

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

WAIVER IN RELATION TO HONG KONG FINANCIAL DISCLOSURE REQUIREMENTS

Rule 4.10 of the Listing Rules states that the information to be disclosed in respect of Rules 4.04 to 4.09 of the Listing Rules must be in accordance with best practice which is at least that required to be disclosed in respect of those specific matters in the accounts of a company under the Hong Kong Financial Reporting Standards, IFRS or China Accounting Standards for Business Enterprises in the case of a PRC issuer that has adopted China Accounting Standards for Business Enterprises and, in the case of banking companies, the *Guideline on the Application of the Banking (Disclosure) Rules* issued by the HKMA.

As our Group is engaged in banking activities, the financial information to be disclosed in respect of Rules 4.04 to 4.09 of the Listing Rules, including those disclosed in this prospectus, should include information that is required to be disclosed under the Banking (Disclosure) Rules.

We are currently unable to fully comply with the disclosure requirements under the Banking (Disclosure) Rules for the reasons described below. We believe that the financial disclosure requirements that we are unable to comply with are immaterial to potential investors of the Global Offering.

Section no.	Disclosure requirement under the Banking (Disclosure) Rules	Reason for a waiver in relation to the disclosure requirement	Proposal for disclosure	Expected timing for full compliance
99	Sector information on loans and advances to customers	For our Group, all loans and advances to customers are used in the PRC instead of in Hong Kong and we are subject to the supervision of the CBIRC and maintain a breakdown of loans and advances to customers by industry sector based on the <i>Industrial classification for national economic activities</i> (《國民經濟行業分類》) (e.g. loans are categorized into corporate loans and personal loans which are further classified into detailed sub-categories by industry/nature), in our loans system for the purpose of filing returns to the CBIRC.	The loans and advances to customers by industry sectors in accordance with our management reports based on the CBIRC classification, which is set out in Note 42.1.6(a) to the Accountant's Report in Appendix I to this prospectus. We consider that the current disclosure addressed the disclosure considerations of the HKMA.	N/A

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Section no.	Disclosure requirement under the Banking (Disclosure) Rules	Reason for a waiver in relation to the disclosure requirement	Proposal for disclosure	Expected timing for full compliance
102	An authorized institution shall disclose its non-HKD currency exposures which arise from trading, non-trading and structural positions in accordance with the return relating to non-HKD currency positions it submitted to the HKMA pursuant to section 63 of the Banking Ordinance in respect of the annual reporting period	Our Group's accounts are prepared and denominated in RMB, which means that we only disclose non-RMB currency exposures instead of non-HKD currency exposures.	The non-RMB currency exposures of our Group, which is set out in Note 42.2.4 to the Accountant's Report in Appendix I to this prospectus. We consider that the current disclosure addressed the disclosure considerations of the HKMA.	N/A
16M	Additional annual disclosure to be made by an authorized institution using the standardized (credit risk) approach (STC approach) to calculate its credit risk capital requirements for non-securitization exposures	The computation basis for risks of our Group is based on the requirements set out in the <i>Rules Governing Capital Management of Commercial Banks (Provisional)</i> (商業銀行資本管理辦法(試行)) issued by the CBRC.	Information on capital structure and adequacy level in accordance with the disclosure requirements of CBIRC. We believe that these requirements result in disclosure similar to those as required under the Banking (Disclosure) Rules.	N/A

Save for the above, as a financial institution incorporated and based in the PRC, we are required to comply with the regulatory requirements issued by PBoC and CBIRC. Certain provisions of the Banking (Disclosure) Rules require disclosure in respect of our capital structure, capital base (in particular, relating to our level of capital adequacy), cross-border claims, liquidity ratios, PRC non-bank exposures and credit risks. We have maintained and compiled data relating to these matters in accordance with the regulatory requirements of PBoC and CBIRC. We believe that the regulatory requirements of PBoC and CBIRC attempt to address similar disclosure considerations as those required under the Banking (Disclosure) Rules, and the differences between the disclosure requirements under the two regulatory regimes are immaterial.

If we attempt to comply with such requirements under the Banking (Disclosure) Rules in parallel with the regulatory requirements of PBoC and CBIRC, we would be required to carry out additional work to collect

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and/or compile similar information already required and maintained in accordance with the regulatory requirements of PBoC and CBIRC. Therefore, we propose to disclose information in accordance with the regulatory requirements of PBoC and CBIRC instead of strictly following the disclosure regime provided for under the Banking (Disclosure) Rules.

We are of the view that this prospectus contains sufficient information for investors to make informed investment decision notwithstanding the differences between the regulatory requirements of PBoC and CBIRC on the one hand, and the disclosure requirements under the Banking (Disclosure) Rules on the other hand. The Joint Sponsors concur with the view of the Bank set out above.

Based on the above, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 4.10 of the Listing Rules, such that we will not fully comply with the requirements in respect of financial disclosures provided for under the Banking (Disclosure) Rules on the condition that we provide alternative disclosure in accordance with the regulatory requirements of PBoC and CBIRC.

WAIVER IN RELATION TO MANAGEMENT PRESENCE

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since our head office, all branches, sub-branches, subsidiaries and principal operations are in the PRC and we do not have any substantial business activity or operation in Hong Kong and currently all of our executive Directors and senior management ordinarily reside, and manage our Group, in the PRC, we do not, and, in the foreseeable future, will not have sufficient management presence in Hong Kong and will not be able to satisfy the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules on the condition of the implementation of the following arrangements, which are in line with the requirements under guidance letter HKEx-GL9-09 of the Hong Kong Stock Exchange, for maintaining regular and effective communication with the Hong Kong Stock Exchange:

- (a) our Bank has appointed Mr. Ye Jianguang, our executive Director and joint company secretary, and Mr. Wong Wai Chiu, our joint company secretary, as the authorized representatives of our Bank in accordance with Rule 3.05 of the Listing Rules with effect from the Listing Date, who will act as the principal channel of communication between the Hong Kong Stock Exchange and our Bank and will be readily contactable by telephone and e-mail;
- (b) each Director has provided his/her mobile phone number, office phone number and email address to the authorized representatives of our Bank and the authorized representatives of our Bank would be able to contact all Directors promptly at all time as and when the Hong Kong Stock Exchange wishes to contact our Directors for any matters;
- (c) each of our Directors who does not have the right of abode in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and is able to meet with the Hong Kong Stock Exchange within a reasonable period of time;

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- (d) in accordance with Rules 3A.19 and 19A.05 of the Listing Rules, we have appointed ICBC International Capital Limited as our compliance advisor who will serve as an additional channel of communication with the Hong Kong Stock Exchange for the period from the Listing Date to the date on which our Bank complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing and the compliance advisor will have access at all times to the authorized representatives of our Bank and our Directors to ensure that it is in a position to provide prompt responses to any enquiries or requests from the Hong Kong Stock Exchange in relation to our Bank; and
- (e) the mobile phone numbers, office phone numbers, e-mail addresses and fax numbers (if available) of each of our Directors will be provided to the Hong Kong Stock Exchange in compliance with Rule 3.20 of the Listing Rules.

WAIVER IN RELATION TO COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our company secretary must be an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary.

The Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (i) a member of The Hong Kong Institute of Chartered Secretaries;
- (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or
- (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

In assessing “relevant experience”, the Hong Kong Stock Exchange will consider the followings of the individual:

- (i) length of employment with the issuer and other issuers and the roles played;
- (ii) familiarity with the Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Our Bank has appointed Mr. Ye Jianguang and Mr. Wong Wai Chiu as the joint company secretaries of our Bank. Mr. Ye has worked for our Bank for over 25 years (including the period when Mr. Ye worked for the

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predecessor of our Bank, Dongguan Rural Credit Cooperatives Association) since 1994 other than temporarily left our Bank and worked for Guangdong Province Rural Credit Cooperatives Association* (廣東省農村信用社聯合社) between December 2014 to August 2016 and has been appointed as the vice president and an executive Director of our Bank since 2017 and 2018, respectively. Accordingly Mr. Ye is familiar with the operation of our Bank as well as the administrative arrangement of our Board of Directors and has close working relationship with other Directors and management of our Bank to perform the function of a company secretary and to take the necessary actions in an effective and efficient manner. In addition, Mr. Ye is more familiar with the relevant PRC laws and regulations than a professional company secretarial service provider in Hong Kong given his over 27 years of experience in the banking industry in the PRC. For more details on Mr. Ye's biography, please see "Directors, Supervisors and Senior Management — Directors".

However, as Mr. Ye Jianguang does not possess the aforementioned academic or professional qualifications, our Bank has appointed Mr. Wong Wai Chiu who is a fellow of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), to be the other joint company secretary of our Bank and will work closely with, and provide assistance to, Mr. Ye in the discharge of his duties as a company secretary of our Bank for an initial period of three years from the Listing Date. During such period, Mr. Wong will inform Mr. Ye on a timely basis of the amendment or supplement to the Listing Rules and any new or amended Hong Kong laws and regulations relevant to us, and provide Mr. Ye with training on matters relating to our corporate governance and the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules upon our request. For more details on Mr. Wong's biography, please see "Directors, Supervisors and Senior Management — Joint Company Secretaries". In addition, Mr. Ye will take no less than 15 hours of relevant professional training in each financial year in compliance with Rule 3.29 of the Listing Rules.

Before the end of the three-year period, we will conduct an evaluation to determine whether Mr. Ye, having had the benefit of Mr. Wong's assistance for three years, would then have acquired the relevant experience required under Rule 3.28 of the Listing Rules, or, alternatively, appoint a person who fulfills the requirements under Rules 3.28 of the Listing Rules as the company secretary of our Bank.

Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 3.28 of the Listing Rules for a period of three years from the Listing Date and Rule 8.17 of the Listing Rules in respect of Mr. Ye's appointment as one of the joint company secretaries of our Bank on the conditions that:

- (a) Mr. Ye shall be assisted by a person who possesses the qualification or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary of our Bank throughout the waiver period; and
- (b) the waiver can be revoked if there are material breaches of the Listing Rules by our Bank.

WAIVER IN RELATION TO SUBSCRIPTION OF H SHARES BY EXISTING SHAREHOLDERS

Pursuant to Rule 10.04 of the Listing Rules, a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled.

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The conditions in Rules 10.03(1) and (2) of the Listing Rules are: (i) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

In addition, paragraph 5(2) of Appendix 6 to the Listing Rules provides that, unless with the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Guidance letter HKEX-GL85-16 issued by the Hong Kong Stock Exchange provides that it will consider granting a waiver from Rule 10.04 of the Listing Rules and the consent required under paragraph 5(2) of Appendix 6 to the Listing Rules, allowing an applicant's existing shareholders or their close associates to participate in an initial public offering, if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

As disclosed in "History, Development and Corporate Structure", we have a wide and diverse shareholder base of 57,595 Shareholders with only one Shareholder, namely Canvest Investment, holding more than 5% of our issued Shares. Certain of these existing Shareholders and/or their close associates may wish to participate in the Global Offering and it would be unduly burdensome for us to seek the prior consent of the Hong Kong Stock Exchange for each of our existing Shareholders ("**Participating Shareholders**") or their respective close associates for subscribing our H Shares in the Global Offering.

As such, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 10.04 of the Listing Rules and paragraph 5(2) of Appendix 6 to the Listing Rules in relation to the subscription of H Shares in the Global Offering by our existing Shareholders other than Canvest Investment and core connected persons of our Bank and their respective close associates as a placee under the International Offering, on the conditions that:

- (a) each of the Participating Shareholders together with its close associates is interested in less than 5% of our Bank's voting rights before the Listing;
- (b) each of the Participating Shareholders is not a core connected person or its close associate of our Bank;
- (c) each of the Participating Shareholders does not have the power to appoint directors or any other special rights;
- (d) the allocation to each of the Participating Shareholders or its close associates will not affect our Bank's ability to satisfy the public float requirement;
- (e) each of the Participating Shareholders does not have influence over the allocation process;
- (f) each of the Participating Shareholders will be treated the same as other investor and will be subject to the same book-building and allocation process as other investors in the Global Offering;

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- (g) the Joint Sponsors will confirm to the Hong Kong Stock Exchange in writing that based on (i) their discussions with our Bank and the Joint Bookrunners; and (ii) the confirmations provided to the Hong Kong Stock Exchange by our Bank and the Joint Bookrunners (item (h) and (i) below), and to the best of their knowledge and belief, each of them has no reason to believe that the Participating Shareholders and/or its close associates received any preferential treatment in the allocation as a placee by virtue of their relationship with our Bank;
- (h) our Bank will confirm to the Hong Kong Stock Exchange in writing that, no preferential treatment has been, nor will be, given to the Participating Shareholders or its close associates by virtue of their relationship with our Bank in any allocation in the placing tranche; and
- (i) the relevant Joint Bookrunner(s) will confirm, to the best of their knowledge and belief, to the Hong Kong Stock Exchange in writing that no preferential treatment has been, nor will be, given to the Participating Shareholders or its close associates by virtue of their relationship with our Bank in any allocation in the placing tranche.

For the avoidance of doubt, allocation to the Participating Shareholders and/or their close associates will not be disclosed in our allotment results announcement as it would be unduly burdensome for us to gather and disclose such information while such disclosure will not provide any additional material information to prospective investors of our Bank. Any H Shareholder interested in more than 5% of the issued H Shares upon Listing will be required to disclose his/her/its interest in our Bank pursuant to the provisions under Divisions 2 and 3 of Part XV of the SFO.

WAIVER IN RESPECT OF THE PUBLIC FLOAT REQUIREMENT

Rule 8.08(1)(a) of the Listing Rules requires that there must be an open market for the securities in which listing is sought and the minimum public float of a listed issuer must at all times be at least 25% of the issuer's total issued share capital. However, Rule 8.08(1)(d) of the Listing Rules provides that the Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if a new applicant meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

- (a) the issuer shall have an expected market capitalization at the time of listing of over HK\$10 billion;
- (b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage of public float;
- (c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document;
- (d) the issuer will confirm the sufficiency of the public float in annual reports after listing; and
- (e) a sufficient portion (to be agreed in advance with the Hong Kong Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

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It is currently expected that our Bank will have a market capitalization between approximately HK\$54.56 billion and HK\$60.00 billion at the time of listing (after completion of the Global Offering but without taking into account the exercise of the Over-allotment Option).

Our Bank has applied to the Hong Kong Stock Exchange to request the Hong Kong Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.08(1)(a) of the Listing Rules. Therefore, the public float of our Bank may fall below 25% of the total issued share capital of our Bank.

In support of the application, our Bank has confirmed to the Hong Kong Stock Exchange that:

- (a) the minimum public float will be the higher of: (1) 16.67% of the total issued share capital of the Bank; or (2) such percentage of Shares to be held by the public H Shareholders immediately after the completion of the Global Offering and the last exercise of the Over-allotment Option (if any).
- (b) the Bank will have an expected market capitalization at the time of the Listing of over HK\$10 billion;
- (c) we have significant offering size and there will be sufficient liquidity in our Shares notwithstanding a reduction in the minimum public float set out in Rule 8.08(1)(a) of the Listing Rules;
- (d) the quantity and scale of the H Shares would enable the market to operate properly with a lower percentage of public float;
- (e) the Bank will make appropriate disclosure of the lower percentage of public float in this prospectus;
- (f) the Bank will confirm sufficiency of public float in the Bank's annual reports after the Listing; and
- (g) the Bank will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float.