
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

If you have sold or transferred all your shares in Weihai City Commercial Bank Co., Ltd., you should at once hand this circular and the proxy form to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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威海市商业银行
WEIHAI CITY COMMERCIAL BANK

WEIHAI CITY COMMERCIAL BANK CO., LTD.*

威海市商業銀行股份有限公司*

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

(Stock Code: 9677)

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021**
- (2) WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2021**
- (3) 2021 ANNUAL REPORT**
- (4) FINAL ACCOUNTS REPORT FOR 2021**
- (5) PROFIT DISTRIBUTION PLAN FOR 2021**
- (6) FINANCIAL BUDGET FOR 2022**
- (7) DUTY REPORT OF THE INDEPENDENT DIRECTORS FOR 2021**
- (8) REPORT OF THE BOARD OF SUPERVISORS ON EVALUATION OF THE PERFORMANCE OF DUTIES BY THE BOARD OF DIRECTORS, SENIOR MANAGEMENT AND ITS MEMBERS FOR 2021**
- (9) REPORT OF THE BOARD OF SUPERVISORS ON EVALUATION OF THE PERFORMANCE OF DUTIES BY SUPERVISORS FOR 2021**
- (10) REPORT ON THE CONTROL OF RELATED PARTY TRANSACTIONS AND EVALUATION OF SHAREHOLDERS FOR 2021**
- (11) PROPOSED EXTENSION OF CREDIT TO SHANDONG HI-SPEED GROUP**
- (12) APPOINTMENT OF EXTERNAL AUDITORS FOR 2022**
- (13) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (14) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR SHAREHOLDERS' GENERAL MEETINGS**
- (15) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS**
- (16) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE BOARD OF SUPERVISORS**
- (17) PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR**
- (18) PROPOSED APPOINTMENT OF SUPERVISOR AND**
- (19) NOTICE OF THE 2021 ANNUAL GENERAL MEETING**

The letter from the Board is set out on pages 5 to 17 of this circular.

The Annual General Meeting of the Bank will be convened at No. 9 Baoquan Road, Weihai City, Shandong Province, the PRC at 9:00 a.m. on May 31, 2022 (Tuesday). The notice of the Annual General Meeting is set out on pages 153 to 156 of this circular, and was despatched by the Bank on April 28, 2022 (Thursday).

Whether or not you intend to attend and/or vote at the Annual General Meeting in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the proxy form to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in case of H Shareholders), or to the office of the Board of the Bank ("Office of the Board") (in case of Domestic Shareholders) at Room 1703, 9 Bao Quan Road, Weihai City, Shandong Province, the PRC as soon as possible and in any event, not later than 24 hours before the fixed time (i.e. 9:00 a.m. on May 30, 2022 (Monday)) to hold the Annual General Meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending in person and voting at the Annual General Meeting should you so wish, in this case, the proxy form should be deemed to be revoked. A form of proxy for use at the Annual General Meeting is sent to the Shareholders together with this circular.

* Weihai City Commercial 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.

April 28, 2022

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual General Meeting” or “2021 AGM”	the annual general meeting of the Bank to be convened at No. 9 Baoquan Road, Weihai City, Shandong Province, the PRC at 9:00 a.m. on May 31, 2022 (Tuesday), or any adjournment thereof
“Articles of Association”	the articles of association of the Bank, as amended, modified or otherwise supplemented from time to time
“Associate(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“Bank”	Weihai City Commercial Bank Co., Ltd*, a joint stock limited company established in the PRC in July 1997 in accordance with the relevant PRC laws and regulations, and, if the context requires, includes its predecessors, branches and sub-branches, excluding its subsidiaries
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), a regulatory authority formed via the merger of the CBRC and China Insurance Regulatory Commission (中國保險監督管理委員會) according to the Notice of the State Council regarding the Establishment of Organizations (Guo Fa [2018] No. 6) (《國務院關於機構設置的通知》) (國發 [2018] 6號) issued by the State Council on March 24, 2018, and, if the context requires, includes its predecessors, namely the CBRC and China Insurance Regulatory Commission
“CBIRC Shandong Office”	Shandong Office of China Banking and Insurance Regulatory Commission
“PRC”	the People’s Republic of China, but for the purpose of this circular only and, unless the context otherwise requires, excluding Hong Kong, Macau and Taiwan

DEFINITIONS

“Company Law”	The Company Law of the People’s Republic of China, as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“Controlling Shareholder(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules, and unless the context otherwise requires, refers to Shandong Hi-Speed Group Company and Shandong Hi-Speed Company Limited, together being a group of controlling shareholders of the Bank
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Bank
“Domestic Share(s)”	the ordinary share(s) issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB
“Group”	the Bank and its subsidiaries
“H Share(s)”	the ordinary share(s) issued by the Bank in Hong Kong under the Global Offering, with a nominal value of RMB1.00 each, which are subscribed for and traded in HKD, and are listed and traded on the Hong Kong Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Latest Practicable Date”	April 25, 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its printing
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shandong Hi-Speed Group”	the head-office and subsidiaries of Shandong Hi-Speed Group Company, and its related companies
“Shandong Hi-Speed Group Company”	Shandong Hi-Speed Group Co., Ltd. (山東高速集團有限公司) (former names include: Shandong Highway Co., Ltd. (山東省高速公路有限責任公司), Shandong Highway Limited (山東省高速公路有限公司) and Shandong Highway Group Co., Ltd. (山東省高速公路集團有限公司)), a company incorporated in the PRC on July 2, 1997 and a Controlling Shareholder of the Bank
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	the Domestic Share(s) and H Share(s) of the Bank
“substantial shareholder(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules or the Corporate Governance Standards for Banking or Insurance Institutions (《銀行保險機構公司治理準則》) of the CBIRC (where applicable)
“Supervisor(s)”	the supervisor(s) of the Bank

LETTER FROM THE BOARD



WEIHAI CITY COMMERCIAL BANK CO., LTD.*
威海市商業銀行股份有限公司*

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

(Stock Code: 9677)

Executive Directors:

Mr. TAN Xianguo (*Chairman*)

Mr. MENG Dongxiao

Ms. TAO Zunjian

Mr. LU Jiliang

Mr. ZHANG Wenbin

Non-executive Directors:

Mr. YI Jijun

Mr. SONG Bin

Mr. YIN Lin

Mr. ZHAO Bing

Ms. ZHAO Yue

Independent Non-executive Directors:

Mr. SUN Guomao

Mr. FAN Chi Chiu

Mr. LU Qing

Mr. WANG Shaohong

Ms. SUN Zuying

Registered Address and Address of Head Office:

9 Bao Quan Road

Weihai City

Shandong Province, the PRC

Principal Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre

248 Queen's Road East

Wanchai

Hong Kong

April 28, 2022

LETTER FROM THE BOARD

To the Shareholders,

Dear Sir/Madam,

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021
- (2) WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2021
- (3) 2021 ANNUAL REPORT
- (4) FINAL ACCOUNTS REPORT FOR 2021
- (5) PROFIT DISTRIBUTION PLAN FOR 2021
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- (17) PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR
- (18) PROPOSED APPOINTMENT OF SUPERVISOR AND
- (19) NOTICE OF THE 2021 ANNUAL GENERAL MEETING

I. INTRODUCTION

The Annual General Meeting of the Bank will be convened at No. 9 Baoquan Road, Weihai City, Shandong Province, the PRC at 9:00 a.m. on May 31, 2022 (Tuesday). The following resolutions will be proposed at the Annual General Meeting for the Shareholders to consider and, if thought fit, to approve: (1) the Work Report of the Board of Directors for 2021; (2) the Work Report of the Board of Supervisors for 2021; (3) 2021 Annual Report; (4) the Final Accounts Report for 2021; (5) the Profit Distribution Plan for 2021; (6) the Financial Budget for 2022; (7) the Duty Report of the Independent Directors for 2021; (8) the Report of the Board of Supervisors on Evaluation of the Performance of Duties By the Board of Directors, Senior Management and Its Members for 2021; (9) the Report of the Board of Supervisors on Evaluation of the Performance of Duties by Supervisors for 2021; (10) the Report on the Control of Related Party Transactions and Evaluation of Shareholders for 2021; (11) the Proposed Extension of Credit to Shandong Hi-Speed Group; (12) the Appointment of External Auditors for 2022; (13) the Proposed Amendments to the Articles of Association; (14) the Proposed Amendments to the Rules of Procedure for Shareholders' General Meetings; (15) the Proposed Amendments to the Rules of Procedure for the Board of Directors; (16) the Proposed Amendments to the Rules of Procedure for the Board of Supervisors; (17) the Proposed Appointment of Independent Non-Executive Director; and (18) the Proposed Appointment of Supervisor.

LETTER FROM THE BOARD

The notice of the Annual General Meeting is set out on pages 153 to 156 of this circular.

The purpose of this circular is to provide you with further details of these proposed matters to enable you to make an informed voting decision on the proposed resolutions at the Annual General Meeting.

II. MATTERS TO BE RESOLVED AT THE ANNUAL GENERAL MEETING

1. Work Report of the Board of Directors for 2021

For the Work Report of the Board of Directors for 2021, please refer to Appendix I to this circular.

2. Work Report of the Board of Supervisors for 2021

For the Work Report of the Board of Supervisors for 2021, please refer to Appendix II to this circular.

3. 2021 Annual Report

The Bank's 2021 annual report has been despatched to Shareholders and published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Bank's company website (www.whccb.com), and has been considered and approved by the Board and submitted to the Shareholders at the 2021 AGM for consideration and approval as an ordinary resolution.

4. Final Accounts Report for 2021

The Group's 2021 financial statements prepared in accordance with the Accounting Standards for Business Enterprises has been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, and a standard unqualified audit report has been issued; the 2021 financial statements prepared in accordance with International Financial Reporting Standards has been audited by BDO Limited, and a standard and unqualified audit report has been issued. There is no difference in net profit, assets, liabilities, and Shareholders' equity between the two sets of statements.

The Group's final accounts for 2021 is reported as follows, the amounts of which are expressed in RMB, prepared under the IFRS:

In 2021, the Group achieved an operating income of RMB7.377 billion, representing an increase of RMB1.343 billion or 22.26% as compared to the previous year; a total profit of RMB2.215 billion, representing an increase of RMB264 million or 13.51% as compared to the previous year; and a net profit of RMB1.892 billion, representing an increase of RMB243 million or 14.77% as compared to the previous year.

LETTER FROM THE BOARD

As at the end of 2021, the Group recorded total assets of RMB304.521 billion, representing an increase of RMB36.919 billion or 13.80% as compared to the end of previous year; total liabilities of RMB280.351 billion, representing an increase of RMB34.423 billion or 14.00% as compared to the end of previous year; a non-performing loan ratio of 1.47%, which was the same as at the end of previous year; a capital adequacy ratio of 14.59%; and an allowance coverage ratio of 171.56%. They signified that the quality of assets remains stable, and the regulatory requirements have been complied with.

5. Profit Distribution Plan for 2021

In accordance with the audited financial statements prepared under the Accounting Standards for Business Enterprises and IFRS, the Bank achieved a net profit of RMB1.534 billion in 2021. Based on the profits of the Bank and the requirements under the relevant law and regulations, the proposed profit distribution plan for 2021 is as follows:

1. A statutory surplus reserve of RMB153 million has been made based on 10% of net profit.
2. Pursuant to the “Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)” issued by the Ministry of Finance, a general risk provision of RMB572 million has been made.
3. A dividend of RMB162 million has been distributed to the holders of perpetual bonds on December 2, 2021.
4. Based on the total share capital of 5,980,058,344 Shares as at the end of 2021, a cash dividend of RMB10 (tax inclusive) will be distributed to ordinary share holders for every 100 Shares held by them, and a total cash dividend of RMB598 million (tax inclusive) will be paid. Dividend in respect of H Shares will be distributed in HKD at the prevailing exchange rate of the average of the median of exchange rate of RMB against HKD at the interbank foreign exchange market as published by the People’s Bank of China for five working days (including the day on which the 2021 AGM was held) prior to the date on which dividend will be declared at the 2021 AGM.

Subject to the approval at the 2021 AGM, it is expected that the final dividend will be paid on July 5, 2022. There will be closure of H Share transfer of the Bank from June 7, 2022 (Tuesday) to June 13, 2022 (Monday) (both days inclusive). Shareholders whose name appeared in the register of H Shares and the register of Domestic Shares of the Bank on June 13, 2022 (Monday) are entitled to receive final dividends. For H Share holders who are eligible to receive the dividend of H Shares, all of their transfer documents together with the relevant H Share certificate shall be deposited to the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. June 6, 2022 (Monday) for registration.

LETTER FROM THE BOARD

6. Financial Budget for 2022

In view of the Bank's need for strategic development and business expansion, the Bank has prepared the capital expenses budget plan for 2022, and it is planned to invest RMB990.6548 million in 2022 with details as follows:

1. To invest fixed assets of approximately RMB655.9952 million, primarily for purchasing various fixed assets to ensure the business development.
2. To invest intangible assets of approximately RMB293.3710 million, of which RMB254.7800 million is the budget for digital transformation project, RMB38.5910 million is the investments on monitoring and controlling systems, newly-constructed and upgraded and renovated business systems.
3. To invest renovation projects of approximately RMB41.2886 million, primarily for the renovation expenses on newly-constructed, renovated and upgrade of outlets in 2022.

7. Duty Report of the Independent Directors for 2021

For the Duty Report of the Independent Directors for 2021, please refer to Appendix III to this circular.

8. Report of the Board of Supervisors on Evaluation of the Performance of Duties by the Board of Directors, Senior Management and Its Members for 2021

For the Report of the Board of Supervisors on Evaluation of the Performance of Duties by the Board of Directors, Senior Management and Its Members for 2021, please refer to Appendix IV to this circular.

9. Report of the Board of Supervisors on Evaluation of the Performance of Duties by Supervisors for 2021

For the Report of the Board of Supervisors on Evaluation of the Performance of Duties by Supervisors for 2021, please refer to Appendix V to this circular.

10. Report on the Control of Related Party Transactions and Evaluation of Shareholders for 2021

For the Report on the Control of Related Party Transactions and Evaluation of Shareholders for 2021, please refer to Appendix VI to this circular.

LETTER FROM THE BOARD

11. Proposed Extension of Credit to Shandong Hi-Speed Group

Plan of Credit Extension to Shandong Hi-Speed Group

Due to its business needs, Shandong Hi-Speed Group applied to the Bank for a grant of a comprehensive group credit line of RMB4.2 billion (representing an increase of RMB400 million over last period), for a term until the date on which the annual general meeting for the next year is convened, including but not limited to loans, bank acceptance bill, letters of guarantee, and other related party transactions. The actual entities using the credit are the headquarters, subsidiaries and intra-group related companies of Shandong Hi-Speed Group Company. The loan interest rate and the level of security deposits/deposits pledge are not lower than those of the industry, and the relevant terms are entered into on normal commercial terms (or terms that are better to the Bank). The guarantors are the headquarters, subsidiaries or intra-group related companies of Shandong Hi-Speed Group Company of entities not using the credit directly or other methods of guarantee approved by the Bank. The credit is used to supplement the working capital, purchase raw materials, replace debts and repay bonds when due, etc.

The funds for Shandong Hi-Speed Group are all dispatched by the parent company of the Group, being Shandong Hi-Speed Group Company. Such application is made for group-oriented and centralised credit, and the credit line is planned to be reallocated within Shandong Hi-Speed Group.

The credit extension is guaranteed by the headquarters, subsidiaries and intra-group related companies of Shandong Hi-Speed Group Company on a joint-liability basis or via other methods of guarantee approved by the Bank. Upon implementation, the Bank's guarantee conditions are no less favourable than the peers.

According to the Administrative Measures for Related (Connected) Party Transactions of Weihai City Commercial Bank (《威海市商業銀行關聯(連)交易管理辦法》), the Rules of Procedure for the Related Party Transactions Control Committee under the Board of Directors of Weihai City Commercial Bank (《威海市商業銀行董事會關聯交易控制委員會議事規則》) and other relevant regulations, an ordinary resolution shall be proposed at the Annual General Meeting to consider and approve the proposed extension of credit to Shandong Hi-Speed Group.

Information on Shandong Hi-Speed Group Company

Shandong Hi-Speed Group Company was established in July 1997. The registered capital is RMB45.9 billion, to which the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government (山東省人民政府國有資產監督管理委員會), Shandong Guohui Investment Co., Ltd. (山東國惠投資有限公司) and Shandong

LETTER FROM THE BOARD

Provincial Council for Social Security Fund (山東省社會保障基金理事會) made capital injection on a proportional basis of 70%, 20% and 10%. Its business scope covers the construction and management of highways, bridges, railways, ports, airports, and it has been selected as one of the “Top 500 Enterprises of China” for more than ten consecutive years. Shandong Hi-Speed Group Company consists of several subsidiaries, including Shandong Hi-Speed Company Limited (山東高速股份有限公司), Shandong Hi-Speed Road & Bridge Group Co., Ltd., Shandong Hi-Speed Investment Holdings Co., Ltd., China Shandong International Economic & Technical Cooperation Group Ltd., Shandong Hi-Speed Rail Transit Group Co., Ltd. (山東高速軌道交通集團有限公司), Shandong Hi-Speed Service Area Management Co., Ltd, Shandong Hi-Speed Information Engineering Co., Ltd. Among its subsidiaries, there are 5 listed companies, namely Shandong Hi-Speed Company Limited (山東高速股份有限公司) (its shares are listed on the Shanghai Stock Exchange, Stock Code: 600350), Shandong Hi-Speed Road & Bridge Group Co., Ltd. (its shares are listed on the Shenzhen Stock Exchange, stock code: 000498), China Shandong Hi-Speed Financial Group Co., Ltd. (its shares are listed on the Hong Kong Stock Exchange, Stock Code: 0412), Qilu Expressway Company Limited (its shares are listed on the Hong Kong Stock Exchange, Stock Code: 1576) and Weihai City Commercial Bank Co., Ltd. (its shares are listed on the Hong Kong Stock Exchange, Stock Code: 9677). Shandong Hi-Speed Group Company is a large state-owned enterprise group which is approved by the People’s Government of Shandong Province and in which the State-owned Assets Supervision and Administration Commission of Shandong Provincial People’s Government performs contributor function. Upon the joint reorganisation with Qilu Transportation Development Group Co., Ltd., its scale of assets exceeded RMB1,000 billion. As of the end of the third quarter of 2021, its total assets amounted to RMB1,085.5 billion. In the first three quarters of 2021, its total operating income amounted to RMB146.3 billion, and its net profit amounted to RMB8.4 billion.

Requirements of the Hong Kong Listing Rules

The credit granted by the Bank to Shandong Hi-Speed Group (as a related party of the Bank) constitutes the financial assistance provided by the Bank. As the credit extension is entered into by the Bank in the ordinary and usual course of its business and on normal commercial terms or commercial terms that are better to the Bank, therefore, the credit extension will be a fully exempt continuing connected transaction under the Rule 14A.87(1) of the Hong Kong Listing Rules, and will be fully exempted from all disclosure, annual review and shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

12. Appointment of External Auditors for 2022

In order to maintain the consistency, continuity and stability of the audit, ensure the quality of auditing work, and continuously improve the quality of financial report disclosure and the social recognition of the audit reports, the Board proposed to re-appoint BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited as the domestic and international auditors of the Bank for 2022, respectively.

An ordinary resolution will be proposed at the 2021 AGM to consider and, if thought fit, approve the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited as the domestic and international auditors of the Bank for 2022, respectively.

The aggregate fee for the audit of consolidated and parent company financial statements of the Bank in 2022 (in accordance with the International Financial Reporting Standards and the PRC Accounting Standards for Business Enterprises) and the review of the interim financial statements in 2022 will be RMB3.35 million, including related tariffs, and various miscellaneous expenses such as travel expenses and office expenses.

13. Proposed Amendments to the Articles of Association

In order to further improve the level of corporate governance and promote the scientific and healthy development of the whole bank, according to the Company Law, the Corporate Governance Standards for Banking or Insurance Institutions (《銀行保險機構公司治理準則》) and other laws and regulations and regulatory provisions, and taking into account the actual situation of the Bank, it is proposed to amend the Articles of Association.

The proposed amendments to the Articles of Association shall be subject to the approval of the CBIRC Shandong Office after consideration and approval at the 2021 Annual General Meeting by special resolution. The amended Articles of Association shall be effective from the date on which an approval of the CBIRC Shandong Office is obtained by the Bank.

The following resolutions shall be considered and, if thought fit, approved by the Shareholders of the Bank at the 2021 Annual General Meeting, among other things, (i) authorize the Board of Directors and agree the Board of Directors to re-authorize the Chairman of the Board to make necessary adjustment to the amendments according to the requirements of the regulatory authorities, and handle all matters related to the amendments to the Articles of Association such as application for approval, filing, announcement and industrial and commercial changes; and (ii) authorize the Board of Directors and the Board of Supervisors and agree the Board of Directors and the Board of Supervisors to re-authorize the Chairman of the Board and the Chairman of the Board of Supervisors, respectively, to make adjustment and revision to the amendments to the rules of procedures for Shareholders' general meetings, the Board and the Board of Supervisors and other documents related to corporate governance in accordance with the opinions of the regulatory authorities and the actual condition of the Bank together with the approval of the Articles of Association.

LETTER FROM THE BOARD

For details of the proposed amendments to the Articles of Association, please refer to Appendix VII of this circular. The amendments have been approved by the Board of Directors. The Articles of Association is prepared in Chinese and there is no official English version. Therefore, any English translation is for reference only and the Chinese version shall prevail in case of any inconsistency.

14. Proposed Amendments to the Rules of Procedure for Shareholders' General Meetings

In order to further improve the level of corporate governance of the Bank and regulate the operation of Shareholders' general meetings, according to the Company Law, the Corporate Governance Standards for Banking or Insurance Institutions and other laws and regulations and regulatory provisions and the Articles of Association, and taking into account the actual situation of the Bank, it is proposed to amend the Rules of Procedure for Shareholders' General Meetings.

For details of the proposed amendments to the Rules of Procedure for Shareholders' General Meeting, please refer to Appendix VIII of this circular. The amendments have been approved by the Board of Directors and will be submitted to the 2021 Annual General Meeting for consideration and approval by Shareholders as an ordinary resolution.

15. Proposed Amendments to the Rules of Procedure for the Board

In order to further improve the level of corporate governance of the Bank and to regulate the operation of the Board of Directors, according to the Company Law, the Corporate Governance Standards for Banking or Insurance Institutions and other laws, regulations, regulatory provisions and Articles of Association, and taking into account the actual situation of the Bank, it is proposed to amend the Rules of Procedure for the Board of the Bank.

For details of the proposed amendments to the rules of procedure for the Board, please refer to Appendix IX of this circular. The amendments have been approved by the Board of Directors and will be submitted to the 2021 Annual General Meeting for consideration and approval by Shareholders as an ordinary resolution.

16. Proposed Amendments to the Rules of Procedure for the Board of Supervisors

In order to further improve the level of corporate governance of the Bank and to regulate the operation of the Board of Supervisors, according to the Company Law, the Corporate Governance Standards for Banking or Insurance Institutions and other laws, regulations, regulatory provisions and Articles of Association, and taking into account the actual situation of the Bank, it is proposed to amend the Rules of Procedure for the Board of Supervisors.

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For details of the proposed amendments to the Rules of Procedure for the Board of Supervisors, please refer to Appendix X of this circular. The amendments have been approved by the Board of Supervisors and will be submitted to the 2021 Annual General Meeting for consideration and approval by Shareholders as an ordinary resolution.

17. Proposed Appointment of Independent Non-executive Director

Reference is made to the announcement of the Bank dated March 30, 2022 in respect of (among others) the proposed appointment of independent non-executive Director. As Mr. Zhang Hongdi, the independent non-executive Director, whose appointment was approved by the Shareholders at the annual general meeting of 2020 of the Bank on June 11, 2021, could not act as the independent non-executive Director and related positions of the Bank due to personal reasons, he confirmed that he has no disagreement with the Board and that there is no matter in relation to his decision that needs to be brought to the attention of the Hong Kong Stock Exchange and the Shareholders. The Board has considered and approved the proposed appointment of Mr. Wang Yong (“**Mr. Wang**”) as an independent non-executive Director. Mr. Wang has tendered his resignation as a Supervisor of the Board of Supervisors and relevant positions of the committee of the Bank, and his resignation shall take effect from the date on which the new external Supervisor elected at the Annual General Meeting of the Bank takes office.

In identifying Mr. Wang as a suitable candidate for independent non-executive Director, the Bank takes full account of the benefits of Board diversity, including but not limited to: (1) the candidate’s relevant achievements and expertise and industry experience; (2) the time, interest and energy that the candidate can devote to the Bank’s business; (3) the perspective, skills and experience that the candidate can contribute to the Board; and (4) diversity in all aspects, including but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service, etc. In view of the above, the Bank considers that Mr. Wang will bring valuable contributions to the Bank and further promote Board diversity.

According to the requirements of the laws and regulations, regulatory provisions and the Articles of Association, Mr. Wang’s qualification for candidate director shall be subject to the approval of the 2021 Annual General Meeting and his eligibility to hold office as a Director shall be subject to the approval of the CBIRC Shandong Office. His term of office shall be effective from the date on which his eligibility to hold office is approved until the expiration of the term of the Eighth Session of the Board of Directors of the Bank. Mr. Lu Qing, the former independent Director, will continue to perform his duties as an independent Director before Mr. Wang has been appointed and a reply from the regulatory authority regarding his eligibility to hold office has been received.

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According to the Remuneration System for Directors and Supervisors (《董事、監事薪酬制度》) of the Bank, non-executive Directors are remunerated in the form of service fees, which are determined in accordance with the principle of “pegging to the overall performance of the Bank and pegging to their own contribution” and based on the assessment results and the contribution of the Directors themselves. The Bank will disclose Directors’ remuneration or allowances in the annual report each year.

Biographical details of Mr. Wang are set out as follows:

Mr. WANG Yong (王勇), aged 48, is a professor. Mr. Wang has been serving as an external Supervisor and a member of the nomination committee of the Board of Supervisors of the Bank since June 2021, and as the executive associate director (常務副所長) for Institute of Economics of the School of Social Sciences, Tsinghua University (清華大學社會科學學院經濟學研究所) since September 2018. He successively served as a lecturer, an assistant director (所長助理) and an associate director (副所長) for Institute of Economics of the School of Humanities and Social Sciences, Tsinghua University (清華大學人文社會科學學院經濟學研究所) from May 2004 to September 2018.

Mr. Wang obtained a doctoral degree in Industrial Economics (產業經濟學) from the Guanghua School of Management of Peking University in 2003, and a postdoctorate degree in Economics from the Department of Economics of Harvard University (哈佛大學經濟學系) in 2008.

Save as disclosed herein, he (1) has not held any other position in the Bank or any of its subsidiaries or any directorship in any other listed companies in the past three years; (2) does not have any relationship with any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Bank; and (3) does not have or is not deemed to have any interest in any shares, underlying shares or debentures of the Bank or any of its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed herein, the Board is not aware of any other matters in respect of the proposed appointment of Mr. Wang required to be disclosed under Rules 13.51(2)(h) to (v) of the Listing Rules of Hong Kong, or any other matters that need to be brought to the attention of the Hong Kong Stock Exchange and the Shareholders.

The proposed appointment of independent non-executive Director will be submitted as an ordinary resolution to the Annual General Meeting for consideration.

18. Proposed Appointment of Supervisor

Reference is made to the announcement of the Bank dated March 30, 2022 in respect of (among others) the resignation of Supervisor and proposed appointment of Supervisor. As disclosed above, Mr. Wang has tendered his resignation as a

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Supervisor of the Board of Supervisors and relevant positions of the committee of the Bank due to work adjustment. After the resignation of Mr. Wang, the proportion of external Supervisors of the Bank was less than one-third. According to the relevant regulations of the Corporate Governance Standards for Banking or Insurance Institutions and the Articles of Association of the Bank, his resignation shall take effect from the date on which the new external Supervisor elected at the Annual General Meeting of the Bank takes office, during which, Mr. Wang Yong will continue to perform his duties as the external Supervisor of the Bank. The Board of Supervisors of the Bank has nominated Mr. Peng Feng (“**Mr. Peng**”) as the candidate of external Supervisor of the Bank, who, after preliminary examination, meets the qualification of Supervisor.

According to the requirements of the laws and regulations, regulatory provisions and the Articles of Association, the qualification for candidate supervisor of Mr. Peng has been reviewed and approved by the Board of Supervisors and shall be subject to the approval of the 2021 Annual General Meeting. His term of office shall be effective upon approval at the Annual General Meeting and ending on the expiration of the term of the Eighth Session of the Board of Supervisors.

According to the Remuneration System for Directors and Supervisors (《董事、監事薪酬制度》) of the Bank, the external Supervisors of the Bank are remunerated in the form of service fees, which are determined in accordance with the principle of “pegging to the overall performance, and pegging to their own contribution” and based on the assessment results and the contribution of the Supervisors themselves. The Bank will disclose Supervisors’ remuneration or allowances in the annual report each year.

Biographical details of Mr. Peng are set out as follows:

Mr. PENG Feng (彭鋒), aged 44, has been an executive partner of Hangzhou Chengyue Technology Partnership (Limited Partnership) (杭州承月科技合夥企業(有限合夥)) since 2019. He was a senior vice president at Hangzhou Souche Automotive Services Co., Ltd. (杭州大搜車汽車服務有限公司) from 2017 to 2019. Between 2015 and 2017, Mr. Peng consecutively served as the financial market director and the director of commercial platform business of the micro loan business department of Ant Financial Services Group, the general manager of the strategic development department of Ant Financial Services Group and the general manager of Alipay Urban Development Center (支付寶城市發展中心). From 2004 to 2015, Mr. Peng worked at the human resources department, the general office, the second regulatory department and the urban business department of the China Banking Regulatory Commission (the “**CBRC**”), and served as a director of the urban business department of CBRC.

Mr. Peng obtained his bachelor’s degree in Management and master’s degree in Economics from Renmin University of China (中國人民大學) in July 2001 and in July 2004, respectively. He obtained his doctoral degree in Economics from the Graduate School of the Chinese Academy of Social Sciences (中國社會科學院研究生學院) in July 2012.

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Save as disclosed herein, he (1) has not held any other position in the Bank or any of its subsidiaries or any directorship in any other listed companies in the past three years; (2) does not have any relationship with any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Bank; and (3) does not have or is not deemed to have any interest in any shares, underlying shares or debentures of the Bank or any of its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, the Board is not aware of any other matters in respect of the proposed appointment of Mr. Peng required to be disclosed under Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules, or any other matters that need to be brought to the attention of the Hong Kong Stock Exchange and the Shareholders.

The proposed appointment of Supervisor will be submitted as an ordinary resolution to the Annual General Meeting for consideration.

III. THE ANNUAL GENERAL MEETING

The Annual General Meeting of the Bank will be convened at No. 9 Baoquan Road, Weihai City, Shandong Province, the PRC at 9:00 a.m. on May 31, 2022 (Tuesday), to consider and, if thought fit, approve the resolutions relating to the matters set out in the notice of the Annual General Meeting. The notice of the Annual General Meeting is set out on pages 153 to 156 of this circular. A form of proxy for use at the Annual General Meeting is sent to the Shareholders together with this circular.

The Bank's register of members will be closed from May 25, 2022 (Wednesday) to May 31, 2022 (Tuesday) (both days inclusive), during which no transfer of Shares will be effected. The Shareholder(s) whose name(s) appear(s) in the Bank's register of Shareholders as at the close of business on May 24, 2022 (Tuesday) shall be entitled to attend and vote at the Annual General Meeting. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents together with relevant share certificates and other appropriate documents shall be sent for registration to the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in case of H Shareholders) or to the Office of the Board at Room 1703, 9 Bao Quan Road, Weihai City, Shandong Province, the PRC (in case of Domestic Shareholders) by 4:30 p.m. on May 24, 2022 (Tuesday).

If the instrument appointing the proxy is signed by a person authorized by the appointer, the power of attorney or other authorization documents under which the instrument is signed must be notarized and shall be deposited together and at the same time with the instrument appointing the proxy. To be valid, the proxy form together with a copy of the notarized power of attorney or other authorization documents must be delivered to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in case of H Shareholders) or the Office of the Board (in case of Domestic Shareholders) at Room 1703, 9 Bao Quan Road, Weihai City, Shandong Province, the PRC not later than 24 hours before the fixed time (i.e. 9:00 a.m. on May 30, 2022 (Monday)) of holding the AGM

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or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish, in this case, the instrument appointing a proxy shall be deemed to be revoked.

Pursuant to the Hong Kong Listing Rules, all resolutions at the Annual General Meeting will be voted by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands). The voting results will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Bank (www.whccb.com) in accordance with the Hong Kong Listing Rules.

Shandong Hi-Speed Group Company and its associates are the connected persons of the Bank, and have material interests in the plan of credit extension to Shandong Hi-Speed Group, and control or have the right to control the voting rights in respect of 2,910,381,485 domestic shares, representing approximately 48.67% of the total share capital in issue as at the Latest Practicable Date. According to the relevant requirements such as the Administrative Measures for Related (Connected) Party Transactions of Weihai City Commercial Bank (《威海市商業銀行關聯(連)交易管理辦法》) and the Rules of Procedure for Related Party Transactions Control Committee under the Board of Directors of Weihai City Commercial Bank (《威海市商業銀行董事會關聯交易控制委員會議事規則》), they are required to abstain from voting in respect of the resolution in relation to the plan of credit extension to Shandong Hi-Speed Group at the Annual General Meeting.

IV. RECOMMENDATIONS

The Board (including independent non-executive Directors) is of the opinion that all resolutions proposed at the Annual General Meeting are in the interests of the Bank and the Shareholders as a whole. Thus, the Board recommends that the Shareholders should vote in favor of all the relevant resolutions proposed at the Annual General Meeting.

V. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices I to X to this circular.

By Order of the Board
Weihai City Commercial Bank Co., Ltd.*
TAN Xianguo
Chairman

Weihai, the PRC

April 28, 2022

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

The year 2021 marks the 100th anniversary of the founding of the Communist Party of China, the year of the historic intersection of the two centuries of struggle, the opening year of the Bank's 14th Five-Year Plan development strategy and the first full year after its listing. During the year, the Board of Directors of the Bank (the "Board") insisted on the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented the spirit of the 19th CPC National Congress, the 19th Plenary Sessions and the Central Economic Work Conference, fully implemented the decisions and deployments of the CPC Central Committee, the State Council and the requirements of the regulatory authorities, adhered to the general keynote of seeking progress while maintaining stability, scientifically assessed the situation, actively and calmly responded to the situation, and strived to seize the opportunities. The Bank has achieved new breakthroughs in all aspects of its work and successfully completed the targets set at the General Meeting, effectively safeguarding the legitimate rights and interests of Shareholders and other stakeholders.

As of the end of 2021, the Group's total assets reached RMB304,521 million, representing an increase of 13.80% from the beginning of the year; the Group's net profit was RMB1,892 million, representing a year-on-year increase of 14.77%; non-performing loan ratio was 1.47%, which was roughly the same as the beginning of the year; provision coverage ratio was 171.56%, capital adequacy ratio was 14.59%, tier-one capital adequacy ratio was 11.33% and core tier-one capital adequacy ratio was 9.35%. The Bank continued to meet all regulatory targets and was recognised as one of the "Top 10 City Commercial Banks in China" (全國十佳城市商業銀行) for another year.

I. MAIN WORK OF THE BOARD IN 2021

(I) Strengthen Strategic Planning and Leadership to Build "Smart Digital Banking"

In 2021, the Bank's Board of Directors continued to strengthen its strategic leadership by successively formulating the "14th Five-Year Plan" development strategy and the three-year plan for digital transformation, and continued to strengthen strategic execution management and conduct regular strategic evaluations to continuously enhance the quality and effectiveness of strategic management.

1. *Scientific formulation of development strategies*

Based on its in-depth summary of the successful experience of the "13th Five-Year" development strategy, the Board has coordinated the development direction going forward, formulated the "14th Five-Year" Development Strategy on a scientific basis, further clarified the strategic direction of developing "Bi-Focus Retail Banking" ("兩端型零售銀行") featuring enhancing differentiated strengths, retail banking business, intensive management, comprehensive coverage, capitalization, branding and conglomeration. It defines the Bank's strategic positioning in terms of value, region, market, management and brand, sets out the Bank's strategic objectives and strategic tasks for the "14th Five-Year" period, and formulates the corresponding core business strategies, key enabling strategies and supporting strategies.

2. *Build “smart digital banking”*

In accordance with the “three-step” digital banking strategy of “offline business online, online business enrichment, and digital banking strategy” and the three new concepts of “data standardization, online standardization, and online intelligence”, the Bank has formulated the “Digital Transformation Plan from 2021 to 2023 (《2021-2023年數字化轉型規劃方案》)”, which specifies the objectives, measures and a list of key projects for digital transformation in the next three years, and has launched and promoted digital transformation in a comprehensive manner to build “smart digital banking” providing the “best customer experience and excellent income and profit generation”.

3. *Deepening the reform of institutional mechanisms*

The Board, in line with its development strategy and in accordance with the principle of “marketization”, has been pushing forward major institutional reforms to further stimulate vitality and release dividends through reforms, and to continuously enhance its differentiated competitiveness. Firstly, the Board has deepened the reform of the personnel management system to form an institutional mechanism that enables flexible functional deployment of management personnel, staff admission and exit as well as income movement. Secondly, the Board explored the business unit system, adhered to the principle of “coordination, centralization and enhancement in two aspects”, and continued to promote the new management model for payment collection and compliance business departments, so as to continuously strengthen the vertical management capacity of such business lines.

4. *Breakthrough in all work*

Over the past year, the Bank closely followed its development strategy, adhered to the work concepts of “Stability, Accuracy, and Transcendence”, continuously strengthened the work measures, and continued to grasp the implementation of work. As a result, our work yielded remarkable results, showing the outstanding characteristics of “ten breakthroughs”:

Firstly, new breakthroughs in party building. The Board has given full play to the core leading role of party building, precisely implemented the requirements of party building, planned, deployed and implemented party building together with business development, and successively organized and carried out activities such as party history learning and education, “Two Outstanding and One Advanced” commendation conference, a chorus “singing the red classics - praising the centenary of the founding of the Party” and reciting the oath of party membership, forming a strong atmosphere for party building work.

Secondly, new breakthroughs in thinking. We consistently involve the emancipation of minds throughout our development. Through the annual discussion on emancipation of the mind, the Board constantly stimulated the “power of the heart (心的力量)” and fully released the vitality of “happiness (快樂心)”, “smile (微笑心)” and “imagination (想像心)”, effectively improving the unity, cohesion and enthusiasm of the entire bank staff and forming strong synergy to promote business development.

Thirdly, new breakthroughs in performance indicators. The Board carried out “compete, learn, overtake, help and surpass” activities, as the Bank worked to compare with the market, learning from its peers, industry benchmarks and models. As a result, the Bank achieved a good growth momentum in various business, successfully completed its annual targets and tasks, and achieved new breakthroughs in its performance indicators.

Fourthly, new breakthroughs in tackling critical junctures. The overall risk management continued to improve, maximizing the collection of non-performing loans, the suppression of non-accruals and control of overdue amounts. Focused on mobile banking, the Bank successfully completed its mobile banking “multiplication plan” and consolidated its customer base for digital transformation.

Fifthly, new breakthroughs in digital transformation. The Board insisted on “working on the present for the future” and launched a comprehensive digital transformation. The Board set up a digital banking department, launched a new data centre with the highest standard of enhanced grade A in China, and launched the CBUS5.0 smart banking system, taking the digital transformation to a new level.

Sixthly, new breakthroughs in internal control and compliance. The Board implemented the regulatory requirements and deployments, actively carried out a series of activities for the “Year of Improving Industrial Standardization”, launched the “Month of System Series (制度系列月)” activities such as month of system inspection, month of system revision, month of system study, month of system examination and month of system implementation, and organized a bank-wide inspection of the “five systems”, creating a good atmosphere of “respecting, learning and implementing the system”. The Bank’s internal control system and mechanism were improved, and the foundation of compliance management was continuously strengthened.

Seventhly, new breakthroughs in supply capacity. The Board increased the study of spirit and thinking, advocating “six spirits”, including the “spirit of learning, dedication, innovation, hard work, pursuit of truths and speed”. The Board also boost its work on concepts and adhered to “five major concepts” such as “transformation at both ends, precise management, marketing platform, risk control skills and service network”. In addition, it increased its methods by incorporating “five methods” of “simulation,

specifics, rehearsal, precision and verticality” throughout its work. Through its work on spirit, concepts and methods, the Bank experienced continuous enhancement in its work standard and broke through its supply capacity.

Eighthly, new breakthroughs in talent development. In terms of the introduction of talents from outside the bank, we insisted on “opening our hearts and minds to a wide range of talents” and followed the “three” standards of “professionalism, knowledge and youthfulness” to introduce a number of outstanding professionals to supplement the management positions. The cadre has been given a new lease of life and vitality. In terms of training within the Bank, we insist on “using boldly and transferring resolutely”, boldly training, selecting and using young cadres, and effectively magnifying the comparative advantage of “youthful” talents. Up to now, 62.83% of the cadres above the middle level are post-80s and post-90s, and the “talent breaking system” has made new achievements and achieved a new transcendence.

Ninthly, new breakthroughs in cultivating the atmosphere. Focusing on the core culture of “happy execution”, the Board created “five major atmospheres” throughout the Bank, focusing on both thoughts and actions. In other words, the Board set up a “Smile Festival” to create an atmosphere of smiles, launched “Months of System Series (制度系列月)” activities to create an atmosphere of systems, innovated management systems and mechanisms to create an atmosphere of compliance, deepened consensus on digital transformation to create an atmosphere of transformation (reform), and launched “compete, learn, overtake, help and surpass” activities to create an atmosphere of development. By actively creating a strong atmosphere, the development energy was further consolidated.

Tenthly, new breakthroughs in value enhancement. In terms of employee value, the Bank’s staff continued to enrich their knowledge, improve their skills and enhance their abilities, and achieved new self-worth in the process of promoting the development of the organization. In terms of organizational value, the Bank was recognized as one of the “Top 10 City Commercial Banks in China” (全國十佳城市商業銀行) for another year, and became the first “Equator Bank” in Shandong Province, and obtained the highest grade of AAA in the performance evaluation of local financial enterprises organized by the Shandong Provincial Government. The Bank achieved a new level of organizational value.

(II) Deepen Corporate Governance and Maintain a Standardized and Efficient Operation

The Board fully implemented the regulatory requirements, insisted on strengthening itself, continuously improved the corporate governance system and continued to enhance the level of corporate governance.

- 1. The governance operation mechanism was improved.** Firstly, the Board continued to deepen the organic integration of party leadership and corporate governance, always bearing in mind that “grasping party building means grasping ideals and beliefs, grasping party building means grasping future development, grasping party building means strengthening the foundation and raising the level”, integrating party building into development, leading development with party building and promoting development with party building. Secondly, the Board comprehensively sorted out and improved the corporate governance system against a series of new regulations issued by the regulatory authorities, formulated and revised a number of systems, and continued to enhance the scientificity, effectiveness and integrity of the system. Thirdly, the Board has improved the corporate governance assessment mechanism, conducted regular self-assessment of corporate governance, regularly assessed the structure and composition of the Board, and continuously enhanced the compliance, robustness and effectiveness of corporate governance.
- 2. The general election was successfully completed.** Taking into account the domestic and overseas regulatory requirements and the structure of the Board, the Board successfully completed its new term, appointed a new term of senior management and obtained approval for the qualification of new directors and senior management in a timely manner to achieve a smooth and orderly transition of the Board. The signing of service contracts for the new term of directors and senior management was organised, and a list of rights and obligations was formulated to clarify the rights and obligations of directors and senior management, which further regulate the conduct of directors in performing their duties and clarify the relationship of responsibilities and rights between various governance bodies.
- 3. Self-development was enhanced continuously.** In 2021, the Bank convened a total of eight Board meetings to review and approve 77 resolutions; and special committees convened 28 meetings to review and approve 81 resolutions. Firstly, all Directors actively participated in various training organized by the regulatory authorities and the Bank, kept abreast of new regulations and requirements, and continued to enhance their professionalism in discharging their duties to further ensure the scientific decision-making by the Board. Secondly, the Bank strengthened performance management, improved the archives of

Directors' performance, established an account of Directors' opinions and provided timely feedback, seriously carried out the annual assessment and performance evaluation of Directors and senior management, submitted reports on the work of the Board and the performance of independent Directors to the Shareholders' general meeting, and strengthened the self-restraint of the Board. Thirdly, all Directors performed their duties in good faith, diligently, professionally and efficiently, giving full play to their professional expertise and experience, listening to reports on the Bank's operation and management, participating in prudential supervision conversations with the regulatory authorities, making extensive constructive suggestions and recommendations on strategic leadership, risk control, internal control and compliance, management of connected transactions and protection of consumer rights and interests. They effectively fulfilled the duties conferred on them by the Articles of Association and promoted the sustainable and sound development of the Bank's businesses. Fourthly, the Bank gave full play to the role of independent Directors to provide objective and impartial independent advice on various aspects such as the Bank's strategic planning, profit distribution plan, control of connected transactions, and the appointment of directors and senior management, so as to effectively safeguard the rights and interests of Shareholders. Fifthly, the committees effectively performed their functions and provided professional advice and recommendations to the Board, so as to provide strong support to the Board in making scientific and efficient decisions.

4. **Meeting resolutions were strict implemented.** In 2021, the Board convened one general meeting in compliance with the law to consider and approve 17 resolutions. The Board conscientiously implemented the resolutions of the Shareholders' general meeting, effectively implemented the financial budget for 2021, organized the implementation of profit distribution for 2020, issued RMB1.1 billion of perpetual bonds, successfully completed the annual targets and tasks set by the Shareholders' general meeting and effectively safeguarded the legitimate rights and interests of all Shareholders.
5. **The equity management system was improved.** Firstly, the Board strengthened interaction and communication with Shareholders, promptly communicated regulatory requirements, contacted major Shareholders to sign undertakings and further clarified the responsibilities and obligations of major Shareholders. Secondly, the Board strictly implemented regulatory requirements and regularly assessed the qualifications and annual performance and compliance of substantial Shareholders and major Shareholders to continuously regulate Shareholders' conduct and ensure that they exercise their rights and fulfil their obligations in accordance with the law.

(III) Consolidate the Responsibility for Risk Control and Build a Solid Foundation for Business Development

The Board continued to adhere to the concept of compliance management, comprehensively strengthen risk management, internal control and compliance, enhance risk management capabilities and ensure sound business development.

- 1. Comprehensive risk control was strengthened.** Firstly, the Bank coordinated the planning of comprehensive risk management, improved the mechanism for setting, evaluating and adjusting risk appetite, regularly reviewed reports on the status of risk management, paid close attention to the Bank's risk control, anti-money laundering and anti-terrorist financing, case prevention and control, listened to the regulatory opinion briefings from regulatory authorities, paid attention to the problems identified and their rectification, deepen comprehensive risk management and steadily improved risk control. Secondly, the Board continued to improve the risk control system, further capitalized on the role of the three defense lines, increased the promotion and application of risk monitoring tools such as the risk warning system and the mobile post-loan APP, and enhanced the refinement of risk control. Thirdly, the Board continued to strengthen the disposal of collections, comprehensively improve the overall effectiveness of collection and disposal, and promote continuous improvement in asset quality.
- 2. The management of connected transactions was regulated.** The Board strictly implemented the relevant requirements on connected transactions, accurately identified and dynamically managed the list of connected parties, received regular reports on connected transactions, paid close attention to ongoing connected transactions, further strengthened the role of independent Directors in the management of connected transactions and ensured that the management, approval, reporting and disclosure of connected transactions were in compliance with the law.
- 3. The construction of internal control system was improved.** Firstly, the Board strengthened the construction of its compliance and internal control system, carried out internal control inspection and assessment, considered internal control evaluation reports, and further consolidated the foundation of internal control and compliance. Secondly, the Board increased audit supervision, improved the vertical audit management system, regularly considered audit reports, reviewed financial data reports and gave full play to the supervisory function of internal and external audits.

(IV) Strengthen the Fine Management of Capital and Consolidate the Foundation of Sound Development

The Board effectively performed its capital management duties and steadily carried out capital replenishment to ensure that its capital continued to meet regulatory requirements.

- 1. Capital replenishment was promoted.** On the basis of stable profit retention and other endogenous capital replenishment, the Board actively explored and improved diverse external capital replenishment channels and successfully issued RMB1.1 billion of perpetual bonds to further optimize the capital structure and effectively enhance the development base.
- 2. Capital management duties were performed.** In conjunction with regulatory requirements, strategic planning and business development needs, the Bank developed its capital management plans on a rolling basis, with capital stress tests and planning assessments taking place to ensure that capital levels were commensurate with business development, risk appetite and risk management. Efforts were also made to enhance active management of capital liabilities and restriction of capital consumption, optimize capital utilization structure and keep refining capital management.

(V) Improve the Quality and Effectiveness of Information Disclosure and Practice Corporate Social Responsibility

The Board strictly complied with domestic and overseas regulatory requirements, conducted information disclosure in a compliant and efficient manner, actively fulfilled its social responsibilities and continuously enhanced social value.

- 1. The obligation on information disclosure in accordance with the law was fulfilled.** The Board strictly enforced the domestic and overseas regulatory rules, effectively strengthened the management of insider information and insiders, and standardized the performance of information disclosure obligation. In 2021, a total of 5 periodic reports were prepared and issued, with 32 general announcements and circulars issued. The Board continued to enhance the quality of information disclosure and actively improved the transparency of the Company, while carrying out good investor relations management to effectively protect the legitimate rights and interests of investors.
- 2. Shareholders' investment returns were protected.** The Bank attached importance to reasonable returns to Shareholders, and implemented an active and stable dividend policy on the basis of ensuring that the capital requirements for sustainable and high-quality development

were met. In 2021, the Board formulated a plan of distributing a cash dividend of RMB1 per 10 shares, which was approved by the Shareholders' general meeting and effectively implemented for both domestic and overseas Shareholders, to fully safeguard Shareholders' rights to enjoy sustainable and reasonable investment returns in accordance with the law and to continuously enhance its image at the capital market.

3. **Social responsibilities were effectively fulfilled.** The Bank never forgot its original aspiration and mission as a financial enterprise, enthusiastically participated in various social welfare undertakings, took the initiative to fulfill its social responsibility, and released ESG reports on a timely basis. As a result, it was awarded the "2021 Shandong Socially Responsible Enterprise", which represented a new breakthrough in brand value. Firstly, the Board implemented the "customer-oriented" service concept, protected consumer rights and interests with solid efforts, and effectively enhanced consumer satisfaction. Secondly, the Board strengthened inclusive financial services for people's livelihood, actively supported the rural revitalization strategy, earnestly carried out the "Concerted Efforts in Shandong – Helping Businesses and Benefiting People" campaign, and continued to increase financial supply to private, small and micro enterprises. Thirdly, the Board took the initiative to practice green development, and formally adopted the "Equator Principles" on November 17, 2021, thus becoming the first "Equator Bank" in Shandong Province and achieving a new breakthrough in developing green finance.

II. KEY WORK ARRANGEMENTS OF THE BOARD IN 2022

The year 2022 is a crucial year for China to promote the 14th Five-Year Plan, and also a tough year for the Bank's digital transformation. Taking into account the current trend of the times and based on the actual development of the Bank, the Board has determined the guiding ideology, work ideas and work objectives of the Bank in 2022:

1. Guiding philosophy

Guided by the spirit of the 19th CPC National Congress and the 2nd, 3rd, 4th, 5th and 6th Plenary Session of the 19th CPC Central Committee and the Central Economic Work Conference, we will adhere to the general principle of seeking progress while maintaining stability, follow the macro trend of the times, implement regulatory requirements, implement the "development of new industrialization, urbanization, information technology, modern agriculture and green industries (五化理念)", carry forward the "Six Spirits (六大精神)", deepen model innovation, accelerate transformation, cultivate green finance, strengthen core competitiveness, unswervingly pursue the featured development path of becoming a "digitization-driven" "Bi-Focus Retail Banking (兩端型零售銀行)", and continue to build an excellent listed bank with faith, responsibility and value.

2. Work concepts

The work concepts of being “first class in six aspects”, namely first-class cultural experience, first-class transformation experience, first-class training experience, first-class compliance experience, first-class service experience and first-class value experience.

3. Work objectives

The Bank’s work objectives are to ensure a steady rise in all business indicators, ensure the coordinated development of scale, quality and efficiency, and ensure that no major cases or accidents occur.

With the above guiding principles, work ideas and objectives in mind, the Board will focus on the following tasks in 2022:

(I) Accurately Execute Transformation and Further Deepen the Reform

The Board will adhere to the digitization-driven “Bi-Focus Retail Banking (兩端型零售銀行)” development path, focus on the keywords of “experience” and “first-class”, continue to increase reform and innovation, accelerate strategic transformation and development, and steadfastly develop a “dual leadership and dual first-class smart digital bank (雙領先、雙一流的智慧數字銀行)”.

1. **Achieve success through digital “empowerment”.** The Board will insist on “working on the present for the future”, follow the concept of “three new orientations (新三化)”, leverage on financial technology as well as thinking, technological ecology and platform models, empower our development through digitization and deepen the digital transformation.
2. **Respect “growth” as the focus.** The Board will stay committed to “resolutely working for development and growth (發展是硬任務，增長是硬道理)” and “securing the future through growth (有增長就有未來)”, adopt the rule of “incremental efforts (“加靠”法則)”, and truly “respect growth and effectiveness”.
3. **Guide with “accurate” assessment.** The Board will give full play to assessment as a “baton” and “navigator”, accurately allocate resources, measure contributions, and realize results to fully mobilize and preserve enthusiasm across the Bank and fully develop all businesses.
4. **Prioritize “speed” in service.** We will remain committed to the concept of “customer first”, fully develop the spirit of speed, accelerate our service response, and create a happy service chain

of “the headquarters as the primary level, management for business, and the Bank for customers”, striving for the fastest service, the best experience and the best reputation.

5. **Strengthen training and “learning”.** The Board will strengthen its efforts to cultivate talents, give full play to the role of the training center, improve the organizational structure of the training academy, and continuously improve training and teams through a “digital” training system, a “normalized” training mode, and “diversified” training experience.

(II) Provide Accurate Leadership with Party Building and Further Optimize Governance

The Board will strictly comply with domestic and overseas regulatory requirements, give full play to the central leading role of party building, continue to improve corporate governance and strive to build a corporate governance system with Chinese characteristics for a modern commercial bank.

1. **Lead with the “spirit” of party building.** The Board will give full play to the core leadership of party building, continuously improve its political understanding, and firmly grasp the direction of thinking, consideration and implementation, and further cultivate the “spirit” of development.
2. **Enhance efficiency with corporate “governance”.** The Board will conscientiously implement regulatory requirements, continue to optimize the corporate governance system, strengthen the standardization and effectiveness of shareholding management, strengthen its development efforts, effectively enhance the ability and standard of Directors in performing their duties, and continuously improve the effectiveness of the Board’s performance to promote the Bank’s stable and healthy development.
3. **Build cultural cohesion with “heart”.** The Board will create an experience-based culture that centers on the culture of “happy execution” and develop an atmosphere, where people can strengthen their inner strength and challenge themselves in a strong experience-based atmosphere, to forge stronger cultural synergy.

(III) Accurate Risk Control and Quality Improvement

The Board will continue to intensively carry out the “Year of Developing Internal Control and Compliance Management” activities, and improve the system of compliance, internal control and comprehensive risk management, so as to continuously enhance risk control.

1. **Enhance quality through risk “prevention” and control.** The Board will continue to improve its comprehensive risk management system, closely follow macro policies, focus on key areas of concern such as connected transactions, formulate annual risk appetite strategies in a scientific and prudent manner, strengthen the application of big data in risk control, effectively capitalize on the audit function, strengthen dynamic risk assessment and comprehensive investigation, and improve “all-rounded” risk warning capabilities that “cover the entire process”, all in a bid to further promote quality development.
2. **Enhance efficiency through vertical management and “control”.** The Board will continue to explore and deepen the model of managing business departments, focus on the requirements of “establishing a system, building a team and developing a model”, improve the compliance management system that can reach every aspect, and continuously improve efficiency and effectiveness through vertical management and control.

(IV) Accurate Capital Replenishment and Further Foundation Enhancement

The Board will improve the long-term capital replenishment mechanism and capital management system based on the objective needs of business development and development strategies, formulate capital plans scientifically, steadily carry out capital replenishment, select opportunities to replenish capital based on development needs and market conditions, further improve capital adequacy ratio, enhance risk resilience and continuously enhance the momentum of serving the real economy; at the same time, the Board will continue to strengthen the concept of capital discipline by optimizing capital allocation and giving full play to the role of capital management in guiding and safeguarding the optimization of business structure, so as to ensure that all capital indicators continue to meet regulatory requirements.

(V) Accurate Information Disclosure for Even Greater Value

The Board will continue to disclose information in strict accordance with regulatory requirements, disclose information in a truthful, accurate, complete and timely manner, engage in positive interaction with investors via multiple channels, effectively safeguard the legitimate rights and interests of investors, and build a good brand image. At the same time, the Board will actively fulfil its social responsibilities, practice green finance and inclusive finance, do its utmost to protect the rights and interests of consumers, effectively safeguard the legitimate rights and interests of stakeholders, comprehensively improve financial services and continue to “create value for employees, customers, Shareholders and society”.

In 2022, in the face of the complex and ever-changing external situation, the Board and senior management will unite as one and make concerted efforts with the spirit, vigor and spirit of the tiger. It will follow the trends of the times, strive to create first-class experience, and steadfastly build “smart digital banking” to create greater value for Shareholders, customers, society and employees, and greet the 20th Party Congress with excellent performance.

In 2021, the Board of Supervisors of the Bank insisted on being guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strictly complied with the provisions of the Company Law, the Commercial Bank Law, the Code of Corporate Governance for Banking and Insurance Institutions, the Work Guidelines on the Board of Supervisors of Commercial Banks (《商業銀行監事會工作指引》) and the Articles of Association of the Bank, aimed at protecting the legitimate rights and interests of the Bank, its Shareholders, employees, creditors and other stakeholders, and performed its duties diligently and faithfully in line with the principles of compliance with laws and regulations, objectivity, fairness, science and efficiency, thus promoting the continuous improvement of the Bank's corporate governance and playing an active role in the Bank's law-abiding and compliant operation and sound development.

I. MAJOR WORK IN 2021

(I) Reinforce the Basis of Corporate Governance and Standardize the Operation of the Board of Supervisors

- 1. The Board of Supervisors successfully finished electing a new session.** During the Reporting Period, through standard and strict nomination, review and election procedures, the Board of Supervisors successfully finished electing its eighth session, elected its chairman, had stable work transition, further clarified its rights and responsibilities, and improved and refined the corporate governance structure.
- 2. The Board of Supervisors refined its system.** During the Reporting Period, it refined its performance evaluation measures on the Directors, Supervisors and senior management, standardized evaluation content, procedures and methods, supplemented and refined the list of performance indicators, as well as regulated and guided the performance of duties to further improve the supervision mechanism.
- 3. The Board of Supervisors standardized its rules of procedures.** In 2021, the Board of Supervisors convened 5 meetings, at which 29 proposals were considered and 45 proposals were heard. The Board of Supervisors attended one Shareholders' general meeting and was present at seven meetings of the Board of Directors, to timely learn the performance of each governance department, receive the information in decision-making, finance and risk control and effectively exercise the supervisory function.

(II) Efficiently Perform the Supervisory Responsibilities and Safeguard the Company in Solid Development

- 1. The Board of Supervisors reinforced performance supervision and improve the effectiveness in performance evaluation.** During the Reporting Period, the Board of Supervisors supervised and evaluated the Board of Directors, the Board of Supervisors, senior management

and its members regarding their respective performance of the obligations of faith and diligence, professionalism and independence, ethics and compliance, and completed the annual performance evaluation of the Directors, Supervisors and senior management.

- 2. The Board of Supervisors strengthened its supervision over decision-making and accurately grasped the direction of operation.** During the Reporting Period, the Board of Supervisors supervised the compliance of convening general meetings and Board meetings, their voting procedures and the opinions and voting by the Directors that attended the meetings, assessed the strategic planning and implementation, and supervised the decision-making in major affairs such as financial budgets, profit distribution, material investments, connected transactions and risks, to ensure each decision on the right track and maintain the direction of healthy development.
- 3. The Board of Supervisors enhanced financial oversight and effectively protect the interests of Shareholders.** Firstly, the Bank supervised its material decision-making on financial matters. Secondly, the Bank reviewed the audits and annual audit reports and periodical reports by its external auditors, and expressed independent opinions. Thirdly, the Board of Supervisors supervised its financial matters and the implementation of accounting policies. Fourthly, the Board of Supervisors supervised the implementation of the remuneration management system and whether the remuneration package of senior management was scientific and reasonable.
- 4. The Board of Supervisors strengthened its supervision on internal risk control to ensure sound business operation.** Firstly, it reviewed the annual internal control evaluation report to carry out overall supervision on the internal control and governance system and operation of the Bank. Secondly, the Board of Supervisors reviewed the internal audit report to understand the execution of internal audits and material findings on audit, to timely find the existing management issues and supervise their rectification. Thirdly, the Board of Supervisors attended prudent supervision meetings, paid attention to and promoted rectification of the issues. Fourthly, the Board of Supervisors regularly reviewed the reports of inspections, related party transactions and risks, and proposed supervisory advice on the Bank's operational decision-making and risk management mechanism. Fifthly, the Board of Supervisors regularly listened to the specific risk control measures by the management department and promoted the effective implementation of the Bank's risk control mechanism.

(III) Continuously Work on Self-development and Improve Performance Capabilities

Firstly, the Board of Supervisors strengthened business learning and training. During the Reporting Period, the Group organized training on the listing business, performance evaluation measures for the Directors and Supervisors, corporate

governance guidelines and hands-on training for the Supervisors. Secondly, the Board of Supervisors prepared a performance list, with extensive study for members to familiarize themselves with its content so as to carry out annual performance evaluation in a solid way. Thirdly, the Board of Supervisors studied external supervision experience. It reported to and communicated with regulatory authorities smoothly, strengthened the exchange and learning with peers, and improved performance capabilities effectively.

II. INDEPENDENT OPINIONS OF THE BOARD OF SUPERVISORS ON MATTERS OF CONCERN TO THE BANK IN 2021

- (I) **Operation in compliance with laws and regulations.** During the Reporting Period, the Bank operated its business in accordance with laws and regulations, continuously improved its internal control system, and its decision-making procedures complied with the relevant requirements of laws, regulations and the Articles of Association. The Directors and senior management acted with honesty, integrity and due diligence, with no violation of laws and regulations or any act detrimental to the interests of the Bank and the Shareholders.
- (II) **Authenticity of the financial report.** The annual financial report of the Bank has been audited by BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited, with a standard unqualified audit report issued. The financial report gives a true, accurate and complete view of the financial position and operating results of the Bank in all material aspects.
- (III) **Acquisition and disposal of assets.** During the Reporting Period, the Bank had no other material acquisitions or asset disposals.
- (IV) **Related party transactions.** During the Reporting Period, the Bank's related party transactions were fair, reasonable and in compliance with the relevant requirements of national laws and regulations and the Articles of Association, with the relevance indicators in line with regulatory standards. The Board of Supervisors did not identify any acts that violated the fairness principle or impaired the interests of the Bank and the Shareholders.
- (V) **Implementation of resolutions of the Shareholders' general meetings.** The Board of Supervisors had no objection to the reports and proposals submitted by the Board of Directors of the Bank to the Shareholders' general meetings for consideration during the year, supervised the implementation of the resolutions of such meetings, and considered that the Board had seriously implemented the relevant resolutions of such meetings without acts detrimental to the interests of the Shareholders.
- (VI) **Information disclosure.** During the Reporting Period, the Bank refined its information disclosure mechanism, fulfilled its information disclosure obligations as a listed company, continuously enhanced the transparency of corporate governance, operation and management, and improved the accuracy and completeness of information disclosure, so as to ensure that all Shareholders had fair access to the Company's significant information.

III. PERFORMANCE OF EXTERNAL SUPERVISORS

The Board of Supervisors of the Bank has three external Supervisors, who chair the Nomination Committee and the Supervision Committee under the Board of Supervisors. During the Reporting Period, the external Supervisors independently performed their supervisory duties in accordance with their fiduciary and diligent duties to the Bank and all the Shareholders, attended the meetings of the Board of Supervisors and relevant committees as scheduled, actively attended the meetings of the Board of Directors and the Shareholders' general meetings, and discussed and expressed objective and fair independent opinions on the matters discussed at the Shareholders' general meetings and the meetings of the Board of Directors and the Board of Supervisors of the Bank, thus playing their effective role as external Supervisors.

IV. OVERALL WORK CONCEPTS AND MEASURES IN 2022

The year 2022 is a crucial year for China to promote the "14th Five-Year" strategic plan and a critical year for the Bank's digital transformation. The Board of Supervisors will closely follow the guiding philosophy and work concepts of the Bank, give full play to the core leading role of party building, improve its political understanding, continuously improve the ability to perform its duties and the supervisory mechanism, highlight its supervisory focus, increase its supervision efforts, perform its duties diligently and efficiently, and effectively safeguard the legitimate rights and interests of Shareholders and stakeholders.

(I) Strengthen Self-development and Enhance the Motivation of Performing Duties

Firstly, the Board of Supervisors will further strengthen learning, enrich the content and form of training, enhance comprehensive business literacy, carry out targeted work in line with the Bank's actual situation, and enhance the professionalism and authority in discharging its duties. Secondly, The Board of Supervisors will build a supervision system covering the entire process, follow up and study laws, regulations and regulatory policies, continuously improve the relevant systems and proceedings of the Board of Supervisors, supervise in accordance with the law and enhance the compliance and scientific performance of the duties. Thirdly, based on regulatory feedback, research information and policy changes, the Board of Supervisors will study effective ways to play its role under the new situation, and regularly study and analyze the shortcomings in supervision and solutions so as to improve the performance of its duties.

(II) Underscoring Supervision and Provide Orderly and Efficient Supervision

Firstly, the Board of Supervisors will strengthen its control throughout the process, regularly and irregularly supervise the performance of duties and responsibilities of the Board of Directors, senior management and their members, improve the performance supervision archives, improves performance evaluation procedures and methods in a differentiated manner, strengthen the effective

application of evaluation results and promote the improvement of performance behavior. Secondly, the Board of Supervisors' supervisory function will be organically integrated with operational management and internal control of risks, focusing on the annual key work, supervising the Bank's development strategy, financial activities, operational decisions, risk management and internal control, and raising issues and supervisory opinions in a pragmatic manner. Thirdly, the Board of Supervisors will strengthen communication with regulatory authorities, pay great attention to and promptly supervise the rectification of inspection issues, and promote continuous correction and improvement of business management.

(III) Strengthen Inspection and Research, and Actively Contribute Ideas and Suggestions

Firstly, the Board of Supervisors will regard problems and risks as the orientations, reach the grassroots level to establish a liaison and communication mechanism with various departments such as business, risk and internal control and audit, so as to grasp real-time operational and risk information, identify problems and solve them in a timely manner, and lay the foundation for effective performance of its duties. Secondly, all Supervisors will attend Shareholders' general meetings and be present at the Board of Directors' meetings and senior management meetings as required, to understand the Bank's major business decision-making process and actively put forward opinions and suggestions to ensure timely and effective supervision. Thirdly, the Board of Supervisors will enrich the supervision methods by adopting various means such as off-site monitoring, interviews, surveys and information enquiries, to understand and grasp operational management and business development, and to enhance the independence and effectiveness of its supervision.

In 2022, the Board of Supervisors will focus on the development plan, closely follow the trends of the times, give full play to its supervisory role of checks and balances, continuously improve the independence, authority and effectiveness of the Board of Supervisors in performing its duties, and make new contributions to the sustainable and characteristic development of the Bank.

In 2021, the independent Directors of the Bank were able to attend Shareholders' general meetings, Board meetings and meetings of special committees as scheduled, express fair and objective independent opinions, perform their duties earnestly and diligently, and practically safeguard the legitimate rights and interests of the Bank and all the Shareholders, especially minority Shareholders, in accordance with foreign and domestic laws and regulations such as the Company Law, the Corporate Governance Standards for Banking and Insurance Institutions (《銀行保險機構公司治理準則》) and the Corporate Governance Code under Appendix 14 to the Listing Rules of Hong Kong, the Articles of Association and other relevant regulations.

I. BASIC INFORMATION OF INDEPENDENT DIRECTORS

As of the end of 2021, the Board of Directors of the Bank comprised a total of five independent Directors, namely Mr. SUN Guomao (孫國茂), Mr. FAN Chi Chiu (范智超), Mr. WANG Shaohong (王紹宏), Ms. SUN Zuying (孫祖英) and Mr. LU Qing (路清). Mr. LIU Xue (劉學) and Mr. ZHANG Guanghong (張廣鴻) ceased to serve as independent Directors of the Bank. The number of independent Directors of the Bank was no less than one-third of the total number of Directors of the Board. The members of the Nomination and Remuneration Committee, the Related Party Transactions Control Committee and the Audit Committee were all independent Directors. All the independent Directors of the Bank had theoretical foundation and professional experience in economics, finance, accounting and management. Holding no management position of the Bank, they had the independence required for independent Directors and complied with regulatory requirements and the provisions of the Bank's Articles of Association. The biographies of the independent Directors of the Bank are as follows:

Mr. SUN Guomao, with a doctorate degree in economics, has served as an independent Director of the Bank since September 2017. He is currently a professor and PhD tutor (博士生導師) of School of Economics, Qingdao University (青島大學經濟學院), a professor of School of Finance of Shandong Technology and Business University (山東工商學院金融學院), a chief expert (首席專家) of Collaborative Innovation Centre for Financial Service Transformation and Upgrade (金融服務轉型升級協同創新中心), a director of Shanghai Xide Investment Management Co., Ltd. (上海熙德投資管理有限公司) and Shandong Hanxun Information Technology Co., Ltd. (山東瀚訊信息技術有限公司), and an independent director of Qingdao Rural Commercial Bank Co., Ltd. (青島農村商業銀行股份有限公司) and Shandong Qilu Huaxin Industry Co., Ltd. (山東齊魯華信實業股份有限公司).

Mr. FAN Chi Chiu, with a bachelor's degree in accounting, has served as an independent Director of the Bank since June 2020. He is currently an independent director of Hevol Services Group Co. Limited and Shinelong Automotive Lightweight Application Limited.

Mr. WANG Shaohong, with a doctorate degree in economics, has served as an independent Director of the Bank since August 2021. He is currently the chairman of Shenzhen Zhuxincheng Equity Investment and Fund Management Company Limited (深圳鑄信誠股權投資基金管理股份有限公司), the president of Shenzhen Research Association of Corporate Governance (深圳市公司治理研究會), and an independent director of Prosperity Textiles Limited (北江智聯紡織股份有限公司).

APPENDIX III DUTY REPORT OF THE INDEPENDENT DIRECTORS FOR 2021

Ms. SUN Zuying, with a bachelor's degree in philosophy, has served as an independent Director of the Bank since August 2021. She is currently the legal representative (法定代表人) of Weihai Yinghua Investment Consultation Co., Ltd. (威海英華投資諮詢有限公司).

Mr. LU Qing, with a master's degree in finance, has served as an independent Director of the Bank since July 2016. He is currently a partner of ShineWing CPA (信永中和會計師事務所) and an independent director of Qingdao Victall Railway Co., Ltd. (青島威奧軌道股份有限公司).

II. ANNUAL PERFORMANCE OF DUTIES BY INDEPENDENT DIRECTORS

(I) Attendance at Meetings

In 2021, the Bank convened 1 annual general meeting to consider 17 proposals, 8 Board meetings to consider a total of 77 proposals, and 28 meetings of the special committees of the Board to consider a total of 81 proposals. Attendance of the independent Directors of the Bank at the meetings during the Reporting Period is as follows:

Independent Directors	Shareholders' general meeting	Board	Strategic Development Research Committee	Nomination and Remuneration Committee	Risk Management Committee	Related Party Transactions Control Committee	Audit Committee
Independent Directors							
SUN Guomao (孫國茂)	1/1	8/8	2/2	7/7	2/2	—	7/7
FAN Chi Chiu (范智超)	1/1	8/8	—	7/7	—	4/4	—
WANG Shaohong (王紹宏)	—	4/4	—	3/3	—	—	4/4
SUN Zuying (孫祖英)	—	4/4	—	—	—	2/2	4/4
LU Qing (路清)	1/1	7/7	—	—	2/2	4/4	3/3
Resigned Independent Directors							
LIU Xue (劉學)	1/1	4/4	2/2	4/4	—	—	—
ZHANG Guanghong (張廣鴻)	0/1	4/4	—	—	—	2/2	3/3

Note:

- Figures set out in the above table represent the numbers of actual/due attendance of meetings.
- "Attendance in Person" at the Meetings includes physical attendance, and attendance through telephone and video conferencing.
- During the Reporting Period, all independent Directors of the Bank unable to attend Board meetings and the meetings of its special committees appointed other Directors to attend the meetings and execute voting rights for them.

4. Mr. WANG Shaohong and Ms. SUN Zuying were elected as independent Directors of the Bank at the 2020 Shareholders' general meeting on June 11, 2021. With their eligibility to hold office approved by CBIRC Shandong Office on August 2, 2021, they officially assumed their positions.

(II) Issuing Independent Opinions

In 2021, the independent Directors of the Bank were able to provide independent decision-making and supervision on the matters considered at Shareholders' general meetings and Board meetings, especially on those that may have significant impacts on the legitimate rights and interests of the Bank, minority Shareholders and financial consumers, such as material related party transactions, profit distribution, the nomination, appointment or removal of Directors, the engagement and dismissal of senior management officers, the appointment of accounting firms for regular statutory audits of the Bank's financial reports, and internal control. The independent Directors expressed fair, objective and independent opinions to effectively safeguard the legitimate rights and interests of the Bank, minority Shareholders and other stakeholders.

(III) Understanding the Company's Operation and Management through Multiple Channels

In 2021, the independent Directors of the Bank reviewed the conference materials of the Board and its special committees with due care to gain an in-depth understanding of the resolutions, listened to the operation and management reports of senior management on a regular basis, and studied a range of relevant reports on operation, finance, risk and internal control, and related party transaction management to keep abreast with the Bank's daily operations and potential risks. Furthermore, the independent Directors offered opinions and suggestions on the problems of Directors, senior management and the operation and management of the Bank, performance of duties, strategy implementation, management and control, as well as the work in 2022, and actively performed their duties as independent Directors.

(IV) Work to Protect the Legitimate Rights and Interests of Investors

The independent Directors of the Bank exercised their voting rights independently, prudently, objectively and fairly, issued independent opinions, and effectively performed their supervisory role. They continued to step up their efforts in studying and researching various regulations issued by the CSRC, the CBIRC and stock exchanges, to improve their capabilities of perform duties. They remained attentive to the information disclosure and investor relations management of the Bank, as well as media reports on public opinion on the Bank and investors' opinions and suggestions on the Bank, ensured the fairness, authenticity, accuracy and integrity of information disclosure, and improved the Bank's service to investors.

(V) Others

In 2021, the independent Directors of the Bank did not propose to convene a Board meeting or an extraordinary general meeting, appoint or dismiss the accounting firm, or engage an external auditor and consultancy independently.

III. OVERALL EVALUATION AND RECOMMENDATIONS

In 2021, all independent Directors of the Bank devoted sufficient time and efforts to performing their duties proactively, professionally, efficiently, objectively and independently, conducted serious research and independent judgment on the Bank's operating conditions, and provided professional advice for the healthy development of the Bank.

In 2022, all independent Directors of the Bank will continue to improve their professional standards in the spirit of loyalty and diligence, gain in-depth understanding of the Bank's operations, actively participate in Board meetings, and earnestly issue opinions and suggestions, in a bid to effectively safeguard the overall interests of the Bank and the legitimate rights and interests of all Shareholders.

Independent Directors: SUN Guomao, FAN Chi Chiu, WANG Shaohong, SUN Zuying and LU Qing.

According to regulations such as the Measures for Performance Evaluation of Directors and Supervisors of Banking and Insurance Institutions (Trial) (《銀行保險機構董事監事履職評價辦法(試行)》) and the Work Guidelines for the Board of Supervisors of Commercial Banks (《商業銀行監事會工作指引》) of the PRC as well as the Articles of Association and the Measures for Performance Evaluation of Directors and Senior Management by the Board of Supervisors (Trial) (《監事會對董事、高級管理人員的履職評價辦法(試行)》) of the Bank, the Board of Supervisors of the Bank evaluated the performance of duties by the Board of Directors, senior management and its members for the year 2021.

I. PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

During the Reporting Period, the Board of Directors were able to adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strictly perform the duties and responsibilities entrusted by laws and regulations and the Articles of Association of the Bank, adhere to the general principle of seeking progress while maintaining stability, proactively seize opportunities with scientific decision-making, efficiently perform the duties, effectively safeguard the rights and interests of the Shareholders and stakeholders, successfully complete the targets and tasks set by the Shareholders' general meeting, make various regulatory indicators continue to fully meet the standards, and continuously improve brand reputation and social influence.

1. **Governance mechanism.** The Board of Directors of the Bank kept enhancing the organic integration of party leadership into corporate governance, and successfully completed the election of its new session with smooth and orderly transition in accordance with laws, regulations, regulatory requirements and the provisions of the Bank's Articles of Association and internal system. A new session of senior management was also appointed, with a number of systems such as the rules of procedure for Board meetings amended and improved, which clarified the rights and obligations of respective governance bodies and further improved the Company's governance structure and operational mechanism.

The Board of Directors was able to strictly comply with its statutory obligations and procedures, perform their duties with faith and diligence, exercise its power with integrity and fairness, offer objective and fair evaluation and advice on the performance of senior management, regularly listen to the reports of compliance management, timely raise their views and suggestions on business development, compliance and risks as well as internal control, and actively facilitate the implementation of the resolutions of the Shareholders' general meeting and the Board. Board members were able to attend meetings in person. During the year, the Bank convened eight Board meetings to consider and pass 77 resolutions.

Special committees of the Board operated according to the Articles of Association and relevant rules of procedure, gave full play to their respective roles, and exercised their rights and performed their obligations according to

law during decision-making on operation and management, thus effectively safeguarding the rights and interests of Shareholders and other stakeholders. During the year, the Bank convened 28 meetings of special committees to consider and pass 81 resolutions.

2. **Strategic decision-making.** The Board was able to fully leverage on its decision-making function, concluded the successful experience of the “13th Five-Year” development strategies in an in-depth manner, arrived at clear strategic positioning, and made overall planning of future development directions. It also scientifically prepared its “14th Five-Year” development strategies, enhanced the leadership of strategic planning and the supervision and assessment of strategy implementation, and procured the Bank to unswervingly follow the characteristic development path of innovative transformation, developing into a “smart digital bank” with leapfrog development in various business.
3. **Risks and internal control.** The Board of Directors upheld the concept of operating in compliance with laws, fully enhanced its risk management and internal control compliance, made overall planning and formulated risk management strategies, improved the mechanism of risk appetite setting, evaluation and adjustment, regularly listened to the risk management report by senior management, paid close attention to risks, internal control compliance, prevention and control of cases, anti-money laundering and counterterrorist financing, management of related party transactions and others, analyzed and assessed major risks and risk management, and strengthened risk management capabilities. During the year, as no major risk and loss occurred, with scientific and steady development achieved.
4. **Capital management.** The Board of Directors was able to effectively perform capital management and replenishment, explored and improved diverse channels for external capital as replenishment, optimized the capital structure, continuously strengthened its refined capital management and met capital management requirements to effectively reinforce its development foundation.
5. **Information disclosure and social responsibility.** The Board of Directors strictly abided by domestic and overseas regulatory requirements, strengthened the management of inside information and insiders, continuously enhanced the quality of information disclosure, actively improved transparency, protected the legitimate rights and interests of investors, and disclosed true, accurate and complete information and annual reports of the Bank.

The Board of Directors actively discharged its social responsibilities, promoted the “customer-centric” service philosophy, protected consumer rights and interests, strengthened inclusive financial services for people’s livelihood and offered support to the rural revitalization strategy, with improving customer satisfaction and brand influence.

II. PERFORMANCE EVALUATION FOR BOARD MEMBERS

The Board of Supervisors evaluated the performance of Board members regarding their performance of good faith and diligence obligations, professionalism, independence, ethical standards and compliance. During the year, the performance evaluation targets of Board members comprised 15 Directors of the Eighth Session of the Board of Directors.

(I) Performance of the good faith obligation by the Directors.

During the Reporting Period, all Directors were able to strictly comply with the requirements of laws and regulations and the Articles of Association, to facilitate stable operation and healthy development of the Bank, protect the legitimate rights and interests of Shareholders, practice the mission of serving in the best interest of the Bank, honor its commitments, safeguard confidentiality and pay high attention to matters which may damage the interests of the Bank. The Directors made truthful disclosure of personal career, timely reported association relationships as well as the relationship and movement of acting in concert, and strictly complied with the regulations on connected transactions and anti-nepotism in performance of duties. No Directors were found to have leaked the trade secrets of the Bank, concealed issues and caused the damage to the Bank's interests.

(II) Performance of the diligence obligation by the Directors.

During the Reporting Period, all Directors were able to devote sufficient time and efforts to the Bank's affairs, keep abreast of operations, management and risk profile, actively participated in the meetings of the Board and its special committees, attended over two-thirds of the Board meetings in person. Individual Directors unable to attend the meetings in person over special reasons entrusted other Directors to attend the meeting on their behalf as required under the Articles of Association. During the year, the chairman of each special committee spent over 20 working days working at the Bank. All Directors were able to exercise caution in studying and judging the matters submitted to the Board for consideration, and conscientiously review the periodical reports of the Bank to ensure the truthfulness, accuracy and completeness of the information disclosed thereby. No Directors were found to have breached the diligence duty as required under laws, regulations and the Articles of Association.

(III) Performance of the professionalism obligation by the Directors.

During the Reporting Period, the Directors were able to actively participate in the trainings regarding laws and regulations, regulatory requirements and listing business organized by regulatory authorities, banking associations and the Bank, and kept upgrading their professional knowledge and capabilities required for performing their duties. Based on its responsibilities and duties, the Bank participated in meetings in compliance with laws, provided views and suggestions,

exercised their voting rights and promoted the implementation of resolutions of the Shareholders' general meeting and the Board. The Directors were able to understand the Bank's corporate governance, strategy management, business investment, risk management, internal control and compliance and financial accounting on a continuous basis, made independent, professional and objective judgements with their professional knowledge, industry experiences and work experience, and proposed scientific and reasonable views and suggestions to facilitate scientific decision-making by the Board.

(IV) Independent performance and ethical standards.

During the Reporting Period, the Directors were able to maintain high-standard occupational ethics with the knowledge, experience, capabilities and efforts required in performing their duties; they were able to perform their duties independently and autonomously, promote the Bank in treating all Shareholders fairly, safeguard the legitimate rights and interests of stakeholders and actively perform social responsibilities. No Directors were found to be under the control of and have their performance intervened by major Shareholders and insiders.

(V) Compliant performance.

During the Reporting Period, the Directors were able to comply with laws and regulations, regulatory requirements and the Articles of Association, fully understand their powers, obligations and responsibilities, keep regulating their own performance behavior and perform corresponding duties in accordance with laws and regulations, thus promoting the Bank's operation in compliance with laws and regulations. No Directors were found with such non-compliant behaviors as accepting illicit benefits, soliciting private gains for themselves or others by leveraging the convenience of their functions, participating in improper interference with the Bank which resulted in material risks and losses to the Bank, harming the interests of the Bank and its Shareholders, and violating laws, regulations and the Articles of Association.

(VI) Performance evaluation of independent Directors

During the Reporting Period, the independent Directors were able to devote sufficient time and efforts to working for the Bank, with their working hours in line with regulatory requirements and effective performance of duties. Independent Directors remained attentive to the operation standardization and procedural legality of the Board and its committees. During decision making, the independent Directors were able to stay immune to the influence of major Shareholders, senior management and other entities and individuals with a stake in the Bank, effectively safeguard the legitimate rights and interests of minority Shareholders and other stakeholders, and fully tap into their expertise and practical experience to actively offer suggestions, advice and independent opinions in an objective, fair, independent and prudent manner when discussing major issues that may involve

conflict of interest at Shareholders' general meetings and Board meetings, such as material related party transactions, profit distribution, appointment and dismissal of Directors and senior management as well as their remuneration.

The Board of Supervisors considers that during the Reporting Period, all members of the Board fulfilled their duties and obligations diligently and in faith and were deemed competent in the year-end performance evaluation.

III. PERFORMANCE EVALUATION OF SENIOR MANAGEMENT

During the Reporting Period, senior management was able to adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, abided by laws and regulations, regulatory requirements and the Articles of Association and systems, resolutely implemented the resolutions of Shareholders' general meetings and the meetings of the Board of Directors and the Board of Supervisors, development strategies and business plans, always adhered to the general principle of seeking progress while maintaining stability at work, addressed the epidemic and challenges imperturbably, took the initiative to focus on the targets, steadily promoted digital transformation, and continuously enhanced market-oriented capabilities. This resulted in the continuous growth of the staff, continuously robust and high-quality development in various business, effective protection of consumer rights and interests, successful completion of various targets and tasks set by the Board, and continuous improvement in brand value and social image. Firstly, the senior management captured opportunities to promote development. They drove digital transformation accurately by developing a "smart digital bank", with precise breakthroughs in business qualifications, continuous efforts in strategic business, and significant improvement in adequate areas. This led to steady growth in total assets, deposits and loan indicators, stable and positive asset quality, steadily improving efficiency indicators and full alignment with key regulatory indicators. Secondly, the senior management focused on enhancing the foundation with respect to compliance. They maintained the bottom line of risks, kept reinforcing the management of risks, internal control, compliance and case prevention and control, strengthened the risk control mechanism that covered every aspect and the entire process, and refined risk control, with major indicators in line with regulatory standards and a new step taken towards internal control and compliant management. Thirdly, the senior management supported talents with fresh momentum. They focused on the digital transformation, properly worked on talent training and recruitment, enhanced staff quality and team building, optimized talent selection, leader appointment and the performance assessment incentive mechanism, and launched the Bank-wide campaign of "competing, learning, catching up, helping and surpassing" to stimulate the enterprising spirit among the staff and keep improving workforce quality.

IV. PERFORMANCE EVALUATION OF SENIOR MANAGEMENT MEMBERS

Integrated evaluation of senior management members took place according to their annual work reports, the performance evaluation results by the Board of Directors, the annual audit and the supervision by the Board of Supervisors. During the Reporting Period, senior management members were able to strictly comply with laws, regulations, regulatory rules and the Bank's internal system requirements, performed their duties in faith, honesty, diligence and dedication, and earnestly implemented the annual operating targets and tasks set by the Board of Directors. They actively responded to the complex and ever-changing economic and financial situations with multiple measures and cooperation, constantly optimized the business structure, and improved risk control capabilities. They spared no effort in their respective work, performed their duties effectively and efficiently, and achieved stable and sound business growth in various business. They delivered solid and effective internal risk control, fully completed annual targets and tasks, and significantly improved the comprehensive efficiency and brand influence of the Bank. No senior management members were found to have overstepped their authority to hinder or interfere with the normal performance of duties by the Board of Directors, the Board of Supervisors, Directors, Supervisors and senior management, or engage in any act that would harm the interests of Shareholders, depositors and other stakeholders.

The Board of Supervisors considered that during the Reporting Period, all senior management members diligently and faithfully performed their responsibilities and were deemed competent in the year-end performance evaluation.

According to regulations such as the Measures for Performance Evaluation of Directors and Supervisors of Banking and Insurance Institutions (Trial) (《銀行保險機構董事監事履職評價辦法(試行)》) and the Work Guidelines for the Board of Supervisors of Commercial Banks (《商業銀行監事會工作指引》) issued by the CBIRC as well as the Articles of Association and the Measures for Performance Evaluation of Supervisors by the Board of Supervisors of Weihai City Commercial Bank Co., Ltd. (Trial) (《威海市商業銀行監事會監事履職評價辦法(試行)》), the Board of Supervisors comprehensively evaluated the performance of duties by the Supervisors of the Bank for the year 2021 based on the self-evaluation and mutual evaluation of the Supervisors and the evaluation of the special committees of the Board of Supervisors, taking into account the daily performance of duties and job records of the Supervisors.

I. PERFORMANCE OF DUTIES BY SUPERVISORS

- (I) **Performance of the good faith obligation.** During the Reporting Period, the Supervisors were able to strictly comply with the relevant requirements of laws, regulations and the Articles of Association, truthfully report their personal information such as changes in duties, shareholding in the Bank and changes in related parties, consciously safeguard the interests of Shareholders and stakeholders, pay great attention to and monitor matters that might harm the interests of the Bank, and strictly comply with the regulations on related transactions and anti-nepotism in performance of duties. No acts were found that breached the good faith and integrity obligations such as leaking the Bank's business secrets, concealing issues and causing material loss to the Bank.
- (II) **Performance of the diligence obligation.** During the Reporting Period, the Supervisors devoted sufficient time and efforts to participating in the Bank's affairs. They attended a total of five meetings of the Board of Supervisors to consider and approve 29 proposals and listened to 45 proposals. They also attended a total of seven meetings of the special committees to consider and approve 23 proposals. During the year, the Supervisors were present at one Shareholders' general meeting and seven Board meetings. All Supervisors were able to actively attend meetings with 100% in-person attendance, to timely understand the operational management and risks of the Bank. The attending Supervisors carefully considered various proposals, carefully studied and made prudent judgment on the matters submitted to the Board of Supervisors for consideration, which reflected their strong capability to perform their duties and sense of responsibility.
- (III) **Professional performance of duties.** During the Reporting period, the Supervisors were able to actively participate in the institutional training organized by banking associations and the Bank, which enhanced their professionalism and ability in performing their duties. The Supervisors were able to relate to their duties and tap into their expertise and work experience to study and put forward scientific and reasonable opinions, thus promoting effective supervision of the Board of Supervisors.

- (IV) **Independent performance and ethical standards.** During the Reporting period, the Supervisors were able to maintain high-standard occupational ethics with the knowledge, experience, capabilities and efforts required in performing their duties; they were able to perform their duties independently and autonomously, promote the Bank in treating all Shareholders fairly, safeguard the legitimate rights and interests of stakeholders and actively perform social responsibilities. No Supervisors were found to be under the control of and have their performance intervened by major Shareholders and insiders.
- (V) **Compliant performance.** During the Reporting Period, the Supervisors were able to comply with laws and regulations, regulatory requirements and the Articles of Association, fully understand their powers, obligations and responsibilities, keep regulating their own performance behavior and perform corresponding duties in accordance with laws and regulations, thus promoting the Bank's operation in compliance with laws and regulations. No Supervisors were found with non-compliant behaviors.

II. SUPERVISION BY THE SUPERVISORS ACCORDING TO LAW

The Supervisors were able to fully express their supervisory opinions, earnestly supervised the performance of duties, financial matters, internal control and risks, and pay great attention to the Bank's implementation of such supervisory opinions, rectification of problems and accountability. The Supervisors were able to provide constructive opinions on major issues related to the Bank's material investment, related party transactions, strategic planning and implementation, annual operation and remuneration, financial budget and final accounts and profit distribution, appointment of senior management members, asset and liability management, risk management policies and measures, the science and robustness of the incentive and restriction mechanism and the actual implementation outcome based on the economic and financial situation. The Supervisors supervised the compliance of the agenda and consideration process of the Shareholders' general meetings and Board meetings of the Bank.

III. PERFORMANCE OF DUTIES BY EXTERNAL SUPERVISORS

There were three external Supervisors of the Bank. They were able to actively perform their supervisory duties, with their working hours at the Bank during the year in line with regulatory requirements. In the course of supervision, the external Supervisors were able to stay immune to the influence of major Shareholders, senior management and other entities and individuals with a stake in the Bank, and effectively safeguard the legitimate rights and interests of minority Shareholders and other stakeholders. As the chairpersons or vice chairpersons of the special committees of the Board of Supervisors,

**APPENDIX V REPORT OF THE BOARD OF SUPERVISORS ON EVALUATION OF
THE PERFORMANCE OF DUTIES BY SUPERVISORS FOR 2021**

the external Supervisors presided over and participated in seven meetings of the special committees, respectively. When considering the matters, the external Supervisors were able to fully express their opinions and earnestly performed their duties. The external Supervisors provided mutual evaluation according to the evaluation requirements and were deemed competent in the evaluation result.

IV. COMPREHENSIVE PERFORMANCE EVALUATION

In their work during the year, the Supervisors were able to actively participate in the meetings of the Board of Supervisors and its special committees and be present at Shareholders' general meetings in accordance with laws, regulations and the Articles of Association of the Bank. They independently expressed supervisory opinions, paid attention to the Bank's major issues, practically safeguarded the interests of depositors and Shareholders, diligently and faithfully performed their supervisory functions and actively made contributions to the sustainable and healthy development of the Bank.

In 2021, all Supervisors diligently and faithfully performed their duties and were deemed competent in their year-end performance evaluation.

In 2021, the Bank continuously standardized the management of related party transactions and evaluated major shareholders in strict accordance with the Administrative Measures for Related Party Transactions between Commercial Banks and their Insiders or Shareholders (《商業銀行與內部人和股東關聯交易管理辦法》), the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》) and the Regulatory Measures for the Conduct of Major Shareholders of Banking and Insurance Institutions (《銀行保險機構大股東行為監管辦法》) issued by the CBIRC, the Hong Kong Listing Rules, the Administrative Measures for Related (Connected) Party Transactions of Weihai City Commercial Bank (《威海市商業銀行關聯(連)交易管理辦法》) and other relevant regulations, to ensure effective operation of the Bank's mechanism on related party transactions. The Bank's management of related party transactions and major shareholder evaluation in 2021 is reported as follows.

I. WORK OF THE RELATED PARTY TRANSACTIONS CONTROL COMMITTEE

In 2021, the Bank convened a total of 4 meetings for the Related Party Transactions Control Committee of the Board of Directors, at which 7 resolutions were considered, mainly involving the risk control of related party transactions and other issues of the Bank, voting on major related party transactions and reporting to the Board of Directors and the Board of Supervisors.

II. IMPLEMENTATION OF ADMINISTRATIVE MEASURES FOR RELATED PARTY TRANSACTIONS

(I) Enhanced training on institutional systems

To effectively regulate the management of the Bank's related party transactions, control the risks of related party transactions and safeguard the legitimate rights and interests of the Bank, Shareholders and stakeholders, the Bank enhanced its training on the system of related party transactions, set out clear division of functions for its departments, improved the Bank-wide attention to related party transactions, prevented blind areas in risk management and further refined its regulatory requirements in accordance with relevant domestic and foreign laws, regulations and normative documents as well as the requirements of the Administrative Measures for Related (Connected) Party Transactions of Weihai City Commercial Bank (《威海市商業銀行關聯(連)交易管理辦法》).

(II) Continuous update and confirmation of the list of related parties

In 2021, the Bank, having considered domestic and overseas regulatory documents, stipulated the identification standards of related parties that met regulatory requirements, established a comprehensive, dynamic and complete list of related parties, and managed related parties in a thorough and substantive manner. As at the end of the Reporting Period, the Bank had 4,546 related natural

persons and 722 related legal persons or other organizations, which amounted to an aggregate of 5,268. The details are as follows:

Regulatory rules	Number of related natural persons	Number of related legal persons or other organizations	Total number of related parties
CBIRC rules	4,472	695	5,167
Stock Exchange rules	451	660	1,111
All regulatory rules	4,546	722	5,268

Note: As multiple rules are applicable to some related parties at the same time, it is possible that the same related party has been counted repeatedly.

(III) Enhanced daily management of related party transactions

In strict accordance with the Administrative Measures for Related (Connected) Party Transactions of Weihai City Commercial Bank (《威海市商業銀行關聯(連)交易管理辦法》), the Bank reviewed and approved related party transactions in accordance with the procedures. General related party transactions were approved by the Bank in accordance with the internal authorization procedures and submitted to the Related Party Transactions Control Committee for filing; material related party transactions were submitted to the Board of Directors for approval after being reviewed by the Related Party Transactions Control Committee of the Board of Directors of the Bank; related party transactions with particular significance were submitted to the Shareholders' general meeting for approval.

III. INFORMATION ON RELATED PARTY TRANSACTIONS

In 2021, the related party transactions of the Bank were conducted at such prices that had been determined upon fair negotiation and based on general commercial terms with fair pricing, and on conditions no more favorable than those of similar transactions with non-related parties, without any transfer of interests.

(I) Related party transactions under CBIRC rules

1. Credit related party transactions

On a consolidated basis, as at the end of Reporting Period, the credit balance of related party transactions between the Bank and its related parties amounted to RMB3,880 million, representing an increase of RMB1,090 million as compared to the beginning of the Reporting Period. The credit balance between the Bank and its related parties accounted for 12.64% of the Bank's net capital, representing an increase of 2.76 percentage points as compared to the beginning of the Reporting Period.

On an unconsolidated basis, as at the end of Reporting Period, the credit balance of related party transactions between the Bank and its related parties amounted to RMB6,230 million, representing an increase of RMB2,056 million as compared to the beginning of the Reporting Period. The credit balance between the Bank and its related parties accounted for 21.94% of the Bank's net capital, representing an increase of 5.92 percentage points as compared to the beginning of the Reporting Period.

Both standards aligned with regulatory requirements with no significant impact on the Bank's normal operation. The non-performing ratio of the Bank's related party loans stood at zero, with the quality of related party credit better than the average level of the Bank.

2. Non-credit related party transactions

As of the end of the Reporting Period, the Bank, as the lessee, signed a property leasing agreement with Shandong Hi-Speed Qingdao Jiaye Asset Management Co., Ltd. (山東高速青島嘉業資產管理有限公司), our related party and a company dissolved and merged by Shandong Hi-Speed Qingdao Railway Co., Ltd. (山東高速青島公路有限公司), for a term of five years; and signed a property leasing contract with Weihai Finance Bureau (威海市財政局), our related party, for a term of 3 years. The Bank, as the lessor, signed a property leasing contract with Shandong Tongda Financial Leasing Co., Ltd. (山東通達金融租賃有限公司), our related party, for a term of 3 years.

During the Reporting Period, on January 22, 2021, the Bank signed the Commodity Procurement Contract for the Project of Procuring Video Conferencing Equipment for Weihai City Commercial Bank Co., Ltd. (《威海市商業銀行股份有限公司視頻會議設備採購項目商品採購合同》) with its related party Shandong Hi-Speed Information Engineering Co., Ltd. (山東高速信息工程有限公司) for a contract amount of RMB1,066,800. On August 31, 2021, the Bank signed the 2021-2023 Financial Services Framework Agreement (《2021至2023年度金融服務框架協議》) with its related party Qilu Expressway Company Limited (齊魯高速公路股份有限公司).

(II) Related party transactions under the Stock Exchange rules

In 2021, the Bank and its related parties conducted a series of connected transactions in the normal course of business. In respect of the transactions with related natural persons, the types of transactions were mainly deposits, wealth management and credit cards, all of which were exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Stock Exchange rules. In respect of the transactions with related legal persons, the types of transactions were mainly deposits, wealth management and

credit granting business. Apart from the 2021-2023 Financial Services Framework Agreement (《2021至2023年度金融服務框架協議》) with Qilu Expressway Company Limited (齊魯高速公路股份有限公司) announced on September 1, 2021, the remaining business can be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Stock Exchange rules.

IV. EVALUATION OF MAJOR SHAREHOLDERS

Pursuant to the requirements of the Regulatory Measures for the Conduct of Major Shareholders of Banking and Insurance Institutions (《銀行保險機構大股東行為監管辦法》), Shandong Hi-Speed Group Co., Ltd. (山東高速集團有限公司), Weihai Finance Bureau (威海市財政局) and Shandong Hi-Speed Company Limited (山東高速股份有限公司) are the major shareholders of the Bank with 37.06%, 15.38% and 11.60% equity interests therein. As of the end of the Reporting Period, Shandong Hi-Speed Group Co., Ltd. (山東高速集團有限公司) had a credit balance of RMB201 million, representing 0.71% of the Bank's net capital. If the related companies of the Group were included, the credit balance of Shandong Hi-Speed Group Co., Ltd. (山東高速集團有限公司) would amount to RMB1,869 million, representing 6.58% of the Bank's net capital.

In 2021, the Bank's major shareholders further issued a shareholders' undertaking on issues concerning statement, compliance and performance of duties in line with regulatory requirements and taking actual conditions into account, setting out responsibilities and obligations clearly. The major shareholders of the Bank were able to strictly comply with laws, regulatory requirements and the Articles of Association of the Bank, properly exercise Shareholders' rights and perform Shareholders' obligations, with a sound financial position, sustainable profitability and the ability to replenish the capital of the Bank.

Proposed amendments to the Articles of Association are detailed as follows:

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 1 To adapt to the requirements for development of socialist market economy, establish a modern state-owned enterprise system with Chinese characteristics, protect the legitimate rights and interests of Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as “the Bank”), Shareholders and creditors, regulate the organization and behaviour of the Bank, protect the legitimate rights and interests of the Bank, Shareholders, depositors and other stakeholders, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as “Company Law”), Commercial Banking Law of the People’s Republic of China (hereinafter referred to as “Commercial Banking Law”), <u>Constitution of the Communist Party of China</u>, Interim Measures for Management of Commercial Bank Equity, <u>Guidance on Corporate Governance of Commercial Banks</u>, Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as “Special Regulations”), Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (hereinafter referred to as “Mandatory Provisions”), Reply on Opinions Concerning the Supplement and</p>	<p>Article 1 To adapt to the requirements for development of socialist market economy, establish a modern state-owned enterprise system with Chinese characteristics, protect the legitimate rights and interests of Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as “the Bank”), Shareholders and creditors, regulate the organization and behaviour of the Bank, protect the legitimate rights and interests of the Bank, Shareholders, depositors and other stakeholders, the Articles of Association are formulated in accordance with <u>Constitution of the Communist Party of China</u>, the Company Law of the People’s Republic of China (hereinafter referred to as “Company Law”), Commercial Banking Law of the People’s Republic of China (hereinafter referred to as “Commercial Banking Law”), Interim Measures for Management of Commercial Bank Equity, <u>Code of Corporate Governance of Banking and Insurance Institutions</u>, Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as “Special Regulations”), Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (hereinafter referred to as “Mandatory Provisions”), Reply on Opinions Concerning the Supplement and</p>	<p>Improved the description</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Amendment to Articles of Association by Companies to Be Listed in Hong Kong (Zheng Jian Hai Han [1995] No. 1), Opinion on Further Standardizing Operations and Intensifying Reform of Companies Listed Overseas and Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Listing Rules” or “Listing Rules”) and other relevant administrative regulations and departmental rules.</p>	<p>Amendment to Articles of Association by Companies to Be Listed in Hong Kong (Zheng Jian Hai Han [1995] No. 1), Opinion on Further Standardizing Operations and Intensifying Reform of Companies Listed Overseas and Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Listing Rules” or “Listing Rules”) and other relevant administrative regulations and departmental rules.</p>	
<p>Article 2 The Bank is a joint-stock limited company incorporated under the Company Law, Commercial Banking Law and other relevant provisions.</p> <p>Upon approval by the People’s Bank of China in Yin Fu [1997] No. 258 Document, the Bank was established by promotion on July 21, 1997 and was registered with Weihai Administration for Industry and Commerce and obtained the No. 16670935 Business License on July 21, 1997. At present, it has been registered with <u>Shandong Administration for Market Regulation</u> and obtained the Business License, with uniform social credit code of 913700002671339534.</p>	<p>Article 2 The Bank is a joint-stock limited company incorporated under the Company Law, Commercial Banking Law and other relevant provisions.</p> <p>Upon approval by the People’s Bank of China in Yin Fu [1997] No. 258 Document, the Bank was established by promotion on July 21, 1997 and was registered with Weihai Administration for Industry and Commerce and obtained the No. 16670935 Business License on July 21, 1997. At present, it has been registered with <u>Weihai Administrative Examination and Approval Bureau</u> and obtained the Business License, with uniform social credit code of 913700002671339534.</p>	<p>Adjusted for actual conditions</p>
<p>Article 5 Domicile of the Bank: No. 9, Baoquan Road, Weihai City, postal code: 264200,</p> <p>Tel.: [086-0631-5236187], Fax: [086-0631-<u>5212521</u>].</p>	<p>Article 5 Domicile of the Bank: No. 9, Baoquan Road, Weihai City, postal code: 264200,</p> <p>Tel.: [086-0631-5236187], Fax: [086-0631-<u>5210210</u>].</p>	<p>Adjusted for actual conditions.</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 10 If laws, administrative regulations, rules and securities regulatory rules of the place where shares of the Bank are listed and Article [346] of the Articles of Association have other provisions, such provisions shall prevail.</p>	<p>Article 10 If laws, administrative regulations, rules and securities regulatory rules of the place where shares of the Bank are listed and Article [348] of the Articles of Association have other provisions, such provisions shall prevail.</p>	<p>Modified for adjusting the order of the articles</p>
<p>Article 12 Senior management personnel mentioned in the Articles of Association refer to President, vice Presidents, secretary of the Board, chief financial officer, chief audit officer and other management personnel determined by <u>the Articles of Association and the regulatory departments.</u></p>	<p>Article 12 Senior management personnel mentioned in the Articles of Association refer to President, vice Presidents, secretary of the Board, chief financial officer, chief audit officer and other management personnel determined by <u>the Board. The qualifications of the senior management personnel of the Bank shall be examined by the banking regulatory authorities of the PRC.</u></p>	
<p>Article 36 The Bank shall comply with laws, regulations and relevant rules of the banking regulatory authorities under <u>the State Council</u> and other relevant regulatory authorities in transferring its shares.</p>	<p>Article 36 The Bank shall comply with laws, regulations and relevant rules of the banking regulatory authorities <u>of the PRC</u> and other relevant regulatory authorities in transferring its shares.</p>	<p>Improved the description</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 40 Shares of the Bank held by the promoters shall not be transferred within three years from the date of incorporation of the Bank as a joint-stock limited company. Shares that have been issued before public offering of the Bank shall not be transferred within one year from the date when the shares of the Bank are listed and traded on a stock exchange. <u>Shareholders of the Bank, especially substantial Shareholders who intend to transfer the Bank’s shares shall notify the Board of the Bank in advance.</u></p> <p>.....</p>	<p>Article 40 Shares of the Bank held by the promoters shall not be transferred within one year from the date of incorporation of the Bank as a joint-stock limited company. Shares that have been issued before public offering of the Bank shall not be transferred within one year from the date when the shares of the Bank are listed and traded on a stock exchange.</p> <p>.....</p>	<p>Amended according to Section 141 of the Company Law</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 56 The Bank has improved relevant rules and regulations to clarify the responsibilities of the CPC Committee of the Bank, Shareholders' general meetings, Board of Directors, Board of Supervisors and senior management. The CPC Committee supports the Shareholders' general meetings, Board of Directors, Board of Supervisors and senior management in exercising their functions and powers according to laws. The Bank has incorporated institutional setup, division of responsibilities, staffing, work tasks, and fund guarantee of its CPC Committee into the management system, and established a coordinated and effective corporate governance mechanism in which the aforesaid organs perform their respective duties within their terms of reference.</p>	<p>Article 56 The Bank has improved relevant rules and regulations to clarify the responsibilities of the CPC Committee of the Bank, Shareholders' general meetings, Board of Directors, Board of Supervisors and senior management. The CPC Committee supports the Shareholders' general meetings, Board of Directors, Board of Supervisors and senior management in exercising their functions and powers according to laws. The Bank has incorporated institutional setup, division of responsibilities, staffing, work tasks, and fund guarantee of its CPC Committee into the management system, and established a coordinated and effective corporate governance mechanism in which the aforesaid organs perform their respective duties within their terms of reference. <u>Eligible party committee members may be appointed as members of the Board of Directors, Board of Supervisors and senior management through legal procedures, and eligible party members from the Board of Directors, Board of Supervisors and senior management of the Company may be appointed as members of the party committee pursuant to relevant requirements and procedures.</u></p>	<p>Added the leadership system of "mutual entry and cross appointment" and related requirements according to Article 11 of the Code of Corporate Governance of Banking and Insurance Institutions.</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 68 The holders of ordinary shares of the Bank shall have the following obligations:</p> <p>(I) to abide by the laws, administrative regulations, departmental rules, regulatory rules and the Articles of Association;</p> <p>(II) to contribute to the share capital as determined by the number of shares subscribed by them and the prescribed method of capital contribution;</p> <p>(VIII) to assume other obligations required by the laws, administrative regulations and the Articles of Association.</p> <p>Shareholders shall not be liable for making any additional contribution to the share capital other than according to the terms agreed by the subscriber of the shares at the time of subscription.</p>	<p>Article 68 The holders of ordinary shares of the Bank shall have the following obligations:</p> <p>(I) to abide by the laws, administrative regulations, departmental rules, regulatory rules and the Articles of Association;</p> <p>(II) to contribute to the share capital as determined by the number of shares subscribed by them and the prescribed method of capital contribution. <u>Shareholders shall use their own funds from legal sources to make capital contribution to the Bank, rather than using entrusted funds, debt funds and other funds not owned by themselves, unless otherwise prescribed by laws and regulations or regulatory system;</u></p> <p><u>(VIII) to comply with the regulatory requirements in relation to shareholding ratio and number of shareholding institutions, and not to authorize others or accept any authorization from others to hold the shares of the Bank;</u></p> <p><u>(IX) to truthfully provide the Bank with information including financial information, shareholding structure, sources of funds for share subscription, controlling Shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries, investment in other financial institutions, etc. according to the laws, regulations and regulatory provisions;</u></p>	<p>Supplementary amendment in accordance with Article 16 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
	<p><u>(X) the relevant Shareholders shall inform the changes in controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries of the Shareholders to the Bank in writing in time according to the laws, regulations and regulatory provisions;</u></p> <p><u>(XI) to inform the following events of the Shareholders to the Bank in writing in time according to the laws, regulations and regulatory provisions: merger and division, being subject to measures including suspension of operation for rectification, designated custody, takeover or cancellation, or entering into dissolution, liquidation or bankruptcy procedure, or changes in their legal representatives, company names, places of operation, scope of operation and other material events;</u></p> <p><u>(XII) to inform the Bank in writing in time according to the laws, regulations and regulatory provisions if the shares of the Bank held by the Shareholders are involved in litigation or arbitration, subject to legal enforcement by judicial authorities, subject to pledge, or discharged from pledge;</u></p> <p><u>(XIII) Shareholders who transfer or pledge their shares of the Bank or conduct related transactions with the Bank shall comply with the laws, regulations and regulatory provisions, and shall not impair the interests of other Shareholders and the Bank;</u></p>	

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
	<p><u>(XIV) Shareholders and their controlling shareholders and de facto controllers shall not to abuse the Shareholder's rights or use the related party relations to harm the legal interests of the Bank or any other Shareholders and stakeholders, and shall not interfere in the decision-making power and management power entitled to the Board and senior management pursuant to theses Articles, nor directly interfere beyond the Board and senior management in the operation and management of the Bank;</u></p> <p><u>(XV) in case of a risk event or a major violation on part of the Bank, the Shareholders shall cooperate with the regulatory authorities in investigation and risk treatment;</u></p> <p><u>(XVI) to assume other obligations required by the laws, administrative regulations and the Articles of Association.</u></p> <p>Shareholders shall not be liable for making any additional contribution to the share capital other than according to the terms agreed by the subscriber of the shares at the time of subscription.</p>	

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 72 Credit <u>terms</u> offered by the Bank to Shareholders <u>thereof shall not be more favorable than similar credit terms to other customers.</u> The balance of credit extended to a related party as Shareholder shall not be more than 10% of the Bank’s net capital; the total balance of credit extended to group customers, to which a related corporate shareholder or other organization as Shareholder is subordinated, shall not be more than 15% of the Bank’s net capital.</p> <p>If substantial Shareholders fail to repay outstanding loans from the Bank when overdue, the voting rights of such Shareholders at the Shareholders’ general meetings, as well as the voting rights of the Directors appointed by such Shareholders at Board meetings shall be subject to restrictions during the overdue period.</p> <p>.....</p>	<p>Article 72 Credit offered by the Bank to Shareholders <u>shall comply with laws, regulations and regulatory requirements.</u> The balance of credit extended to a related party as Shareholder shall not be more than 10% of the Bank’s net capital; the total balance of credit extended to group customers, to which a related corporate shareholder or other organization as Shareholder is subordinated, shall not be more than 15% of the Bank’s net capital.</p> <p>If substantial Shareholders fail to repay outstanding loans from the Bank when overdue, the voting rights of such Shareholders at the Shareholders’ general meetings, as well as the voting rights of the Directors <u>proposed or</u> appointed by such Shareholders at Board meetings shall be subject to restrictions during the overdue period.</p> <p>.....</p>	<p>Improved the description in accordance with Article 6 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 75 The Shareholders' general meeting shall be an organ of power of the Bank. It shall exercise the following functions and powers in accordance with the law:</p> <p>.....</p> <p>(XIII) to examine the purchase and disposal of fixed assets, external investment, acquisition and sale of assets, pledge of assets, entrusted wealth management, etc. involving an amount exceeding 30% (exclusive) of the Bank's latest audited net assets, as well as especially significant related party transactions, etc.;</p> <p>(XIV) to examine equity incentive plans;</p> <p>(XV) to examine proposals raised by the Shareholders who hold above 3% of the total voting shares of the Bank;</p> <p>(XVI) to examine other issues which should be decided by the Shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>.....</p>	<p>Article 75 The Shareholders' general meeting shall be an organ of power of the Bank. It shall exercise the following functions and powers in accordance with the law:</p> <p>.....</p> <p>(XIII) to examine the purchase and disposal of fixed assets <u>and intangible assets</u>, external investment, acquisition and sale of assets, pledge of assets, entrusted wealth management, etc. involving an amount exceeding 30% (exclusive) of the Bank's latest audited net assets, as well as especially significant related party transactions, etc.;</p> <p>(XIV) to examine equity incentive plans;</p> <p><u>(XV) to review and approve the rules of procedures for the Shareholders' general meeting, the Board of Directors and Board of Supervisors;</u></p> <p><u>(XVI) to pass a resolution in relation to the acquisition of the shares of the Bank in accordance with the requirements of the laws;</u></p> <p>(XVII) to examine proposals raised by the Shareholders who hold above 3% of the total voting shares of the Bank;</p> <p>(XVIII) to examine other issues which should be decided by the Shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>.....</p>	<p>Supplementary amendment in accordance with Article 18 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 78 There are two types of Shareholders' general meetings: annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months from the end of the previous fiscal year. If the annual general meeting needs to be postponed for special reasons, the Bank shall promptly report to the banking regulatory authorities of the PRC and explain the reasons for adjournment.</p>	<p>Article 78 There are two types of Shareholders' general meetings: annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months from the end of the previous fiscal year. If <u>the annual general meeting or the extraordinary general meeting</u> needs to be postponed for special reasons, the Bank shall promptly report to the banking regulatory authorities of the PRC and explain the reasons for adjournment.</p>	<p>Improved the description with Article 20 of the Code of Corporate Governance of Banking and Insurance Institutions</p>
<p>Article 115 The following matters shall be approved by a special resolution at a Shareholders' general meeting:</p> <p>.....</p> <p><u>(VIII)</u> other matters that are specified by laws, administrative regulations or the Articles of Association to be adopted by a special resolution and that, resolved by the Shareholders' general meeting by an ordinary resolution, may have a material effect on the Bank and should therefore be adopted by a special resolution.</p>	<p>Article 115 The following matters shall be approved by a special resolution at a Shareholders' general meeting:</p> <p>.....</p> <p><u>(VIII) dismissal of independent directors;</u></p> <p><u>(IX)</u> other matters that are specified by laws, administrative regulations or the Articles of Association to be adopted by a special resolution and that, resolved by the Shareholders' general meeting by an ordinary resolution, may have a material effect on the Bank and should therefore be adopted by a special resolution.</p>	<p>Amended in accordance with Article 22 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 120 The method and procedure for nominating Directors and Supervisors of the Bank are:</p> <p>(I) <u>Regarding candidates for Directors and Supervisors required to be elected and replaced at the Shareholders' general meeting, the Nomination and Remuneration Committee of the Board and the Nomination Committee of the Board of Supervisors may individually propose the list of candidates for Directors and Supervisors</u> according to the number of <u>Directors and Supervisors</u> to be elected to the extent of the number specified by the Articles of Association; <u>Shareholder(s) severally or jointly holding more than 3% of the Bank's total shares in issue with voting rights may nominate candidates for Directors or Supervisors to the Board and the Board of Supervisors, but the number of nominees shall comply with the Articles of Association.</u></p> <p><u>Differential voting shall be applied in the election of the Directors and Supervisors in accordance with the accumulative voting system. The number of candidates for Directors and Supervisors shall be more than the proposed number of Directors and Supervisors.</u></p>	<p>Article 120 The method and procedure for nominating of <u>candidates for Directors and Supervisors required to be elected and replaced at the Shareholders' general meeting</u> of the Bank are:</p> <p>(I) <u>The Nomination and Remuneration Committee of the Board and the Shareholders severally or jointly holding more than 3% of the Bank's total shares with voting rights may propose candidates for non-independent Directors</u> according to the number of <u>non-independent Directors</u> to be elected to the extent of the number specified by the Articles of Association; <u>the nomination methods of independent Director candidates are set forth in Article 172 of the Articles of Association. The number of nominees shall comply with the Articles of Association.</u></p> <p><u>The Board of Supervisors and the Shareholders severally or jointly holding more than 3% of the Bank's total shares with voting rights may propose candidates for Shareholder Supervisors according to the number of Supervisors to be elected to the extent of the number specified by the Articles of Association; the nomination methods of external Supervisors candidates are set forth in Article 253 of the Articles of Association. The number of nominees shall comply with the Articles of Association.</u></p>	<p>Amended and improved the description in accordance with Article 27 and Article 35 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>A Shareholder and his/her related party shall not nominate candidates for Directors and Supervisors to the Shareholders' general meeting at the same time; where a candidate for Director (Supervisor) nominated by a Shareholder and his/her related party has been approved to sit on the Board or the Board of Supervisors, the Shareholder shall not nominate any other candidate for Director (Supervisor) until the term of office of the Director (Supervisor) expires; and, generally, the number of candidates for Directors nominated by a Shareholder and his/her related party shall not exceed one-third of the number of members of the Board, except as otherwise prescribed by the State.</p> <p>.....</p> <p>(IV) In the event of a temporary vacancy of Directors or Supervisors, the Nomination Committee of the Board and the Nomination Committee of the Board of Supervisors or Shareholders qualified for nomination shall nominate the candidates and propose them to the Board or the Board of Supervisors for consideration, and to the Shareholders' general meeting for election or replacement.</p> <p>.....</p>	<p>A Shareholder and his/her related party shall not nominate candidates for Directors and Supervisors to the Shareholders' general meeting at the same time; where a candidate for Director (Supervisor) nominated by a Shareholder and his/her related party has been approved to sit on the Board or the Board of Supervisors, the Shareholder shall not nominate any other candidate for Director (Supervisor) until the term of office of the Director (Supervisor) expires; and, generally, the number of candidates for Directors nominated by a Shareholder and his/her related party shall not exceed one-third of the number of members of the Board, except as otherwise prescribed by the State.</p> <p>.....</p> <p>(IV) In the event of a temporary vacancy of Directors or Supervisors, the Nomination and Remuneration Committee of the Board, the Board of Supervisors or Shareholders qualified for nomination shall nominate the candidates and propose them to the Board or the Board of Supervisors for consideration, and to the Shareholders' general meeting for election or replacement.</p> <p>.....</p>	
<p>Article 123 Where the same voting right is exercised more than once, the voting result of the first time shall prevail.</p>	<p>Article 123 <u>The same voting right shall only select any one of the voting methods, namely voting on site, voting online or other voting methods.</u> Where the same voting right is exercised more than once, the voting result of the first time shall prevail.</p>	<p>Supplemented in accordance with Article 85 of the Guidelines on Articles of Association of Listed Companies</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 131 Where proposals regarding election of Directors or Supervisors were passed at the Shareholders' general meeting, the time the new directors or Supervisors take office shall be the time when the proposals of relevant elections were passed at the Shareholders' general meeting, <u>and their qualifications shall be reported to the banking regulatory authorities of the PRC for review.</u></p>	<p>Article 131 Where proposals regarding election of Directors or Supervisors were passed at the Shareholders' general meeting, the time the new Directors or Supervisors take office shall be the time when the proposals of relevant elections were passed at the Shareholders' general meeting, <u>until the expiry of the term of the current Board. If their qualifications are subject to the approval from the banking regulatory authorities of the PRC according to related laws, regulations or rules, the time new Directors or Supervisors take office shall be the time when the banking regulatory authorities of the PRC approved.</u></p>	<p>Improved the description and integrated Article 142 of the Articles of Association</p>
<p>Article 136 Shareholders with conflicts of interests as specified in the preceding paragraph refer to:</p> <p>(I) if the Bank has made a repurchase offer to all Shareholders in the same proportion in accordance with Article [30] of the Articles of Association or has repurchased its own shares through public transaction on a stock exchange, "Shareholders with conflicts of interests" shall mean the controlling Shareholders defined in Article [352] of the Articles of Association;</p>	<p>Article 136 Shareholders with conflicts of interests as specified in the preceding paragraph refer to:</p> <p>(I) if the Bank has made a repurchase offer to all Shareholders in the same proportion in accordance with Article [30] of the Articles of Association or has repurchased its own shares through public transaction on a stock exchange, "Shareholders with conflicts of interests" shall mean the controlling Shareholders defined in Article [354] of the Articles of Association;</p>	<p>Modified for adjusting the order of the articles</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 142 Directors shall be elected or removed from office by Shareholders at a Shareholders' general meeting, and shall serve a term of office of three years.</p> <p>A Director may serve consecutive terms if re-elected.</p> <p>A written notice of the intention to nominate a candidate for Director and a notice in writing by that candidate indicating his/her acceptance of such nomination shall be given to the <u>Company</u> seven days before the date of the Shareholders' general meeting.</p> <p><u>The term of office of a Director shall be calculated from the date upon which the resolution electing him/her as a Director is passed at the Shareholders' general meeting to the expiry of the term of the current Board. A Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a duly re-elected Director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of Directors results in the member of the Board being less than the quorum. Any person appointed as Director by a Shareholders' general meeting to fill a temporary vacancy or add the quota of Directors of the Board shall serve until the next annual general meeting of the Bank, at which time the said person may seek re-election.</u></p>	<p>Article 142 Directors shall be elected or removed from office by Shareholders at a Shareholders' general meeting, and shall serve a term of office of three years.</p> <p>A Director may serve consecutive terms if re-elected.</p> <p>A written notice of the intention to nominate a candidate for Director and a notice in writing by that candidate indicating his/her acceptance of such nomination shall be given to <u>the Bank</u> seven days before the date of the Shareholders' general meeting.</p> <p>The President or other senior management personnel may serve concurrently as Director. The number of Directors served by senior management personnel in the Board shall be not less than one-fourth but not more than one-third of the total members of the Board; meanwhile, the total number of Directors serving concurrently as the President or other senior management personnel and Directors served by employee representatives shall not be more than half of the total members of the Board of the Bank.</p> <p>Members of the Board may comprise <u>the Bank's</u> employee representatives. <u>The Bank's</u> employee representatives in the Board shall be elected <u>and dismissed</u> democratically at the employee representatives' meeting, employees' meeting or in other forms.</p>	<p>Integrated into Article 131, Article 144</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p><u>A Shareholders' general meeting may dismiss a Director within his/her term of office by an ordinary resolution provided that the relevant laws, regulations and regulatory rules are observed (however, the claim for compensation under any contract shall not be affected).</u></p> <p>The President or other senior management personnel may serve concurrently as Director. The number of Directors served by senior management personnel in the Board shall be not less than one-fourth but not more than one-third of the total members of the Board; meanwhile, the total number of Directors serving concurrently as the President or other senior management personnel and Directors served by employee representatives shall not be more than half of the total members of the Board of the Bank.</p> <p>Members of the Board may comprise <u>employee</u> representatives. The <u>employee</u> representatives in the Board shall be <u>elected</u> democratically at the employee representatives' meeting, employees' meeting or in other forms, and <u>be directly admitted to the Board.</u></p>		

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 144 A Director may resign prior to the expiry of his/her term of office, and shall submit a written resignation to the Board.</p> <p>A Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a duly re-elected Director takes office, <u>if</u> the resignation of Directors <u>results in</u> the number of Directors of <u>the Bank</u> being less than the <u>quorum</u> or the number stipulated in the Articles of Association.</p> <p>Save as provided in the preceding paragraph, the Director's resignation shall be effective when his/her resignation is served to the Board.</p>	<p>Article 144 A Director may resign prior to the expiry of his/her term of office, and shall submit a written resignation to the Board.</p> <p>A Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a duly re-elected Director takes office, <u>if the resignation of Directors within their terms of office results in the number of members of the Board being less than the quorum stipulated in the Company Law or two-thirds of the number stipulated in the Articles of Association.</u></p> <p>Save as provided in the preceding paragraph and <u>the provisions for resignation of independent Directors in Article 184 of the Articles of Association</u>, the Director's resignation shall be effective when his/her resignation is served to the Board.</p> <p><u>Upon the expiry of a Director's term of office, or the number of Directors being less than the quorum stipulated in the Company Law or two-thirds of the number stipulated in the Articles of Association, the Bank should initiate the procedure of electing a new Director and hold Shareholders' general meeting to proceed.</u></p>	<p>Amended in accordance with Article 29 and Article 30 of the Code of Corporate Governance of Banking and Insurance Institutions, and integrated the content of original Article 142</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
	<p><u>A Shareholders' general meeting may dismiss a non-independent Director within his/her term of office by an ordinary resolution provided that the relevant laws, regulations and regulatory rules are observed (however, the claim for compensation under any contract shall not be affected). The dismissal of an independent Director must be approved by two-thirds of votes of the Shareholders presenting at the meeting.</u></p> <p><u>If a Director is dismissed by Shareholders' general meeting, has deceased, resigned for losing independence or otherwise failed to perform his/her duty, resulting in the number of Directors being less than the quorum stipulated in the Company Law or the quorum necessary for voting of the Board, the power of Board should be delegated to the Shareholders' general meeting until the number of the Directors meets the requirements.</u></p>	
<p>Article 149 The Board shall be composed of fifteen Directors, including a chairman and a vice chairman, of which the independent Directors shall be no less than one-third of the total number of Directors.</p>	<p>Article 149 The Board shall be composed of fifteen Directors, including a chairman and a vice chairman <u>at the option</u>, of which the independent Directors shall be no less than one-third of the total number of Directors.</p>	<p>Improved the description in accordance with Article 48 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 150 The Board of Directors shall exercise the following functions and powers:</p> <p>.....</p> <p><u>(VI)</u> to formulate proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;</p> <p><u>(VII)</u> to formulate plans for merger, division, dissolution, or change in corporate structure of the Bank;</p> <p><u>(VIII)</u> to decide on matters such as external investments, acquisition and sale of assets, pledge of assets, entrusted wealth management and related party transactions of the Bank <u>within the scope of authorization of the Shareholders' general meeting;</u></p> <p><u>(IX)</u> to decide on setup of internal management bodies of the Bank;</p> <p><u>(X)</u> to decide on setup, merger and cancellation of branches and sub-branches of the Bank;</p> <p><u>(XI)</u> to appoint or dismiss the Bank's President and secretary of the Board as nominated by the chairman of the Board; to appoint or dismiss the Bank's senior management personnel such as vice President and chief financial officer as nominated by the President; and to determine their remunerations, rewards and punishments;</p>	<p>Article 150 The Board of Directors shall exercise the following functions and powers:</p> <p>.....</p> <p><u>(VI) to formulate capital plans, and take the ultimate obligation for the management of capital or solvency;</u></p> <p><u>(VII)</u> to formulate proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;</p> <p><u>(VIII) to formulate plans for major acquisition, purchase of the Bank's Shares or merger, division, dissolution, or change in corporate structure of the Bank;</u></p> <p><u>(IX)</u> to decide on matters such as external investments, acquisition and sale of assets, pledge of assets, entrusted wealth management, related party transactions, and <u>data management</u> of the Bank <u>based on laws, regulations regulatory provisions and Articles of Association;</u></p> <p><u>(X)</u> to decide on setup of internal management bodies of the Bank;</p> <p><u>(XI)</u> to decide on setup, merger and cancellation of branches and sub-branches of the Bank;</p>	<p>Added and improved the description in accordance with Article 44 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>(XII) to formulate the basic management system of the Bank;</p> <p>(XIII) to formulate proposals for any amendment to the Articles of Association;</p> <p><u>(XIV) to formulate proposals for repurchase of the Bank's shares;</u></p> <p>(XV) to formulate the Bank's information disclosure system and to manage the Bank's information disclosure;</p> <p>(XVI) to make proposal at the Shareholders' general meeting for <u>appointment</u>, dismissal or non-renewal of an accounting firm providing audit services for the Bank;</p> <p>(XVII) to listen to the work report of the President of the Bank and inspect his/her work;</p> <p>(XVIII) to review any significant capital expenditures, contracts and commitments that exceed the spending limits set by the Board for senior management;</p> <p>(XIX) to formulate a plan for the sale or transfer of all or most of the business or assets of the Bank;</p>	<p>(XII) to appoint or dismiss the Bank's President and secretary of the Board as nominated by the chairman of the Board; to appoint or dismiss the Bank's senior management personnel such as vice President and chief financial officer as nominated by the President; <u>to assess the performance of senior management members</u> and to determine their remunerations, rewards and punishments, supervise senior management in performing their duties;</p> <p>(XIII) to formulate the basic management system of the Bank;</p> <p>(XIV) to formulate proposals for any amendment to the Articles of Association; <u>to formulate the rules of procedures for the Shareholders' general meeting and the Board of Directors, and to consider and approve the working rules for the special committees under the Board of Directors;</u></p> <p>(XV) <u>to take responsibility for the Bank's information disclosure</u>, to formulate the Bank's information disclosure system and to manage the Bank's information disclosure; <u>and to take the ultimate responsibility for ensuring the authenticity, accuracy, integrity and timeliness of the accounting and financial reports;</u></p> <p>(XVI) to make proposal at the Shareholders' general meeting for <u>engagement</u>, dismissal or non-renewal of an accounting firm providing <u>regular legal</u> audit services <u>of financial reports</u> for the Bank;</p>	

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>(XX) to approve green credit strategies;</p> <p>(XXI) to formulate strategies, policies and objectives for the protection of consumer’s rights and interests, to urge the senior management of the whole Bank to effectively carry out and implement relevant work, to regularly listen to the senior management’s special report on this work, and to supervise and evaluate the comprehensiveness, promptness and effectiveness of the Bank’s consumer rights protection work and the performance of the senior management in this respect, with the relevant work as the important content of information disclosure;</p> <p><u>(XXII)</u> to establish a communication mechanism with the Shareholders’ general meeting, the CPC Committee and the Board of Supervisors on major issues to provide truthful information and reports;</p> <p><u>(XXIII)</u> to regularly evaluate and improve the Bank’s corporate governance to ensure that the corporate governance mechanism provides appropriate protection and equal rights for all Shareholders of the Bank;</p> <p><u>(XXIV)</u> to exercise any other functions and powers prescribed by the laws, administrative regulations, rules or the Articles of Association and authorized by the Shareholders’ general meetings.</p>	<p>(XVII) to listen to the work report of the President of the Bank and inspect his/her work;</p> <p>(XVIII) to review any significant capital expenditures, contracts and commitments that exceed the spending limits set by the Board for senior management;</p> <p>(XIX) to formulate a plan for the sale or transfer of all or most of the business or assets of the Bank;</p> <p><u>(XX) to formulate a development strategy and supervise its implementation, and</u> to approve green credit strategies;</p> <p><u>(XXI) to protect the legal rights of financial consumers and other stakeholders, and</u> to formulate strategies, policies and objectives for the protection of consumer’s rights and interests, to urge the senior management of the whole Bank to effectively carry out and implement relevant work, to regularly listen to the senior management’s special report on this work, and to supervise and evaluate the comprehensiveness, promptness and effectiveness of the Bank’s consumer rights protection work and the performance of the senior management in this respect, with the relevant work as the important content of information disclosure;</p> <p><u>(XXII) to formulate the policies for tolerance of risks, risk management and internal control, and to take the ultimate responsibility to manage overall risks;</u></p>	

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
	<p><u>(XXIII)</u> to establish a communication mechanism with the Shareholders' general meeting, the CPC Committee and the Board of Supervisors on major issues to provide truthful information and reports;</p> <p><u>(XXIV)</u> to regularly evaluate and improve the Bank's corporate governance to ensure that the corporate governance mechanism provides appropriate protection and equal rights for all Shareholders of the Bank;</p> <p><u>(XXV) to take the responsibility for managing Shareholders' affairs, and to establish the mechanism of identifying, inspecting and managing interest conflicts between Shareholders, especially substantial Shareholders and the Bank;</u></p> <p><u>(XXVI) to exercise the power to manage remuneration of the staff;</u></p> <p><u>(XXVII)</u> to exercise any other functions and powers prescribed by the laws, administrative regulations, rules or the Articles of Association and authorized by the Shareholders' general meetings.</p>	

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 153 The Board shall determine the powers for purchase and disposal of fixed assets, external investment, acquisition and sale of assets, pledge of assets, entrusted wealth management and related party transactions, establish stringent examination and decision making procedures, organize relevant specialists or professional personnel to review material investment projects, and report such investment projects to the Shareholders' general meeting for approval.</p> <p>The Bank's external investments are equity investments made by the Bank in other financial institutions; the Bank's acquisition and sale of assets refers to the Bank's acquisition and sale of equity assets; the Bank's pledge of assets refers to the Bank's external pledge of its fixed assets; and the Bank's entrusted wealth management refers to the Bank's entrusting other institutions to manage its own assets.</p> <p>The purchase and disposal of fixed assets, external investment, acquisition and sale of assets, pledge of assets and entrusted wealth management involved in the daily operating activities shall be executed by the President based on the items and quotas in the annual budget approved. Unbudgeted items and budgeted but unspecified items shall be executed according to the following authorization:</p>	<p>Article 153 The Board shall determine the powers for purchase and disposal of fixed assets and intangible assets, external investment, acquisition and sale of assets, pledge of assets, entrusted wealth management and related party transactions, establish stringent examination and decision making procedures, organize relevant specialists or professional personnel to review material investment projects, and report such investment projects and matters required to be reported to the Shareholders' general meeting according to the Articles of Association to the Shareholders' general meeting for approval.</p> <p>The Bank's external investments are equity investments made by the Bank in other financial institutions; the Bank's acquisition and sale of assets refers to the Bank's acquisition and sale of equity assets; the Bank's pledge of assets refers to the Bank's external pledge of its fixed assets; and the Bank's entrusted wealth management refers to the Bank's entrusting other institutions to manage its own assets.</p> <p>The purchase and disposal of fixed assets and intangible assets, external investment, acquisition and sale of assets, pledge of assets and entrusted wealth management involved in the daily operating activities shall be executed by the President based on the items and quotas in the annual budget approved. Unbudgeted items and budgeted but unspecified items shall be executed according to the following authorization:</p>	<p>Improved the description</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>As for the Bank's purchase and disposal of fixed assets, pledge of assets and entrusted wealth management, items not exceeding RMB50 million (inclusive) shall be approved by the President; items exceeding RMB50 million but not more than 30% (inclusive) of the latest audited net assets shall be approved by the Board; and items exceeding 30% (not inclusive) of the latest audited net assets of the Bank shall be approved by the Shareholders' general meeting.</p> <p>.....</p>	<p>As for the Bank's purchase and disposal of fixed assets and intangible assets, pledge of assets and entrusted wealth management, items not exceeding RMB50 million (inclusive) shall be approved by the President; items exceeding RMB50 million but not more than 30% (inclusive) of the latest audited net assets shall be approved by the Board; and items exceeding 30% (not inclusive) of the latest audited net assets of the Bank shall be approved by the Shareholders' general meeting.</p> <p>.....</p>	
<p>Article 155 Board meetings include regular meetings and extraordinary meetings.</p> <p>Regular meetings of the Board shall be held at least once every quarter, and shall be convened by the chairman of the Board. A written notice of the meeting shall be made to all the Directors and Supervisors 14 days before the date of the meeting, and the agenda and relevant meeting documents shall be delivered to all Directors three days before the meeting is held.</p> <p>The Board shall notify the Supervisors to attend the Board meeting.</p> <p>The decisions, resolutions and meeting minutes of the Board shall be reported to the banking regulatory authorities of the PRC for the record within 10 days after the conclusion of the meeting.</p>	<p>Article 155 Board meetings include periodic meetings and extraordinary meetings.</p> <p>Periodic meetings of the Board shall be held at least four times every year, and shall be convened by the chairman of the Board. A written notice of the meeting shall be made to all the Directors and Supervisors 14 days before the date of the meeting, and the agenda and relevant meeting documents shall be delivered to all Directors three days before the meeting is held.</p> <p>The Board shall notify the Supervisors to attend the Board meeting.</p> <p>The decisions, resolutions and meeting minutes of the Board shall be reported to the banking regulatory authorities of the PRC for the record within 10 days after the conclusion of the meeting.</p>	<p>Improved the description in accordance with Article 49 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 156 The chairman of the Board shall convene and preside over an extraordinary Board meeting within ten days in any of the following circumstances when it is:</p> <p>.....</p> <p>(V) proposed by more than half of the independent Directors;</p> <p>(VI) proposed by the President; and</p> <p>(VII) required by the regulatory authority.</p>	<p>Article 156 The chairman of the Board shall convene and preside over an extraordinary Board meeting within ten days in any of the following circumstances when it is:</p> <p>.....</p> <p>(V) proposed by more than two of the independent Directors;</p> <p>(VI) proposed by the President; and</p> <p>(VII) required by the regulatory authority.</p>	<p>Modified in accordance with Article 49 of the Code of Corporate Governance of Banking and Insurance Institutions</p>
<p>Article 157</p> <p>.....</p> <p>Before serving the notice of a regular Board meeting, the Office of the Board shall adequately consult with the Directors, and shall formulate a preliminary proposal for the meeting and then submit the same to the chairman of the Board for consideration. Before formulating a proposal, the chairman of the Board shall, where necessary, seek opinions of the President and other senior management personnel.</p> <p>.....</p>	<p>Article 157</p> <p>.....</p> <p>Before serving the notice of a regular Board meeting, the Office of the Board shall adequately consult with the Directors, and shall formulate a preliminary proposal for the meeting and then submit the same to the chairman of the Board for consideration. Before formulating a proposal, the chairman of the Board shall, where necessary, seek opinions of the President and other senior management personnel.</p> <p>.....</p>	<p>Refined the expression</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 158 The notice of Board meeting shall specify:</p> <p>(I) date and venue of the meeting;</p> <p>(II) form of the meeting;</p> <p>(III) <u>proposals</u> at the meeting;</p> <p>(IV) the convener and the presider of the meeting, proposer of and written proposal for the extraordinary meeting;</p> <p><u>(V) meeting documents needed for voting of Directors;</u></p> <p><u>(VI)</u> requirements for the Directors to attend the meeting in person or by proxy;</p> <p><u>(VII)</u> associate(s) and means of contact;</p> <p><u>(VIII)</u> date on which the notice is sent.</p>	<p>Article 158 The notice of Board meeting shall specify:</p> <p>(I) date and venue of the meeting;</p> <p>(II) form of the meeting;</p> <p>(III) <u>reasons for holding</u> the meeting <u>and topics for discussion;</u></p> <p>(IV) the convener and the presider of the meeting, proposer of and written proposal for the extraordinary meeting;</p> <p><u>(V)</u> requirements for the Directors to attend the meeting in person or by proxy;</p> <p><u>(VI)</u> associate(s) and means of contact;</p> <p><u>(VII)</u> date on which the notice is sent.</p>	<p>Refined the expression in accordance with Guidelines on the Articles of Association of Listed Companies (《上市公司章程指引》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 159 The proxy Director shall present the written power of attorney to the presider of the meeting, and explain proxy attendance in the attendance book.</p> <p>If a Director fails to attend a Board meeting in person or by proxy, the said Director shall be deemed as having waived his/her right to vote at the meeting.</p>	<p>Article 159 The proxy Director shall present the written power of attorney to the presider of the meeting, and explain proxy attendance in the attendance book.</p> <p><u>In principle, a Director shall accept no more than two proxies by other Directors who fail to attend the meeting in person. A non-related Director shall not appoint a related Director as his/her proxy to attend the meeting when a related party transaction is considered.</u></p> <p>If a Director fails to attend a Board meeting in person or by proxy, the said Director shall be deemed as having waived his/her right to vote at the meeting.</p>	<p>Supplemented and amended in accordance with Article 32 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 161 Voting by meetings and voting by <u>communications</u> may be adopted at Board meetings.</p> <p><u>If voting by communications is adopted, matters to be voted on by communications and the related background information shall be served to all Directors three days at a minimum before voting. Voting by communications shall be conducted in the form of one vote for one matter, and no Director shall be required to merely cast one vote for several matters. Voting by communications shall be adopted only if they are really necessary, and proposals needed to be voted on by communications shall specify the reasons why voting by communications is adopted and shall comply with the Articles of Association and the Rules of Procedure for Board Meetings of the commercial bank.</u></p>	<p>Article 161 Voting by <u>onsite</u> meetings and voting by <u>written resolutions</u> may be adopted at Board meetings.</p> <p><u>Onsite meetings refer to meetings at which attendees are able to communicate and discuss in real time via on-site presence, video, telephone. Onsite meetings shall be recorded and taped. An onsite meeting convened by telephone conference or video conference shall ensure each attending Director can hear other Directors' speech clearly and can communicate with each other. Should any Directors not able to timely sign the meeting minutes during such meetings, such director shall attend voting orally and complete the signature in writing as soon as possible. The oral vote by the Directors shall have equal effect as the written signature, provided subsequent written signatures shall comply with the oral votes at the meeting. In case of any inconformity between such written signature and the oral vote, the verbal voting shall prevail.</u></p> <p><u>Written resolutions refer to a meeting method that proposals are served respectively to or passed around the Directors for consideration. If a board meeting is convened by means of a written resolution, Directors and proxies thereof shall clearly write "agree", "object" or "waive" on the votes. If the number of the Directors signing in favour of a proposal satisfies the statutory quorum for adopting a resolution as stipulated in the Articles of Association, the said proposal shall become a resolution of the Board.</u></p>	<p>Refined the expression in accordance with Article 50 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 162 The following matters considered at the Board meetings <u>shall be passed by more than two-thirds of the Directors by open ballot and shall not be voted on by communications in written form:</u></p> <p>(I) formulation of the proposals for increase or decrease of the Bank's registered capital and proposals for issue of bonds, or other securities and listing;</p> <p><u>(II) the plan for changes in profit distribution or dividend policies;</u></p> <p><u>(III) preparation for the Bank's material acquisition and acquisition of the Bank's shares;</u></p> <p>(IV) formulation of the plans for merger, division, dissolution, or change in corporate form;</p> <p><u>(V) determination of matters such as external investments, acquisition and sale of assets, pledge of assets, entrusted wealth management and related party transactions of the Bank within the scope of authorization of the Shareholders' general meeting;</u></p> <p>(VI) appointment or dismissal of <u>the Bank's President and secretary of the Board; appointment or dismissal of the Bank's senior management personnel such as vice President and chief financial officer as nominated by the President, and determination of their remunerations, rewards and punishments;</u></p> <p><u>(VII) capital replenishment plan;</u></p>	<p>Article 162 The following matters considered at the Board meetings <u>shall not be voted on by written resolutions and shall be passed by more than two-thirds of the Directors:</u></p> <p>(I) formulation of the proposals for increase or decrease of the Bank's registered capital and proposals for issue of bonds, or other securities and listing;</p> <p><u>(II) formulation of the proposals for any amendment to the Articles of Association;</u></p> <p><u>(III) formulation of the plans for merger, division, dissolution, or change in corporate form;</u></p> <p><u>(IV) capital replenishment plans;</u></p> <p><u>(V) formulation of the major investment and major asset disposal plans;</u></p> <p>(VI) appointment or dismissal of the Bank's senior management personnel;</p> <p><u>(VII) formulation of the remuneration plans;</u></p> <p><u>(VIII) profit distribution plans;</u></p> <p><u>(IX) major equity change and financial restructuring;</u></p>	<p>Amended in accordance with Article 50 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p><u>(VIII)</u> major equity change and financial restructuring;</p> <p><u>(IX)</u> formulation of the proposals for any amendment to the Articles of Association.</p>	<p><u>(X) other matters which are stipulated by laws, administrative regulations, departmental rules, normative documents or the Articles of Association, and which are considered by more than half of all Directors to have a significant impact on the Bank and should be approved by more than two-thirds of the Board.</u></p>	
<p>Article 163 The Board of Directors shall file resolutions for matters discussed at the meeting as minutes (minutes of Board meetings may be made as summary or resolutions or in other forms), which shall be signed by the attending Directors and secretary of the Board.</p> <p>Minutes of Board meetings shall be kept as archives of the Bank <u>for at least 10 years</u>.</p>	<p>Article 163 The Board of Directors shall file resolutions for matters discussed at the meeting as minutes (minutes of Board meetings may be made as summary or resolutions or in other forms), which shall be signed by the attending Directors and secretary of the Board. <u>Directors disagreeing with the meeting minutes may add a note to their signature.</u></p> <p>Minutes of Board meetings shall be kept as archives of the Bank <u>permanently</u>.</p>	<p>Amended in accordance with Article 51 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 167 Directors of the Bank include independent Directors. Independent Directors of the Bank are Directors who do not hold any positions in the Bank other than directorship and do not maintain with the Bank and its substantial Shareholders a connection which may possibly hamper their independent and objective judgments. Independent Directors shall fulfil the obligations of honesty and diligence to the Bank and all the Shareholders thereof.</p> <p>Independent Directors shall, pursuant to the relevant laws, regulations and the Articles of Association, diligently perform their duties and protect the rights and interests of the Bank as a whole, in particular the rights and interests of depositors and medium and small Shareholders.</p> <p>Independent Directors shall perform their duties independently, without being affected by the Bank's substantial Shareholders, de facto controllers and other entities or individuals having conflicts of interests with the Bank.</p> <p>Independent Directors are entitled to proper remunerations based on the criteria formulated by the Board and reviewed and passed by the Shareholders' general meeting.</p>	<p>Article 167 Directors of the Bank include independent Directors. Independent Directors of the Bank are Directors who do not hold any positions in the Bank other than directorship and do not maintain with the Bank and its Shareholders, de facto controllers a connection which may possibly hamper their independent and objective judgments. Independent Directors shall fulfil the obligations of honesty and diligence to the Bank and all the Shareholders thereof.</p> <p>Independent Directors shall, pursuant to the relevant laws, regulations and the Articles of Association, diligently perform their duties and protect the rights and interests of the Bank as a whole, the legal rights and interests of medium and small Shareholders and finance consumers, in particular the rights and interests of depositors and medium and small Shareholders.</p> <p>Independent Directors shall perform their duties independently, without being affected by the Bank's Shareholders, de facto controllers, senior management and other entities or individuals having conflicts of interests with the Bank.</p> <p>Independent Directors are entitled to proper remunerations based on the criteria formulated by the Board and reviewed and passed by the Shareholders' general meeting.</p>	<p>Refined the expression in accordance with Article 33, Article 41 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 171 Except for the circumstances under Article [170] of the Articles of Association, a person shall not serve as independent Director of the Bank in any of the following circumstances when:</p> <p>.....</p> <p>(IV) he/she holds positions in more than two commercial banks at the same time.</p>	<p>Article 171 Except for the circumstances under Article [170] of the Articles of Association, a person shall not serve as independent Director of the Bank in any of the following circumstances when:</p> <p>.....</p> <p>(IV) <u>he/she serves as an independent director in more than five domestic and overseas companies. He/she serves as an independent director</u> in two commercial banks at the same time. <u>He/she serves as an independent director in commercial banks which are related to each other and exists a conflict of interest (except the association caused by the Independent Director's part-time job).</u></p> <p>(V) <u>circumstances in which he/she shall not hold the position of independent director stipulated by other laws, administrative regulations, departmental rules, normative documents or the Articles of Association.</u></p>	<p>Supplemented and amended in accordance with Article 37 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 172 The Nomination and Remuneration Committee of the Board, or Shareholders severally or jointly holding more than 1% <u>shares</u> of the Bank can nominate candidates for independent Directors to the Board. Any Shareholder who has nominated a candidate for Director shall not nominate a candidate for independent Director. The qualifications of such candidate for Director shall be verified by the Nomination and Remuneration Committee of the Board and elected at a Shareholders' general meeting.</p> <p>The qualifications of independent Directors shall be examined by the banking regulatory authorities of the PRC.</p>	<p>Article 172 The Nomination and Remuneration Committee of the Board, or Shareholders severally or jointly holding more than 1% <u>of the total voting shares</u> of the Bank, and <u>the Board of Supervisors</u> can nominate candidates for independent Directors to the Board. Any Shareholder who has nominated a candidate for Director shall not nominate a candidate for independent Director. The qualifications of such candidate for Director shall be verified by the Nomination and Remuneration Committee of the Board and elected at a Shareholders' general meeting.</p> <p>The qualifications of independent Directors shall be examined by the banking regulatory authorities of the PRC.</p>	<p>Amended in accordance with Article 35 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>
<p>Article 175 The term of office of independent Directors at the Bank shall not be more than six years, <u>and they shall serve no more than two terms.</u></p>	<p>Article 175 The term of office of independent Directors at the Bank shall not be more than six years.</p>	<p>Amended in accordance with Article 36 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 177</p> <p>.....</p> <p>Directors serving as persons in charge of the Audit Committee, Related Party Transactions Control Committee and Risk Management Committee shall work for at least 25 workdays in commercial banks every year.</p>	<p>Article 177</p> <p>.....</p> <p>Directors serving as persons in charge of the Audit Committee, Related Party Transactions Control Committee and Risk Management Committee shall work for at least 20 workdays in commercial banks every year.</p>	<p>Amended in accordance with Article 14 to Measures for the Performance Evaluation of Directors and Supervisors of Banking and Insurance Institutions (《銀行保險機構董事監事履職評價辦法》)</p>
<p>Article 182 An independent Director shall, in addition to fulfilling the aforesaid duties, provide the Board or Shareholders' general meeting with independent opinions on the following matters:</p> <p>.....</p> <p>(VI) <u>appointment of external auditors;</u></p> <p>(VII) matters which the independent Directors deem likely to damage the legitimate rights and interests of depositors, medium and small Shareholders and other stakeholders;</p>	<p>Article 182 An independent Director shall, in addition to fulfilling the aforesaid duties, provide the Board or Shareholders' general meeting with independent opinions on the following matters:</p> <p>.....</p> <p>(VI) <u>engagement or dismissal of the accounting firm that conducts the regular statutory audit of the Bank's financial reports;</u></p> <p>(VII) <u>Significant related party transactions;</u></p>	<p>Amended in accordance with Article 39 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p><u>(VIII)</u> other matters specified in the Articles of Association.</p>	<p><u>(VIII)</u> other matters that may have a <u>significant impact on the legitimate rights and interests of the Bank, medium and small shareholders and the financial consumers</u>, matters which the independent Directors deem likely to damage the legitimate rights and interests of depositors, medium and small Shareholders and other stakeholders;</p> <p><u>(IX)</u> other matters specified in <u>the laws and regulations, regulatory requirement or</u> the Articles of Association.</p>	
<p>Article 184 If any independent Director resigns so that the number of independent Directors in the Board falls short of the quorum as specified in applicable laws, regulations or rules, resignation of the said independent Director shall not take effect until such vacancy is filled by a new independent Director.</p>	<p>Article 184 If any independent Director resigns so that the number of independent Directors in the Board falls short of the quorum as specified in applicable laws, regulations or rules, resignation of the said independent Director shall not take effect until such vacancy is filled by a new independent Director. <u>The independent director shall continue to perform his duties, unless he resigns and is dismissed for loss of independence.</u></p>	<p>Amended in accordance with Article 38 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 187 The chairman and vice chairman of the Board of the Bank shall be elected and removed by more than half of all the Directors, their terms of office shall be three years, and are eligible for re-election.</p> <p><u>A Shareholders' general meeting may dismiss a Director within his/her term of office by an ordinary resolution provided that the relevant laws and administrative regulations are observed (however, the claim for compensation under any contract shall not be affected).</u></p>	<p>Article 187 The chairman and vice chairman of the Board of the Bank shall be elected and removed by more than half of all the Directors, their terms of office shall be three years, and are eligible for re-election.</p>	<p>Incorporated into Article 144</p>
<p>Article 194 The secretary of the Board shall be a natural person with requisite professional knowledge and experience, and is mainly responsible for:</p> <p>.....</p> <p>(X) fulfilling other duties <u>as required by the Company Law, the Commercial Banking Law and the banking regulatory authorities of the PRC.</u></p>	<p>Article 194 The secretary of the Board shall be a natural person with requisite professional knowledge and experience, and is mainly responsible for:</p> <p>.....</p> <p>(X) fulfilling other duties <u>as required by laws, administrative regulations, departmental regulations, regulating documents and the Articles of Association.</u></p>	<p>Refined the expression</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 197 The Board of the Bank establishes the Development and Strategy Committee, Related Party Transactions Control Committee, Risk Management Committee, Audit Committee, Nomination and Remuneration Committee and Consumer Rights Protection Committee. All members of the special committees shall have the professional knowledge and working experience for fulfilling their duties and each of the special committees shall have at least three members. <u>In principle, the head of one special committee shall not serve concurrently as the head of another special committee.</u> In the <u>Related Party Transactions Control Committee</u>, Audit Committee and Nomination and Remuneration Committee, independent Directors shall be the majority <u>and</u> shall act as chairperson.</p> <p><u>Any Director nominated by the controlling Shareholders shall not act as member of the Related Party Transactions Control Committee and the Nomination and Remuneration Committee.</u></p>	<p>Article 197 The Board of the Bank establishes the Development and Strategy Committee, Related Party Transactions Control Committee, Risk Management Committee, Audit Committee, Nomination and Remuneration Committee and Consumer Rights Protection Committee. All members of the special committees shall have the professional knowledge and working experience for fulfilling their duties and each of the special committees shall have at least three members. In the Audit Committee and Nomination and Remuneration Committee, independent Directors shall be the majority and <u>the proportion of independent Directors in the Related Party Transactions Control Committee and Risk Management Committee shall, in principle, not be less than one-third.</u> In the <u>Related Party Transactions Control Committee, Audit Committee and Nomination and Remuneration Committee</u>, <u>independent Directors</u> shall act as chairperson.</p>	<p>Amended in accordance with Article 56 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Members of the Audit Committee shall all be non-executive Directors, a majority of which shall be independent Directors and at least one of the independent Director shall have appropriate professional qualifications as set out under relevant laws and regulations (including but not limited to the Hong Kong Listing Rules) or have appropriate accounting or related financial management expertise.</p> <p>.....</p>	<p>Members of the Audit Committee shall all be non-executive Directors, a majority of which shall be independent Directors. <u>The members should have expertise and work experience in some aspect of finance, audit, accounting or law</u> and at least one of the independent Director shall have appropriate professional qualifications as set out under relevant laws and regulations (including but not limited to the Hong Kong Listing Rules) or have appropriate accounting or related financial management expertise.</p> <p>.....</p>	
<p>Article 209 The annual financial accounting reports disclosed by the Bank must be audited by an accounting firm <u>licensed to engage in relevant financial audit business.</u></p>	<p>Article 209 The annual financial accounting reports disclosed by the Bank must be audited by an accounting firm <u>with appropriate qualifications.</u></p>	<p>Amended in accordance with Article 111 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
Chapter 9 <u>President</u> and <u>Other Senior Management Personnel</u>	Chapter 9 <u>Senior Management</u> and <u>Senior Management Personnel</u>	
<p>Article 214 The Bank practices a president accountability system led by the Board. The Bank has one president and four vice presidents. <u>The President is nominated by the chairman of the Board and the vice Presidents are nominated by the President. The President and vice Presidents are appointed or dismissed by the Board after their qualifications have been approved by the banking regulatory authorities.</u></p> <p>The senior management personnel of the Bank should accept and pass the qualification review by the banking regulatory authorities of the PRC.</p> <p>The President and vice Presidents of the Bank shall have the qualifications as specified in Article [188] of the Articles of Association.</p>	<p>Article 214 <u>The senior management of the Bank consists of the President, vice President, chief financial officer and other senior management personnel appointed by the Board of the Bank. The senior management is accountable to the Board and subject to the supervision of the Board of Supervisors.</u></p> <p><u>The Bank's senior management conducts operation and management activities in accordance with the Articles of Association and the authorization of the Board, to ensure that the Bank's operations are consistent with the development strategies, risk appetites and other policies as established and approved by the Board. The operation and management activities of the senior management within the scope of their functions and powers shall not be interfered.</u></p> <p>The Bank practices a president accountability system led by the Board. The Bank has one president and four vice presidents.</p>	<p>Amended in accordance with Articles 72 and 73 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》) with the deleted portion reflected in Article 150</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
	<p>The senior management personnel of the Bank should accept and pass the qualification review by the banking regulatory authorities of the PRC.</p> <p>The President and vice Presidents of the Bank shall have the qualifications as specified in Article [188] of the Articles of Association.</p>	
<p>Article 226 The circumstances set out in the Articles of Association disqualifying a person as Director shall also apply to Supervisors.</p> <p>Directors, the President and other senior management personnel shall not serve as Supervisors concurrently.</p>	<p>Article 226 <u>The Supervisors of the Bank shall be natural persons who are elected and removed democratically by the Shareholders' general meeting or employees.</u></p> <p>The circumstances set out in the Articles of Association disqualifying a person as Director shall also apply to Supervisors.</p> <p>Directors, the President and other senior management personnel shall not serve as Supervisors concurrently.</p>	<p>Amended in accordance with Article 58 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>
<p>Article 227 The chairman of the Board of Supervisors shall work full time as such. The chairman of the Board of Supervisors shall have the qualifications <u>as specified in Article [188] of the Articles of Association.</u></p>	<p>Article 227 The chairman of the Board of Supervisors shall work full time as such. The chairman of the Board of Supervisors shall have the qualifications <u>in conformity with the requirements of the banking regulatory authorities of the PRC and other relevant laws and regulations.</u></p>	<p>Refined the expression in accordance with Article 188 of the Articles of Association</p>
<p>Article 229 Each term of office of the Supervisors shall be three years, and is renewable upon re-election when it expires.</p>	<p>Article 229 Each term of office of the Supervisors shall be three years, and is renewable upon re-election when it expires. <u>The external supervisors' cumulative tenure with the Bank shall not exceed six years.</u></p>	<p>Amended in accordance with Article 59 of the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 232 The Supervisors may attend Board meetings and make inquiries about or present suggestions on the resolutions of <u>Board</u> meetings.</p>	<p>Article 232 The Supervisors may attend Board meetings <u>and may attend the meetings of the special committees, the meetings of the senior management, and have the right to</u> make inquiries about or present suggestions on the resolutions of <u>such</u> meetings.</p>	<p>Supplemented and amended in accordance with Article 14 of the Guidelines for the Work of the Board of Supervisors of Commercial Banks (《商業銀行監事會工作指引》), and incorporated with the original Article 248</p>
<p>Article 236</p> <p>The Board of Supervisors shall comprise shareholder representatives and an appropriate proportion of employee representatives and external Supervisors, which proportion shall not be lower than one-third of the total number of members of the Board of Supervisors. The employee representatives in the Board of Supervisors shall be elected democratically by the employees of the Bank at the employee representatives' meeting, employees' meeting or in other forms. Shareholder representatives shall be elected and removed at Shareholders' general meetings, and employee representatives shall be elected and removed democratically by the employees of the <u>company</u>.</p>	<p>Article 236</p> <p>The Board of Supervisors shall comprise shareholder representatives (<u>shareholder supervisor</u>) and an appropriate proportion of employee representatives (<u>employee supervisor</u>) and external Supervisors, which proportion shall not be lower than one-third of the total number of members of the Board of Supervisors. The employee representatives in the Board of Supervisors shall be elected democratically by the employees of the Bank at the employee representatives' meeting, employees' meeting or in other forms. Shareholder representatives shall be elected and removed at Shareholders' general meetings, and employee representatives shall be elected and removed democratically by the employees of <u>the Bank</u>.</p>	<p>Refined the expression in accordance with the requirements of Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 237 The Board of Supervisors shall exercise the following functions and powers:</p> <p>(I) to carry out review and give written review opinions on the regular reports on the Bank prepared by the Board of Directors; verify the financial information such as the financial report, business report and profit distribution proposal to be submitted by the Board to the Shareholders' general meetings and to appoint, in the name of the Bank, certified public accountants and practicing auditors to assist in the re-examination of such information should any doubt arise in respect thereof;</p> <p>(II) to examine our financial activities;</p> <p>(III) to supervise the behaviors of the Directors and senior management personnel in their performance of their duties in our Bank and to propose the removal of Directors and senior management personnel who have violated laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' general meetings;</p> <p><u>(IV) to supervise the due diligence of Directors, chairman of the Board and senior management personnel;</u></p>	<p>Article 237 The Board of Supervisors shall exercise the following functions and powers:</p> <p>(I) to carry out review and give written review opinions on the regular reports on the Bank prepared by the Board of Directors; verify the financial information such as the financial report, business report and profit distribution proposal to be submitted by the Board to the Shareholders' general meetings and to appoint, in the name of the Bank, certified public accountants and practicing auditors to assist in the re-examination of such information should any doubt arise in respect thereof;</p> <p>(II) to examine our financial activities;</p> <p>(III) to supervise the behaviors of the Directors and senior management personnel in their performance of their duties in our Bank and to propose the removal of Directors and senior management personnel who have violated laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' general meetings;</p> <p>(IV) when the acts of the Directors and senior management personnel of the Bank are detrimental to its interests, to require the aforementioned persons to correct these acts;</p>	<p>Refined in accordance with Article 65 of Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p><u>(V)</u> when the acts of the Directors and senior management personnel of the Bank are detrimental to its interests, to require the aforementioned persons to correct these acts;</p> <p><u>(VI)</u> to propose the convening of extraordinary general meeting and to convene and preside over Shareholders' general meeting when the Board fails to perform the duty of convening and presiding over Shareholders' general meetings according to the Company Law;</p> <p><u>(VII)</u> to submit proposals to the Shareholders' general meetings;</p> <p><u>(VIII)</u> to bring actions against the Directors and senior management personnel in accordance with Article 151 of the Company Law;</p> <p><u>(IX)</u> to conduct investigation when noticing unusual operation condition of the Bank, and if necessary, to engage professional organs such as accounting firm and law firm for assistance, fee of which shall be undertaken by the Bank;</p> <p><u>(X)</u> to conduct post-office-auditing of Directors and senior management personnel as required and to guide the work of the internal audit department of the Bank;</p>	<p><u>(V)</u> to propose the convening of extraordinary general meeting and to convene and preside over Shareholders' general meeting when the Board fails to perform the duty of convening and presiding over Shareholders' general meetings according to the Company Law;</p> <p><u>(VI)</u> to submit proposals to the Shareholders' general meetings;</p> <p><u>(VII)</u> to bring actions against the Directors and senior management personnel in accordance with Article 151 of the Company Law;</p> <p><u>(VIII)</u> to conduct investigation when noticing unusual operation condition of the Bank, and if necessary, to engage professional organs such as accounting firm and law firm for assistance, fee of which shall be undertaken by the Bank;</p> <p><u>(IX)</u> to conduct post-office-auditing of Directors and senior management personnel as required and to guide the work of the internal audit department of the Bank;</p> <p><u>(X)</u> to audit the Bank's business decisions, risk management and internal control;</p>	

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>(XI) to audit the Bank's business decisions, risk management and internal control;</p> <p>(XII) to question Directors, chairman and senior management personnel;</p> <p>(XIII) to exercise any other functions and powers of the Board of Supervisors prescribed by the laws, regulations, and rules.</p>	<p>(XI) to question Directors, chairman and senior management personnel;</p> <p>(XII) to exercise any other functions and powers of the Board of Supervisors prescribed by the laws, regulations, and rules.</p> <p><u>Except performing the aforesaid duties, the Board of Supervisors shall pay special attention to the following matters :</u></p> <p>(I) <u>to supervise the Board to establish sound business philosophy, values standards and formulate the development strategies in line with the Bank's actual situation;</u></p> <p>(II) <u>to regularly evaluate the scientificity, rationality and effectiveness of the development strategies formulated by the Board, and form an evaluation report;</u></p> <p>(III) <u>to supervise and inspect the Bank's operating decisions, risk management and internal control, and supervise the rectification;</u></p> <p>(IV) <u>to supervise the election and appointment process of the Directors;</u></p> <p>(V) <u>to supervise the implementation of the remuneration management systems of the Bank and the scientificity and rationality of the plans for senior management personnel;</u></p> <p>(VI) <u>other matters specified in the laws and regulations, regulatory requirements and Articles of Association.</u></p>	

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 240 The main duties of the Supervision Committee of the Board of Supervisors are:</p> <p>.....</p> <p>(VII) to supervise the Board to establish sound business philosophy, values and principles and formulate development strategies in line with the Bank's actual situation; to regularly evaluate the scientificity, rationality and effectiveness of the development strategies formulated by the Board, and develop evaluation reports;</p> <p>.....</p>	<p>Article 240 The main duties of the Supervision Committee of the Board of Supervisors are:</p> <p>.....</p> <p>(VII) to supervise the Board to establish sound business philosophy, values and principles and formulate development strategies in line with the Bank's actual situation; to regularly evaluate the scientificity, rationality and robustness of the development strategies formulated by the Board, and develop evaluation reports;</p> <p>.....</p>	
<p>Article 241 The principal duties of the Nomination Committee of the Board of Supervisors are:</p> <p>.....</p> <p>(VII) to supervise the selection and appointment procedures of Directors and independent Directors; to supervise the performance of the Board and senior management, and comprehensively evaluate the performance of Directors, Supervisors and senior management personnel.</p> <p>(VIII) to supervise the scientificity and rationality of the remuneration management systems and policies throughout the Bank and remuneration plans for senior management personnel.</p> <p>(IX) to fulfill other duties as authorized by the Board of Supervisors.</p>	<p>Article 241 The principal duties of the Nomination Committee of the Board of Supervisors are:</p> <p>.....</p> <p>(VII) to supervise the selection and appointment procedures of Directors and independent Directors; to supervise the performance of the Board and senior management, and comprehensively evaluate the performance of Directors, Supervisors and senior management personnel;</p> <p>(VIII) to supervise the implementation of the remuneration management systems throughout the Bank and the scientificity and rationality of the remuneration plans for senior management personnel;</p> <p>(IX) to fulfill other duties as authorized by the Board of Supervisors.</p>	<p>Amended in accordance with Article 65 of Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 242 Regular meetings of the Board of Supervisors shall be held at least once every quarter.</p> <p>The resolution of the Board of Supervisors shall be adopted by more than two-thirds of all Supervisors by voting, except as otherwise provided by laws, administrative regulations, rules or relevant regulatory authorities.</p>	<p>Article 242 Meetings of the Board of Supervisors shall be held at least four times every year.</p> <p>The resolution of the Board of Supervisors shall be adopted by more than two-thirds of all Supervisors by voting, except as otherwise provided by laws, administrative regulations, rules or relevant regulatory authorities.</p>	<p>Amended in accordance with Article 70 of Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>
<p>Article 244 The Board of Supervisors shall make minutes of the decisions on the matters discussed, which shall be signed by the attending Supervisors.</p> <p>Any Supervisor shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of meetings of the Board of Supervisors shall be kept as archives of the Bank for at least 10 years.</p>	<p>Article 244 The Board of Supervisors shall make minutes of the decisions on the matters discussed, which shall be signed by the attending Supervisors.</p> <p>Any Supervisor shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of meetings of the Board of Supervisors shall be kept permanently as archives of the Bank.</p>	<p>Amended in accordance with Article 71 of Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 245 The chairman of the Board of Supervisors shall convene a meeting of the Board of Supervisors and shall deliver a written notice and related documents of the meeting to all Supervisors 10 days before the meeting. Notice of Board of Supervisors meetings shall be sent by mail (including E-mail), fax or hand;</p> <p><u>Board of Supervisors meetings shall be held onsite by open ballot or by show of hands.</u></p> <p><u>In emergency, a meeting of the Board of Supervisors allows voting by means of communications, but the convener (presider) of the meeting shall explain to the attending Supervisors the particulars about the emergency. In the case of voting by communications, the Supervisors shall fax to the Office of the Board of Supervisors their written and signed opinions and voting intents on the matters to be considered. The Supervisors shall not merely provide voting opinions without expressing their written opinions or reasons for voting.</u></p>	<p>Article 245 The chairman of the Board of Supervisors shall convene a meeting of the Board of Supervisors and shall deliver a written notice and related documents of the meeting to all Supervisors 10 days before the meeting. Notice of Board of Supervisors meetings shall be sent by mail (including E-mail), fax or hand;</p> <p><u>The voting method of Board of Supervisors meetings shall refer to the provisions on the voting method of Board meetings in Article 161 of the Articles of Association.</u></p> <p><u>Supervisors shall attend at least two-thirds of the onsite meetings of the Board of Supervisors in person each year. If a supervisor cannot attend in person for any reason, he or she may entrust other supervisors in writing to attend on his/her behalf.</u></p>	<p>Added in accordance with Article 64 of Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p><u>Article 248 Supervisors shall attend Board meetings. The Supervisors attending Board meetings are entitled to express their views, but are not entitled to vote.</u></p> <p><u>The Supervisors attending Board meetings shall brief the Board of Supervisors on the meeting.</u></p> <p><u>When the Board of Supervisors deems it necessary, it may delegate the Supervisors to attend the senior management meetings.</u></p>	<p><u>Article 248 Supervisors of the Bank shall perform the following duties or obligations:</u></p> <p><u>(I) to attend Board meetings and be entitled to make inquiries about or present suggestions on the resolutions of Board meetings;</u></p> <p><u>(II) to attend the meetings of the Board of Supervisors on time, fully examine the matters resolved by the Board of Supervisors, express opinions independently, professionally and objectively, and vote independently on the basis of prudential judgment;</u></p> <p><u>(III) to assume responsibility for the resolutions of the Board of Supervisors;</u></p> <p><u>(IV) to actively participate in the training of the bank and regulatory authorities, understand the rights and obligations of Supervisors, familiar with relevant laws and regulations, and regulatory requirements, and continue to have the expertise and capabilities required for their performance of duties;</u></p> <p><u>(V) to fulfill the obligations of honesty and diligence to the Bank, with due diligence and prudence, and to ensure sufficient time and energy to perform their duties;</u></p>	<p>Deleted a portion and incorporate it into Article 232 of the Articles of Association and added in accordance with Article 63 of Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
	<p><u>(VI) Supervisors shall actively participate in the supervision and inspection activities organized by the Board of Supervisors, have the right to conduct independent investigations and obtain evidence according to laws, and put forward questions and supervision opinions in a practical manner.</u></p> <p><u>(VII) to observe the laws and regulations, regulatory requirements and the Articles of Association.</u></p>	
<p>Article 250 The Bank has external Supervisors.</p> <p><u>There should be no relationship between external Supervisors and the Bank and its substantial Shareholders that affects their independent judgment.</u></p> <p>The external Supervisors shall pay special attention to the Bank's depositors and the Bank's overall interests when performing their duties.</p> <p>The remunerations of external Supervisors shall be decided by reference to those of independent Directors.</p> <p>The qualifications, procedures, rights and obligations, and working conditions of the external Supervisors shall conform to the provisions of banking regulatory authorities of the PRC.</p>	<p>Article 250 The Bank has external Supervisors.</p> <p><u>External supervisors refer to supervisors who do not hold any positions other than supervisors of the Bank and have no relationship with the Bank, its shareholders or actual controllers that may affect their independent and objective judgment.</u></p> <p>The external Supervisors shall pay special attention to the Bank's depositors and the Bank's overall interests when performing their duties.</p> <p>The remunerations of external Supervisors shall be decided by reference to those of independent Directors.</p> <p>The qualifications, procedures, rights and obligations, and working conditions of the external Supervisors shall conform to the provisions of banking regulatory authorities of the PRC.</p>	<p>Amended in accordance with Article 66 of Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 253 The number of external Supervisors of the Bank shall comply with applicable laws. The external Supervisors of the Bank shall be nominated by the <u>Nomination Committee</u> of the Board of Supervisors, Shareholders severally or jointly holding more than 1% voting shares of the Bank (the nomination procedure shall be conducted in accordance with the procedures for the nomination of independent Directors prescribed in the Articles of Association), and elected by the Shareholders' general meeting.</p>	<p>Article 253 The number of external Supervisors of the Bank shall comply with applicable laws. The external Supervisors of the Bank shall be nominated by the Board of Supervisors, Shareholders severally or jointly holding more than 1% voting shares of the Bank (the nomination procedure shall be conducted in accordance with the procedures for the nomination of independent Directors prescribed in the Articles of Association), and elected by the Shareholders' general meeting.</p>	<p>Amended in accordance with Article 61 of Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>
<p>Article 288 The <u>Company</u> shall prepare a financial report at the end of each fiscal year and the same shall be reviewed and verified according to laws.</p>	<p>Article 288 The <u>Bank</u> shall prepare a financial report at the end of each fiscal year and the same shall be reviewed and verified according to laws.</p>	<p>Unified the expression</p>
<p>Article 294 When the Bank distributes the after-tax profits of the current year in accordance with the provisions of laws and regulations, it shall withdraw 10% as the Bank's statutory reserve fund. When the accumulated statutory reserve fund exceeds 50% of the Bank's registered capital, the Bank may cease to make such withdrawal.</p>	<p>Article 294 <u>The Bank shall formulate profit distribution policies according to its own operating conditions, risk conditions, capital planning, market environment and other factors, take into account the overall interests of all shareholders and the sustainable development of the Bank, and balance the relationship between cash dividends and capital replenishment.</u></p> <p>When the Bank distributes the after-tax profits of the current year in accordance with the provisions of laws and regulations, it shall withdraw 10% as the Bank's statutory reserve fund. When the accumulated statutory reserve fund exceeds 50% of the Bank's registered capital, the Bank may cease to make such withdrawal.</p>	<p>Amended in accordance with Article 6 of Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 303 The Bank's internal audit system and the duties of auditors shall be implemented after approval by the Board of Directors. The person in charge of auditing is accountable to the Board of Directors, and <u>the results of the audit</u> are reported to the Board of Directors <u>and the Board of Supervisors</u>, and to the President and senior management.</p> <p>The internal audit department of the Bank shall implement vertical management and be directly led by the Board of Directors.</p> <p>Internal audit work shall be independent of business management, risk-oriented, and ensure objectiveness and fairness. <u>The internal audit department shall regularly report the audit work to the Board of Directors and senior management.</u></p>	<p>Article 303 The Bank's internal audit system and the duties of auditors shall be implemented after approval by the Board of Directors. The person in charge of auditing is accountable to the Board of Directors, and <u>regularly reported its work to the Board of Directors and its Audit Committee</u>, and to the <u>Board of Supervisors</u>, President and senior management.</p> <p>The internal audit department of the Bank shall implement vertical management and be directly led by the Board of Directors.</p> <p>Internal audit work shall be independent of business management, risk-oriented, and ensure objectiveness and fairness.</p>	<p>Refined the expression</p>
<p>Absence of Relevant Provisions</p>	<p><u>Chapter 14 Democratic Management of Employees, and Labour & Personnel System</u></p>	<p>Supplemented in accordance with Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》)</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
	<p><u>Article 315 The Bank establishes and improves the democratic management system for employees in accordance with the Company Law, the Trade Union Law of the People’s Republic of China (《中華人民共和國工會法》) and other laws and regulations, with the trade union organization and the system of workers’ congress as the core, actively listens to employees’ opinions, and creates favorable conditions for employee representatives to participate in the governance of the Company in an orderly manner in accordance with the law.</u></p>	
	<p><u>Article 316 The Bank complies with the Labour Law of the People’s Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) and other national and local laws and regulations on labour protection, establishes a labour and personnel system in accordance with the laws, handles matters such as participation in social insurance for employees in accordance with relevant state regulations, and safeguards the lawful rights and interests of employees.</u></p>	
<p><u>Chapter 14</u> Notice and Announcement</p>	<p><u>Chapter 15</u> Notice and Announcement</p>	<p>Adjusted the order of the corresponding provisions</p>
<p><u>Chapter 15</u> Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation</p>	<p><u>Chapter 16</u> Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation</p>	<p>Adjusted the order of the corresponding provisions</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<p>Article 329 In the event when the Bank is dissolved according to section (I), (II) and (V) of Article [328] of the Articles of Association, a liquidation committee shall be established within fifteen (15) days after the dissolution circumstance arises. Its members shall be selected by the shareholders' general meeting by an ordinary resolution. Where the liquidation committee has not been established within the specified period, the creditor may apply to the People's Court for appointment of relevant persons to form a liquidation committee for liquidation.</p> <p>In the event when the Bank is dissolved according to section (VI) of Article [328] of the Articles of Association, the People's Court shall form a liquidation committee comprising of shareholders, relevant authorities and professionals in accordance with the law to proceed with the liquidation.</p> <p>In the event when the Bank is dissolved according to section (IV) of Article [328] of the Articles of Association, the relevant competent authority shall form a liquidation committee comprising of shareholders, relevant authorities and professionals to proceed with the liquidation.</p>	<p>Article 331 In the event when the Bank is dissolved according to section (I), (II) and (V) of Article [330] of the Articles of Association, a liquidation committee shall be established within fifteen (15) days after the dissolution circumstance arises. Its members shall be selected by the shareholders' general meeting by an ordinary resolution. Where the liquidation committee has not been established within the specified period, the creditor may apply to the People's Court for appointment of relevant persons to form a liquidation committee for liquidation.</p> <p>In the event when the Bank is dissolved according to section (VI) of Article [330] of the Articles of Association, the People's Court shall form a liquidation committee comprising of shareholders, relevant authorities and professionals in accordance with the law to proceed with the liquidation.</p> <p>In the event when the Bank is dissolved according to section (IV) of Article [330] of the Articles of Association, the relevant competent authority shall form a liquidation committee comprising of shareholders, relevant authorities and professionals to proceed with the liquidation.</p>	<p>Modified the content due to reordering of articles</p>
<p>Chapter 16 Amendment of Articles of Association</p>	<p>Chapter 17 Amendment of Articles of Association</p>	<p>Adjusted the order of the corresponding provisions</p>
<p>Chapter 17 Settlement of Disputes</p>	<p>Chapter 18 Settlement of Disputes</p>	<p>Adjusted the order of the corresponding provisions</p>

Original Articles of Association	Amended Articles of Association	Basis/Remarks of Amendments
<u>Chapter 18</u> Definitions	<u>Chapter 19</u> Definitions	Adjusted the order of the corresponding provisions
<u>Article 347</u> The “China Banking Regulatory Authority” as mentioned in the Articles of Association refers to the China Banking Regulatory Commission and its local offices, or other authoritative institutions that replace it to assume the supervisory functions of commercial banks in the future.	<u>Article 349</u> The “China Banking Regulatory Authority” as mentioned in the Articles of Association refers to the China Banking and Insurance Regulatory Commission and its local offices, or other authoritative institutions that replace it to assume the supervisory functions of commercial banks in the future.	Refined the expression
<u>Chapter 19</u> Supplementary Provisions	<u>Chapter 20</u> Supplementary Provisions	Adjusted the order of the corresponding provisions
<u>Article 359</u> Unless otherwise specified, the terms “above”, “within”, and “below” in the Articles of Association shall include the figure; “lower than”, “beyond”, “less than”, and “more than” shall exclude the figure.	<u>Article 361</u> Unless otherwise specified, the terms “above”, “within”, and “below” in the Articles of Association shall include the figure; “lower than”, “beyond”, “less than”, “more than”, and “ exceed ” shall exclude the figure.	Refined the expression

Proposed amendments to the rules of procedure for Shareholders' general meetings are detailed as follows:

Original Rules of Procedure for Shareholders' General Meetings	Amended Rules of Procedure for Shareholders' General Meeting	Basis/Remarks of Amendments
<p>Article 1 Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as the "the Bank"), in order to regulate the organization and behavior of Shareholders' general meeting, improve the efficiency of discussion, protect the legitimate rights and interests of the Shareholders under the laws and guarantee the Shareholders' general meeting to exercise its functions, powers, procedures and resolutions, the rules of procedure are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Law of the People's Republic of China on Commercial Banks, Interim Measures for Management of Commercial Bank Equity, <u>Guidance on Corporate Governance of Commercial Banks</u>, Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies, Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Listing Rules"), Articles of Association of Weihai City Commercial Bank Co., Ltd.(hereinafter referred to as the "Articles of Association") and other relevant laws, administrative regulations and regulatory documents.</p>	<p>Article 1 Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as the "the Bank"), in order to regulate the organization and behavior of Shareholders' general meeting, improve the efficiency of discussion, protect the legitimate rights and interests of the Shareholders under the laws and guarantee the Shareholders' general meeting to exercise its functions, powers, procedures and resolutions, the rules of procedure are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Law of the People's Republic of China on Commercial Banks, Interim Measures for Management of Commercial Bank Equity, <u>Code of Corporate Governance of Banking and Insurance Institutions</u>, Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies, Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Listing Rules"), Articles of Association of Weihai City Commercial Bank Co., Ltd.(hereinafter referred to as the "Articles of Association") and other relevant laws, administrative regulations and regulatory documents.</p>	<p>Improved the description</p>

Original Rules of Procedure for Shareholders' General Meetings	Amended Rules of Procedure for Shareholders' General Meeting	Basis/Remarks of Amendments
<p>Article 6 The Shareholders' general meeting is the highest authority of the Bank. It shall exercise the following functions and powers in accordance with the law:</p> <p>(I) to decide on the business policies and investment plans of the Bank;</p> <p>(II) to elect and replace Directors and Supervisors which are not appointed as employee representatives and to decide on the remuneration of the relevant Directors and Supervisors;</p> <p>(III) to examine and approve reports made by the Board;</p> <p>(IV) to examine and approve reports made by the Board of Supervisors;</p> <p>(V) to examine and approve the Bank's annual financial budget reports and final account reports;</p> <p>(VI) to examine and approve the Bank's profit distribution plans and loss recovery plans;</p> <p>(VII) to resolve on the increase or reduction in the Bank's registered capital;</p> <p>(VIII) to resolve on the issuance of bonds or the listing of the Bank;</p> <p>(IX) to resolve on the merger, division, dissolution, liquidation, or change of the form of organization of the Bank;</p> <p>(X) to amend the Articles of Association;</p>	<p>Article 6 The Shareholders' general meeting is the highest authority of the Bank. It shall exercise the following functions and powers in accordance with the law:</p> <p>(I) to decide on the business policies and investment plans of the Bank;</p> <p>(II) to elect and replace Directors and Supervisors which are not appointed as employee representatives and to decide on the remuneration of the relevant Directors and Supervisors;</p> <p>(III) to examine and approve reports made by the Board;</p> <p>(IV) to examine and approve reports made by the Board of Supervisors;</p> <p>(V) to examine and approve the Bank's annual financial budget reports and final account reports;</p> <p>(VI) to examine and approve the Bank's profit distribution plans and loss recovery plans;</p> <p>(VII) to resolve on the increase or reduction in the Bank's registered capital;</p> <p>(VIII) to resolve on the issuance of bonds or the listing of the Bank;</p> <p>(IX) to resolve on the merger, division, dissolution, liquidation, or change of the form of organization of the Bank;</p> <p>(X) to amend the Articles of Association;</p>	<p>Supplementary amendments in accordance with Article 18 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Original Rules of Procedure for Shareholders' General Meetings	Amended Rules of Procedure for Shareholders' General Meeting	Basis/Remarks of Amendments
<p>(XI) to resolve on the engagement, dismissal or discontinuation of the appointment of the accounting firm by the Bank;</p> <p>(XII) In principle, the Bank does not provide any third party with any risk-taking guarantee other than normal business such as letter of guarantees, and if necessary, resolve on such guarantee;</p> <p>(XIII) to examine the purchase and disposal of fixed assets, external investment, acquisition and sale of assets, pledge of assets, entrusted wealth management, etc. involving an amount exceeding 30% (exclusive) of the Bank's latest audited net assets, as well as especially significant related party transactions, etc.;</p> <p>(XIV) to examine equity incentive plans;</p> <p><u>(XV)</u> to examine proposals raised by the Shareholders who hold above 3% of the total voting shares of the Bank;</p> <p><u>(XVI)</u> to examine other issues which should be decided by the Shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules or the Articles of Association.</p>	<p>(XI) to resolve on the engagement, dismissal or discontinuation of the appointment of the accounting firm by the Bank;</p> <p>(XII) In principle, the Bank does not provide any third party with any risk-taking guarantee other than normal business such as letter of guarantees, and if necessary, resolve on such guarantee;</p> <p>(XIII) to examine the purchase and disposal of fixed assets <u>and intangible assets</u>, external investment, acquisition and sale of assets, pledge of assets, entrusted wealth management, etc. involving an amount exceeding 30% (exclusive) of the Bank's latest audited net assets, as well as especially significant related party transactions, etc.;</p> <p>(XIV) to examine equity incentive plans;</p> <p><u>(XV) to examine and approve the rules of procedure for Shareholders' general meetings, the Board of Directors and the Board of Supervisors;</u></p> <p><u>(XVI) to resolve on the purchase of the Company's shares in accordance with the law;</u></p> <p><u>(XVII)</u> to examine proposals raised by the Shareholders who hold above 3% of the total voting shares of the Bank;</p> <p><u>(XVIII)</u> to examine other issues which should be decided by the Shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules or the Articles of Association.</p>	

Original Rules of Procedure for Shareholders' General Meetings	Amended Rules of Procedure for Shareholders' General Meeting	Basis/Remarks of Amendments
Article 30	Article 30 <u>Proxies who have been appointed to attend Shareholders' general meetings on behalf of major Shareholders shall not be those other than Shareholders and their related parties, persons acting in concert and the nominated Directors and Supervisors. Major Shareholders shall not be appointed by non-related parties or persons acting in concert to attend Shareholders' general meetings</u>	Amended in accordance with Measures for the Supervision of the Conduct of Major Shareholders of Banking and Insurance Institutions (Trial)

Original Rules of Procedure for Shareholders' General Meetings	Amended Rules of Procedure for Shareholders' General Meeting	Basis/Remarks of Amendments
<p>Article 46 The following matters shall be approved by a special resolution at a Shareholders' general meeting:</p> <p>(I) an increase or reduction in the registered capital and the issuance of any class of shares, warrants and other similar securities of the Bank;</p> <p>(II) the division, merger, dissolution and liquidation, or change of the form of organization of the Bank;</p> <p>(III) the issuance of bonds or listing of the Bank;</p> <p>(IV) amendments to the Articles of Association;</p> <p>(V) the purchases or sales of major assets or guarantees in a year with the transaction amount exceeding 30% of the Bank's latest audited total assets;</p> <p>(VI) equity incentive plans;</p> <p>(VII) repurchase of the Bank's shares;</p> <p>(VIII) other matters that are specified by laws, administrative regulations or the Articles of Association to be adopted by a special resolution and that, resolved by the Shareholders' general meeting by an ordinary resolution, may have a material effect on the Bank and should therefore be adopted by a special resolution.</p>	<p>Article 46 The following matters shall be approved by a special resolution at a Shareholders' general meeting:</p> <p>(I) an increase or reduction in the registered capital and the issuance of any class of shares, warrants and other similar securities of the Bank;</p> <p>(II) the division, merger, dissolution and liquidation, or change of the form of organization of the Bank;</p> <p>(III) the issuance of bonds or listing of the Bank;</p> <p>(IV) amendments to the Articles of Association;</p> <p>(V) the purchases or sales of major assets or guarantees in a year with the transaction amount exceeding 30% of the Bank's latest audited total assets;</p> <p>(VI) equity incentive plans;</p> <p>(VII) repurchase of the Bank's shares;</p> <p>(VIII) removal of independent Directors;</p> <p>(IX) other matters that are specified by laws, administrative regulations or the Articles of Association to be adopted by a special resolution and that, resolved by the Shareholders' general meeting by an ordinary resolution, may have a material effect on the Bank and should therefore be adopted by a special resolution.</p>	<p>Amended in accordance with Article 22 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Original Rules of Procedure for Shareholders' General Meetings	Amended Rules of Procedure for Shareholders' General Meeting	Basis/Remarks of Amendments
<p>Article 52 The method and procedure for nominating Directors and Supervisors of the Bank are:</p> <p><u>(I) Regarding candidates for Directors and Supervisors required to be elected and replaced at the Shareholders' general meeting, the Nomination and Remuneration Committee of the Board and the Nomination Committee of the Board of Supervisors may individually propose the list of candidates for Directors and Supervisors according to the number of Directors and Supervisors to be elected to the extent of the number specified by the Articles of Association; Shareholder(s) severally or jointly holding more than 3% of the Bank's total shares in issue with voting rights may nominate candidates for Directors or Supervisors to the Board and the Board of Supervisors, but the number of nominees shall comply with the Articles of Association.</u></p> <p><u>Differential voting shall be applied in the election of the Directors and Supervisors in accordance with the accumulative voting system. The number of candidates for Directors and Supervisors shall be more than the proposed number of Directors and Supervisors.</u></p>	<p>Article 52 The method and procedure for nominating Directors and Supervisors <u>required to be elected and replaced at the Shareholders' general meeting</u> of the Bank are:</p> <p><u>(II) The Nomination and Remuneration Committee of the Board and Shareholder(s) individually or in aggregate holding more than 3% of the Bank's total shares with voting rights may nominate candidates for non-independent Directors according to the number of Directors and Supervisors to be elected to the extent of the number specified by the Articles of Association. The method for nominating candidates for independent Directors is set out in Article 172 of the Articles of Association. The number of nominees shall comply with the Articles of Association.</u></p> <p><u>The Board of Supervisors and Shareholder(s) individually or in aggregate holding more than 3% of the Bank's total shares with voting rights may nominate candidates for Shareholders' representative Supervisors according to the number of Directors and Supervisors to be elected to the extent of the number specified by the Articles of Association; the method for nominating candidates for external Supervisors is set out in Article 253 of the Articles of Association; the number of nominees shall comply with the Articles of Association.</u></p>	<p>Amended and improved the description in accordance with Article 27 and Article 35 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Original Rules of Procedure for Shareholders' General Meetings	Amended Rules of Procedure for Shareholders' General Meeting	Basis/Remarks of Amendments
<p>A Shareholder and his/her related party shall not nominate candidates for Directors and Supervisors to the Shareholders' general meeting at the same time; where a candidate for Director (Supervisor) nominated by a Shareholder and his/her related party has been approved to sit on the Board or the Board of Supervisors, the Shareholder shall not nominate any other candidate for Supervisor (Director) until the term of office of the Director (Supervisor) expires; and, generally, the number of candidates for Directors nominated by a Shareholder and his/her related party shall not exceed one-third of the number of members of the Board, except as otherwise prescribed by the State.</p> <p>(II) The Nomination and Remuneration Committee of the Board and the Nomination Committee of the Board of Supervisors shall make preliminary examination on the qualifications and conditions of the Director or Supervisor candidates, and submit the qualified candidates to Board or the Board of Supervisors for consideration. Upon approval by the Board or the Board of Supervisors, the list of Director or Supervisor candidates shall be submitted as a written proposal to the Shareholders' general meeting. The Board and the Board of Supervisors shall disclose to the Shareholders such information about the Director or Supervisory candidates as sufficient for the Shareholders in voting for the candidates.</p>	<p>A Shareholder and his/her related party shall not nominate candidates for Directors and Supervisors to the Shareholders' general meeting at the same time; where a candidate for Director (Supervisor) nominated by a Shareholder and his/her related party has been approved to sit on the Board or the Board of Supervisors, the Shareholder shall not nominate any other candidate for Supervisor (Director) until the term of office of the Director (Supervisor) expires; and, generally, the number of candidates for Directors nominated by a Shareholder and his/her related party shall not exceed one-third of the number of members of the Board, except as otherwise prescribed by the State.</p> <p>(II) The Nomination and Remuneration Committee of the Board and the Nomination Committee of the Board of Supervisors shall make preliminary examination on the qualifications and conditions of the Director or Supervisor candidates, and submit the qualified candidates to Board or the Board of Supervisors for consideration. Upon approval by the Board or the Board of Supervisors, the list of Director or Supervisor candidates shall be submitted as a written proposal to the Shareholders' general meeting. The Board and the Board of Supervisors shall disclose to the Shareholders such information about the Director or Supervisory candidates as sufficient for the Shareholders in voting for the candidates.</p>	

Original Rules of Procedure for Shareholders' General Meetings	Amended Rules of Procedure for Shareholders' General Meeting	Basis/Remarks of Amendments
<p>(III) The Director or Supervisor candidates shall prior to the Shareholders' general meeting provide written undertakings that they accept the nominations, that the information announced about them is true and adequate, and that they will diligently fulfill the duties as Director or Supervisor if elected.</p> <p>(IV) In the event of a temporary vacancy of Directors or Supervisors, the Nomination Committee of the Board and the Nomination Committee of the Board of Supervisors or Shareholders qualified for nomination shall nominate the candidates and propose them to the Board or the Board of Supervisors for consideration, and to the Shareholders' general meeting for election or replacement.</p> <p>(V) Under the accumulative voting system, independent Directors and other Board members shall be elected separately.</p> <p>(VI) Save under the accumulative voting system, the Shareholders' general meeting shall vote on the Director and Supervisor candidates separately.</p> <p>If the shares with voting rights held by controlling Shareholders exceed 30% of the Bank's total shares, the Shareholders' general meeting shall apply the accumulative voting system in the election of Directors and Supervisors according to Article 51 of these Rules.</p>	<p>(III) The Director or Supervisor candidates shall prior to the Shareholders' general meeting provide written undertakings that they accept the nominations, that the information announced about them is true and adequate, and that they will diligently fulfill the duties as Director or Supervisor if elected.</p> <p>(IV) In the event of a temporary vacancy of Directors or Supervisors, the Nomination and Remuneration Committee of the Board, the Board of Supervisors or Shareholders qualified for nomination shall nominate the candidates and propose them to the Board or the Board of Supervisors for consideration, and to the Shareholders' general meeting for election or replacement.</p> <p>(V) Under the accumulative voting system, independent Directors and other Board members shall be elected separately.</p> <p>(VI) Save under the accumulative voting system, the Shareholders' general meeting shall vote on the Director and Supervisor candidates separately.</p> <p>If the shares with voting rights held by controlling Shareholders exceed 30% of the Bank's total shares, the Shareholders' general meeting shall apply the accumulative voting system in the election of Directors and Supervisors according to Article 51 of these Rules.</p>	

Original Rules of Procedure for Shareholders' General Meetings	Amended Rules of Procedure for Shareholders' General Meeting	Basis/Remarks of Amendments
Article 55 Where the same voting right is exercised more than once, the voting result of the first time shall prevail.	Article 55 <u>The same voting rights may only be exercised on site, online or by one of other voting methods.</u> Where the same voting right is exercised more than once, the voting result of the first time shall prevail.	Supplemented in accordance with Article 85 of Guidelines for Articles of Association of Listed Companies

Original Rules of Procedure for Shareholders' General Meetings	Amended Rules of Procedure for Shareholders' General Meeting	Basis/Remarks of Amendments
<p>Article 75 Unless otherwise specified, the terms used in these Rules shall have the same meanings as those used in the Bank's Articles of Association.</p>	<p>Article 75 <u>In these Rules, "major Shareholders" means Shareholders that meet any of the following conditions:</u></p> <p><u>(I) holding more than 10% shares of the Bank;</u></p> <p><u>(II) actually holding the most shares of the Bank and accounting for no less than 5% shares (including Shareholders holding the same number of shares);</u></p> <p><u>(III) nominating more than two Directors;</u></p> <p><u>(IV) having a controlling influence on the operation and management of the Bank, as considered by the Board of Directors;</u></p> <p><u>(V) other circumstances determined by the China Banking and Insurance Regulatory Commission or its local offices.</u></p> <p><u>The shareholding proportion of Shareholders, their related parties, and persons acting in concert therewith shall be combined for calculation. If the combined shareholding ratio meets the above requirements, the relevant Shareholders shall be treated as major Shareholders for management.</u></p> <p>Unless otherwise specified, the terms used in these Rules shall have the same meanings as those used in the Bank's Articles of Association.</p>	<p>Supplemented in accordance with the Measures for the Supervision of the Conduct of Major Shareholders of Banking and Insurance Institutions (Trial)</p>

Proposed amendments to the rules of procedure for the Board of Directors are detailed as follows:

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>Article 1 To facilitate the Board of Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as “the Bank”) perform the functions better, establish an integrated corporate governance structure, ensure the efficiency and appropriate decision-making of the Board, and legalize the procedure and resolution of the Board, the rules of procedure are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as “Company Law”), Commercial Banking Law of the People’s Republic of China (hereinafter referred to as “Commercial Banking Law”), Securities Law of the People’s Republic of China, <u>Guidance on Corporate Governance of Commercial Banks</u>, Code of Corporate Governance for Listed Companies in China, Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Listing Rules”) and the Articles of Association of Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as “Articles of Association”) and other relevant laws, administrative regulations and regulatory documents.</p>	<p>Article 1 To facilitate the Board of Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as “the Bank”) perform the functions better, establish an integrated corporate governance structure, ensure the efficiency and appropriate decision-making of the Board, and legalize the procedure and resolution of the Board, the rules of procedure formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as “Company Law”), Commercial Banking Law of the People’s Republic of China (hereinafter referred to as “Commercial Banking Law”), Securities Law of the People’s Republic of China, <u>Code of Corporate Governance of Banking and Insurance Institutions</u>, Code of Corporate Governance for Listed Companies in China, Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Listing Rules”) and the Articles of Association of Weihai City Commercial Bank Co., Ltd.(hereinafter referred to as “Articles of Association”) and other relevant laws, administrative regulations and regulatory documents.</p>	<p>Refined the expression</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>Article 3 The Board shall be composed of fifteen Directors, of which the independent Directors shall be no less than one-third of the total number of Directors.</p>	<p>Article 3 The Board shall be composed of fifteen Directors, of which the independent Directors shall be no less than one-third of the total number of Directors.</p> <p><u>The President or other senior management personnel may serve concurrently as Director. The number of Directors served by senior management personnel in the Board shall be not less than one fourth but not more than one-third of the total members of the Board; members of the Board may comprise employee representatives; meanwhile, the total number of Directors serving concurrently as the President or other senior management personnel and Directors served by employee representatives shall not be more than half of the total members of the Board of the Bank.</u></p>	<p>Refined the expression in accordance with the Articles of Association</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>Article 4 The Board of Directors shall exercise the following functions and powers:</p> <p>(I) to convene Shareholders' general meetings and report its performance at the Shareholders' general meetings;</p> <p>(II) to implement resolutions of Shareholders' general meetings;</p> <p>(III) to decide on operational plans and investment plans of the Bank;</p> <p>(IV) to formulate annual financial budget report and final account reports of the Bank;</p> <p>(V) to formulate profit distribution plan and loss recovery plan of the Bank;</p> <p><u>(VI) to formulate proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;</u></p> <p><u>(VII) to formulate plans for merger, division, dissolution, and change in corporate structure of the Bank;</u></p> <p><u>(VIII) to decide on matters such as external investments, acquisition and sale of assets, pledge of assets, entrusted wealth management and related party transactions of the Bank within the scope of authorization of the Shareholders' general meeting;</u></p>	<p>Article 4 The Board shall exercise the following functions and powers:</p> <p>(I) to convene Shareholders' general meetings and report its performance at the Shareholders' general meetings;</p> <p>(II) to implement resolutions of Shareholders' general meetings;</p> <p>(III) to decide on operational plans and investment plans of the Bank;</p> <p>(IV) to formulate annual financial budget report and final account reports of the Bank;</p> <p>(V) to formulate profit distribution plan and loss recovery plan of the Bank;</p> <p><u>(VI) to formulate capital plans and take the ultimate obligation for the management of capital or solvency;</u></p> <p><u>(VII) to formulate proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;</u></p> <p><u>(VIII) to formulate plans for material acquisition, purchase of the shares or merger, division, dissolution, and change in corporate structure of the Bank;</u></p>	<p>Added and refined the expression in accordance with Article 44 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p><u>(IX)</u> to decide on setup of internal management bodies of the Bank;</p> <p><u>(X)</u> to decide on setup, merger and cancellation of branches and sub-branches of the Bank;</p> <p><u>(XI)</u> to appoint or dismiss the Bank's President and secretary of the Board as nominated by the chairman of the Board; to appoint or dismiss the Bank's senior management personnel such as vice President and chief financial officer as nominated by the President; and to determine their remunerations, rewards and punishments;</p> <p><u>(XII)</u> to formulate the basic management system of the Bank;</p> <p><u>(XIII)</u> to formulate proposals for any amendment to the Articles of Association;</p>	<p><u>(IX)</u> to decide on matters such as external investments, acquisition and sale of assets, pledge of assets, entrusted wealth management, related party transactions and data management of the Bank based on laws and regulations, regulatory provisions and Articles of Association;</p> <p><u>(X)</u> to decide on setup of internal management bodies of the Bank;</p> <p><u>(XI)</u> to decide on setup, merger and cancellation of branches and sub-branches of the Bank;</p> <p><u>(XII)</u> to appoint or dismiss the Bank's President and secretary of the Board as nominated by the chairman of the Board; to appoint or dismiss the Bank's senior management personnel such as vice President and chief financial officer as nominated by the President, to assess the performance of senior management members and to determine their remunerations, rewards and punishments; and to supervise the senior management in the performance of their duties;</p> <p><u>(XIII)</u> to formulate the basic management system of the Bank;</p>	

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p><u>(XIV) to formulate proposals for repurchase of the Bank's shares;</u></p> <p>(XV) to formulate the Bank's information disclosure system and to manage the Bank's information disclosure;</p> <p>(XVI) to make proposal at the Shareholders' general meeting for <u>appointment</u>, dismissal or non-renewal of an accounting firm providing audit services for the Bank;</p> <p>(XVII) to listen to the work report of the President of the Bank and inspect his/her work;</p> <p>(XVIII) to review any significant capital expenditures, contracts and commitments that exceed the spending limits set by the Board for senior management;</p> <p>(XIX) to formulate a plan for the sale or transfer of all or most of the business or assets of the Bank;</p>	<p><u>(XIV) to formulate proposals for any amendment to the Articles of Association; to formulate the rules of procedures for the Shareholders' general meeting and the Board of Directors, and to consider and approve the working rules for the special committees under the Board of Directors;</u></p> <p>(XV) <u>to take responsibility for the Bank's information disclosure</u>, to formulate the Bank's information disclosure system and to manage the Bank's information disclosure; <u>and to take the ultimate responsibility for ensuring the authenticity, accuracy, integrity and timeliness of the accounting and financial reports;</u></p> <p>(XVI) to make proposal at the Shareholders' general meeting for <u>engagement</u>, dismissal or non-renewal of an accounting firm providing <u>regular legal</u> audit services <u>of financial reports</u> for the Bank;</p> <p>(XVII) to listen to the work report of the President of the Bank and inspect his/her work;</p> <p>(XVIII) to review any significant capital expenditures, contracts and commitments that exceed the spending limits set by the Board for senior management;</p> <p>(XIX) to formulate a plan for the sale or transfer of all or most of the business or assets of the Bank;</p>	

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>(XX) to approve green credit strategies;</p> <p>(XXI) to formulate strategies, policies and objectives for the protection of consumer's rights and interests, to urge the senior management of the whole Bank to effectively carry out and implement relevant work, to regularly listen to the senior management's special report on this work, and to supervise and evaluate the comprehensiveness, promptness and effectiveness of the Bank's consumer rights protection work and the performance of the senior management in this respect, with the relevant work as the important content of information disclosure;</p> <p><u>(XXII)</u> to establish a communication mechanism with the Shareholders' general meeting, the CPC Committee and the Board of Supervisors on major issues to provide truthful information and reports;</p> <p><u>(XXIII)</u> to regularly evaluate and improve the Bank's corporate governance to ensure that the corporate governance mechanism provides appropriate protection and equal rights for all Shareholders of the Bank;</p>	<p>(XX) <u>to formulate a development strategy and supervise its implementation, and</u> to approve green credit strategies;</p> <p>(XXI) <u>to protect the legal rights of financial consumers and other stakeholders, and</u> to formulate strategies, policies and objectives for the protection of consumer's rights and interests, to urge the senior management of the whole Bank to effectively carry out and implement relevant work, to regularly listen to the senior management's special report on this work, and to supervise and evaluate the comprehensiveness, promptness and effectiveness of the Bank's consumer rights protection work and the performance of the senior management in this respect, with the relevant work as the important content of information disclosure;</p> <p><u>(XXII) to formulate the policies for tolerance of risks, risk management and internal control, and to take the ultimate responsibility to manage overall risks;</u></p> <p><u>(XXIII)</u> to establish a communication mechanism with the Shareholders' general meeting, the CPC Committee and the Board of Supervisors on major issues to provide truthful information and reports;</p>	

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>(XXIV) to exercise any other functions and powers prescribed by the laws, administrative regulations, rules or the Articles of Association and authorized by the Shareholders' general meetings.</p>	<p>(XXIV) to regularly evaluate and improve the Bank's corporate governance to ensure that the corporate governance mechanism provides appropriate protection and equal rights for all Shareholders of the Bank;</p> <p><u>(XXV) to take the responsibility for managing Shareholders' affairs, and to establish the mechanism of identifying, inspecting and managing interest conflicts between Shareholders, especially substantial Shareholders and the Bank;</u></p> <p><u>(XXVI) to exercise the power to manage remuneration of the staff;</u></p> <p>(XXVII) to exercise any other functions and powers prescribed by the laws, administrative regulations, rules or the Articles of Association and authorized by the Shareholders' general meetings.</p>	
<p>Article 6 The Board shall include one chairman and one vice chairman. Both the chairman and the vice chairman are nominated by the Board and elected by more than half of all members of the Board after being reported to the banking regulatory authorities for qualification examination. Each Director shall have one vote in electing.</p>	<p>Article 6 The Board shall include one chairman and <u>may include</u> one vice chairman. Both the chairman and the vice chairman are nominated by the Board and elected by more than half of all members of the Board after being reported to the banking regulatory authorities for qualification examination. Each Director shall have one vote in electing.</p>	<p>Refined the expression in accordance with Article 48 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>Article 8 Independent Directors of the Bank are Directors who do not hold any positions in the Bank other than directorship and do not maintain with the Bank and its <u>substantial</u> Shareholders a connection which may possibly hamper their independent and objective judgments. Independent Directors shall fulfil the obligations of honesty and diligence to the Bank and all the Shareholders thereof. The following persons shall not serve as independent Directors:</p> <p>.....</p>	<p>Article 8 Independent Directors of the Bank are Directors who do not hold any positions in the Bank other than directorship and do not maintain with the Bank and its Shareholders, <u>de facto controllers</u> a connection which may possibly hamper their independent and objective judgments. Independent Directors shall fulfil the obligations of honesty and diligence to the Bank and all the Shareholders thereof. The following persons shall not serve as independent Directors:</p> <p>.....</p>	<p>Refined the expression in accordance with Article 33 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>Article 9 Except for the circumstances under Article [8] of the Rules of Procedure for the Board, a person shall not serve as independent Director of the Bank in any of the following circumstances when:</p> <p>(I) he/she was removed from office by his/her original entity due to failure to perform duties diligently;</p> <p>(II) he/she used to be a person in charge of high-risk financial institutions and there is no evidence that he/she were not responsible for the cancellation or loss of assets of such institutions;</p> <p><u>(III) he/she, who has served as an independent Director in five domestic listed companies, shall not be nominated as independent Director of the Bank;</u></p> <p>(IV) he/she failed to attend the Board meetings for two consecutive times or failed to attend more than one-third of Board meetings in person during his/her term of office as an independent Director;</p> <p>(V) he/she holds positions in more than two commercial banks at the same time.</p>	<p>Article 9 Except for the circumstances under Article [8] of the Rules of Procedure for the Board, a person shall not serve as independent Director of the Bank in any of the following circumstances when:</p> <p>(I) he/she was removed from office by his/her original entity due to failure to perform duties diligently;</p> <p>(II) he/she used to be a person in charge of high-risk financial institutions and there is no evidence that he/she were not responsible for the cancellation or loss of assets of such institutions;</p> <p><u>(III) he/she failed to attend the Board meetings for two consecutive times or failed to attend more than one-third of Board meetings in person during his/her term of office as an independent Director;</u></p> <p><u>(IV) he/she serves as an independent director in more than five domestic and overseas companies. He/she serves as an independent director in more than two commercial banks at the same time. He/she serves as an independent director in commercial banks which are related to each other and exists a conflict of interest (except the association caused by the independent Director's part-time job);</u></p> <p><u>(V) circumstances in which he/she shall not hold the position of independent director stipulated by other laws, administrative regulations, departmental rules, normative documents or the Articles of Association.</u></p>	<p>Supplemented and amended in accordance with Article 37 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>Article 12 the Board of the Bank establishes six special committees, including the Development and Strategy Committee, Risk Management Committee, Related Party Transactions Control Committee, Audit Committee, Nomination and Remuneration Committee and Consumer Rights Protection Committee. Members of the special committees are all Directors of the Bank and each shall have at least three members. In the Related Party Transactions Control Committee, Audit Committee and Nomination and Remuneration Committee, independent Directors shall be the majority and shall act as chairperson.</p>	<p>Article 12 the Board of the Bank establishes six special committees, including the Development and Strategy Committee, Risk Management Committee, Related Party Transactions Control Committee, Audit Committee, Nomination and Remuneration Committee and Consumer Rights Protection Committee. Members of the special committees are all Directors of the Bank and each shall have at least three members. In the Audit Committee and Nomination and Remuneration Committee, independent Directors shall be the majority; <u>in the Related Party Transactions Control Committee and Risk Management Committee, the proportion of independent Directors, in principle, shall be not less than one-third, and independent Director shall act as chairperson in the Related Party Transactions Control Committee, Audit Committee and Nomination and Remuneration Committee.</u></p>	<p>Amended in accordance with Article 56 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>Article 20 Board meetings include regular meetings and extraordinary meetings. Regular meetings shall be held at least once every quarter and four times every year, and shall be convened by the chairman of the Board. A written notice of the meeting shall be made to all the Directors and Supervisors 14 days before the date of the meeting, and the agenda and relevant meeting documents shall be delivered to all Directors three days before the meeting is held.</p> <p>Extraordinary meetings shall be arranged by the Board in accordance with the requirements of the Articles of Association and the Rules of Procedure for the Board of the Bank. Notice of the meeting shall be delivered to all Directors and Supervisors five workdays before the date of the meeting.</p>	<p>Article 20 Board meetings include periodic meetings and extraordinary meetings. Periodic meetings shall be held at least four times every year, and shall be convened by the chairman of the Board. A written notice of the meeting shall be made to all the Directors and Supervisors 14 days before the date of the meeting, and the agenda and relevant meeting documents shall be delivered to all Directors three days before the meeting is held.</p> <p>Extraordinary meetings shall be arranged by the Board in accordance with the requirements of the Articles of Association and the Rules of Procedure for the Board of the Bank. Notice of the meeting shall be delivered to all Directors and Supervisors five workdays before the date of the meeting.</p>	<p>Amended in accordance with Article 49 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>Article 23 The notice of Board meeting shall specify:</p> <p>(I) date and venue of the meeting;</p> <p>(II) form of the meeting;</p> <p>(III) <u>proposals</u> at the meeting;</p> <p>(IV) the convener and the presider of the meeting, proposer of and written proposal for the extraordinary meeting;</p> <p><u>(V) meeting documents needed for voting of Directors;</u></p> <p><u>(VI)</u> requirements for the Directors to attend the meeting in person or by proxy;</p> <p><u>(VII)</u> associate(s) and means of contact;</p> <p><u>(VIII)</u> date on which the notice is sent.</p>	<p>Article 23 The notice of Board meeting shall specify:</p> <p>(I) date and venue of the meeting;</p> <p>(II) form of the meeting;</p> <p>(III) <u>reasons</u> for holding the meeting <u>and proposals;</u></p> <p>(IV) the convener and the presider of the meeting, proposer of and written proposal for the extraordinary meeting;</p> <p><u>(V)</u> requirements for the Directors to attend the meeting in person or by other Directors on behalf;</p> <p><u>(VI)</u> associate(s) and means of contact;</p> <p><u>(VII)</u> date on which the notice is sent.</p>	<p>Refined the expression with reference to the Guidelines on Articles of Association of Listed Companies</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>Article 25 After the written notice of the regular meeting of the Board is issued, if it is necessary to change the time and place of the meeting or to add, amend or cancel the proposals of the meeting, a written notice of such changes shall be issued three days prior to the original designated date for convening the meeting to explain the situation and the relevant content and related materials of the new proposals. Where the notice of such changes is issued in less than three days in advance, the meeting shall be postponed accordingly or convened as scheduled with the approval of all attending Directors.</p> <p>After the notice of the Extraordinary meeting of the Board is issued, prior consent of all attending Directors shall be obtained and corresponding record shall be made if it is necessary to change the time and place of the meeting or to add, amend or cancel the proposals of the meeting.</p>	<p>Article 25 After the written notice of the periodic meeting of the Board is issued, if it is necessary to change the time and place of the meeting or to add, amend or cancel the proposals of the meeting, a written notice of such changes shall be issued three days prior to the original designated date for convening the meeting to explain the situation and the relevant content and related materials of the new proposals. Where the notice of such changes is issued in less than three days in advance, the meeting shall be postponed accordingly or convened as scheduled with the approval of all attending Directors.</p> <p>After the notice of the Extraordinary meeting of the Board is issued, prior consent of all attending Directors shall be obtained and corresponding record shall be made if it is necessary to change the time and place of the meeting or to add, amend or cancel the proposals of the meeting.</p>	<p>Refined the expression</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>Article 26 Directors shall attend Board meetings in person. If any Director cannot attend the meeting for any reason, he/she shall review the meeting documents in advance, form definite opinions, and appoint another Director in writing to attend the meeting on his/her behalf. The proxy who attends the meeting shall present the power of attorney sealed or signed by the principal which shall specify:</p> <p>(I) the names of the principal and proxy;</p> <p>(II) outline opinions of the principal on respective proposals;</p> <p>(III) the principal's scope of authorization and instructions about voting intent in relation to respective proposals;</p> <p>(IV) signature of the principal, date, etc.</p> <p>The Director attending the meeting by proxy shall exercise the rights of Directors within the scope of authorization. Where any Director signs the regular reports by proxy, the said Director shall specify such authorization in the power of attorney.</p> <p>The proxy Director shall present the written power of attorney to the presider of the meeting, and explain proxy attendance in the attendance book.</p>	<p>Article 26 Directors shall attend Board meetings in person. If any Director cannot attend the meeting for any reason, he/she shall review the meeting documents in advance, form definite opinions, and appoint another Director in writing to attend the meeting on his/her behalf. The proxy who attends the meeting shall present the power of attorney sealed or signed by the principal which shall specify:</p> <p>(I) the names of the principal and proxy;</p> <p>(II) outline opinions of the principal on respective proposals;</p> <p>(III) the principal's scope of authorization and instructions about voting intent in relation to respective proposals;</p> <p>(IV) signature of the principal, date, etc.</p> <p>The Director attending the meeting by proxy shall exercise the rights of Directors within the scope of authorization. Where any Director signs the regular reports by proxy, the said Director shall specify such authorization in the power of attorney.</p> <p>The proxy Director shall present the written power of attorney to the presider of the meeting, and explain proxy attendance in the attendance book.</p>	<p>Supplemented and amended in accordance with Article 32 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>If a Director fails to attend a Board meeting in person or by proxy, the said Director shall be deemed as having waived his/her right to vote at the meeting.</p>	<p><u>A Director shall, in principle, accept not more than two proxies from Directors who are unable to present in person at the meeting. A non-related Director shall not entrust a related Director to attend the meeting on his/her behalf while related transactions are considered.</u></p> <p>If a Director fails to attend a Board meeting in person or by proxy, the said Director shall be deemed as having waived his/her right to vote at the meeting.</p>	
<p>Article 30 Voting by meetings and voting by <u>communications</u> may be adopted at Board meetings.</p> <p><u>If voting by communications is adopted, matters to be voted on by communications and the related background information shall be served to all Directors three days at a minimum before voting. Voting by communications shall be conducted in the form of one vote for one matter, and no Director shall be required to merely cast one vote for several matters. Voting by communications shall be adopted only if they are really necessary, and proposals needed to be voted on by communications shall specify the reasons why voting by communications is adopted and shall comply with the Articles of Association of the Bank and the Rules.</u></p>	<p>Article 30 Voting by <u>onsite</u> meetings and voting by <u>written resolutions</u> may be adopted at Board meetings.</p> <p><u>Onsite meetings refer to meetings at which attendees are able to communicate and discuss in real time via on-site presence, video, telephone. Onsite meetings shall be recorded and taped. An onsite meeting convened by telephone conference or video conference shall ensure each attending Director can hear other Directors' speech clearly and can communicate with each other. Should any Directors not able to timely sign the meeting minutes during such meetings, such director shall attend voting orally and complete the signature in writing as soon as possible. The oral vote by the Directors shall have equal effect as the written signature, provided shall comply with the oral vote at the meeting. In case of any inconformity between such written signature and the oral vote, the verbal voting shall prevail.</u></p>	<p>Refined the expression in accordance with Article 50 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p><u>The Board meeting shall be held onsite. On the premise of ensuring that the directors fully express their opinions, the meeting may also be held by way of video conference or teleconference, if necessary, with the consent of the convener (host) and proposer. If the meeting is not held onsite, the number of directors present at the meeting shall be calculated based on the number of directors present in the meeting as shown in the video, the directors who express opinions in the teleconference, the valid votes actually received by fax or email within the prescribed period, or the written confirmation submitted by the directors for their participation in the meeting afterwards.</u></p>	<p><u>Written resolutions refer to a meeting method that proposals are served respectively to or passed around the Directors for consideration. If a board meeting is convened by means of a written resolution, Directors and proxies thereof shall clearly write “agree”, “object” or “waive” on the votes. If the number of the Directors signing in favour of a proposal satisfies the statutory quorum for adopting a resolution as stipulated in the Articles of Association, the said proposal shall become a resolution of the Board.</u></p>	
<p>Article 37 <u>Except that the meeting documents of the Board meetings convened by means of written resolutions shall be sent in accordance with the time specified in Article [30] of the Rules, each resolution shall be submitted to the attending Directors for review 5 days before the Board meeting is convened.</u> At the Board meeting, the proposer or the person designated by the special committee shall explain the content of the resolution, the formulation process and background information as well as the written comments collected through discussion with Directors before the meeting.</p>	<p>Article 37 At the Board meeting, the proposer or the person designated by the special committee shall explain the content of the resolution, the formulation process and background information as well as the written comments collected through discussion with Directors before the meeting.</p>	

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>Article 38 Each Director shall have one vote. Resolutions made by the Board shall be passed by more than half of all Directors. The following matters considered at the Board meetings <u>shall be passed by more than two-thirds of the Directors by open ballot and shall not be voted on by communications in written form:</u></p> <p>(I) formulation of the proposals for increase or decrease of the Bank's registered capital and proposals for issue of bonds, or other securities and listing;</p> <p><u>(II) the plan for changes in profit distribution or dividend policies;</u></p> <p><u>(III) preparation for the Bank's material acquisition and acquisition of the Bank's shares;</u></p> <p><u>(IV) formulation of the plans for merger, division, dissolution, or change in corporate form;</u></p> <p><u>(V) determination of matters such as external investments, acquisition and sale of assets, pledge of assets, entrusted wealth management and related party transactions of the Bank within the scope of authorization of the Shareholders' general meeting;</u></p>	<p>Article 38 Each Director shall have one vote. Resolutions made by the Board shall be passed by more than half of all Directors. The following matters considered at the Board meetings <u>shall not be voted on by circulating written resolution and shall be passed by more than two-thirds of the Directors:</u></p> <p>(I) formulation of the proposals for increase or decrease of the Bank's registered capital and proposals for issue of bonds, or other securities and listing;</p> <p><u>(II) formulation of the proposals for any amendment to the Articles of Association;</u></p> <p><u>(III) formulation of the plans for merger, division, dissolution, or change in corporate form;</u></p> <p><u>(IV) capital replenishment plan;</u></p> <p><u>(V) formulation of the plans for material investment and material disposal of assets;</u></p>	<p>Amended in accordance with Article 50 of the Code of Corporate Governance of Banking and Insurance Institutions</p>

Existing Rules of Procedure for the Board	Amended Rules of Procedure for the Board	Basis/Remarks of Amendments
<p>(VI) appointment or dismissal of <u>the Bank's President and secretary of the Board; appointment or dismissal of the Bank's</u> senior management personnel such as vice President and chief financial officer as nominated by the President, and determination of their remunerations, rewards and <u>punishments</u>;</p> <p>(VII) capital replenishment plan;</p> <p>(VIII) major equity change and financial restructuring;</p> <p>(IX) formulation of the proposals for any amendment to the Articles of Association.</p>	<p>(VI) appointment or dismissal of senior management personnel;</p> <p><u>(VII) formulation of the remuneration plans;</u></p> <p><u>(VIII) profit distribution plans;</u></p> <p><u>(IX) major equity change and financial restructuring;</u></p> <p><u>(X) other matters stipulated in laws, administrative regulations, departmental rules, normative documents or the Articles of Association and which more than half of all Directors believe will have a significant impact on the Bank and shall be approved by more than two-thirds of the Directors of the Board.</u></p>	

Proposed amendments to the rules of procedure for the Board of Supervisors are detailed as follows:

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>Article 1 To further improve the corporate governance of Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as “the Bank”), ensure that the Bank’s Board of Supervisors can exercise its supervisory authority independently in accordance with laws, safeguard the legitimate rights and interests of depositors and Shareholders, and promote the safe, stable and efficient operation of the Bank, the Rules of Procedure for Meetings of the Board of Supervisors (hereinafter referred to as “the Rules of Procedure”) are hereby formulated in accordance with the relevant laws and regulations of the State, Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas and the Articles of Association of Weihai City Commercial Bank Co., Ltd. and other relevant provisions, and combined with the actual situation of the Bank.</p>	<p>Article 1 To further improve the corporate governance of Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as “the Bank”), ensure that the Bank’s Board of Supervisors can exercise its supervisory authority independently in accordance with laws, safeguard the legitimate rights and interests of depositors and Shareholders, and promote the safe, stable and efficient operation of the Bank, the Rules of Procedure for Meetings of the Board of Supervisors (hereinafter referred to as “the Rules of Procedure”) are hereby formulated in accordance with <u>the Company Law of the People’s Republic of China, the Commercial Banking Law of the People’s Republic of China, the Guidelines for the Board of Supervisors of Commercial Banks, Code of Corporate Governance of Banking and Insurance Institutions, Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas and the Articles of Association of Weihai City Commercial Bank Co., Ltd. and other relevant laws and regulations and other provisions, and combined with the actual situation of the Bank.</u></p>	<p>Amended in accordance with Article 1 of the Work Guidelines for the Board of Supervisors of Commercial Banks and Article 1 of the Articles of Association of the Bank.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>Article 2 The purpose of formulating the Rules of Procedure is to standardize the procedures of the Bank’s Board of Supervisors, urge the Board of Supervisors and its members to exercise their supervisory functions over <u>the Board of Directors and senior management</u> in accordance with the laws, improve the work efficiency of the Board of Supervisors, and ensure the implementation of the Articles of Association of the Bank and resolutions of the Shareholders’ general meetings.</p>	<p>Article 2 The purpose of formulating the Rules of Procedure is to standardize the procedures of the Bank’s Board of Supervisors, urge the Board of Supervisors and its members to exercise their supervisory functions in accordance with the laws, improve the work efficiency of the Board of Supervisors, and ensure the implementation of the Articles of Association of the Bank and resolutions of the general meeting of Shareholders.</p>	<p>Amended in accordance with the Article 236 of Article of Association of the Bank.</p>
<p>Article 3 The Board of Supervisors is the supervisory body of the Bank and is accountable to the Shareholders’ general meeting, <u>supervises the performance and due diligence of the Bank’s finance, the Board of Directors and its members and the President and other senior management personnel, prevent their abuse of power and safeguard the legitimate rights and interests of Shareholders.</u></p>	<p>Article 3 The Board of Supervisors is the supervisory body of the Bank and is accountable to the Shareholders’ general meeting, <u>with the goal of protecting the legitimate rights and interests of the Bank, Shareholders, employees, creditors and other stakeholders.</u></p>	<p>Amended in accordance with the Article 3 of the Guidelines for the Board of Supervisors.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>Article 7 The Board of Supervisors consists of nine Supervisors, including one chairman, the appointment and removal of whom shall be made with a resolution passed by above two-thirds of all members of the Board of Supervisors. The chairman of the Board of Supervisors shall work full time as such, and shall at least have professional knowledge and work experience in one aspect of finance, auditing, finance, and law. The Supervisory shall be chaired by shareholder representatives and employee representatives and external Supervisors. <u>Employee Supervisory and external Supervisory of the Bank shall not be less than one-third of the total number of members of the Supervisory.</u></p> <p><u>There should be no relationship between external Supervisors and the Bank and its substantial Shareholders that affects their independent judgment.</u></p>	<p>Article 7 The Board of Supervisors consists of nine Supervisors, including one chairman, the appointment and removal of whom shall be made with a resolution passed by above two-thirds of all members of the Board of Supervisors. The chairman of the Board of Supervisors shall work full time as such, and shall at least have professional knowledge and work experience in one aspect of finance, auditing, finance, and law. The Supervisory shall be chaired by shareholder representatives and employee representatives and external Supervisors. <u>Among them, the proportion of employee Supervisors and external Supervisors shall not be less than one third.</u></p>	<p>Amended in accordance with the Article 188 and 236 of the Articles of Association and the Article 5 of the Guidelines for the Board of Supervisors.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>Article 9 In accordance with the provisions of the Articles of Association of the Bank and other relevant laws and regulations, the Board of Supervisors shall exercise the following functions and powers:</p> <p>(I) to carry out review and give written review opinions on the regular reports on the Bank prepared by the Board of Directors; verify the financial information such as the financial report, business report and profit distribution proposal to be submitted by the Board to the Shareholders' general meetings and to appoint, in the name of the Bank, certified public accountants and practicing auditors to assist in the re-examination of such information should any doubt arise in respect thereof;</p> <p>(II) to examine our financial activities;</p> <p>(III) to supervise the behaviors of the Directors and senior management personnel in their performance of their duties in our Bank and to propose the removal of Directors and senior management personnel who have violated laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' general meetings;</p> <p>(IV) <u>to supervise the due diligence of Directors, chairman of the Board and senior management personnel;</u></p>	<p>Article 9 In accordance with the provisions of the Articles of Association of the Bank and other relevant laws and regulations, the Board of Supervisors shall exercise the following functions and powers:</p> <p>(I) <u>shall</u> carry out review and give written review opinions on the regular reports on the Bank prepared by the Board of Directors; verify the financial information such as the financial report, business report and profit distribution proposal to be submitted by the Board to the Shareholders' general meetings and to appoint, in the name of the Bank, certified public accountants and practicing auditors to assist in the re-examination of such information should any doubt arise in respect thereof;</p> <p>(II) to examine our financial activities;</p> <p>(III) to supervise the behaviors of the Directors and senior management personnel in their performance of their duties in our Bank and to propose the removal of Directors and senior management personnel who have violated laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' general meetings;</p> <p>(IV) <u>when the acts of the Directors and senior management personnel of the Bank are detrimental to its interests, to require the aforementioned persons to correct these acts;</u></p>	<p>Amended in accordance with Article 66 of the Code of Corporate Governance of Banking and Insurance Institutions and the Article 250 of the Articles of Association, the original Article 9 shall be separately listed as Article 11, and the subsequent articles shall be postponed accordingly.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>(V) <u>to require the Directors, chairman and senior management personnel to correct their acts that are detrimental to the Bank's interests;</u></p> <p>(VI) to propose the convening of extraordinary general meeting and to convene and preside over Shareholders' general meeting when the Board fails to perform the duty of convening and presiding over Shareholders' general meetings according to the Company Law;</p> <p>(VII) to submit proposals to the Shareholders' general meetings;</p> <p>(VIII) to bring actions against the Directors and senior management personnel in accordance with Article 151 of the Company Law;</p> <p>(IX) to conduct investigation when noticing unusual operation condition of the Bank, and if necessary, to engage professional organs such as accounting firm and law firm for assistance, fee of which shall be undertaken by the Bank;</p> <p>(X) to conduct post-office-auditing of Directors and senior management personnel and to guide the work of the internal audit department of the Bank;</p>	<p>(V) to propose the convening of extraordinary general meeting and to convene and preside over Shareholders' general meeting when the Board fails to perform the duty of convening and presiding over Shareholders' general meetings according to the Company Law;</p> <p>(VI) to submit proposals to the Shareholders' general meetings;</p> <p>(VII) to bring actions against the Directors and senior management personnel in accordance with Article 151 of the Company Law;</p> <p>(VIII) to conduct investigation when noticing unusual operation condition of the Bank, and if necessary, to engage professional organs such as accounting firm and law firm for assistance, fee of which shall be undertaken by the Bank;</p> <p>(IX) to conduct post-office-auditing of Directors and senior management personnel as required and to guide the work of the internal audit department of the Bank;</p> <p>(X) to audit the Bank's business decisions, risk management and internal control;</p>	

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>(XI) to audit the Bank’s business decisions, risk management and internal control;</p> <p>(XII) to question Directors, chairman and senior management personnel;</p> <p>(XIII) <u>to exercise any other functions and powers of the Board of Supervisors prescribed by the laws, regulations, and rules.</u></p> <p>When the Board of Supervisors finds that the Directors, the President and other senior management personnel violate laws, regulations, or the Articles of Association of the Bank, it shall report to the Board, the general meeting of Shareholders, or directly report to the Bank regulatory authority.</p>	<p>(XI) to question Directors, chairman and senior management personnel;</p> <p><u>(XII) to exercise any other functions and powers of the Board of Supervisors prescribed by other laws, regulations, and rules.</u></p> <p><u>Article 11</u> When the Board of Supervisors finds that Directors, the President and other senior management personnel violate laws, regulations, or the Articles of Association of the Bank, it shall report to the Board, the general meeting of Shareholders, or directly report to the Banking regulatory authorities.</p>	

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>When the Board of Supervisors finds that the Board, the senior management and other senior management personnel violate laws, regulations, rules and the Articles of Association of the Bank or other circumstances, it shall propose to punish the relevant personnel and promptly issue a notice of rectification within a time limit; the Board or senior management shall carry out punishment or rectification in a timely manner and report the result in writing to the Board of Supervisors. If the Board or senior management refuses or delays the taking of disciplinary and rectification measures, the Board of Supervisors shall report to the Banking regulatory authorities of the PRC and the Shareholders' general meeting. If the Board of Supervisors finds that the Board and senior management fail to implement prudent accounting principles or fail to calculate interest receivables in a strict manner or provide insufficient provisions for doubtful debts, it shall order relevant person to carry out rectification measures.</p> <p>If the Board of Supervisors notices any unusual operation condition of the Bank, it shall make inquiries to the Board or senior management.</p>	<p>When the Board of Supervisors finds that the Board, the senior management and senior management personnel violate laws, regulations, rules and the Articles of Association of the Bank or other circumstances, it shall propose to punish the relevant personnel and promptly issue a notice of rectification within a time limit; the Board or senior management shall carry out punishment or rectification in a timely manner and report the result in writing to the Board of Supervisors. If the Board or the senior management refuses or delays the taking of disciplinary and rectification measures, the Board of Supervisors shall report to the Banking regulatory authorities of the PRC and the Shareholders' general meeting. If the Board of Supervisors finds that the Board and senior management fail to implement prudent accounting principles, or fail to calculate interest receivables in a strict manner or provide insufficient provisions for doubtful debts, it shall order relevant person to carry out rectification measures.</p> <p>If the Board of Supervisors notices any unusual operation condition of the Bank, it shall make inquiries to the Board or senior management.</p>	

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>Article 10 The Board of Supervisors serves as <u>the internal supervisory body of the commercial bank, which shall report to the Shareholders' general meeting. In addition to performance of duties under the Company Law and other laws and regulations as well as the Articles of Association of the commercial bank</u>, the Board of Supervisors shall focus on the following matters:</p> <p>(I) to supervise the Board to establish sound business philosophy, values and principles and formulate development strategies in line with the Bank's situation;</p> <p>(II) to evaluate the scientificity, rationality and effectiveness of the development strategies of the Bank, and develop evaluation reports;</p> <p>(III) to supervise and examine the Bank's operating decisions, risk management and internal control, and supervise the rectification;</p> <p>(IV) to supervise the selection and appointment procedures of Directors;</p> <p><u>(V) to comprehensively evaluate the performance of Directors, Supervisors and senior management personnel;</u></p>	<p>Article 10 <u>In addition to performance of the said</u> duties, the Board of Supervisors shall focus on the following matters:</p> <p>(I) to supervise the Board to establish sound business philosophy, values and principles and formulate development strategies in line with the Bank's situation;</p> <p>(II) to evaluate the scientificity, rationality and effectiveness of the development strategies of the Bank, and develop evaluation reports;</p> <p>(III) to supervise and examine the Bank's operating decisions, risk management and internal control, and supervise the rectification;</p> <p>(IV) to supervise the selection and appointment procedures of Directors;</p> <p><u>(V) to supervise the implementation of the remuneration management systems throughout the Bank and the scientificity and rationality of the remuneration plans for senior management personnel;</u></p>	<p>Amended according to Article 237 of the Articles of Association.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>(VI) to supervise the scientificity and rationality of the remuneration management systems and policies throughout the Bank and remuneration plans for senior management personnel;</p> <p><u>(VII) to regularly communicate with the banking regulatory authorities in respect of the situation of the Bank.</u></p>	<p><u>(VI) other matters specified under the laws and regulations, regulatory requirements and the Articles of Association of the Bank.</u></p>	
<p>Article 13 Supervisors shall attend Board meetings. <u>The Board of Supervisors may delegate the chairman of the Board of Supervisors or other Supervisors to attend the Board meeting and are entitled to express recommendations and views</u>, but are not entitled to vote. The Supervisors attending Board meetings shall brief the Board of Supervisors on the meeting.</p> <p><u>When the Board of Supervisors deems it necessary, it may delegate the Supervisors to attend the senior management meetings.</u></p> <p><u>The chairman of the Board of Supervisors may attend the President's meetings, and also can delegate other Supervisors to attend the meetings.</u></p>	<p>Article 14 Supervisors shall attend Board meeting, as well as <u>all special committees' meetings under the Board and senior management meetings, and are entitled to make inquiries about or present suggestions on the resolutions of the meeting</u>, but are not entitled to vote. The Supervisors attending the Board meeting shall brief the Board of Supervisors on the meeting.</p>	<p>The original Article 13 is postponed and changed into Article 14, which is refined in accordance with Article 232 of the Articles of Association.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
	<p><u>Article 16 The Supervisors of the Bank shall perform the following duties or obligations:</u></p> <p><u>(I) attend Board meetings and make inquiries about or present suggestions on the resolutions of Board meetings;</u></p> <p><u>(II) attend the Board of Supervisors meetings on time, fully review the resolutions of the Board of Supervisors, express independent, professional, objective opinions and vote independently based on prudent judgments;</u></p> <p><u>(III) be responsible for the resolutions passed at meetings of the Board of Supervisors;</u></p> <p><u>(IV) actively participate in the training organized by the Bank and regulators, understand the rights and obligations of Supervisors, familiar with relevant laws and regulations, and continuously master the professional knowledge and ability required to perform obligations;</u></p> <p><u>(V) fulfill the obligations of honesty and diligence to the Bank, fulfill obligations with due diligence and prudence, and ensure that he/she has enough time and energy to perform duties;</u></p>	<p>Added 16 in accordance with the Article 63 of the Code of Corporate Governance of Banking and Insurance Institutions and the Article 248 of the Articles of Association, and the subsequent articles shall be postponed accordingly.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
	<p><u>(VI) Supervisors shall actively participate in the supervision and inspection activities organized by the Board of Supervisors, be entitled to conduct independent investigation and evidence collection according to laws, and raise questions and supervision opinions in line with the actual situation.</u></p> <p><u>(VII) comply with laws and regulations, regulatory provisions and the Articles of Association of the Bank.</u></p>	

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>Article 15 The Board of Supervisors shall have a Supervision Committee and a Nomination Committee. The person-in-charge of the Supervision Committee and the Nomination Committee shall be the external Supervisors.</p> <p>The Supervision Committee of the Board of Supervisors <u>is responsible for formulating the supervision plan for the Bank's financial activities and carrying out relevant inspections, supervising the Board to establish sound business philosophy, values and principles and formulate development strategies in line with the Bank's actual situation, and supervising examining the Bank's operating decisions, risk management and internal control.</u> The main duties are:</p> <p>.....</p> <p>(VII) to supervise the Board to establish sound business philosophy, values and principles and formulate development strategies in line with the Bank's actual situation; to regularly evaluate the scientificity, rationality and <u>effectiveness</u> of the development strategies formulated by the Board, and develop evaluation reports</p>	<p><u>Article 17</u> The Board of Supervisors shall have a Supervision Committee and a Nomination Committee. The person-in-charge of the Supervision Committee and the Nomination Committee shall be the external Supervisors.</p> <p><u>Article 18 The main duties of the Supervision Committee of the Board of Supervisors are:</u></p> <p>.....</p> <p>(VII) to supervise the Board to establish sound business philosophy, values and principles and formulate development strategies in line with the Bank's actual situation; to regularly evaluate the scientificity, rationality and <u>robustness</u> of the development strategies formulated by the Board, and develop evaluation reports;</p> <p>.....</p>	<p>The functions and responsibilities of the Board of Supervisors are listed separately in Article 18 in accordance with Article 64 of the Code of Corporate Governance of Banking and Insurance Institutions and the Article 240 of the Articles of Association, and the subsequent articles shall be postponed accordingly.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>Article 16 The Nomination Committee of the Board of Supervisors <u>is responsible for formulating the procedures and criteria for the selection of Supervisors, conducting preliminary examination on the qualifications of candidates for Supervisors, and making recommendations to the Board of Supervisors; supervising the selection and appointment procedures of Directors; comprehensively evaluating the performance of Directors, Supervisors and senior management personnel and reporting to the Board of Supervisors; and supervising the scientificity and rationality of the remuneration management systems and policies throughout the Bank and remuneration plans for senior management personnel.</u> The principal duties are:</p> <p>.....</p> <p>(VIII) to supervise the scientificity and rationality of the remuneration management systems <u>and policies</u> throughout the Bank and remuneration plans for senior management personnel;</p> <p>(IX) to fulfill other duties as authorized by the Board of Supervisors.</p>	<p>Article 19 The principal duties of the Nomination Committee of the Board of Supervisors are:</p> <p>.....</p> <p>(VIII) to supervise the scientificity and rationality of the remuneration management systems and implementation throughout the Bank and remuneration plans for senior management personnel;</p> <p>(IX) to fulfill other duties as authorized by the Board of Supervisors.</p>	<p>Article 16 shall be postponed to Article 19, and amended in accordance with the Article 65 of The Code of Corporate Governance of Banking and Insurance Institutions and the Article 241 of the Articles of Association.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p><u>Article 20</u> Under any of the following circumstances, the Board of Supervisors is entitled to require the Board to convene an extraordinary general meeting in accordance with the Articles of Association and this provision:</p> <p>.....</p> <p><u>Article 21</u> The Board of Supervisors shall have the right to propose to the Board to convene an extraordinary general meeting, and shall put forward such proposal to the Board in writing. The Board shall, pursuant to laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene such an extraordinary general meeting within 10 days after receipt of the proposal.</p> <p>If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the Board of Supervisors.</p> <p>If the Board does not agree to convene the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the Board of Supervisors may convene and preside over the meeting by itself.</p>	<p><u>Article 23</u> The Board of Supervisors shall have the right to propose to the Board to convene an extraordinary general meeting, and shall put forward such proposal to the Board in writing. The Board shall, pursuant to laws, administrative regulations and the Articles of Association of the Bank, give a written reply on whether or not it agrees to convene such an extraordinary general meeting within 10 days after receipt of the proposal.</p> <p>If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the Board of Supervisors.</p> <p>If the Board does not agree to convene the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the Board of Supervisors may convene and preside over the meeting by itself.</p>	<p>Refined the expression in accordance with Article 79 of the Articles of Association, the original Article 20 and Article 21 shall be merged into Article 23, and the subsequent articles shall be postponed accordingly.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>Article 22 <u>Regular meetings of the Board of Supervisors shall be held at least once every quarter and at least four times every year.</u> The chairman of the Board of Supervisors shall convene a meeting of the Board of Supervisors. When convening a meeting of the Board of Supervisors, all Supervisors and relevant attending personnel shall be notified in writing 10 days before the meeting.</p> <p>.....</p>	<p><u>Article 24 Meetings of the Board of Supervisors shall be held at least four times every year.</u> The chairman of the Board of Supervisors shall convene a meeting of the Board of Supervisors. When convening a meeting of the Board of Supervisors, all Supervisors and relevant attending personnel shall be notified in writing 10 days before the meeting.</p> <p>.....</p>	<p>Amended in accordance with the Article 70 of the Code of Corporate Governance of Banking and Insurance Institutions and the Article 242 of the Articles of Association.</p>
<p>Article 26 <u>Board of Supervisors meetings shall be held onsite by open ballot or by show of hands.</u></p> <p><u>In emergency, a meeting of the Board of Supervisors allows voting by means of communications, but the convener (presider) of the meeting shall explain to the attending Supervisors the particulars about the emergency. In the case of voting by communications, the Supervisors shall fax to the Office of the Board of Supervisors their written and signed opinions and voting intents on the matters to be considered. The Supervisors shall not merely provide voting opinions without expressing their written opinions or reasons for voting.</u></p>	<p><u>Article 28 Voting by onsite meetings and voting by written resolutions may be adopted for the resolution of the Board of Supervisors.</u></p> <p><u>Onsite meetings refer to meetings at which attendees are able to communicate and discuss in real time via on-site presence, video, telephone. Written resolutions refer to a meeting method that proposals are served respectively to or passed around the Directors for consideration.</u></p>	<p>Amended in accordance with Article 70 and Article 114 of the Code of Corporate Governance of Banking and Insurance Institutions and Article 161 of the Articles of Association.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p><u>Article 28 Supervisors shall attend meetings of Board of Supervisors in person. If any Supervisor cannot attend the meeting for special reasons, he/she may authorize in writing another Supervisor to act on his/her behalf,</u> provided that a Supervisor shall not accept more than two proxies by other Supervisors at a Board of Supervisors’ meeting. Employee Supervisors shall authorize other employee Supervisors to act on his/her behalf. External Supervisors shall authorize other external Supervisors to act on his/her behalf.</p> <p><u>The power of attorney shall set out the name of the proxy, the subject and scope of authorization and validity of the time limit of the proxy, which shall be signed or officially sealed by the authorizing party.</u></p> <p>A Supervisor appointed as the representative of another Supervisor to attend the meeting shall exercise the rights of a Supervisor within the scope of authority conferred by the appointing Supervisor. If a Supervisor fails to attend a Board of Supervisors meeting in person or by proxy, the said Supervisor shall be deemed as having waived his/her right to vote at the meeting.</p>	<p><u>Article 30 Supervisors shall attend at least two thirds of the on-site Board of Supervisors meetings every year in person. If any Supervisor fail to attend the meeting for reasons, he/she may authorize in writing another Supervisor to act on his/her behalf.</u> <u>The power of attorney shall set out the personal opinions and voting intention of the Directors and Supervisors. A Supervisor appointed as the representative of another Supervisor to attend the meeting shall exercise the rights of a Supervisor within the scope of authority conferred by the appointing Supervisor.</u> A Supervisor shall not accept more than two proxies by other Supervisors at a Board of Supervisors’ meeting. Employee Supervisors shall authorize other employee Supervisors to act on his/her behalf. External Supervisors shall authorize other external Supervisors to act on his/her behalf.</p> <p>If a Supervisor fails to attend a Board of Supervisors meeting in person or by proxy, the said Supervisor shall be deemed as having waived his/her right to vote at the meeting.</p>	<p>Amended in accordance with Article 64 of the Code of Corporate Governance of Banking and Insurance Institutions and Article 245 of the Articles of Association, the original Article 28 and Article 29 shall be merged into Article 30, and the subsequent articles shall be postponed accordingly.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p><u>Article 29</u> If any Supervisors fails to attend Board of Supervisors meetings in person and by proxy for two consecutive times, or fails to attend at least two thirds of the Board of Supervisors meetings every year, the said Supervisor shall be deemed incapable of performing his/her duties, and the Shareholders' general meetings and employee representatives' meetings shall dismiss the said Supervisor.</p>		
<p>Article 37 Voting by the Board of Supervisors shall be conducted on the "one person, one vote" system. <u>Voting at a meeting of the Board of Supervisors shall be made by show of hands or by poll. If the resolutions of the meeting are made by fax, the voting shall be made by signature.</u></p>	<p><u>Article 38</u> Voting by the Board of Supervisors shall be conducted on the "one person, one vote" system. <u>Voting at a physical meeting of the Board of Supervisors shall be made by show of hands or by poll. Voting by written resolutions shall be conducted by serving proposals respectively to or passed around the Directors for consideration.</u></p>	<p>Amended in accordance with Article 70 and Article 114 of the Code of Corporate Governance of Banking and Insurance Institutions and Article 161 of the Articles of Association.</p>
<p>Article 39 The resolution of the Board of Supervisors shall be subject to approval by more than two-thirds of all Supervisors.</p>	<p><u>Article 40</u> The resolution of the Board of Supervisors shall be subject to approval by more than two-thirds of all Supervisors, <u>except as otherwise provided by laws, administrative regulations, rules or relevant regulatory authorities.</u></p>	<p>Amended in accordance with Article 242 to the Articles of Association.</p>

Original Articles	Amended Articles	Basis/Remarks of the Amendments
<p>Article 40 <u>Relevant resolutions and meeting minutes made at the meeting of the Board of Supervisors shall be recorded in writing and kept by the secretary of the Board of the Bank as the Bank's files</u> for a permanent period.</p> <p>Article 42 <u>A meeting of the Board of Supervisors shall keep a meeting minute, which shall be signed by the attending Supervisors and recorder. Any Supervisor shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting.</u> The Board of Supervisors shall file the decisions, resolutions and minutes of the Board of Supervisors' meetings with the banking regulatory authorities.</p>	<p><u>Article 41</u> The Board of Supervisors shall file resolutions for matters <u>discussed at the meeting as minutes, which shall be signed by the attending Supervisors. Any Supervisor shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. Minutes of the Board of Supervisors' meetings shall be kept as archives of the Bank for a permanent period.</u> The Board of Supervisors shall file the decisions, resolutions and minutes of the Board of Supervisors' meetings with the banking regulatory authorities.</p>	<p>Supplemented in accordance with Article 244 to the Articles of Association; the original Article 40 and Article 42 incorporated into Article 41, and the subsequent articles shall be postponed accordingly.</p>
<p>Article 47 Matters not covered in the Rules of Procedure shall be subject to <u>the Company Law, the Guidelines on Corporate Governance of Commercial Banks, the Work Guidelines of the Board of Supervisors of Commercial Banks by the China Banking Regulatory Commission, the Articles of Association of the Bank and</u> relevant requirements <u>of the China Banking Regulatory Commission.</u></p> <p>The Rules of Procedure shall be subject to the interpretation of the Board of Supervisors of the Bank. The Rules of Procedure shall be formulated and amended by the Board of Supervisors of the Bank, and <u>shall come into effect since the date on which the H shares publicly issued of the Bank are listed for trade on the Stock Exchange of Hong Kong</u> upon submission to the general meetings for approval.</p>	<p>Article 47 Matters not covered in the Rules of Procedure shall be subject to <u>the relevant laws and regulations, relevant requirements of the CBIRC and the Articles of Association of the Bank.</u></p> <p>The Rules of Procedure shall be subject to the interpretation of the Board of Supervisors of the Bank. The Rules of Procedure shall be formulated and amended by the Board of Supervisors of the Bank, and <u>subject to</u> submission to the general meetings for approval.</p>	<p>Refined in accordance with the Code of Corporate Governance of Banking and Insurance Institutions.</p>

NOTICE OF 2021 ANNUAL GENERAL MEETING

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WEIHAI CITY COMMERCIAL BANK CO., LTD.* **威海市商業銀行股份有限公司***

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

(Stock Code: 9677)

NOTICE OF 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2021 annual general meeting (“**Annual General Meeting**”) of Weihai City Commercial Bank Co., Ltd.* (the “**Bank**”) will be held at No. 9 Baoquan Road, Weihai City, Shandong Province, the PRC on May 31, 2022 (Tuesday) at 9:00 a.m. Unless otherwise defined, the capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Bank dated April 28, 2022 (the “**Circular**”).

The following resolutions shall be considered and, if thought fit, approved by the shareholders of the Bank at the Annual General Meeting:

Ordinary Resolutions

1. To consider and approve the Work Report of the Board of Directors for 2021;
2. To consider and approve the Work Report of the Board of Supervisors for 2021;
3. To consider and approve the 2021 Annual Report;
4. To consider and approve the Final Accounts Report for 2021;
5. To consider and approve the Profit Distribution Plan for 2021;
6. To consider and approve the Financial Budget for 2022;
7. To consider and approve the Duty Report of the Independent Directors for 2021;
8. To consider and approve the Report of the Board of Supervisors on Evaluation of the Performance of Duties by the Board of Directors, Senior Management and its Members for 2021;

NOTICE OF 2021 ANNUAL GENERAL MEETING

9. To consider and approve the Report of the Board of Supervisors on Evaluation of the Performance of Duties by Supervisors for 2021;
10. To consider and approve the Report on the Control of Related Party Transactions and Evaluation of Shareholders for 2021;
11. To consider and approve the proposed extension of credit to Shandong Hi-Speed Group;
12. To consider and approve the appointment of external auditors for 2022;
13. To consider and approve the proposed amendments to the rules of procedure for Shareholders' general meetings;
14. To consider and approve the proposed amendments to the rules of procedure for the Board of Directors;
15. To consider and approve the proposed amendments to the rules of procedure for the Board of Supervisors;
16. To consider and approve the proposed appointment of independent non-executive Director;
17. To consider and approve the proposed appointment of Supervisor;

Special Resolution

18. To consider and approve the proposed amendments to the Articles of Association.

By order of the Board
Weihai City Commercial Bank Co. Ltd.*
TAN Xianguo
Chairman

Weihai, China

April 28, 2022

As at the date of this notice, the Board of the Bank comprises Mr. TAN Xianguo, Mr. MENG Dongxiao, Ms. TAO Zunjian, Mr. LU Jiliang and Mr. ZHANG Wenbin as executive Directors; Mr. YI Jijun, Mr. SONG Bin, Mr. YIN Lin, Mr. ZHAO Bing and Ms. ZHAO Yue as non-executive Directors; Mr. SUN Guomao, Mr. FAN Chi Chiu, Mr. LU Qing, Mr. WANG Shaohong and Ms. SUN Zuying as independent non-executive Directors.

* Weihai City Commercial 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 and/or deposit-taking business in Hong Kong.

NOTICE OF 2021 ANNUAL GENERAL MEETING

Notes:

1. For more information on the resolutions mentioned above, please refer to the Circular.

2. Registration Procedures for Attending the Annual General Meeting

Individual Shareholders who wish to attend the meeting in person shall produce their identity cards or other effective document(s) or proof of identity and stock account cards. Proxies of individual Shareholders shall produce their effective document of identity and proxy form. A corporate Shareholder should attend the meeting by its legal representative or proxy appointed by the legal representative. A legal representative who wishes to attend the meeting should produce his/her identity card or other valid document(s) evidencing his/her capacity as a legal representative. If being appointed to attend the meeting, the proxy should produce his/her identity card and an authorization instrument duly signed by the legal representative of the corporate Shareholder.

3. Proxy

Any Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more person(s) (if the Shareholder holds two or more issued Shares), whether such person(s) is a Shareholder or not, to act as his/her/its proxy or proxies to attend and vote on his/her/its behalf at the Annual General Meeting. The instrument appointing a proxy must be signed by the Shareholder or his/her attorney duly authorized in writing. For a corporate Shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorized in writing. If the power of attorney of the proxy is signed by the authorized person of the appointer under a power of attorney or other authorization document(s) given by the appointer, such power of attorney or other authorization document(s) shall be notarized and served at the same time as the power of attorney. To be valid, the form of proxy, together with a notarially certified copy of the power of attorney or other authorization document(s) must be delivered to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the H Shareholders), or to the Office of the Board at Room 1703, 9 Bao Quan Road, Weihai City, Shandong Province, the PRC (for the Domestic Shareholders) no later than 24 hours before the fixed time for holding the Annual General Meeting (i.e. 9:00 a.m. on May 30, 2022 (Monday)) or any adjournment thereof (as the case may be). In case of registered joint holders of any Shares, any one of the registered joint holders can vote on such Shares at the Annual General Meeting in person or by proxy as if he/she is the only holder entitled to vote. If more than one registered joint holders attend the Annual General Meeting in person or by proxy, only the vote of the person whose name appeared first in the register of members of the Bank relating to such Shares (in person or by proxy) will be accepted as the sole and exclusive vote of the joint holders. Upon completion and return of the form of proxy and the power of attorney, you can still attend and vote in person at the Annual General Meeting or any adjournment thereof should you so wish. In this case, the power of attorney will be deemed to have been revoked.

4. Closure of Register of Members

The Bank's register of members will be closed from May 25, 2022 (Wednesday) to May 31, 2022 (Tuesday), both days inclusive. The Shareholders whose names appeared in the Bank's register of members as at the close of business on May 24, 2022 (Tuesday) shall be entitled to attend and vote at the Annual General Meeting. For a Shareholder to be eligible for attending and voting at the Annual General Meeting, all transfer document(s) together with the relevant share certificates and other appropriate document(s) shall be delivered to our Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the H Shareholders) or our Office of the Board at Room 1703, 9 Bao Quan Road, Weihai City, Shandong Province, the PRC (for the Domestic Shareholders) no later than 4:30 p.m. on May 24, 2022 (Tuesday).

NOTICE OF 2021 ANNUAL GENERAL MEETING

The Bank's register of members will be closed from June 7, 2022 (Tuesday) to June 13, 2022 (Monday), both days inclusive, during which period no transfer of the Shares will be effected. The Shareholders whose names appeared in the Bank's register of members on June 13, 2022 (Monday) shall be entitled to receive the 2021 final dividend.

For a Shareholder to be eligible for receiving the 2021 final dividend, all transfer documents together with the relevant share certificates and other appropriate documents must be delivered to the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the H Shareholders) or the Office of the Board at Room 1703, 9 Bao Quan Road, Weihai City, Shandong Province, the PRC (for the Domestic Shareholders) no later than 4:30 p.m., on June 6, 2022 (Monday).

5. **Publication of Poll Results**

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"), all resolutions at the Annual General Meeting will be voted by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted only by a show of hands). The results of poll will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.whccb.com) in accordance with the Listing Rules.

6. **Miscellaneous**

Due to the severity of the pandemic and the prevention measures adjusted from time to time, the Bank would like to remind all the Shareholders to strictly observe anti-epidemic travel policies of Shandong Province and Weihai City and complete the proxy forms according to their wishes and return as soon as possible if they wish to use the proxy forms, so as to avoid any impact on the delivery progress by the pandemic prevention measures.

The AGM is expected to last for no more than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own expenses on traveling, dining, and accommodation.