of the Group's total assets as at 31 December 2023, 31 December 2024 and 30 June 2025, respectively; while the Group's deposits from customers

was a major component of the Group's total liabilities, accounted for approximately 75.30%, 73.53% and 75.20% of the Group's total liabilities as at 31 December 2023, 31 December 2024 and 30 June 2025, respectively.

The Group's loans and advances to customers increased from approximately RMB187,405 million as at 31 December 2023 to approximately RMB207,506 million as at 31 December 2024, and further increased to approximately RMB226,160 million as at 30 June 2025. With reference to the 2024 Annual Report and the 2025 Interim Results, the aforesaid increases were mainly due to the increase in balances of corporate loans and discounted bills.

The Group's financial investments increased from approximately RMB145,893 million as at 31 December 2023 to approximately RMB167,137 million as at 31 December 2024, and further increased to approximately RMB181,904 million as at 30 June 2025. With reference to the 2024 Annual Report and the 2025 Interim Results, the increase in the Group's financial investments as at 31 December 2024 as compared to that as at 31 December 2023 was primarily attributable to the increase of approximately 48.85% in financial investments measured at fair value through other comprehensive income as a result of the expansion of investment scales in interest-rate bonds, bank and other financial institutions, as well as certificates of interbank deposits; while the increase in the Group's financial investments as at 30 June 2025 as compared to that as at 31 December 2024 was mainly due to the increase of approximately 21.55% in financial investments measured at amortised cost as a result of the improved structure of bond assets, the enhancement of the management of their duration, and the supplement of pledgeable low-risk bond assets.

The Group's deposits from customers increased from approximately RMB273,979 million as at 31 December 2023 to approximately RMB301,952 million as at 31 December 2024, and further increased to approximately RMB339,392 million as at 30 June 2025. With reference to the 2024 Annual Report and the 2025 Interim Results, the increase in deposits from customers as at 31 December 2024 as compared to that as at 31 December 2023 was mainly due to continued efforts to strengthen deposit marketing and customer acquisition, which resulted in the steady growth in the Group's corporate deposits and personal deposits; while the increase in deposits from customers as at 30 June 2025 as compared to that as at 31 December 2024 was mainly due to the rapid increases in the Group's corporate deposits and personal deposits as the Group continue to amplify its marketing campaign for deposits.

As at 30 June 2025, the Group's net assets per share attributable to equity shareholders of the Bank (excluding perpetual bonds) (the "NAV") were approximately RMB24,548 million, representing the NAV of approximately RMB4.10 per Share (as at 31 December 2023 and 2024: approximately RMB3.70 per Share and RMB4.16 per Share respectively).

*Capital adequacy indicators*

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

	As at 30 June 2025 %	As at 31 December 2024 %	As at 31 December 2023 %
Core Tier 1 capital adequacy ratio	8.33	9.31	8.77
Tier-1 capital adequacy ratio	10.38	10.82	10.41
Capital adequacy ratio	13.21	13.76	13.38

The Group's core Tier 1 capital adequacy ratio, Tier 1 capital adequacy ratio and capital adequacy ratio as at 30 June 2025 decreased as compared to the respective items as 31 December 2024.

As at 31 December 2023, 31 December 2024 and 30 June 2025, the Group's core Tier 1 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)<sup>#</sup> (《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) (the "Administrative Measures for Capital").

## 2. Information on Shandong Hi-Speed Group and Shandong Hi-Speed

As at the Latest Practicable Date, Shandong Hi-Speed Group and Shandong Hi-Speed jointly held 47.16% of the Bank's total shares and are the Controlling Shareholders of the Bank.

### *Shandong Hi-Speed Group*

With reference to the Board Letter, Shandong Hi-Speed Group was established in July 1997, which is a state-owned capital investment company in the field of infrastructure in Shandong Province and a Fortune Global 500 company with a registered capital of RMB92.2 billion, of which 70% is contributed by the Shandong Provincial SASAC, 20% by Shandong Guohui Investment Holding Group Co., Ltd., and 10% by Shandong Caixin Assets Operation Co., Ltd.



Shandong Hi-Speed Group vigorously develops its core business of infrastructure, committing to building an infrastructure investment, construction, operation and service provider and an industry leader with outstanding main business and strong core competitiveness, and provide strong support for the construction of “Strong transportation province” in Shandong Province.

#### *Shandong Hi-Speed*

With reference to the Board Letter, Shandong Hi-Speed was established in 1999, with approximately 70.57% of its equity held by Shandong Hi-Speed Group. In March 2002, Shandong Hi-Speed was listed on the Shanghai Stock Exchange, with a registered capital of RMB4.835 billion. Shandong Hi-Speed is primarily engaged in the investment and operation of transportation infrastructure, as well as equity investments in upstream and downstream sectors related to the expressway industry chain.

### **3. Reasons for and benefits of the Shandong Hi-Speed’s Subscription**

Shandong Hi-Speed’s Subscription forms part of the Issuance. With reference to the Board Letter, the Issuance is aimed to improve the capital adequacy ratio of the Bank, ensure that the capital adequacy ratio meets regulatory requirements, safeguard the steady growth of various businesses and effectively support the development of the real economy.

As mentioned below and pursuant to the Administrative Measures for Capital, core Tier 1 capital constitutes, among other things, paid-in capital or ordinary share. Accordingly, we concur with the Bank that the core Tier 1 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.

The proceeds raised from the Issuance shall be no more than approximately RMB3,000 million, which, after deducting the relevant issuance expenses, will be fully used to replenish the core Tier 1 capital of the Bank.

As at 30 June 2025, the Group recorded net core Tier 1 capital of approximately RMB25,026.9 million and risk-weighted assets of approximately RMB300,481.4 million. As at 30 June 2025, the Group’s core Tier 1 capital adequacy ratio (which was calculated by net core Tier 1 capital over risk-weighted assets) was 8.33%. According to 「2025年商業銀行主要監管指標情況表(季度)」(2025 Commercial Banks Major Regulatory Indicators Table (Quarterly)<sup>#</sup>) published by NFRA, the average core Tier 1 capital adequacy ratio of the PRC commercial banks was 10.93% in the second quarter of 2025. The Group’s core Tier 1 capital adequacy ratio was lower than the industry average of PRC commercial banks. Based on the Group’s financial information as at 30 June 2025 and assuming total proceeds from the Issuance amounted to RMB3,000 million and all of which shall be used to replenish the Bank’s core Tier 1 capital, the Group’s core Tier 1 capital adequacy ratio would increase to approximately 9.33%.

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, given that core Tier 1 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), it is not applicable to replenish the core Tier 1 capital of the Bank using debt financing. Therefore, the Directors only considered the Issuance (including Shandong Hi-Speed's Subscription), rights issue, open offer and issuance of convertible bonds as re-financing plans for the purpose for the replenishment of the core Tier 1 capital of the Bank before determining the Issuance.

- In respect of the rights issue or open offer, (a) for the period from 1 June 2025 to 31 July 2025, being the last trading day (the "Last Trading Day") immediately before the publication of the initial announcement in respect of the Issuance, subscription prices of all 11 rights issue transactions as published by companies listed on the Hong Kong Stock Exchange represented discounts to their respective closing prices as quoted on last trading day before the publication of such announcement and to their average closing prices for five trading days and 10 trading days immediately before the last trading days; whereas (b) for the period from 1 August 2022 to the Last Trading Day, the subscription prices of all four open offer transactions as published by companies listed on the Hong Kong Stock Exchange represented discounts to their respective closing prices as quoted on last trading day before the publication of such announcement and to their average closing prices for five trading days and 10 trading days immediately before their respective last trading days.

Although the existing Shareholders would be able to maintain their pro rata shareholding in the Bank through rights issue or open offer, given that based on our independent research as mentioned above, rights issue and open offer are often conducted at discount to the prevailing share price to increase the attractiveness of the rights issue or open offer; whereas the Issue Price is above the closing price range of the H Shares during the H Share Review Period (as defined below), the results of rights issue or open offer at the Issue Price may be uncertain.

In contrast, the Shandong Hi-Speed's Subscription would (i) secure the subscription amounts to be subscribe by Shandong Hi-Speed Group and Shandong Hi-Speed; and (ii) demonstrate the confidence of the Bank's controlling shareholder in the Bank's long-term business development and prospects.

- In respect to convertible bonds, it is a financing instrument combining the characteristics of both equity and debts and normally have a long conversion period, allowing the investors to have a longer period to decide whether to (i) convert the convertible bonds into shares; or (ii) hold to maturity. Comparing with the Issuance, the Bank might take a longer time to replenish its core Tier 1 capital by way of issuance of convertible bonds as the core Tier 1 capital will be replenished upon the conversion of such convertible bonds by the bondholder(s).

Based on the above, we are of the view that the Issuance is an appropriate fund raising method for the Bank to replenish core Tier 1 capital under the current market condition.

Taking into account (i) the aforesaid reasons for and benefits of the Issuance (including the Shandong Hi-Speed's Subscription); (ii) the proposed use of proceeds from the Issuance; (iii) the Issuance is an appropriate fund raising method for the Bank to replenish core Tier 1 capital under current market condition; and (iv) the Shandong Hi-Speed's Subscription demonstrates the confidence of the Bank's controlling shareholders in the Bank's long-term business development and prospects, we are of the view that although the Shandong Hi-Speed's Subscription is not conducted in the ordinary and usual course of business of the Group, the Shandong Hi-Speed's Subscription is in the interests of the Bank and the Shareholders as a whole.

#### 4. Principal terms of the Shandong Hi-Speed's Subscription

Set out below are the principal terms of the Shandong Hi-Speed's Subscription, details of which are set out under the sections headed "DOMESTIC SHARES SUBSCRIPTION AGREEMENTS" in the Board Letter:

*Date*

1 September 2025

*Parties*

*Domestic Shares Subscription Agreement I:*

- (i) The Bank (as the issuer)
- (ii) Shandong Hi-Speed Group (as the subscriber)

*Domestic Shares Subscription Agreement II:*

- (i) The Bank (as the issuer)
- (ii) Shandong Hi-Speed (as the subscriber)

*Type and nominal value of securities to be issued*

The type of shares to be issued under the Issuance is ordinary domestic shares, to be subscribed in RMB, with par value of RMB1.00 each.

*Number of Shares to be issued*

The number of Domestic Shares to be issued in the Issuance will not exceed 758,020,103 shares, of which, (i) Shandong Hi-Speed Group shall subscribe for up to 324,213,962 Domestic Shares; and (ii) Shandong Hi-Speed shall subscribe for up to 105,816,432 Domestic Shares.

*Use of proceeds*

The amount raised under the Issuance of Domestic Shares did not exceed RMB2,493,886,139, of which Shandong Hi-Speed Group and Shandong Hi-Speed will contribute approximately no more than RMB1,066,663,935 and RMB348,136,062 respectively. The net proceeds raised from the Issuance of Domestic Shares after deducting related issuance costs will be entirely used to replenish core Tier 1 capital of the Bank.

*Issue Price and pricing principle*

The Issue Price of RMB3.29 per Share (equivalent to approximately HK\$3.61 per Share based on the exchange rate of HK\$1.00 to RMB0.91079, being the HK\$/RMB central parity rates as announced by The People's Bank of China on the Last Trading Day) was determined in accordance with market practices and regulatory requirements, taking into account the capital market conditions and the share price of the Bank's H shares, with due consideration of shareholders' interests, acceptability of the investors and issue risks.

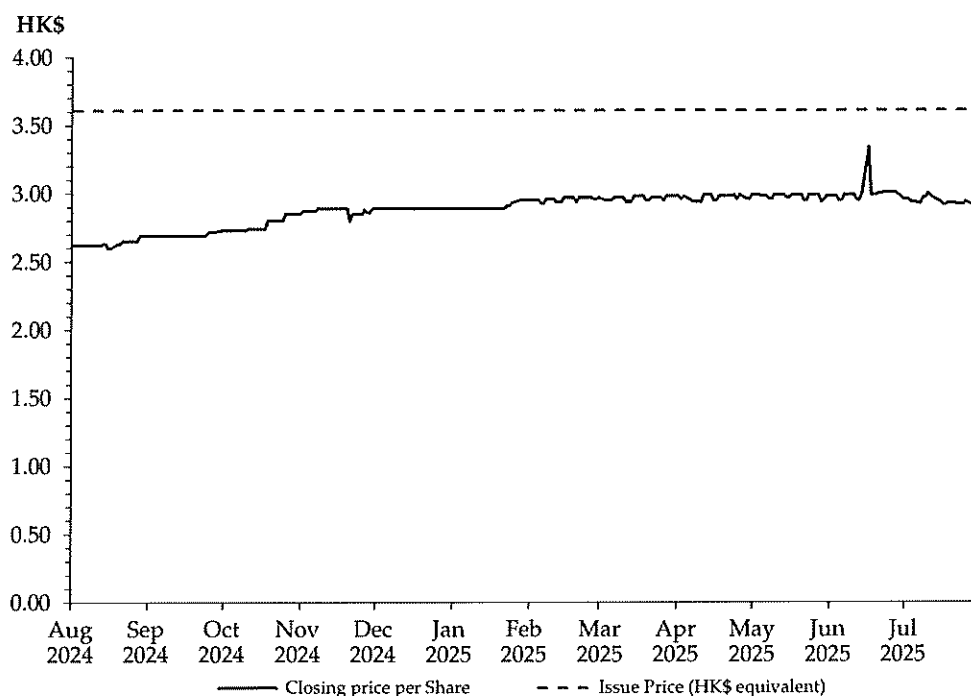
The Issue Price represents:

- (i) a premium of approximately 23.63% over the closing price of HK\$2.92 per H Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 23.63% over the closing price of HK\$2.92 per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day (the “LTD Premium”);
- (iii) a premium of approximately 23.21% over the average closing price of approximately HK\$2.93 per H Share as quoted on the Hong Kong Stock Exchange for the last five trading days immediately preceding and including the Last Trading Day (the “5 Days Premium”);
- (iv) a premium of approximately 22.79% over the average closing price of approximately HK\$2.94 per H Share as quoted on the Hong Kong Stock Exchange for the last 20 trading days immediately preceding and including the Last Trading Day (the “20 Days Premium”);
- (v) a premium of approximately 21.55% over the average closing price of approximately HK\$2.97 per H Share as quoted on the Hong Kong Stock Exchange for the last 60 trading days immediately preceding and including the Last Trading Day (the “60 Days Premium”); and
- (vi) a discount of approximately 19.76% to the NAV per Share of approximately RMB4.10 as at 30 June 2025, calculated based on the Group’s unaudited NAV of RMB24,548,280,000 as at 30 June 2025 and 5,980,058,344 Shares in issue as at the Latest Practicable Date (the “NAV Discount”).

### *Historical price performance of H Shares*

In order to assess the fairness and reasonableness of the Issue Price, we reviewed the daily closing price of the H Shares from 1 August 2024, being approximately one year prior to the Last Trading Day, up to and including the Last Trading Day (the “H 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 H Shares. The comparison of the daily closing price of H Shares and the Issue Price is illustrated as follows:

#### **Historical daily closing price per Share**



Source: Wind Financial Terminal

During the H Share Review Period, the lowest and highest closing prices of H Shares were HK\$2.60 per H Share recorded on 15 August 2024 and 16 August 2024 and HK\$3.34 per H Share recorded on 16 June 2025, respectively. The Issue Price of RMB3.29 per Domestic Share (equivalent to approximately HK\$3.61 per Domestic Share) is above the H Shares’ closing price range during the H Share Review Period.

From the start of the H Share Review Period, the closing prices of H Shares slightly decreased to the lowest closing price of HK\$2.60 per H Share on 15 August 2024 and 16 August 2024. Thereafter, the closing prices of H Shares fluctuated in a general increasing trend and H Share Review Period reached the highest closing price during the H Share Review Period of HK\$3.34 per H Share on 16 June 2025.

*Comparison with other issuance of domestic shares*

To further assess the fairness and reasonableness of the Issue Price, we attempted to search for transactions comparable to the Issuance, i.e. standalone issuance of domestic shares by listed issuers (which were listed on the main board of Hong Kong Stock Exchange) under specific mandate, for comparison purposes. However, we could only identify three transactions as announced by the listed companies for last one year prior to the Last Trading Day. As the sample size is insufficient for our analyses purpose, we extended the review period to two years prior to the Last Trading Day. We identified seven transactions which met our aforesaid criteria and they are exhaustive, fair and representative (the “Comparable Transactions”). Despite that the businesses, operations and prospects of the Bank are not exactly the same as the listed companies involving in the Comparable Transactions, the Comparable Transactions are adequate and appropriate to demonstrate the market practices regarding issuance of domestic shares by companies listed on main board of the Hong Kong Stock Exchange.

Company name (stock code)	Announcement date	Premium/	Premium/	Premium/	
		(discount) of the issue price over/to the average closing price per share for the last five trading days immediately preceding and including the last trading day in relation to the respective issuance (the “Comparable Transactions 5 Days Premium/ Discount”) (%)	(discount) of the issue price over/to the average closing price per share for the last 20 trading days immediately preceding and including the last trading day in relation to the respective issuance (the “Comparable Transactions 20 Days Premium/ Discount”) (%)	(discount) of the issue price over/to the average closing price per share for the last 60 trading days immediately preceding and including the last trading day in relation to the respective issuance (the “Comparable Transactions 60 Days Premium/ Discount”) (%)	
Guangzhou Rural Commercial Bank Co., Ltd. (1551)	29 December 2023	7.73	7.73	14.08	17.91
Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. (6990)	8 May 2024	(6.83)	(10.19)	(1.01)	13.20
Lianhua Supermarket Holdings Co., Ltd. (980)	12 May 2024	249.37 (Note)	273.05 (Note)	378.69 (Note)	373.61 (Note)
Changan Minsheng APLL Logistics Co., Ltd. (1292)	22 August 2024	47.87	46.62	42.49	29.40
Jiangsu Recbio Technology Co., Ltd. (2179)	11 November 2024	(26.52)	(26.91)	(28.33)	(28.25)
Zhongguancun Science-Tech Leasing Co., Ltd. (1601)	17 January 2025	145.00	145.00	147.79	146.28
Shanghai REFIRE Group Limited (2570)	8 June 2025	(27.93)	(26.92)	(30.18)	(21.86)
Maximum (excluding outlier)		145.00	145.00	147.79	146.28
Minimum (excluding outlier)		(27.93)	(26.92)	(30.18)	(21.86)
Average (excluding outlier)		23.22	22.55	24.14	26.11
Median (excluding outlier)		0.45	(1.23)	6.53	15.55
The Bank	31 July 2025	23.63	23.21	22.79	21.55

Source: Hong Kong Stock Exchange's website and Wind Financial Terminal

Note: The premium of relevant transaction was exceptionally high (more than two standard deviation away from the mean) and was considered to be an outlier.



As depicted in the above table:

- (i) the Comparable Transactions LTD Premium/Discount ranged from discount of approximately 27.93% to premium of approximately 145.00%, with average premium of approximately 23.22 % and median premium of approximately 0.45%;
- (ii) the Comparable Transactions 5 Days Premium/Discount ranged from discount of approximately 26.92% to premium of approximately 145.00%, with average premium of approximately 22.55% and median discount of approximately 1.23%;
- (iii) the Comparable Transactions 20 Days Premium/Discount ranged from discount of approximately 30.18% to premium of approximately 147.79%, with average premium of approximately 24.14% and median premium of approximately 6.53%; and
- (iv) the Comparable Transactions 60 Days Premium/Discount ranged from discount of approximately 21.86% to premium of approximately 146.28%, with average premium of approximately 26.11% and median premium of approximately 15.55%.

The LTD Premium, 5 Days Premium, 20 Days Premium and 60 Days Premium are all within the relevant ranges of the Comparable Transactions.

#### *NAV Discount*

As mentioned above, the Issue Price represented a discount of approximately 19.76% to the NAV per Share of approximately RMB4.10 as at 30 June 2025 (i.e. the NAV Discount).

Comparison with the issue price to their recent closing prices of other issuance of domestic shares is valid across industries because it measures the market sentiment to similar transactions. Conversely, a comparison of the NAV Discount with those observed in the Comparable Transactions is not valid as the industry in which the Bank involved was different from the industries in which the listed issuers of Comparable Transactions were involved, characterized by fundamentally different asset types and business models.

Instead, we performed the comparison of NAV Discount with the discounts (the "Historical Discounts") of historical closing prices of H Shares of the Bank to (i) the then prevailing NAV per Share of the Bank; and (ii) the then prevailing NAV per Share of the Bank minus dividend per Share declared for the respective period that had not been paid (thus not reflected in the then prevailing NAV per Share of the Bank) during the H Share Review Period for analysis purpose, calculated by:

The Historical Discounts =  $A / B - 100\%$  where:

A is daily closing prices of the H Shares of the Bank; and

B is the then prevailing NAV per Share of the Bank; or the then prevailing NAV per Share of the Bank (excluding dividend per Share declared for the respective period that had not been paid).

Based on the Group's NAV of approximately RMB3.70 per Share (or approximately RMB3.60 per Share after excluding the final dividend for FY2023), RMB3.92 per Share (note: the Bank did not declare any dividend to the Shareholders for the six months ended 30 June 2024) and RMB4.16 per Share (or approximately RMB4.06 per Share after excluding the final dividend for FY2024) as at 31 December 2023, 30 June 2024 and 31 December 2024, respectively, the closing price of the H Shares during the H Share Review Period has been traded at discount ranging from approximately 25.61% to approximately 37.44% to the Group's then prevailing NAV per Share or approximately 23.74% to approximately 37.44% to the Group's then prevailing ex-dividend NAV per Share.

Given that the NAV Discount represented slighter discount of historical closing prices of H Shares to both historical NAV per Share and historical ex-dividend NAV per Share during the H Share Review Period, we are of the view that the NAV Discount is justifiable.

*Our conclusion on the Issue Price*

Although the Issue Price represented discount to NAV per Share as at 30 June 2025, having considered that:

- (i) the Issue Price is the same as the issue price of the Issuance of H Shares and issue price applied to other independent third-party target placees under the Issuance of Domestic Shares;
- (ii) the Issue Price was above the closing price of the H Shares during the H Share Review Period and represents premiums over the recent daily closing price of the H Shares (including the Last Trading Day, last 5/20/60 trading days immediate before the Last Trading Day);
- (iii) the LTD Premium, 5 Days Premium, 20 Days Premium and 60 Days Premium are all within the relevant ranges of the Comparable Transactions; and
- (iv) the NAV Discount is justifiable as analysed on the subsection headed "NAV Discount" above,

we are of the view that the Issue Price is fair and reasonable.

#### *Lock-up arrangement*

The shares subscribed by Shandong Hi-Speed Group and Shandong Hi-Speed under the Issuance of Domestic Shares of the Bank shall not be transferred within five years from the date of obtaining the shares, except for special circumstances such as risk disposal measures approved by NFRA or its local offices, mandatory transfer orders, involvement in judicial enforcement, or transfer of equity between different entities controlled by the same investor.

According to the Interim Measures for the Administration of Equity of Commercial Banks<sup>#</sup> (《商業銀行股權管理暫行辦法》), 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 Shandong Hi-Speed Group and Shandong Hi-Speed 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.

#### *Distribution of retained profit*

The retained profit accrued before the Issuance of Domestic Shares will be shared by existing and new Shareholders upon the Issuance of Domestic Shares in proportion to their respective shareholdings.

#### *Our conclusion on terms of the Shandong Hi-Speed's Subscription*

Having considered our analyses above (including the Issue Price 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 terms of the Shandong Hi-Speed's Subscription is largely the same as the terms of the Domestic Shares Subscription and the H Shares Subscription for other independent third party subscribers, we are of the view that the terms of the Shandong Hi-Speed's Subscription are on normal commercial terms and are fair and reasonable.

#### **5. Dilution effect on the shareholding interests of the Existing Other Shareholders**

As illustrated by the table under the sub-section headed "EFFECT OF THE ISSUANCE ON THE SHAREHOLDING STRUCTURE OF THE BANK" of the Board Letter, on the assumption that (i) 758,020,103 Domestic Shares and 153,834,000 H Shares will be issued in total; and (ii) there will be no further change in the

shareholding structure of the Bank until the completion of the Issuance and the existing Shareholders other than Shandong Hi-Speed's Subscribers (the "Existing Other Shareholders") will not subscribe any Shares under the Issuance, the shareholding interests of the Existing Other Shareholders in the Bank would be diluted by approximately 6.99 percentage points immediately after completion of the Issuance. Nonetheless, in view of (i) the Issuance (including the Shandong Hi-Speed's Subscription) could replenish the Bank's core Tier 1 capital, enhancing the ability to resist various risks and ensuring healthy development of the Bank's business; (ii) the terms of the Shandong Hi-Speed's Subscription being on normal commercial terms and fair and reasonable; and (iii) our assessment and independent work done (including our summarised financial information of the Bank, our analyses on financing methods available to the Bank (in particular, the Issuance (including the Shandong Hi-Speed's Subscription) is an appropriate financing method to the Bank after considering various financing alternatives), use of proceeds from the Issuance to replenish the Bank's core Tier 1 capital and the key terms of the Issuance (e.g. the Issue Price, lock-up arrangement)) are fair and reasonable, we are of the view that the aforementioned level of dilution to the shareholding interests of the Existing Other Shareholders is acceptable.

#### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Shandong Hi-Speed's Subscription are on normal commercial terms and are fair and reasonable; and (ii) although the Shandong Hi-Speed's Subscription is not conducted in the ordinary and usual course of business of the Group, the Shandong Hi-Speed's Subscription 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 resolutions to be proposed at the Extraordinary General Meeting and the Class Meetings to approve the Shandong Hi-Speed's Subscription and we recommend the Independent Shareholders to vote in favour of the resolutions 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.

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

# *For identification purpose only*