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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Huishang Bank Corporation Limited*, you should at once hand this circular, together with the accompanying proxy form and the reply slip, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Huishang Bank Corporation Limited*

徽商銀行股份有限公司*

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

(Stock Code: 3698)

2022 ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Conference Room 304, Area B, Huishang Bank Building, No. 1699 Yungu Road, Hefei, Anhui Province, the PRC at 9:00 a.m. on Friday, June 30, 2023. The notice of the Annual General Meeting is set out on pages 137 to 140 of this circular.

If you intend to appoint a proxy to attend the Annual General Meeting, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. H Shareholders should return the proxy form to Computershare Hong Kong Investor Services Limited, and Domestic Shareholders should return the proxy form to the Bank's registered office and principal place of business in the PRC respectively and in each case, in person or by post, not less than 24 hours before the time fixed for holding the Annual General Meeting (i.e. 9:00 a.m. on Thursday, June 29, 2023) or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting or at any adjourned meeting thereof should you so wish.

If you intend to attend the Annual General Meeting in person or by proxy, you are required to complete and return the accompanying reply slip to Computershare Hong Kong Investor Services Limited (for H Shareholders) or to the Bank's registered office and principal place of business in the PRC (for Domestic Shareholders) on or before Saturday, June 10, 2023.

* *Huishang Bank Corporation Limited 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.*

June 6, 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
APPENDIX I WORK REPORT OF THE BOARD OF DIRECTORS FOR 2022	25
APPENDIX II WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2022	32
APPENDIX III COMPARISON TABLE OF THE AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE RELATED PARTY TRANSACTIONS	38
APPENDIX IV COMPARISON TABLE OF THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION.	95
APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE PLAN OF AUTHORIZATIONS GRANTED TO THE BOARD BY THE GENERAL MEETING	106
APPENDIX VI A SHARE OFFERING PLAN	117
APPENDIX VII AUTHORISATION IN RELATION TO THE A SHARE OFFERING	119
APPENDIX VIII THE APPRAISAL REPORT BY THE BOARD OF SUPERVISORS ON THE PERFORMANCE OF DUTIES BY THE BOARD AND THE DIRECTORS FOR 2022....	121
APPENDIX IX THE APPRAISAL REPORT BY THE BOARD OF SUPERVISORS ON THE PERFORMANCE OF DUTIES BY THE SUPERVISORS FOR 2022	127
APPENDIX X THE APPRAISAL REPORT BY THE BOARD OF SUPERVISORS ON THE PERFORMANCE OF DUTIES BY THE SENIOR MANAGEMENT AND ITS MEMBERS FOR 2022	130
APPENDIX XI REPORT ON THE IMPLEMENTATION OF RESOLUTIONS OF SHAREHOLDERS' GENERAL MEETING IN 2022	133
NOTICE OF THE ANNUAL GENERAL MEETING	137

DEFINITIONS

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

“2018 AGM”	the 2018 annual general meeting of the Bank held on June 30, 2019
“2019 AGM”	the 2019 annual general meeting of the Bank held on June 30, 2020
“2020 AGM”	the 2020 annual general meeting of the Bank held on June 30, 2021
“2021 AGM”	the 2021 annual general meeting of the Bank held on June 30, 2022
“A Share Listing Date”	the date on which the A Shares of the Bank are to be listed on the Shanghai Stock Exchange
“A Share Offering”	the Bank’s proposed initial public offering of not more than 1.5 billion A Shares, which will be listed on the Shanghai Stock Exchange
“A Share Offering Plan”	the Plan on the Initial Public Offering and Listing of A Shares of Huishang Bank Corporation Limited formulated by the Bank in respect of the A Share Offering, which was approved at the 2018 AGM and the validity period of which was successively approved to extend for 12 months by resolution at the 2019 AGM, the 2020 AGM and the 2021 AGM, respectively
“A Share(s)”	the ordinary share(s) proposed to be issued by the Bank pursuant to the A Share Offering and subscribed for in RMB
“Administrative Measures for the Related Party Transactions”	the Administrative Measures for the Related Party Transactions of Huishang Bank Corporation Limited that are currently in effect
“Annual General Meeting” or “AGM”	the 2022 annual general meeting of the Bank to be held at Conference Room 304, Area B, Huishang Bank Building, No. 1699 Yungu Road, Hefei, Anhui Province, the PRC at 9:00 a.m. on Friday, June 30, 2023
“Articles of Association”	the articles of association of the Bank that are currently in effect

DEFINITIONS

“Bank” or “Huishang Bank”	Huishang Bank Corporation Limited (徽商銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange, including subsidiaries and subordinate branches
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“CBIRC Anhui Office”	the China Banking and Insurance Regulatory Commission Anhui Office (中國銀行保險監督管理委員會安徽監管局)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“CSRC Anhui Bureau”	the Anhui Regulatory Bureau of China Securities Regulatory Commission (中國證券監督管理委員會安徽監管局)
“Director(s)”	the director(s) of the Bank
“Domestic Share(s)”	ordinary share(s) issued by the Bank in the PRC with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB
“Domestic Shareholder(s)”	holder(s) of Domestic Share(s)
“Governance Standards”	the Corporate Governance Standards for Banking and Insurance Institutions
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share(s)”	overseas-listed foreign investment share(s) in the share capital of the Bank, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Latest Practicable Date”	May 31, 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“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
“Measures for the Evaluation of Performance of Duties”	the Measures for the Evaluation of Performance of Duties by Directors and Supervisors of Banking and Insurance Institutions (for Trial Implementation)
“New Rules on Related Party Transactions”	the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions
“Non-public Issuance of Domestic Shares”	the issuance of a total of 1,735,000,000 Domestic Shares to Deposit Insurance Fund Management Co., Ltd. (存款保險基金管理有限責任公司) and Anhui Transportation Holding Group Co., Ltd. (安徽省交通控股集團有限公司) by the Bank under the general mandate granted to the Board at the 2019 AGM. Such issuance was completed on January 4, 2021
“Plan of Authorizations Granted to the Board by the General Meeting”	the Plan of the Authorizations Granted to the Board of Directors by the Shareholders’ General Meeting of Huishang Bank Corporation Limited that is currently in effect
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	the Company Law of the People’s Republic of China, as amended, supplemented or otherwise modified from time to time
“PRC Securities Law”	the Securities Law of the People’s Republic of China, as amended, supplemented or otherwise modified from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Share(s)”	ordinary share(s) of the Bank, consisting of the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	the shareholder(s) of the Bank
“Supervisor(s)”	the supervisor(s) of the Bank

Unless otherwise specified in this circular, the currency used in this circular shall be Renminbi.

The translated English names for the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like included in this circular and for which no official English translation exists are unofficial translations for identification purposes only. In case of inconsistency in such case, the Chinese name shall prevail.

LETTER FROM THE BOARD



Huishang Bank Corporation Limited*

徽商銀行股份有限公司*

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

(Stock Code: 3698)

Executive Director:

Mr. Yan Chen (*Chairman*)

Mr. Kong Qinglong (*President*)

Non-executive Directors:

Mr. Ma Lingxiao

Ms. Shao Dehui

Mr. Wang Zhaoyuan

Mr. Wu Tian

Mr. Zuo Dunli

Mr. Gao Yang

Mr. Wang Wenjin

Mr. Zhao Zongren

Registered office and principal

place of business in the PRC:

Huishang Bank Building

No. 1699 Yungu Road

Hefei

Anhui Province

the PRC

Principal place of business

in Hong Kong:

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

Independent non-executive Directors:

Mr. Dai Peikun

Ms. Zhou Yana

Mr. Liu Zhiqiang

Mr. Yin Jianfeng

Ms. Huang Aiming

Mr. Xu Jiabin

To the Shareholders

Dear Sir or Madam,

2022 ANNUAL GENERAL MEETING

I. INTRODUCTION

The Bank will convene the Annual General Meeting on Friday, June 30, 2023, and propose the following resolutions at the meeting:

- (1) the final financial accounts for 2022;
- (2) the capital expenditure budget for 2023;

LETTER FROM THE BOARD

- (3) the profit distribution plan for 2022;
- (4) the appointment of external auditors of the Bank for 2023;
- (5) the Work Report of the Board of Directors for 2022;
- (6) the Work Report of the Board of Supervisors for 2022;
- (7) the determination of the remuneration standards for former executive Director of the Bank for 2020;
- (8) the determination of the remuneration standards for Supervisors of the Bank for 2020;
- (9) the Administrative Measures for the Related Party Transactions (Revised);
- (10) the election of Mr. Wang Anning as a shareholder Supervisor of the fourth session of the Board of Supervisors;
- (11) the election of Mr. Han Dongya as an external Supervisor of the fourth session of the Board of Supervisors;
- (12) the general mandate for the issuance of Shares;
- (13) the extension of the validity period of the A Share Offering Plan;
- (14) the extension of the validity period of the authorization granted to the Board of Directors to deal with specific matters in respect of the A Share Offering;
- (15) the Articles of Association (Revised); and
- (16) the Plan of Authorizations Granted to the Board by the General Meeting (Revised).

Items (1) to (11) are ordinary resolutions, and items (12) to (16) are special resolutions.

Apart from the consideration of the aforementioned resolutions, the Shareholders will be debriefed at the AGM on the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Board and the Directors for 2022, the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Supervisors for 2022, the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Senior Management and its Members for 2022 and the Report on the Implementation of Resolutions of Shareholders' General Meeting in 2022.

The purpose of this circular is to incorporate the notice of the AGM, and to provide you with details regarding the resolutions mentioned above.

LETTER FROM THE BOARD

II. MATTERS TO BE TRANSACTED AT THE AGM

(I) General Matters to be Resolved at the AGM

1. Final Financial Accounts for 2022

The preparation of the final financial accounts for 2022 has been completed by the Bank in accordance with relevant regulations. Based on the audited financial statements for the year ended December 31, 2022 prepared in accordance with the China Accounting Standards for Business Enterprises, the final financial accounts of the Bank for 2022 are summarized as follows:

The total assets were RMB1,580.236 billion, representing an increase of RMB196.574 billion or 14.21% as compared to last year, and the budget execution rate was 106.34%. In particular, the total loans were RMB764.309 billion, representing an increase of RMB109.514 billion or 16.72% as compared to last year, and the budget execution rate was 104.02%; the total liabilities were RMB1,457.414 billion, representing an increase of RMB185.268 billion or 14.56% as compared to last year, and the budget execution rate was 106.87%. In particular, the total deposits were RMB894.156 billion, representing an increase of RMB125.488 billion or 16.33% as compared to last year, and the budget execution rate was 105.36%.

The operating revenue was RMB36.420 billion, representing an increase of RMB0.709 billion or 1.99% as compared to last year, and the budget execution rate was 101.17%; the net profit was RMB13.683 billion, representing an increase of RMB1.898 billion or 16.11% as compared to last year, and the budget execution rate was 109.46%.

The return on assets (ROA) was 0.92%, up by 0.03 percentage point from last year; the return on equity (ROE) was 12.77%, up by 0.44 percentage point from last year; the net interest margin was 1.88% and the net interest spread was 2.11%, down by 10BP and 9BP from last year, respectively.

The core Tier 1 capital adequacy ratio was 8.60%, up by 0.15 percentage point from last year; the Tier 1 capital adequacy ratio was 9.53%, down by 0.01 percentage point from last year; the capital adequacy ratio was 12.02%, down by 0.21 percentage point from last year.

The balance of non-performing loans was RMB11.361 billion, representing a decrease of RMB0.299 billion as compared to last year; the non-performing loan ratio was 1.49%, down by 0.29 percentage point from last year; the provision coverage ratio was 276.57%, up by 36.83 percentage points from last year.

For details of the financial information of the Bank for the year ended December 31, 2022 audited in accordance with the International Financial Reporting Standards, please refer to the financial statements in the 2022 annual results announcement published by the Bank on March 30, 2023 and in the 2022 annual report published by the Bank on April 25, 2023.

LETTER FROM THE BOARD

2. Capital Expenditure Budget for 2023

Based on the needs of the Bank for its strategic development and business expansion, the Bank intends to make a total capital expenditure budget of RMB1,379 million for 2023, representing an increase of RMB122 million or 9.72% compared to that for 2022, of which:

- (1) RMB230 million will be used for operating premises;
- (2) RMB8 million will be used for transportation equipment;
- (3) RMB70 million will be used for office furniture, equipment and cashier machines;
- (4) RMB59 million will be used for security equipment;
- (5) RMB587 million will be used for technological equipment and software;
- (6) RMB250 million will be used for marketing activities; and
- (7) RMB174 million will be used for renovation and improvement costs of outlets.

3. Profit Distribution Plan for 2022

In 2022, the Bank under the headquarters realized an audited net profit of RMB11,916.08 million for the whole year, and the Bank proposes the following profit distribution plan for 2022:

- (1) RMB1,191.608 million is to be appropriated to the statutory surplus reserve based on 10% of the net profit of RMB11,916.08 million of the Bank under the headquarters for 2022.
- (2) RMB1,888.70 million is to be appropriated to the general risk reserve based on 1.5% of the risk assets of the Bank under the headquarters in accordance with the Administrative Measures for the Provision of Reserves of Financial Enterprises (《金融企業準備金計提管理辦法》).
- (3) RMB1,191.608 million is to be appropriated to the discretionary surplus reserve based on 10% of the net profit of RMB11,916.08 million of the Bank under the headquarters for 2022.
- (4) The Bank proposes to distribute a cash dividend of RMB1.29 (tax inclusive) for every 10 Shares to all Shareholders on a basis of the total number of ordinary shares of 13,889,801,211 Shares of the Bank as at the end of 2022, with a total amount of cash dividend of approximately RMB1,791.78 million (tax inclusive).

In order to determine the Shareholders who are entitled to receive the proposed final dividend of 2022, the register of members of the Bank will be closed from Thursday, July 6, 2023 to Tuesday, July 11, 2023 (both days inclusive). In order to be entitled to the aforementioned final dividend (subject to the approval of the Shareholders), unregistered holders of H Shares of the Bank shall lodge relevant share transfer documents with 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 registration no later than 4:30 p.m. on Wednesday, July 5, 2023.

LETTER FROM THE BOARD

4. Appointment of External Auditors for 2023

In order to meet the business development requirements of the Bank and facilitate the operation of the Bank in compliance with laws and regulations, the Board of the Bank proposes to the AGM to re-appoint Ernst & Young Hua Ming LLP (Special General Partnership) as the external auditor for domestic auditing of the Bank in 2023, and proposes the re-appointment of Ernst & Young as the overseas auditor of the Bank in 2023, and the Board and the authorized persons of the Board be authorized to determine the remunerations of the external auditors.

The terms of office of the external auditors will commence on the date on which the resolution is passed at the Annual General Meeting and end on the date of conclusion of the 2023 annual general meeting of the Bank. The services to be provided by the external auditors mainly include annual audit and interim review under the International Accounting Standards and annual audit under the China Accounting Standards, review of financial data of regular reports and audit/review reports, making special audit and statement in relation to share issuance, issuing letters of undertakings and capital verification in respect of the reference to relevant audit reports for the purpose of the issuance of financial bonds, etc.

5. Work Report of the Board of Directors for 2022

The full text of the Work Report of the Board of Directors for 2022 is set out in Appendix I to this circular.

6. Work Report of the Board of Supervisors for 2022

The full text of the Work Report of the Board of Supervisors for 2022 is set out in Appendix II to this circular.

7. Determination of the Remuneration Standards for Former Executive Director of the Bank for 2020

In June 2022, Anhui Provincial Department of Finance determined the remuneration standards for the persons-in-charge of the Bank. The remuneration standards for former executive Director of the Bank in 2020 and his tenure-based incentives for 2018-2020 are as follows:

Unit: RMB0'000

Position	Name	Annual remuneration standard	Tenure-based incentives for 2018-2020	Remark
Former executive Director and president	Zhang Renfu	66.98	43.44	–

- Notes:*
1. The above income represents income before tax.
 2. Tenure-based incentives are determined based on a certain percentage, which is linked with performance appraisal results, of the basic salary plus performance-based remuneration, and shall be paid yearly in three years.

LETTER FROM THE BOARD

8. Determination of the Remuneration Standards for Supervisors of the Bank for 2020

In June 2022, Anhui Provincial Department of Finance determined the remuneration standards for certain Supervisors of the Bank in 2020 as follows:

Unit: RMB0'000

Position	Name	Annual remuneration standard	Tenure-based incentives for 2018-2020	Remark
Chairman of the Board of Supervisors	He Jiehua	60.94	24.50	–
Former chairman of the Board of Supervisors	Zhang Youqi	7.92	–	Ceased to hold leadership roles from April 2020

- Notes:*
1. The above income represents income before tax.
 2. Tenure-based incentives are determined based on a certain percentage, which is linked with performance appraisal results, of the basic salary plus performance-based remuneration, and shall be paid yearly in three years.

9. The Administrative Measures for the Related Party Transactions (Revised)

Due to the adjustment of regulatory policies, in order to implement the New Rules on Related Party Transactions, further strengthen the management of related party transactions, control the risks in relation to related party transactions, after taking into account the actual conditions of the Bank, the Bank intends to revise the Administrative Measures for the Related Party Transactions.

The key amendments to the Administrative Measures for the Related Party Transactions are as follows: (1) new principles on related party transactions are added; (2) relevant provisions on internal management of related party transactions are improved; (3) the definition and scope of related parties and related party transactions are optimized; (4) the requirements on reporting of related party information and the deliberation and approval of major related party transactions are adjusted; (5) new and improved prohibitive provisions on related party transactions are added; and (6) the relevant provisions under the Listing Rules are adjusted. The details of the amendments are shown in Appendix III of this circular. Regarding the subsequent amendments to the Administrative Measures for the Related Party Transactions, it is proposed that the general meeting agrees to authorize the Board of Directors to review and approve and implement the same after deliberation.

It is proposed that the amendments to the Administrative Measures for the Related Party Transactions are to be considered and approved at the AGM as an ordinary resolution, and the revised Administrative Measures for the Related Party Transactions shall become effective upon approval by the AGM.

LETTER FROM THE BOARD

10. Election of a Shareholder Supervisor

Reference is made to the announcement of the Bank dated May 15, 2023 in relation to, among other things, the proposed election of Mr. Wang Anning (“**Mr. Wang**”) as a Shareholder Supervisor of the fourth session of the Board of Supervisors of the Bank at the general meeting of the Bank, which was resolved by the Board of Supervisors on the same date. Biographical details of Mr. Wang are set out below:

Mr. Wang Anning, born in December 1969, a postgraduate from Party School of Anhui Provincial Committee, is an auditor and a registered appraiser. He is currently the deputy general manager of Wuhu Construction Investment Co., Ltd. (蕪湖市建設投資有限公司), as well as serves concurrently as an executive director and the general manager of Wuhu Huicheng Squatter Settlement and Construction Co., Ltd. (蕪湖市惠城棚改建設有限公司), the chairman and general manager of Wuhu Binjiang Construction and Development Co., Ltd. (蕪湖市濱江建設發展有限公司) and Wuhu Yuanheng Assets Operation Co., Ltd. (蕪湖遠恒資產運營有限公司), and a director of Wuhu Minqiang Financing Guarantee (Group) Co., Ltd. (蕪湖市民強融資擔保(集團)有限公司), Wuhu Jincai Pawn Co., Ltd. (蕪湖金財典當有限責任公司) and Wuhu Jincai Business Information Consulting Co., Ltd. (蕪湖金財商務信息諮詢有限責任公司). He served as the chief of comprehensive section and the chief of fiscal and financial audit section of Fanchang County Audit Bureau, the director (deputy section level) of Fanchang County Economic Responsibility Audit Bureau, the deputy director of Fanchang County Finance Bureau, manager of Fanchang County Construction and Investment Company, the director of Fanchang County Development and Reform Commission, and the director of Fanchang District Audit Bureau.

The term of office of Mr. Wang as a Supervisor is the same as that of the fourth session of the Board of Supervisors, from the date of approval at the AGM until the re-election of the fourth session of the Board of Supervisors. Mr. Wang, as a Shareholder Supervisor, will not receive remuneration from the Bank.

To the knowledge of the Board and save as disclosed above, Mr. Wang did not hold any directorship in any listed companies other than the Bank, nor did he hold any position in the subsidiaries of the Bank during the past three years. He does not have any relationship with any other Directors, Supervisors, senior management or substantial Shareholders of the Bank. As at the Latest Practicable Date, Mr. Wang does not have any interest in the Shares of the Bank or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there is nothing in relation to the appointment of Mr. Wang that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

11. Election of an External Supervisor

Reference is made to the announcement of the Bank dated May 15, 2023 in relation to, among other things, the proposed election of Mr. Han Dongya (“**Mr. Han**”) as an external Supervisor of the fourth session of the Board of Supervisors of the Bank at the general meeting of the Bank, which was resolved by the Board of Supervisors on the same date. Biographical details of Mr. Han are set out below:

Mr. Han Dongya, born in October 1975, holds a doctorate degree in management from the University of Science and Technology of China. He is currently a researcher and doctoral supervisor of Anhui University, the executive dean of the Research Institute of China (Anhui) Pilot Free Trade Zone, the director of the Digital Economy Research Center of Anhui University, and the president of Anhui Digital Economics Association. He served as the deputy director of the Ethnic Affairs Commission of Hefei (deputy director of the Religious Affairs Bureau), the deputy head of Feidong County, and the general manager and director of Anhui Public Resources Trading Group.

The term of office of Mr. Han as a Supervisor is the same as that of the fourth session of the Board of Supervisors, from the date of approval at the AGM until the re-election of the fourth session of the Board of Supervisors. Mr. Han, as an external Supervisor, will receive remuneration from the Bank, and his remuneration will be determined in accordance with the remuneration standards of the Bank’s external Supervisors, specifically including annual allowance of RMB140,000 (before tax) and allowance for the on-site meeting of the Board of Supervisors of RMB15,000 per person/time (before tax). In addition, expenses related to travel, accommodation and other expenses incurred by the external Supervisors for the performance of their duties are reimbursed and expensed separately. The specific total amount of allowances for external Supervisors will be determined at the end of the year and disclosed in the Bank’s annual report.

To the knowledge of the Board and save as disclosed above, Mr. Han did not hold any directorship in any listed companies other than the Bank, nor did he hold any position in the subsidiaries of the Bank during the past three years. He does not have any relationship with any other Directors, Supervisors, senior management or substantial Shareholders of the Bank. As at the Latest Practicable Date, Mr. Han does not have any interest in the Shares of the Bank or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there is nothing in relation to the appointment of Mr. Han that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

12. General Mandate for the Issuance of Shares

In order to keep the capital adequacy ratio of the Bank constantly at the required level, meet the capital requirements of the Bank for its steady business development, utilize financing platforms effectively and flexibly and take advantage of the capital market windows in a timely manner, in accordance with the relevant PRC laws and regulations, the Listing Rules and the Articles of Association and upon the consideration and approval by the Board, the general mandate for the issuance of Shares by the Bank and the delegation of authorizations by the Board are now proposed at the general meeting for Shareholders' approval. The details of the general mandate are set out below:

(I) *Specific matters of the general mandate*

- (1) Contents of the mandate. Subject to the conditions set out in (2) below, the Board is hereby authorized to approve, allot, issue, grant and/or otherwise deal with Shares (overseas listed foreign shares and/or Domestic Shares (including A Shares)), securities convertible into Shares, options and warrants that carry rights to subscribe for any Shares or securities that are convertible into Shares, or other securities with rights to subscribe for or convertible to Shares, separately or at the same time during the Relevant Period (as defined below).

Notwithstanding the fulfillment of the conditions set out in (2) below, if the allotment of voting Shares will result in a *de facto* change of control of the Bank, the Board shall separately obtain authorization by way of a special resolution in advance before making such an allotment.

- (2) Amount of the mandate. The number of Shares (overseas-listed foreign shares and/or Domestic Shares (including A Shares)), securities convertible into Shares, options and warrants that carry rights to subscribe for any Shares or securities that are convertible into Shares, or other securities with rights to subscribe for or convertible to Shares (which shall be calculated on the basis of the number of overseas-listed foreign shares/Domestic Shares that such securities can be converted into/be allotted) to be approved, allotted, issued, granted and/or otherwise dealt with by the Board shall not exceed 20% of the total number of each category of the overseas-listed foreign shares and the Domestic Shares issued of the Bank as of the date on which this resolution is passed at the Annual General Meeting.

- (3) Period of the mandate. For the purpose of this resolution:

“Relevant Period” means the period from the date on which the special resolution is passed at the general meeting until the earliest of:

- (a) the conclusion of the next annual general meeting of the Bank following the date of the passing of the resolution; (b) the expiration of twelve months following the date of passing of the resolution at general meeting; and (c) the date on which the authority granted to the Board under the resolution is revoked or varied by special resolution at general meeting.

LETTER FROM THE BOARD

(II) Specific plan of issuance and implementation of the mandate

- (1) Plan of issuance. The Board is hereby authorized to determine the details of the issuance plan, including but not limited to: (a) the class and number of Shares proposes to be issued; (b) the pricing basis and/or the offer price (including the price range); (c) the date of opening and closing of the issuance; (d) the specific use of the proceeds raised; (e) the recommendation, agreement and share options to be made or granted for the exercise of the said power; (f) other contents to be included in the detailed issuance plan as required by the relevant laws and regulations and other normative documents, the relevant regulatory authorities and the stock exchange of the listing jurisdiction.
- (2) Plan of implementation. The Board is hereby authorized to implement the issuance plan and deal with the matters related to an increase in the registered capital of the Bank so as to reflect the Shares authorized to be issued by the Bank under this resolution, and to make such amendments as it deems appropriate and necessary to the provisions related to the issuance of Shares and registered capital in the Articles of Association, and to adopt and complete any other actions and procedures that are necessary for the implementation of the issuance plan and completion of the increase in the registered capital of the Bank.

(III) Other matters relevant to the mandate

In order to enhance the efficiency of decision-making and take the advantage of the market opportunities, in respect of the general mandate to issue Shares, the Board agrees and proposes the general meeting to approve the authorization to the Board and any persons authorized by the Board to deal with the matters in connection with the general mandate to issue Shares. The details of the mandate given to the authorized persons above will be separately determined upon the exercise of the general mandate by the Board under this resolution. The limit of the general mandate in the Relevant Period will be used solely based on the actual issue of Shares approved by the Board during such period.

For avoidance of doubt, the terms “Shares” and “securities” under this resolution do not include preference shares.

13. The Articles of Association (Revised)

In order to improve the corporate governance of the Bank and promote the continuous healthy development of the Bank, in accordance with the Governance Standards and other regulatory regulations as well as taking into account the comments from the regulatory authority on the previous amendments to the Articles of Association by the Bank and the actual condition of the Bank, the Articles of Association are hereby amended.

LETTER FROM THE BOARD

A total of 8 articles shall be amended with no article being added or deleted. The details of the amendments are set out in Appendix IV to this circular.

It is proposed that the amendments to the Articles of Association are to be considered and approved at the AGM as a special resolution, and the chairman of the Board and his delegated persons are agreed to be authorized to handle procedural matters related to the amendments to the Articles of Association, including application for approval, filing, announcement and industrial and commercial changes.

The revised Articles of Association shall become effective upon approval by the banking industry regulatory authority.

14. Plan of Authorizations Granted to the Board by the General Meeting (Revised)

In order to optimize the procedure of the authorization, enhance the efficiency of decision-making, and further strengthen the comprehensiveness of the authorization matters and the rationality of the authorization to be granted, taking into account the actual situation of the Bank's operation and management and with reference to relevant industry practices, the Plan of Authorizations Granted to the Board by the General Meeting are hereby amended. The details of the amendments are set out in Appendix V to this circular.

It is proposed that the amendments to the Plan of Authorizations Granted to the Board by the General Meeting are to be considered and approved at the AGM as a special resolution, and the revised Plan of Authorizations shall become effective upon approval by the AGM.

(II) Matters Relating to the A Share Offering

1. Background of the A Share Offering

References are made to the Shareholders' circular and the notice of the 2018 AGM dated May 15, 2019 and the poll results announcement of the 2018 AGM dated June 30, 2019 of the Bank in relation to, among others, the Bank's proposed A Share Offering; the Shareholders' circular and the notice of the 2019 AGM dated May 15, 2020, the poll results announcement of the 2019 AGM dated June 30, 2020, the notice of the 2020 AGM dated May 15, 2021, the Shareholders' circular dated May 25, 2021, the supplemental circular and supplemental notice dated June 12, 2021, the poll results announcement of the 2020 AGM dated June 30, 2021, the notice of the 2021 AGM dated May 13, 2022, the Shareholders' circular dated May 25, 2022, the supplemental circular and supplemental notice dated June 10, 2022 and the poll results announcement of the 2021 AGM dated June 30, 2022 of the Bank in relation to, among others, the extension of the validity period of the A Share Offering Plan and Authorization Resolution (as defined below). The relevant resolutions were considered and approved at the 2018 AGM, the 2019 AGM, the 2020 AGM and the 2021 AGM respectively.

LETTER FROM THE BOARD

In order to further perfect the corporate governance structure, develop domestic and international financing platforms and improve the liquidity of all Shares held by the Shareholders, as considered and approved by the Board, the Bank proposes to issue no more than 1,500,000,000 A Shares in accordance with the requirements of the relevant laws, regulations and regulatory documents, such as the PRC Company Law, the PRC Securities Law, and the Measures for the Administration of Registration of Initial Public Offering of Stocks (《首次公開發行股票註冊管理辦法》) (the “**Administrative Measures for IPO Registration**”) and the Opinions of the CSRC on Further Promoting the IPO System Reform (《中國證監會關於進一步推進新股發行體制改革的意見》) issued by the CSRC. Under the A Share Offering Plan, the maximum number of the proposed issuance of A Shares represents approximately 14.41% of the Domestic Shares and approximately 10.80% of the total Shares in issue of the Bank as of the Latest Practicable Date. All proceeds to be raised from the A Share Offering, after deduction of the listing expenses, will be used to replenish the core tier 1 capital of the Bank so as to enhance its capital adequacy ratio.

2. Progress of the A Share Offering

After obtaining the Shareholders’ approval of the A Share Offering at the 2018 AGM, the Bank had engaged professional advisers to commence the preparation for the A Share Offering, and filed a registration application for the pre-listing tutorship record-keeping for an initial public offering of A shares and domestic listing (首次公開發行A股股票並在境內上市的輔導備案登記) in respect of the A Share Offering to CSRC Anhui Bureau in 2019. The pre-listing tutoring is still in progress. By far, the Bank had three regulatory tutoring conversations with CSRC Anhui Bureau and submitted 14 periodic reports, and finished the drafting of certain sections of prospectus.

The outcome of the dispute on equity interests between Zhongjing Xinhua Asset Investment Management Co., Ltd. (中靜新華資產管理有限公司) (“**Zhongjing Xinhua**”) and Shanshan Holdings Co., Ltd. (杉杉控股有限公司) (“**Shanshan Holdings**”) may have certain impact on the A Share Offering of the Bank. According to the disclosure in the Annual Report for Corporate Bonds of Zhongjing Xinhua Asset Investment Management Co., Ltd. (2020) published by Zhongjing Xinhua, a substantial Shareholder of the Bank, on the Shanghai Stock Exchange (the “**SSE**”), after Zhongjing Xinhua terminated its transactions with Shanshan Holdings in relation to the transfer of the Shares of the Bank and the equity interests in Zhongjing Sihai Co., Ltd. (中靜四海實業有限公司) (“**Zhongjing Sihai**”), “major lawsuits, freezing of assets and other matters related to such transactions occurred successively.” Details of the above-mentioned lawsuits are as follows:

The first-instance judgements

According to the disclosures in the Annual Report for Corporate Bonds of Zhongjing Xinhua Asset Investment Management Co., Ltd. (2020) and the Annual Report for Corporate Bonds of Zhongjing Xinhua Asset Investment Management Co., Ltd. for the year 2022, “the above-mentioned two cases were heard in the Financial Court on January 18, 2021.” At present, the proceedings of the two cases are as follows, “the first-instance judgments have been pronounced, and both parties have lodged an appeal; the trial of

LETTER FROM THE BOARD

second instance will be held on May 17, 2023.” According to the disclosures in the Annual Report for Corporate Bonds of Shanshan Group Co., Ltd. (2020), the Announcement of Shanshan Group Co., Ltd. Regarding Progress of the Company’s Material Litigations and the Annual Report for Corporate Bonds of Shanshan Group Co., Ltd. (2022) issued by Shanshan Group Co., Ltd. (“**Shanshan Group**”) on the SSE, “such case has been transferred to the Shanghai Financial Court and has completed the first trial in January 2021,” and “on January 17, 2023, the Shanghai Financial Court issued the first-instance judgements on the above-mentioned two cases in respect of the dispute on transfer of equity interests, respectively.” The main contents of such judgements include, among others, that “Shanshan Group shall return 51.6524% equity interests in Zhongjing Sihai registered under the name of Shanshan Group, and Zhongjing Xinhua shall return the corresponding amount of equity transfer consideration.”

The second-instance trial

According to the disclosure in the Annual Report for Corporate Bonds of Zhongjing Xinhua Asset Investment Management Co., Ltd. for the year 2022, “the trial of second instance will be held on May 17, 2023.” According to the disclosure in the Annual Report for Corporate Bonds of Shanshan Group Co., Ltd. (2022), “currently, the above-mentioned cases are in the process of second-instance trial by the Shanghai High People’s Court.”¹ To the knowledge of the Bank, the aforesaid cases in respect of the dispute on equity interests are still in the process of second-instance trial and pending judgements.

According to the requirements of the Administrative Measures for IPO Registration and relevant requirements of the CSRC, the shareholdings of A-share issuer shall be clear. The outcome of the dispute on equity interests between Zhongjing Xinhua and Shanshan Holdings may lead to changes in substantial Shareholders of the Bank, which may have certain impact on the A Share Offering of the Bank. Currently, the above-mentioned cases in respect of the dispute on transfer of equity interests are still in the process of second-instance trial. According to the relevant provisions of the Civil Procedure Law of the People’s Republic of China (《中華人民共和國民事訴訟法》) and the Some Rules Set Forth by the Supreme People’s Court for Strictly Abiding by the Time Limits for Case Hearing and Execution (Revised in 2008) (《最高人民法院關於嚴格執行案件審理期限制度的若干規定(2008修訂)》), “a People’s Court trying an appeal case against a judgment shall complete the trial within three months from the date of establishment of case file for the trial of second instance. Where there is a need for extension of time under special circumstances, the approval of the president of the court is required.” In accordance with the above requirements and comprehensively considering the duration of first-instance trial for the above-mentioned cases in respect of the dispute on transfer of equity interests, based on the principle of prudence, the Bank reasonably expects that the above-mentioned cases in respect of the dispute on transfer of equity interests will be concluded within 3 to 12 months after the establishment of case file for the trial of second instance.

¹ For details of the above-mentioned dispute on equity interests (including claims, first-instance judgements, second-instance trial progress and others), please refer to the announcements published by Zhongjing Xinhua and Shanshan Group, respectively, on the SSE since July 2020.

LETTER FROM THE BOARD

Work proposed to be carried out by the Bank

Upon the judgments on the above-mentioned cases in respect of the dispute on transfer of equity interests are issued and come into force as well as their execution is completed, the uncertainty of the ownership of the above-mentioned disputed Shares and its impact on the A Share Offering of the Bank will be eliminated, and the Bank will be working on the A Share Offering application, including due diligence, auditing, acceptance of tutoring, updating prospectus and preparing application materials and other matters. It is expected to take about 6 months to prepare listing application to the SSE for the A Share Offering. Referring to the precedents of our peers, after submitting the formal listing application to the SSE for the A Share Offering by the Bank, it is expected that the vetting process for offering of relevant regulatory authorities will take approximately 12 months to complete.

The Bank will fully communicate with its Directors and Shareholders, professional institutions engaged by the Bank or relevant regulatory authorities regarding the above situations and other matters concerning the A Share Offering, and actively promote the listing application for the A Share Offering once the application conditions are mature. To ensure the on-going process and validity of the A Share Offering, the Bank proposes to extend the validity period of the A Share Offering Plan and the Authorization Resolution (as defined below) for another 12 months. In any event that the A Share Offering is not completed upon the expiration of the extended validity period, the Board may seek the Shareholders' approval(s) for further extension of the validity period for the A Share Offering Plan and the Authorization Resolution at the Shareholders' general meetings as and when necessary, and will make a disclosure according to relevant rules.

3. Extension of Validity Period of the A Share Offering Plan

The A Share Offering Plan has been considered and approved by way of a special resolution at the 2018 AGM, and the successive extension of the validity period of the A Share Offering Plan for twelve months was considered and approved as a special resolution at the 2019 AGM, the 2020 AGM and the 2021 AGM, respectively. Given that the relevant work on the A Share Offering is still proceeding and the 12-month validity period specified in the A Share Offering Plan will expire on June 29, 2023, as well as the A share registration-based IPO system reform has been implemented, the Bank proposed to adjust the A Share Offering Plan according to the registration-based reform arrangement (mainly including adjusting the references to the titles of regulatory requirements, and clarifying the regulatory responsibilities of stock exchanges in relation to the review of the issuance and listing of shares) and to extend the validity period of the A Share Offering Plan for twelve months from the next day immediately after the expiration of original validity period (namely, the extended period will be from June 30, 2023 to June 29, 2024) for the purposes of ensuring the on-going proceeding of the A Share Offering. The remaining contents of the A Share Offering Plan remain unchanged. The full text of the A Share Offering Plan is set out in Appendix VI to this circular.

LETTER FROM THE BOARD

Under the A Share Offering Plan, the maximum number of the proposed issuance of A Shares represents approximately 14.41% of the Domestic Shares and approximately 10.80% of the total Shares in issue of the Bank as of the Latest Practicable Date. Subject to the passing of the resolution in respect of the general mandate to issue Shares by the Bank at the AGM, the Bank may issue the A Shares by way of exercising the general mandate. The Bank's existing Domestic Shares in issue will be converted into domestic listed Shares on the A Share Listing Date.

4. Extension of the Validity Period of the Authorization to the Board to Deal with Specific Matters in respect of the A Share Offering

The resolution on the authorization to deal with specific matters in respect of A Share Offering (the “**Authorization Resolution**”) has been considered and approved by way of a special resolution at the 2018 AGM, and the successive extension of the validity period of the Authorization Resolution for 12 months was considered and approved as a special resolution at the 2019 AGM, the 2020 AGM and the 2021 AGM, respectively. Given that the relevant work on the A Share Offering is still proceeding, and the 12-month validity period specified in the Authorization Resolution will expire on June 29, 2023, as well as the A share registration-based IPO system reform has been implemented, the Bank proposed to adjust the relevant content of “Implementing procedures related to the A Share Offering of the Bank” as set forth under the Authorization Resolution according to the registration-based reform arrangement, and to extend the validity period of the Authorization Resolution for twelve months from the next day immediately after the expiration of original validity period (namely, the extended period will be from June 30, 2023 to June 29, 2024) for the purposes of ensuring the on-going proceeding of the A Share Offering. The remaining contents of the Authorization Resolution remain unchanged. The full text of the resolution on the authorization to the Board to deal with specific matters in respect of the A Share Offering is set out in Appendix VII to this circular.

In addition, as resolved by the Board, the Board agreed to delegate the authorization to the chairman (and the authorized person of the chairman) to deal with matters related to the A Share Offering, subject to the approval of the above authorization by the general meeting.

LETTER FROM THE BOARD

(III) Impact of the A Share Offering on the Shareholding Structure of the Bank

Subject to the passing of the resolution in respect of the general mandate to issue Shares by the Bank at the AGM, the Bank may issue the A Shares by way of exercising the general mandate. Assuming that (1) a total of 1,500,000,000 A Shares are issued under the A Share Offering, (2) there are no changes to the ordinary share capital in issue of the Bank prior to the completion of the A Share Offering, and (3) the number of Shares held by the substantial Shareholders (as defined in the Listing Rules) of the Bank remains unchanged, the shareholding structures of the ordinary Shares of the Bank as of the Latest Practicable Date and immediately after the completion of the A Share Offering are set out as follows:

	As of the Latest Practicable Date		Immediately after completion of the A Share Offering	
	Number of ordinary Shares ^(Note 1)	Approximate percentage of the Bank's issued share capital	Number of ordinary Shares	Approximate percentage of the Bank's issued share capital
Domestic Shares^(Note 2)				
Shanghai Soong				
Ching Ling Foundation ("SCL Foundation") ^(Note 3)	224,781,227	1.62%	224,781,227	1.46%
Deposit Insurance Fund				
Management Co., Ltd. ("DIFM")	1,559,000,000	11.22%	1,559,000,000	10.13%
Domestic Shares held by				
public and to be converted				
into A Shares upon				
completion of the				
A Share Offering ^(Note 4)	8,627,269,984	62.11%	8,627,269,984	56.06%
A Shares to be newly issued				
under the A Share Offering	–	–	1,500,000,000	9.75%
Subtotal	10,411,051,211	74.95%	11,911,051,211	77.40%
H Shares				
SCL Foundation ^(Note 3)	1,245,864,400	8.97%	1,245,864,400	8.10%
H Shares held by the public	2,232,885,600	16.08%	2,232,885,600	14.51%
Subtotal	3,478,750,000	25.05%	3,478,750,000	22.60%
Total	13,889,801,211	100%	15,389,801,211	100%

LETTER FROM THE BOARD

Notes:

1. The Bank has distributed a dividend to the Shareholders whose names appeared on the register of members of the Bank on July 11, 2018 on a pro rata basis of 1 share for every 10 shares (the “**Bonus Issue**”) pursuant to its 2017 profit distribution plan. For details, please refer to the circular dated April 13, 2018 and the announcement dated July 2, 2018 of the Bank. The number of Shares held by the Shareholders of the Bank as of the Latest Practicable Date represents the number of Shares held by the Shareholders of the Bank after the Bonus Issue.
2. Upon completion of the A Share Offering, all existing Domestic Shares in issue will be converted into A Shares.
3. According to the disclosure of interests forms submitted to the Hong Kong Stock Exchange by SCL Foundation and its affiliates and as shown on the register of members of Domestic Shares of the Bank, and taking into account the increased numbers of Shares held by the Shareholders of the Bank after the Bonus Issue, as of the Latest Practicable Date, Zhongjing Xinhua, Zhongjing Xinhua Property Management (Hong Kong) Co., Limited (中靜新華資產管理(香港)有限公司) (“**Zhongjing Xinhua HK**”), Wealth Honest Limited (“**Wealth Honest**”) and Golden Harbour Investments Management Limited (“**Golden Harbour**”) currently directly hold 224,781,227 Domestic Shares, 173,993,400 H Shares, 631,871,000 H Shares and 440,000,000 H Shares of the Bank, respectively; Zhongjing Xinhua HK, Wealth Honest and Golden Harbour are subsidiaries of Zhongjing Xinhua; Zhongjing Xinhua, Zhongjing Xinhua HK, Wealth Honest and Golden Harbour are controlled corporations of SCL Foundation, and therefore SCL Foundation is deemed to be interested in the Shares of the Bank held by the aforementioned companies. SCL Foundation and the aforementioned companies are core connected persons of the Bank, and their holdings of the Bank’s H Shares are not regarded as being held by the public. Assuming that the existing shareholdings or percentages of Zhongjing Xinhua, Zhongjing Xinhua HK, Wealth Honest and Golden Harbour remain unchanged during the period after the Latest Practicable Date and prior to the completion of the A Share Offering, the total number of Shares of the Bank held by the aforementioned companies will not reach 10% of the total issued ordinary share capital of the Bank upon the completion of the A Share Offering. Therefore, SCL Foundation and the aforementioned companies will cease to be core connected persons of the Bank, and their holdings of the Bank’s Shares will be regarded as being held by the public.
4. According to the latest information received by the Bank, as of the Latest Practicable Date, the Bank has more than 17,200 Domestic Shareholders, among which no other single Domestic Shareholder holds 10% or more of the total issued ordinary share capital of the Bank apart from DIFM.
5. Any discrepancies between the total percentages and sum of items shown in the table are due to rounding.

The Bank did not carry out any other fund-raising activity in connection with issuance of share capital within the 12 months immediately preceding the Latest Practicable Date.

Based on publicly available information and to the knowledge of the Directors, as of the Latest Practicable Date, the public float of the Bank is approximately 16.08%, which is lower than the minimum as required under Rule 8.08 of the Listing Rules. According to the resolutions of the Board, the Bank is intending to make its best effort to restore the public float by way of the A Share Offering as soon as possible². Assuming that (1) a total of 1,500,000,000

² According to the resolution of the Board, solutions of the Bank to restore public float mainly include (i) negotiating with substantial Shareholders of the Bank to reduce shares held by them in the Bank; (ii) based on thorough consideration of market conditions and well-laid plan, conducting H Share placing as appropriate; and (iii) actively proceeding the A Share Offering and its listing.

In August 2020, the Bank determined to proceed the Non-public Issuance of Domestic Shares under general mandate and completed the issuance in January 2021. Immediately following the completion of the non-public issuance, the Bank’s public float slightly increased from 15.66% to 16.08% (for details, please refer to the announcements of the Bank dated August 20, 2020 and January 4, 2021). With reference to the provisions of relevant laws and regulations on issuance pricing and taking into account, among other factors, the current situation of the H Share market, the Bank has not carried out H Share placing for the time being. The Bank is fully aware of the urgency to restore public float, and after comprehensive consideration of all factors, the Bank is of the view that continuing to proceed the A Share Offering is a feasible and important measure for the Bank to restore public float.

LETTER FROM THE BOARD

A Shares are issued under the A Share Offering, (2) there are no changes to the ordinary share capital in issue of the Bank prior to the completion of the A Share Offering, and (3) the number of Shares held by the substantial Shareholders (as defined in the Listing Rules) of the Bank remains unchanged, approximately 89.87% of the Bank's enlarged share capital will be held by the public immediately after the completion of the A Share Offering.

(IV) Explanation of Other Matters

The relevant matters of the A Share Offering are subject to the Shareholders' approval at the AGM, and the approvals/consents to registration given by the securities regulatory authorities (including the CSRC), the banking regulatory authorities and other relevant regulatory authorities (including related stock exchanges). The A Share Offering Plan should be subject to the final plan as approved by the regulatory authorities. The existing Domestic Shares in issue will be converted into domestic listed Shares upon the completion of the A Share Offering. The Bank has submitted the tutoring and filing materials for an initial public offering to CSRC Anhui Bureau in 2019, and such tutoring is currently in progress. The time of the completion of the Bank's A Share Offering will depend on the policies for the offering and listing of A shares in the PRC, the time required for approval and the actual condition in the domestic capital market. Therefore, as of the Latest Practicable Date, the time for completion of the A Share Offering could not be fully determined. Nevertheless, the Bank will actively proceed with the A Share Offering.

In determining the issue price of the A Shares, the Bank will take into full account the interests of the existing Shareholders as a whole, and the actual conditions of the capital market and the Bank at the time of the A Share Offering. When determining the issue price, the Bank will consider the following major factors: (i) the Bank's operating and financial conditions; (ii) current market conditions; (iii) market demand for the A Shares; (iv) the industry in which the Bank operates; (v) applicable laws and regulations; and (vi) the average P/E ratio of other A-share listed banks in the industry. The PRC regulatory authorities and self-regulation organizations of the securities industry, including the CSRC, the SSE and the Securities Association of China, have imposed regulations on the pricing and related disclosure of initial public offering of the A shares, such as the Administrative Measures on Securities Issuance and Underwriting (《證券發行與承銷管理辦法》) and the Detailed Implementation Rules for the Offline Issuance of IPO Stocks in the Shanghai Stock Market (《上海市場首次公開發行股票網下發行實施細則》). According to such regulations, the lead underwriter(s) and the Bank can determine the issue price of the A Shares by making enquiries with offline investors. The lead underwriter(s) and the Bank will determine the issue price after the initial enquiry results or determine the issue price through cumulative bidding quotation after the range of the issue price is determined through the initial enquiry. During the process, the lead underwriter(s) will carry out book-building in respect of the quotations of offline investors, and record the subscription prices and subscription number of offline investors, and will determine the issue price or range of issue price according to the result of book-building. The Bank will also refer to the Administrative Measures for the Transfer of State-owned Assets of Financial Enterprises (Decree No. 54 of the Ministry of Finance of the PRC) (《金融企業國有資產轉讓管理辦法》(中國財政部令第54號)) and ensure that the issue price will not be lower than the latest audited

LETTER FROM THE BOARD

net asset per Share of the Bank on the date of determining the price. As of December 31, 2022, the Bank's audited net asset value per Share was RMB7.89. Since the A Share Offering may be priced after release of the Bank's audited net asset value per Share of the Bank as of December 31, 2023, the above data is for reference only. In addition, the Bank will comply with the requirements under Rule 13.36(5) of the Listing Rules. If the A Shares will be issued under the general mandate, the issue price of which will not represent a discount of 20% or more to the applicable benchmark price determined in accordance with Rule 13.36(5) of the Listing Rules.

However, the A Share Offering may or may not be completed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares of the Bank. Further details of the A Share Offering will be provided by the Bank in due course.

III. THE AGM

The Bank will convene the AGM at Conference Room 304, Area B, Huishang Bank Building, No. 1699 Yungu Road, Hefei, Anhui Province, the PRC at 9:00 a.m. on Friday, June 30, 2023 to consider and pass resolutions where appropriate in respect of the matters set out in the notice. A proxy form and a reply slip will be dispatched to the Shareholders in accordance with the Listing Rules. The notice of the AGM is set out on pages 137 to 140 of this circular.

Whether or not you intend to attend and/or vote at the AGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon. If you intend to attend the AGM, you are required to complete and return the accompanying reply slip to the H Share Registrar (for H Shareholders) or the registered office and principal place of business of the Bank in the PRC (for Domestic Shareholders) on or before Saturday, June 10, 2023. The reply slip may be delivered by hand, by post or by fax to the H Share Registrar (for H Shareholders) or the registered office and principal place of business of the Bank in the PRC (for Domestic Shareholders). Completion and return of the proxy form will not preclude a Shareholder from attending and voting at the AGM or any adjournment thereof, nor will completion and return of the reply slip preclude a Shareholder from attending and voting at the AGM or any adjournment thereof.

IV. RECOMMENDATIONS

The Board considers that the resolutions to be proposed at the AGM are in the interests of the Bank and the Shareholders as a whole and accordingly recommends that the Shareholders vote in favor of all the resolutions to be proposed at the AGM as set out in the notice of the AGM.

LETTER FROM THE BOARD

V. ADDITIONAL INFORMATION

Apart from the consideration and approval of the aforementioned resolutions, Shareholders will be debriefed by the Bank at the AGM in respect of the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Board and Directors for 2022 (which is set out in Appendix VIII to this circular), the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Supervisors for 2022 (which is set out in Appendix IX to this circular) and the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Senior Management and its Members for 2022 (which is set out in Appendix X to this circular) and the Report on the Implementation of Resolutions of Shareholders' General Meeting in 2022 (which is set out in Appendix XI to this circular).

By order of the Board
Huishang Bank Corporation Limited*
Yan Chen
Chairman

Hefei, Anhui Province, the PRC
June 6, 2023

* *Huishang Bank Corporation Limited 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.*

In 2022 and with the great support of shareholders, the Board of Supervisors and senior management, the Board of Directors performed duties diligently, rose to the challenges, forged ahead, led the whole Bank in maintaining its market positioning as a city commercial bank, constantly stepped up efforts in serving real economies and continuously improved the development quality, achieving the work goal of improvement while maintaining stable and recording outstanding operating results. The major work report of the Board of Directors for 2022 is presented as follows:

I. ACHIEVING IMPROVEMENT WHILE MAINTAINING STABLE OPERATING RESULTS AND CONTINUOUSLY IMPROVING THE QUALITY OF DEVELOPMENT

Huishang Bank overcame various difficulties, gave priority to development and persistently promoted high-quality development in the past year. As at the end of 2022, Huishang Bank recorded total assets in domestic and foreign currency of RMB1,580,236 million, representing an increase of 14.21% from last year, among which, total loans and advances to customers were RMB764,309 million, representing an increase of RMB109,514 million or 16.72%. Total liabilities were RMB1,457,414 million, representing an increase of 14.56%; among which, total customer deposits were RMB894,156 million, representing an increase of RMB125,488 million or 16.33%. Huishang Bank achieved a net profit of RMB13,683 million, representing an increase of RMB1,898 million or 16.11% from last year. Total non-performing loans were RMB11,361 million and the non-performing loan ratio was 1.49%, both achieving decreases.

In 2022, Huishang Bank adhered to the market positioning as a city commercial bank, always stayed true to the original aspirations to serve real economies and fully served local economic and social development.

Firstly, it continuously boosted efforts in serving local real economies. Huishang Bank actively aligned with regional development strategies, boosted the supply of credit capitals and facilitated the construction of “Three Places and One District” in Anhui Province. It vigorously promoted the financing business for green financial enterprises, technology-based enterprises and strategic and emerging industries, comprehensively strengthened the cooperation with government, banks and enterprises and deepened the strategic cooperation with municipal and provincial enterprises, supported the construction of “fund forest” and the platform of the Lingyang (羚羊) Industrial Internet, focused on market entities, guarantees to people’s livelihood, inclusive finance and other key industries, continuously boosted financing support to the manufacturing industry, rural revitalization, medium, small and micro enterprises and vigorously facilitated enterprises to overcome difficulties. Huishang Bank was awarded “Excellent” grade in the assessment on support for local development by the Anhui Provincial Government for consecutive years.

Secondly, it constantly improved the comprehensive risk management system. Huishang Bank launched plans on improving the comprehensive risk management and solidly carried out risk governance on non-credit businesses, Internet-based loans and remote credit granting, sped up in advancing the construction of risk control models, applied financial technology in all sectors and processes of risk management and promoted all risks generally under control. Through the vigorous disposal of risky assets, the Bank achieved improvement in asset quality indicators amid stability.

Thirdly, it continuously stepped up the pace in transformation and development. Huishang Bank conducted adjustments to the organizational structure of the personal finance segment and accelerated in promoting the transformation and development of the retail business, pushed forward comprehensive services for the corporate business, the improvement of SMEs business, the expansion of capabilities of sub-branches at the county level and other key work, sped up in advancing the construction of a digital bank, actively propelled the establishment of the cloud platform for Internet-based finance and the platform with the integration of development, operation and maintenance, continuously diversified trading scenarios and refined internal business processes to improve the customer experience and working efficiency.

Fourthly, it achieved fruitful results in product innovation. Huishang Bank innovatively launched “Lending to Industrial Parks (園區貸)”, “Lending to Per-acre Efficiency-based Projects (畝均貸)”, “Lending to Equipment Purchase (設備購置貸)” and other financial products, invested in the first technological innovative asset-backed note and issued the first loan to EOD (eco-oriented development model) projects in China to better satisfy differentiated financing demands of customers. It displayed the advantages in various licenses of the Group in banking, leasing and wealth management to enhance the ability to provide comprehensive financial services.

Fifthly, it steadily enhanced the quality and efficiency of internal management. Huishang Bank successfully completed the relocation of the office area at the headquarters. It vigorously implemented the prevention and control of the COVID-19 pandemic, achieved the orderly operation of all business systems and ensured timely and stable guarantee of financial services. The Bank strengthened internal control and compliance management and became the only corporate bank in Anhui Province with class A appraisal on anti-money laundering regulation granted by the PBOC according to relevant regulations.

II. CONTINUOUSLY IMPROVING CORPORATE GOVERNANCE AND ENSURING THE EFFECTIVE OPERATION OF THE GOVERNANCE MECHANISM

Firstly, improving the corporate governance systems. In accordance with the Governance Standards, the Measures for the Evaluation of Performance of Duties, the Measures for the Supervision of the Conduct of Principal Shareholders of Banking or Insurance Institutions (for Trial Implementation) and other regulatory regulations and requirements and in 2022, the Bank amended and refined the rules of procedure of the general meeting of shareholders, the rules of procedure of the Board of Directors, the rules on the work of relevant special committees,

the systems on the work of independent directors, the management measures for information disclosure, the equity management measures and other systems, continuously improved the corporate governance systems and further clarified the responsibilities of all governance bodies to improve the standard and coordinated performance of duties by all governance bodies and guarantee the effective operation of the governance mechanism.

Secondly, implementing the integration of the Party's leadership into corporate governance. The Bank promoted the deep integration of the Party's leadership into all processes of corporate governance and carried out pre-procedures of research and discussion by the Party committee of the Bank on relevant resolutions proposed to the general meeting and the Board of Directors in strict compliance with the preceding paragraph to ensure the full displaying the role of the Party committee of the Bank in providing direction, managing the overall situation and ensuring implementation.

Thirdly, optimizing the structures of the Board of Directors and special committees. In 2022, the Board of Directors handled matters related to the resignation of three directors, namely Zhu Yicun, Qian Dongsheng and Zhang Renfu according to regulations, completed the election of two directors, namely Xu Jiabin and Shao Dehui; continuously improved the structures of special committees under the Board of Directors based on the professional background and working experience of directors, ensured the structures of all special committees in compliance with regulatory requirements and continuously improved capabilities to perform duties.

Fourthly, guaranteeing the effective operation of the governance mechanism. The Board of Directors overcame the impacts of the COVID-19 pandemic, earnestly prepared for the convening and holding of various meetings. It prepared the convening of 1 general meeting during the year, at which 17 proposals were considered and approved; 9 Board meetings, at which 82 proposals were considered and reviewed; and 28 special committee meetings, at which 103 proposals were considered and reviewed, covering proposals regarding financial budget and final accounts, comprehensive operation plans, election and appointment of senior management and adjustments to the organizational structure of the retail segment. It reviewed 54 reports, including the report on related party transactions, the report on the implementation of resolutions of shareholders' general meeting and the report on the protection of consumers' interests.

Fifthly, improving the incentive and restrictive mechanisms. It completed the performance assessment on executive directors and senior management for 2021 and applied the assessment results in the calculation of remuneration for 2021. Based on the newly-amended measures on the performance appraisal of senior management, it improved the performance assessment plan on senior management for 2022.

Sixthly, strengthening equity management and shareholders' services. It organized and carried out assessment on the performance of duties and contracts by substantial shareholders and major shareholders in accordance with laws in 2021, conveyed regulatory regulations and policy requirements on equity management, handled equity matters in accordance with laws and regulations and actively guided shareholders to exercise their rights and perform their obligations according to laws. It earnestly replied investors' inquiries, carried out activities on maintaining investor relations, continuously enhanced communications and services, consolidated investor relations and safeguarded the legitimate interests of all stakeholders.

Seventhly, carrying out external audit and information disclosure. It completed the audit work for 2021 and the interim period of 2022 and disclosed the 2021 annual report and the 2022 interim report on time. It conducted temporary disclosure in compliance with regulations, disclosed over 50 announcements on the change of domicile of the Company, changes of directors and supervisors and profit distribution. It disclosed authoritative information in a timely and accurate manner to domestic and overseas investors and fully guaranteed the right to information of all stakeholders.

III. CONTINUOUSLY PROMOTING THE IMPLEMENTATION OF STRATEGIES AND SPEEDING UP IN DIGITAL TRANSFORMATION AND DEVELOPMENT

Firstly, conducting follow-up evaluation on the implementation of strategies. The Board of Directors continuously carried out evaluation on the implementation of strategies and evaluated the overall implementation of strategies based on three aspects, namely consolidating the position as an outstanding local mainstream bank, promoting the construction of a digital bank and building a value bank. It conducted detailed evaluation on the implementation of strategies based on four dimensions, namely finance, customers, internal operation, learning and growth. Based on the evaluation results of the implementation of strategies, it promoted the whole Bank to focus on ensuring stable growth to consolidate development fundamentals, focus on transformation and innovation to boost development momentum, focus on capability enhancement to strengthen driving force and focus on risk prevention and control to consolidate development results. It led the whole Bank in following the national and local "14th Five-year" plans with customers as the center and digital transformation as the main line, highlighted professional businesses, comprehensive services, digital capabilities and agile organization, coordinated development, innovation and transformation and continuously improved the development quality and the quality and efficiency in serving real economies.

Secondly, focusing on promoting adjustments to the organizational structure of the retail segment. Following the 2021-2025 Strategic Plan, it considered the retail business as an important wing of Huishang Bank and sped up in the transformation of the retail business to display the roles as "anchor + new driver + stabilizer" and consolidate the fundamentals for sustainable development. After in-depth study and sufficient argumentation, the Bank made structural adjustments to the original retail segment and established the new retail segment with the Personal Finance Department as the customer department, the Internet-based Loan Centre, the Credit Card Centre, the Personal Credit Department and the Wealth Management

and Private Banking Department as product departments and the Personal Mobile Finance Department as the channel department. The new retail segment after adjustments adhered to the customer-centric philosophy, followed the online, mobile and intelligent development trends of the personal business, sped up in the construction of the wealth management business system, promoting the digital transformation of the personal loan business, reshaping the service experience on mobile finance and implementing the digital upgrading of credit cards to develop digital-driven customer marketing and services, accelerate in the digital transformation of the retail business and continuously promote the implementation of strategies.

Thirdly, continuously reinforcing the foundation of data governance. Based on regulatory requirements and the actual work, the Board of Directors evaluated data governance on the governance mechanism, team building, data management and quality control, promoted the whole Bank to continuously improve the data governance system and mechanism, sped up in promoting the construction of data standards and systems and constantly enhanced data quality and safety control to fully display the role in data integration and sharing and diversify data application scenarios. It facilitated the whole Bank to strengthen the construction of data governance systems from the source, reinforced the integration and application of external public data, third-party platform data and various data within the Bank, improved digital marketing, digital risk control, digital operation and digital management and accelerated in advancing digital transformation.

IV. FOCUSING ON ENHANCING CAPITAL MANAGEMENT AND CONTINUOUSLY ADVANCING CAPITAL REPLENISHMENT

Firstly, studying and formulating capital replenishment plans. It comprehensively analyzed the level in the same industry, business development, external rating, market image and other factors, balanced capital adequacy and capital returns based on regulatory requirements, the strategies and operation plans of the Company, set out targets on capital adequacy management and planned the capital replenishment work in 2022-2024. Based on plans on business development, finance and risk control, it estimated the growth in various risky assets, calculated the capital gap and continuously promoted capital replenishment through enhancing the endogenous capital accumulation capability and expanding exogenous capital replenishment channels. It focused on the implementation of various measures such as optimizing the structure of on-balance and off-balance assets, improving the capital use efficiency, strengthening capital planning and management, conducting appraisal on capital adequacy and enhancing capital budget and evaluation.

Secondly, regularly conducting capital adequacy assessment. It carried out the assessment on internal capital adequacy in 2021, covering the assessment management mechanism, annual risk preference and implementation of capital plans, capital and risk management systems and internal capital adequacy and implemented targeted enhancement of capital management based on the assessment.

Thirdly, promoting the listing of A Shares. It conducted the extension of the validity period of the A Share Offering Plan and the Authorization Resolution and continuously carried out relevant work on tutoring, filing and reporting.

V. VIGOROUSLY ENHANCING RISK CONTROL SYSTEMS AND CONTINUOUSLY IMPROVING THE MANAGEMENT OF ASSET QUALITY

Firstly, continuously improving risk management systems. The Board of Directors studied, formulated or revised various systems and measures, including the Interim Administrative Measures for Risks on Internet Loans of Huishang Bank, the Administrative Measures for the Implementation of the Expected Credit Losses of Huishang Bank, the Administrative Measures for Market Risk of Huishang Bank and the Administrative Measures for the Related Party Transactions of Huishang Bank, and continuously improved risk management systems.

Secondly, studying and determining overall risk management policies and risk preference. Based on regulatory policies, strategic targets and the requirements on overall risk management, the Board of Directors judged the situation of risk management, studied and determined the guideline on risk management policies for 2022, specified the overall targets of risk management and promoted the whole Bank to continuously enhance the overall risk management system and maintain the risks of the whole Bank generally under control with the focus on improving the top design on risk management, strengthening overall risk management, promoting digital risk control and improving quantitative risk analysis capability. It studied and formulated the statements of risk preference for 2022, made qualitative statements on the preference for major types of risks, set out the risk tolerance and risk quota indicators and quantized risk preference. It urged the whole Bank to strictly implement the risk appetite featuring “prudence, rationality and soundness”, adhered to the basic principle of balancing risks and revenue and covering risks with capitals and put risk prevention and control in a more important position to practically and effectively dissolve prominent risks faced currently and firmly hold the bottom line of preventing systematic and regional risks.

Thirdly, focusing on enhancing overall risk management. It improved the capabilities on identifying, measuring and controlling major risks, enhanced the full-process management on credit and non-credit businesses, optimized risk warning platforms and deeply promoted the digital transformation in risk control. The Board of Directors regularly studied overall risk management and asset quality, deeply analyzed the management of large-scale risk exposure, liquidity, compliance, case prevention, reputation, money laundering and terrorism financing and other risks, continuously enhanced overall risk management and maintained the stable asset quality of the whole Bank. It prudently promoted the disposal of non-performing assets.

Fourthly, constantly enhancing internal control. The Board of Directors appraised the internal environment, risk appraisal, control activities, information and communications, internal supervision and other internal control factors of the Bank, optimized the balanced system on internal control, boosted efforts in risk management and control, perfected the management and control of business procedures, enhanced the support of information technology, intensified the management and control capabilities of the Group and constantly strengthened the construction of internal control systems to further improve internal control. It continued to strengthen the management of business continuity, improved relevant working mechanisms, carried out analysis on influence factors, reinforced the support of technology, enhanced emergency handling capabilities, promoted the construction of backup sites and continuously facilitated the implementation of strategic planning on the management of business continuity. Under the guidance of regulatory authorities, it improved the restoration and disposal plans of Huishang Bank and specified the governance structure, the identification of key definitions, measures adopted and communication strategies.

Fifthly, continuously enhancing internal audit. The Board of Directors studied and formulated the annual audit plans, improved the supervision system on audit and constantly strengthened the building of the audit team, quality control and the rectification of problems. It adhered to the orientation of risks, focused on the development strategies and the general working requirements of the whole Bank, sped up in the transformation and upgrading of internal audit, standardized audit activities and facilitated the transformation of internal audit results, providing guarantees to the high-quality development of the whole Bank.

In 2022, the Board of Directors performed duties diligently and faithfully, forged ahead with determination and led the whole Bank in improving corporate governance, promoting the implementation of strategies, strengthening capital management and enhancing the risk control systems. It continuously sped up in the high-quality development of the whole Bank and achieved remarkable results. 2023 is the first year for implementing the spirit of the 20th National Congress of the CPC and a crucial year for promoting the strategic plan of Huishang Bank. Under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Board of Directors will fully implement the spirit of the 20th National Congress of the CPC and the Central Economic Work Conference as well as the decision and deployment of the economic work meeting of the municipal Party committee and the work meetings of the PBOC and the CBIRC and give priority to stable growth and make progress amid stability. With the Party's leadership as the guidance and "five vigorously servings" as main operational lines, it will standardize the governance system, improve the conduct of teams, vigorously advance reforms in key sectors and unswervingly "seek development, prevent risks, promote transformation, strengthen management and improve conduct", striving to build Huishang Bank into an outstanding local mainstream bank.

In 2022, under the support and cooperation of the Board of Directors and senior management, the Board of Supervisors solidly carried out the supervision work, actively displayed the supervisory role, focused on improving the comprehensive, targeted and effective supervision, continuously promoted the improvement of corporate governance and coordinately promoted the high-quality development of the Bank. The report on relevant work is presented as follows:

I. MAJOR WORK DURING 2022

(I) Earnestly performing supervision duties on issues discussion

In 2022, the Board of Supervisors overcame the impacts of the pandemic, organized and convened 16 meetings of the Board of Supervisors and its special committees in the form of physical or telephone meetings and the adoption of written resolutions, including 6 meetings of the Board of Supervisors, 5 meetings of the Nomination Committee and 5 meetings of the Supervisory Committee. Based on changes in the economic and financial situation and the overall reform, innovation, transformation and development of the whole Bank, the Board of Supervisors focused on regulatory concerns and key areas in the operation and management of the Bank, further expanded the scope of proposals and included the implementation of the expected credit loss method and data governance into the scope of consideration. The Board of Supervisors considered 33 resolutions on the annual report, the profit distribution plan, the implementation of strategies, the overall risk management and the protection of consumers' rights and interests and reviewed 42 special reports on the annual operation plan and the capital replenishment plan.

(II) Enhancing management and supervision on internal control and risks

Firstly, enhancing the routine supervision on risks and internal control. The Board of Supervisors attended the meetings of the Risk and Internal Control Management Committee, regularly monitored major risk indicators at the required level, paid close attention to the construction of the comprehensive risk management system, the formulation of risk management policies, the risk preference and the effectiveness of the transmission mechanism of the Bank. It organized the consideration of the comprehensive risk management report and the stress testing report, focused on asset quality and the disposal of non-performing assets as well as risk management on key areas, institutions and products and proposed further improvement of the risk quota management system and other suggestions. The Board of Supervisors attached importance to the improvement of the internal control mechanism and the operation effects, organized the consideration of the compliance risk management report, the internal control assessment report and the self-assessment report on anti-money laundering, proposed further enhancing the interpretation of regulatory policies and other suggestions and promoted the improvement of compliance management. It benchmarked regulatory requirements, paid attention to market risk, the protection of consumers' rights and interests, date governance, case prevention, outsourcing businesses, business continuity, employees behavior management and potential risk and hazards in other sectors and reviewed relevant reports.

Secondly, organizing a special survey on the construction of the digital risk control system. To speed up in promoting the digital transformation strategy of the whole Bank, the Board of Supervisors carried out special inspections on the construction of the digital risk control system in April to May 2022. It interviewed the departments at the head office and branches and subsidiaries and conducted questionnaire surveys on front-line business personnel, front, middle and back-office management personnel of branches and sub-branches. It also analyzed and conducted research on the establishment and implementation of digital risk control systems of peers, issued the special survey report and put forward suggestions on enhancing the building of the data governance capability as well as the iteration and upgrading of digital models.

Thirdly, organizing special examinations on the protection of consumers' rights and interests. To comprehensively understand the progress of the Bank's work on the protection of consumers' rights and interests and promote the improvement of the work on the protection of consumers' rights and interests, the Board of Supervisors carried out special inspection on the Bank's efforts on the protection of consumers' rights and interests in September to October 2022. It conducted discussions and exchanges with the head office and branches and on-site checks on some branches, carried out learning and communications with peers, issued the special examination report and put forward suggestions on improving systems and mechanisms and enhancing the capabilities on resolving complaints and disputes.

(III) Deeply conducting supervision on financial audit

Firstly, carefully reviewing periodic reports and important decision-making on financial matters. The Board of Supervisors regularly listened to the report on the Bank's operation, organized the consideration of the annual report and the interim report and issued written audit opinions on the truthfulness, accuracy and completeness of the reports. It audited the profit distribution plan and issued written opinions on the compliance and rationality of the plan. It regularly analyzed changes of major financial data of the whole Bank, paid attention to the decision-making and implementation of key financial matters, organized the consideration of the final financial accounts and the review of the operation and management report and the annual comprehensive operation plan, strengthened the supervision on the legality and compliance of financial decisions and the truthfulness and accuracy of financial data and promoted the strengthening of financial management, the optimization of resources allocation and the standardization of financial behaviors.

Secondly, paying continuous attention to the improvement of capital adequacy, liquidity risk and other regulatory indicators. The Board of Supervisors paid attention to capital adequacy, organized the consideration of the assessment report on internal capital adequacy, reviewed the capital replenishment plan for 2022-2024 and put forward suggestions on further optimizing the capital replenishment mechanism. It continuously paid attention to the indicator of liquidity risk, organized the consideration of the report on liquidity risk management, reviewed the report on stress testing on liquidity risk, tracked the improvement of the indicator of liquidity and put forward suggestions on further improving liquidity management.

Thirdly, continuously deepening supervision on audit. The Board of Supervisors paid attention to the roles of the third defense line, considered the work report on internal audit, focused on the implementation of audit items, reviewed audit findings, urged the implementation of effective rectification and put forward suggestions on further improving the quality and efficiency of audit on key businesses and risk sectors. It supervised the re-appointment of external auditors, attended the communication meetings of external auditors and the Audit Committee under the Board of Directors, organized the consideration and review of periodic reports of external auditors and put forward work suggestions.

(IV) Strengthening supervision and appraisal on duty performance

Firstly, continuously conducting supervision on business decision-making and implementation. By attending the relevant meetings of the Board of Directors and senior management, listening to the report on resolutions and conducting special surveys and daily supervision, the Board of Supervisors supervised the compliance with laws and regulations, the Articles of Association, relevant rules of procedure and systems in the decision-making process, the implementation of resolutions at the general meetings and regulatory opinions and conducted supervision on the exercise of power and fulfilling of obligations by the Board of Directors, senior management and its members in corporate governance, development strategies, operation management, capital management, financial management, risk management, internal control, related party transactions, data governance and the protection of consumers' rights and interests, proposed advices and suggestions when appropriate and continuously improved the efficiency of process supervision.

Secondly, organizing annual duty performance appraisal. The Board of Supervisors formulated working plans on performance appraisal on the Board of Directors, directors, supervisors, senior management and its members, solicited opinions and suggestions from certain shareholders, branches and subsidiaries through written manners, organized and held symposiums with divisions of the headquarters, branches and subsidiaries. Through questionnaire surveys, questionnaires and appraisal by supervisors, it formed performance appraisal results of the Board of Supervisors on the Board of Directors, directors, supervisors, senior management and its members, made feedbacks to the Board of Directors and senior management and reported to regulatory authorities and the general meeting as scheduled.

Thirdly, continuously strengthening the supervision on the implementation of supervision opinions. The Board of Supervisors actively tracked the implementation of its supervision opinions, established a closed-loop management mechanism on breakdown of suggestions, implementation of rectifications, feedbacks on appraisal and continuous improvement, boosted supervision on the implementation of resolutions of the Board of Supervisors and continuously implemented the supervision function.

(V) Continuously carrying out supervision on the implementation of strategies

It earnestly implemented the strategic supervision duties of the Board of Supervisors, paid close attention to the implementation of the development strategies of the Bank, organized the consideration of the annual appraisal report on the implementation of strategies and evaluate the scientificity, reasonableness and viability of the development strategies. For the implementation of strategies, it put forward suggestions on advancing the appraisal and supervision on strategic and key work. It assisted in conducting appraisal on the implementation of strategies in 2022, objectively appraised the implementation of strategic tasks in 2022, strengthened the evaluation and examination on the implementation of strategies and promoted the implementation of development targets and strategic measures.

(VI) Comprehensively implementing regulatory opinions and resolutions of the general meeting

The Board of Supervisors earnestly carried out the implementation of relevant opinions and the feedback on the rectification problems under the regulatory rating of the central bank and the CBIRC, the letters of regulatory opinions and regulatory interview summaries, the systematic governance of Huishang Bank under the Department of Finance as well as other corporate governance sectors. It participated in the supervision on special rectifications and self-rectification of equity and related party transactions and considered the report on special rectifications and self-rectification of equity and related party transactions. It participated in the interview on prudent regulation organized by the CBIRC Anhui Office, fully conveyed regulatory opinions and regulatory interview summaries, organized the consideration of the report on the implementation of guidance on high-quality development, reviewed the report on the implementation of rectification under the letters of regulatory opinions and regulatory interview summaries, formulated the Information Bulletins for Supervisors and strengthened the conveying of regulatory policies and information communications to ensure that supervisors can master regulatory requirements and operation information in a timely manner and effectively guarantee the right to information of supervisors. It earnestly implemented the resolutions of the general meeting and promoted the implementation of working plans of the Board of Supervisors.

II. MAJOR WORK ARRANGEMENTS FOR 2023

In 2023, the Board of Supervisors will focus on the strategic positioning of building an outstanding local mainstream bank, solidly carry out supervision on duty performance, finance, risks and internal control, perform supervision duties in compliance with laws and regulations and strive to play an active role in promoting the high-quality development of Huishang Bank.

- (I) **To strengthen performance supervision.** The Board of Supervisors will further optimize the methods of performance supervision and conduct supervision on abiding by laws and regulations, the Articles of Association, the implementation of resolutions of the general meeting and regulatory opinions, the exercise of power according to laws and fulfilling of obligations by the Board of Directors, senior management and its members through reviewing materials, listening to reporting, special inspections and supervision on daily performance. It will continue to improve the performance appraisal mechanism and deeply carry out annual performance appraisal on the Board of Directors, senior management and its members as well as supervisors.
- (II) **To deepen financial supervision.** The Board of Supervisors will continue to strengthen the review on the truthfulness, completeness and accuracy of the regular reports and the compliance and rationality of the profit distribution plan and issue an audit opinion in time. It will reinforce the supervision on important financial decisions, financial budget and final accounts, capital management, capital expenditure, asset disposal, performance appraisal and consolidated financial statements management and strengthen supervision on the allocation of financial resources to enhance financial management and regulate financial behaviors.
- (III) **To enhance supervision on risks and internal control.** The Board of Supervisors will highlight supervision on credit risk, attach great importance to risks on key regions, industries and products, pay close attention to the trend of changes in the quality of credit assets and urge to intensify the disposal of large-scale troubled assets and non-performing assets. It will strengthen overall risk management and supervision, further intensify monitoring and supervision on liquidity risk, reputational risk, compliance risk, data governance, case prevention, employees behavior management and the protection of consumers' interests and facilitate in holding the bottom line of risk and internal control. It will strengthen supervision on consolidated financial statements management, carry out monitoring on businesses in different regions and branches and subsidiaries out of the province on a regular basis to promote the coordinated and high-quality development of the parent and subsidiaries as well as branches in and out of the province.
- (IV) **To highlight supervision on key areas.** The Board of Supervisors will select key risk and internal control management areas to conduct supervision and inspection, promote the improvement of the comprehensive risk management system and consolidate the fundamentals for stable operation. Based on the strategic development plans and the annual key work arrangements of the Bank, the Board of Supervisors will carry out inspections on the implementation of key tasks, significant measures and important operation decisions and assist in building an outstanding local mainstream bank. It will enhance the linkage of supervision, track the rectification of problems identified in audit, inspections on lines and other channels and urge the comprehensive and effective implementation.

III. INDEPENDENT OPINIONS FROM THE BOARD OF SUPERVISORS ON RELEVANT MATTERS

- (I) **The operation in compliance with laws.** During the Reporting Period, the Board of Directors and senior management of the Bank continued legal compliance of operations and the decision-making procedures complied with laws and regulations and the Articles of Association of the Bank. Members of the Board of Directors and senior management faithfully performed the responsibilities defined by the Bank's Articles of Association, and there was no circumstance where their performance of duties was in violation of the laws and regulations or harmed the interests of the Bank.
- (II) **Preparation of financial report.** Preparation and review procedures of annual reports of the Bank were in compliance with laws, regulations and regulatory requirements. The contents of the report reflected the Bank's actual conditions in a true, accurate and complete manner. The Board of Supervisors has no objection to the standard unqualified audit report audited and issued by Ernst & Young in accordance with the ISAs.
- (III) **Related party transactions.** During the Reporting Period, the related party transactions of the Bank complied with national laws and regulations and the Articles of Association of the Bank and the Board of Supervisors did not identify any circumstances that harmed the interests of the Bank.
- (IV) **Internal control.** During the Reporting Period, the Bank strived to put internal control as its priority, enhanced and implemented the system of factors on internal balanced control, earnestly implemented regulatory requirements and continued to strengthen and improve internal control. The Board of Supervisors reviewed the 2022 Internal Control Assessment Report of the Bank, and had no objection to the same.
- (V) **Risk management.** During the Reporting Period, the Bank continued to promote the establishment of the digital risk control system, strengthened risk management and control in key areas, advanced the disposal of non-performing assets in an orderly manner. Therefore, asset quality and all risk regulatory indicators continued to be improved and the overall risk situation is controllable.
- (VI) **Implementation of resolutions of shareholders' general meetings.** The Board of Supervisors has supervised the implementation of the resolutions of the shareholders' general meetings, and was of the view that the Board of Directors and senior management have well implemented the relevant resolutions of shareholders' general meetings.
- (VII) **Implementation of information disclosure systems.** During the Reporting Period, the Bank performed information disclosure obligations and carefully implemented information disclosure management systems in accordance with regulatory requirements. No non-compliance with laws and regulations was identified in information disclosure.

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
Chapter 1 General Provisions	Chapter 1 General Provisions	
<p>Article 1 In order to further strengthen the management of related party transactions of Huishang Bank Corporation Limited (hereinafter referred to as the “Bank”), control the risks associated with related party transactions, and promote the Bank’s security and stable operation, these Measures are formulated in accordance with the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders and Shareholders (hereinafter referred to as the “Administrative Measures for the Related Party Transactions”) issued by the China Banking Regulatory Commission (hereinafter referred to as the “CBRC”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”), the Enterprises Accounting Standards, the International Financial Reporting Standards, and other laws, administrative regulations, departmental rules and regulations, regulatory documents, and the Articles of Association of Huishang Bank Corporation Limited (hereinafter referred to as the “Articles”), and based on the Bank’s actual circumstance.</p>	<p>Article 1 In order to further strengthen the management of related party transactions of Huishang Bank Corporation Limited (hereinafter referred to as the “Bank”), control the risks associated with related party transactions, and promote the Bank’s security and stable operation, these Measures are formulated in accordance with <u>the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions, the Governance Standards for Banking and Insurance Institutions and the Measures for Information Disclosure of Commercial Banks</u> the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders and Shareholders (hereinafter referred to as the “Administrative Measures for the Related Party Transactions”) issued by the China Banking <u>and Insurance</u> Regulatory Commission (hereinafter referred to as the “CBIRC”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “<u>Stock Exchange</u> Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”), the Enterprises Accounting Standards, the International Financial Reporting Standards, and other laws, administrative regulations, departmental rules and regulations, regulatory documents, and the Articles of Association of Huishang Bank Corporation Limited (hereinafter referred to as the “Articles”), and based on the Bank’s actual circumstance.</p>	<p>To make amendment in accordance with the laws, administrative regulations, departmental rules and regulatory documents.</p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 2 The Bank shall follow the following general principles in relation to its related party transactions:</p> <p>(I) Fair pricing, compliance with decision-making procedures and standards of information disclosure;</p> <p>(II) compliance with applicable laws, administrative regulations, the Listing Rules, the national unified accounting standards and relevant regulatory requirements;</p> <p>(II) in accordance with commercial principles, whereby the terms should be no more favorable than similar non-related party transactions.</p>	<p>Article 2 The Bank shall follow the following general principles in relation to its related party transactions:</p> <p>(I) Fair pricing, compliance with decision-making procedures and standards of information disclosure;</p> <p>(II)(I) compliance with applicable laws, administrative regulations, <u>regulatory requirements</u>, the <u>Stock Exchange</u> Listing Rules, and the national unified accounting standards and relevant regulatory requirements;</p> <p>(III) in accordance with commercial principles, whereby the terms should be no more favorable than similar non-related party transactions;-</p> <p><u>(III) following the principles of good faith, openness and fairness, thorough identification and clear structure.</u></p>	<p>To make amendment in accordance with Article 3 of the New Rules on Related Party Transactions.</p>
	<p><u>Article 3 The Bank shall not transfer interests or conduct regulatory arbitrage through related party transactions, and shall take effective measures to prevent related parties from taking advantage of their special position to infringe on the interests of the Bank through related party transactions.</u></p> <p><u>The Bank shall maintain its operational independence, improve its market competitiveness, control the number and scale of related party transactions, avoid multi-layered nesting and other complex arrangements, and focus on preventing the risk of interest transmission to shareholders and their related parties.</u></p>	<p>To make amendment in accordance with Article 3 of the New Rules on Related Party Transactions.</p>
	<p><u>Article 4 The Bank shall improve the level of informatization and intelligence in the management of related parties and related party transactions, and strengthen the ability of big data management.</u></p>	<p>To make amendment in accordance with Article 40 of the New Rules on Related Party Transactions.</p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 3 The shareholders' general meeting and the Board of Directors of the Bank shall manage the related party transactions in accordance with the requirements of the regulatory authorities and the relevant provisions of the Articles of the Bank.</p> <p>The Board of Directors of the Bank has established a Related Party Transactions Control Committee, who shall be responsible for the management of related party transactions.</p> <p>The Board Office shall be responsible for the daily operation of the Related Party Transactions Control Committee under the Board of Directors.</p>	<p>Article 5 The shareholders' general meeting, and the Board of Directors and senior management of the Bank shall manage the related party transactions in accordance with the requirements of the regulatory authorities and the relevant provisions of the Articles of the Bank.</p> <p><u>The Board of Directors of the Bank shall take ultimate responsibility for the management of related party transactions.</u></p> <p><u>The Board of Supervisors of the Bank shall supervise related party transactions in accordance with the requirements of the regulatory authorities and the relevant provisions of the Articles of the Bank.</u></p> <p><u>The Bank shall establish a Related Party Transactions Control Committee under the Board of Directors, which shall consist of more than three directors, of which the number of independent directors shall account for more than half of the total number of members, and the chairman shall be an independent director. The committee shall be responsible for the management, review and risk control of related party transactions, focus on the compliance, fairness and necessity of related party transactions. The Related Party Transactions Control Committee is accountable to and reports to the Board of Directors.</u></p> <p>The Board of Directors of the Bank has established a Related Party Transactions Control Committee, who shall be responsible for the management of related party transactions.</p> <p>The Board Office shall be responsible for the daily operation of the Related Party Transactions Control Committee under the Board of Directors.</p>	<p>To make amendment in accordance with Article 39 of the New Rules on Related Party Transactions with reference to the actual conditions of the Bank.</p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p><u>Article 6 The Bank shall establish an inter-departmental related party transaction management office in the management, comprising of members from compliance, business, risk control, finance and other relevant departments, and the specific components of members and their terms of reference are detailed in the Operating Rules for the Management of Related Party Transactions of Huishang Bank Corporation Limited. The Compliance Department of the Head Office leads the Related-Party Transaction Management Office and sets up a Related-Party Transaction Management Team. The Related Party Transactions Management Office shall be responsible for routine affairs such as identification and maintenance of related party and management of related party transactions, and provides business support to the Related Party Transactions Control Committee.</u></p> <p><u>The related party transaction control committee and the heads of the departments involved in business, risk examination and approval and compliance review shall bear corresponding responsibilities for the compliance of related party transactions.</u></p>	<p>To make amendment in accordance with Article 39 of the New Rules on Related Party Transactions with reference to the actual conditions of the Bank.</p>
	<p><u>Article 7 Each relevant department and branch of the Head Office shall implement the specific tasks in managing related party transactions in accordance with the terms of reference, and the specific terms of reference are detailed in the Operating Rules for the Management of Related Party Transactions of Huishang Bank Corporation Limited.</u></p>	<p>To make amendment with reference to the actual conditions of the Bank.</p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	Article 8 <u>The Bank shall manage the transactions between subsidiaries and other majority-owned subsidiaries and related parties of the Bank, clearly define the management mechanism, and strengthen risk management and control.</u>	To make amendment in accordance with Article 38 of the New Rules on Related Party Transactions.
	Article 9 <u>These Measures shall apply to the Head Office and all branches. The Bank's subsidiaries shall formulate relevant systems for the management of related party transactions that conform to their actual conditions with reference to these Measures, and implement the management of related party transactions in accordance with the terms of reference.</u>	To make amendment with reference to the actual conditions of the Bank.
Chapter 2 Identification and Classification of Related Parties	Chapter 2 Identification and Classification of Related Parties	
Article 4 Related parties of the Bank shall include related natural persons, related legal persons and or other organizations.	Article 10 <u>A related party of the Bank refers to any natural person, legal person or unincorporated organization that controls, or is controlled by, has significant impact on, or significantly impacted by, or under common control or significant impact, with the Bank.</u> Related parties of the Bank shall include related natural persons, related legal persons and or <u>unincorporated</u> other organizations.	To make amendment in accordance with Article 5 of the New Rules on Related Party Transactions.

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 5 The Bank’s related parties include those defined by the CBRC, the Hong Kong Stock Exchange, the Enterprise Accounting Standards and the International Financial Accounting Standards.</p> <p>The term “Related Party” as defined by CBRC refers to the definition used in the Administrative Measures for the Related Party Transactions.</p> <p>The term “Related Party” as defined by The Hong Kong Stock Exchange refers to the definition used in the Listing Rules of the Hong Kong Stock Exchange.</p> <p>Please refer to Appendix 1 of these Measures for the definition of the abovementioned Related Party.</p>	<p>Article 11 The Bank’s related parties include <u>related parties</u> defined by the CBIRC, <u>connected persons defined by</u> the Hong Kong Stock Exchange, <u>and related parties defined by</u> the Enterprise Accounting Standards and the International Financial Accounting Standards.</p> <p>The term “Related Party” as defined by CBIRC refers to the definition used in <u>the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions</u> Administrative Measures for the Related Party Transactions.</p> <p>The term “Related Party <u>Connected Person</u>” as defined by The Hong Kong Stock Exchange refers to the definition used in the <u>Stock Exchange</u> Listing Rules of the Hong Kong Stock Exchange.</p> <p>Please refer to Appendix 1 of these Measures for the definition of the abovementioned Related Party.</p>	<p>To make amendment for improvement.</p>
<p>Chapter 3 Reporting and Management of Information Relating to Related Party</p>	<p>Chapter 3 Reporting and Management of Information Relating to Related Party</p>	
<p>Article 6 The Bank shall, in accordance with the relevant provisions of these Measures, collect the information on related parties by category under the different standards.</p>	<p>Article 12 <u>Each collection department of related party information shall collect, update and maintain the information of related parties in accordance with the different identification standards, conduct necessary verification of the relevant information, and submit it to the compliance department of the Head Office for aggregation of the information.</u>The Bank shall, in accordance with the relevant provisions of these Measures, collect the information on related parties by category under the different standards.</p>	<p>To make amendment with reference to the actual conditions of the Bank.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 7 The directors, supervisors, senior management, the heads of branches of the Bank as well as other persons who have the power to decide on or participate in the Bank's credit extension and transfer of assets, shall, within 10 working days from the day when they take up their position, (and natural persons shall within 10 working days from the day when they become the substantial natural person shareholders of the Bank) report to the Related Party Transactions Control Committee on the information of their close relatives and their related legal persons or other organizations. If any of the reported matters is changed, it shall be reported within 10 working days after such change.</p> <p>Article 8 A legal person or other organization shall report its related relationship to the Related Party Transactions Control Committee under the Board of Directors of the Bank within 10 working days from the day when they become the substantial non-natural person shareholders of the Bank. If any of the reported matters is changed, it shall be reported within 10 working days after such change.</p>	<p>Article 13 <u>The directors, supervisors, senior management, senior management of key branches of the Bank as well as personnel with the right to approve or make decisions on large-amount credit extension, transfer of assets and other core businesses, shall, within 15 working days from the day when they take up their position, report to the Related Party Transactions Control Committee of the Bank on the information of their related parties.</u></p> <p><u>A natural person, legal person or unincorporated organization that holds more than 5% equity interests in the Bank, or holds less than 5% equity interests but can exert significant influence on the operation and management of the Bank, shall, within 15 working days from the date of holding 5% equity interests or the date on which it can exert significant influence report to the Related Party Transaction Control Committee of the Bank on the information of their related parties.</u></p> <p><u>If any of the reported matters in the preceding paragraph is changed, it shall be reported to the Related Party Transaction Control Committee of the Bank within 15 working days after such change and update the information on the related party.</u></p>	<p>To make amendment in accordance with Article 41 of the New Rules on Related Party Transactions with reference to the actual conditions of the Bank.</p>

COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p>The — directors, — supervisors, — senior management, the heads of branches of the Bank as well as other persons who have the power to decide on or participate in the Bank’s credit extension and transfer of assets, shall, within 10 working days from the day when they take up their position, (and natural persons shall within 10 working days from the day when they become the substantial natural person shareholders of the Bank) report to the Related Party Transactions Control Committee on the information of their close relatives and their related legal persons or other organizations. If any of the reported matters is changed, it shall be reported within 10 working days after such change.</p> <p>A legal person or other organization shall report its related relationship to the Related Party Transactions Control Committee under the Board of Directors of the Bank within 10 working days from the day when they become the substantial non-natural person shareholders of the Bank. If any of the reported matters is changed, it shall be reported within 10 working days after such change.</p>	
<p>Article 9 Any subsidiary shall report to the Related Party Transactions Control Committee under the Board of Directors on the information of its directors, chief executives, supervisors, substantial shareholders, and the associates of above mentioned persons. If any of the reported matters is changed, it shall be reported within 10 working days after such change.</p>	<p>Article 19 <u>Any subsidiary shall report to the Bank on the information of its directors, supervisors, chief executives, substantial shareholders, and the associates of above mentioned persons. If any of the reported matters is changed, it shall be reported to the Bank within 15 working days after such change and update the information on the related party.</u></p> <p>Any subsidiary shall report to the Related Party Transactions Control Committee under the Board of Directors on the information of its directors, chief executives, supervisors, substantial shareholders, and the associates of above mentioned persons. If any of the reported matters is changed, it shall be reported within 10 working days after such change.</p>	<p>To make amendment with reference to the actual conditions of the Bank.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 10 Where any above-mentioned natural person, legal person or other organization is obliged to report, it shall submit a written statement to the Bank together with the report to guarantee the authenticity, accuracy and completeness of the reported information and undertake the liability for making the corresponding compensations if any false information in or serious omission from the report results in any loss to the Bank.</p>	<p>Article 14 Where any above-mentioned natural person, legal person or other unincorporated organization is obliged to report, it shall submit a written statement to the Bank together with the report to guarantee the authenticity, accuracy and completeness of the reported information and undertake the liability for making the corresponding compensations if any false information in or serious omission from the report results in any loss to the Bank.</p>	<p>To make amendment for improvement.</p>
<p>Article 11 The Related Party Transactions Control Committee under the Board of Directors of the Bank shall be responsible for identifying the related parties of the Bank, compiling the information on the related parties identified into a book, reporting it to the Board of Directors and the Board of Supervisors, and then promptly disclosing the information on the related parties identified to the relevant departments of the Bank.</p>	<p>Article 15 <u>The Related Party Transactions Control Committee of the Bank shall be responsible for identifying the related parties of the Bank, determining the criteria or list of the related parties of key branches, defining the scope of personnel with the right to approve or make decisions on large-amount credit extension, transfer of assets and other core businesses, reporting to the Board of Directors and the Board of Supervisors, and then promptly reporting to the CBIRC through the related party transaction supervision information system.</u></p> <p>The Related Party Transactions Control Committee under the Board of Directors of the Bank shall be responsible for identifying the related parties of the Bank, compiling the information on the related parties identified into a book, reporting it to the Board of Directors and the Board of Supervisors, and then promptly disclosing the information on the related parties identified to the relevant departments of the Bank.</p>	<p>To make amendment in accordance with Article 40 of the New Rules on Related Party Transactions with reference to the actual conditions of the Bank.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 12 The business department or the customers management department shall follow the principle of “know your customer” to collect and verify information related to the information relating to the management of related party transactions, such as shareholders, actual controllers, and equity investment of the counterparty etc.</p> <p>Each department and relevant staff shall promptly report to the Related Party Transaction Control Committee under the Board of Directors of the Bank if they discover in the course of their daily operation that any natural person, legal person or other organization that meets the criteria of a related party but has not been identified as a related party, or that any natural person, legal person or other organization that has been identified as a related party but no longer meets the criteria of a related party.</p> <p>Related natural persons, legal persons or other organizations of the Bank recognized by the regulatory authorities in accordance with the law shall be regarded as the related parties of the Bank.</p>	<p>Article 16 The business department or the customers management department shall follow the principle of “know your customer” to <u>thoroughly identify the related parties</u>, collect and verify information related to the information relating to the management of related party transactions, such as shareholders, actual controllers, and equity investment of the counterparty etc.</p> <p>Article 17 <u>All relevant departments and staff of the Bank shall thoroughly identify related parties on the “to-the-greatest-extent” basis in the course of their daily operation, and if they discover that any natural person, legal person or unincorporated organization that meet the criteria of related parties but are not identified as a related party, they shall promptly report to the Compliance Department of the Head Office.</u></p> <p><u>If the relevant departments and staff of the Bank discover in the course of their daily operation that any natural person, legal person or unincorporated organization that has been identified as a related party but no longer meets the criteria of a related party, they shall promptly report to the Compliance Department of the Head Office.</u></p>	<p>To make amendment in accordance with Article 3 of the New Rules on Related Party Transactions with reference to the actual conditions of the Bank.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p>Each department and relevant staff shall promptly report to the Related Party Transaction Control Committee under the Board of Directors of the Bank if they discover in the course of their daily operation that any natural person, legal person or other organization that meets the criteria of a related party but has not been identified as a related party, or that any natural person, legal person or other organization that has been identified as a related party but no longer meets the criteria of a related party.</p> <p>Related natural persons, legal persons or other organizations of the Bank recognized by the regulatory authorities in accordance with the law shall be regarded as the related parties of the Bank.</p>	
<p>Article 13 A related natural person of the Bank shall report the following information:</p> <p>(I) Name and identity document number;</p> <p>(II) Description of the related party relationship with the Bank, etc.</p> <p>A related legal person of the Bank shall report the following information:</p> <p>(I) Name of the legal person and the code of the legal person organization;</p> <p>(II) Description of related party relationship with the Bank, etc.</p>	Deleted	The relevant reporting information is specified in the Related Party Information Return.

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 14 The Bank shall disclose the related relationship between the related persons and the Bank and state:</p> <p>(I) full name and organization code (if any) of the controllers or stake holders;</p> <p>(II) full name and organization code (if any) of the controlled parties or the invested parties;</p> <p>(III) the percentage of the total share capital of the controlled parties or invested parties held by the controllers or investors, etc.</p>	Deleted	The relevant reporting information is specified in the Related Party Information Return.
<p>Article 15 The business department or the customers management department shall collect and verify the information relating to the management of related party transactions such as shareholders of the counterparties of transactions, actual controllers, equity investments etc.</p>	Deleted	Deleted due to duplication with Article 16 of these Measures.
<p>Article 16 Departments related to the management of related party transactions shall keep the information of related parties they know confidential, and must not use the information of related parties for the purpose other than related party transactions management in violation of provisions.</p>	No amendment in this article, the order number of which is changed to Article 18 .	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p align="center">Chapter 4 Definition and Classification of Related Party Transactions</p>	<p align="center">Chapter 4 Definition and Classification of Related Party Transactions</p>	
<p>Article 17 The related party transactions of the Bank refer to those transactions between the Bank and its related parties. The Bank divides related party transactions into the following categories: related party transactions with related parties defined by the CBRC, related party transactions defined by the Hong Kong Stock Exchange, and related party transactions with related parties defined by the Enterprises Accounting Standards and the International Financial Reporting Standards, and carries out classification management of the related party transactions.</p> <p>Definitions of the above-mentioned related party transactions are set on in Appendix 2 of these Measures.</p>	<p>Article 20 <u>The related party transactions of the Bank refer to the transfer of interests between the Bank and its related parties.</u></p> <p>The related party transactions of the Bank refer to those transactions between the Bank and its related parties. The Bank divides related party transactions into the following categories: related party transactions with related parties defined by the CBIRC, <u>connected</u> transactions <u>with connected persons</u> defined by the Hong Kong Stock Exchange, and related party transactions with related parties defined by the Enterprises Accounting Standards and the International Financial Reporting Standards, <u>The Bank shall thoroughly identify related party transactions</u> and carries out classification management of the related party transactions.</p> <p>Definitions of the above-mentioned related party transactions are set on in Appendix 2 of these Measures.</p>	<p>To make amendment in accordance with Article 10 and Article 43 of the New Rules on Related Party Transactions.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 18 The related party transactions with related parties defined by the CRBR shall be divided into ordinary related party transactions and material related party transactions.</p> <p>An ordinary related party transaction shall refer to a transaction between the Bank and a related party defined by the CRBR with the single transaction amount of no more than 1% (including 1%) of the net amount of the Bank's capital and the balance of the transactions between the Bank and such related party with the transaction contemplated accounting for no more than 5% (including 5%) of the net amount of the Bank's capital.</p> <p>A major related party transaction shall refer to a transaction between the Bank and a related party defined by the CRBR with the single amount of no less than 1% (excluding 1%) of the net amount of the Bank's capital or a transaction between the Bank and a related party after which the balance of the transactions between the Bank and such related party contemplated accounting for no less than 5% (excluding 5%) of the net amount of the Bank's capital.</p> <p>When calculating the transaction balance with a related natural person, transactions between the Bank and close relatives of such related natural person shall be aggregated. When calculating the transaction balance with a related legal person or other organization, transactions between the Bank and any legal persons or other entities that constitute group of customers of the Bank shall be aggregated.</p>	<p>Article 21 <u>The related party transactions with related parties defined by the CBIRC shall be divided into material related party transactions and ordinary related party transactions.</u></p> <p><u>A material related party transaction shall refer to transactions between the Bank and a single related party defined by the CBIRC with the single transaction amount of 1% or more of the net capital of the Bank at the end of the previous quarter or 5% in aggregate or more of the net capital of the Bank at the end of the previous quarter. After the aggregate amount of transactions between the Bank and a single related party reaches the aforementioned standard, the subsequent related party transactions shall be re-designated as material related party transactions for each aggregate amount of 1% or more of the net capital at the end of the previous quarter.</u></p> <p><u>An ordinary related party transaction shall refer to other related party transactions other than material related party transactions.</u></p> <p><u>When calculating the transaction balance with a related natural person, transactions between the Bank and their spouses, parents, adult children, siblings, etc. shall be aggregated. When calculating the transaction balance with a related legal person or unincorporated organization, transactions between the Bank and any legal persons or unincorporated organizations with which the Bank has a controlling relationship shall be aggregated.</u></p>	<p>To make amendment in accordance with Article 11 and Article 14 of the New Rules on Related Party Transactions.</p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p>The related party transactions with related parties defined by the CRBR shall be divided into ordinary related party transactions and material related party transactions.</p> <p>An ordinary related party transaction shall refer to a transaction between the Bank and a related party defined by the CRBR with the single transaction amount of no more than 1% (including 1%) of the net amount of the Bank's capital and the balance of the transactions between the Bank and such related party with the transaction contemplated accounting for no more than 5% (including 5%) of the net amount of the Bank's capital.</p> <p>A major related party transaction shall refer to a transaction between the Bank and a related party defined by the CRBR with the single amount of no less than 1% (excluding 1%) of the net amount of the Bank's capital or a transaction between the Bank and a related party after which the balance of the transactions between the Bank and such related party contemplated accounting for no less than 5% (excluding 5%) of the net amount of the Bank's capital.</p> <p>When calculating the transaction balance with a related natural person, transactions between the Bank and close relatives of such related natural person shall be aggregated. When calculating the transaction balance with a related legal person or other organization, transactions between the Bank and any legal persons or other entities that constitute group of customers of the Bank shall be aggregated.</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p><u>Article 22 The methods for calculating the amount of related party transaction between the Bank and related parties defined by the CBIRC are as follows:</u></p> <p><u>(I) In principle, the amount of a related party transaction of credit type shall be calculated based on the amount specified in the signed agreement;</u></p> <p><u>(II) The amount of a related party transaction of asset transfer type shall be calculated based on the transaction price or fair value;</u></p> <p><u>(III) The amount of a related party transaction of service type shall be calculated based on the amount of business income or expenditure;</u></p> <p><u>(IV) Other calculation standards determined by the CBIRC.</u></p>	<p>To make amendment in accordance with Article 15 of the New Rules on Related Party Transactions.</p>
	<p><u>Article 23 For a related party transaction of service type and other related party transactions approved by the CBIRC that are carried out on a long-term and continuing basis between the Bank and the same related party and require repeated signing of transaction agreements, a master transaction agreement may be entered into, and the term of the agreement shall generally not exceed three years.</u></p>	<p>To make amendment in accordance with Article 47 of the New Rules on Related Party Transactions.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 19 The Hong Kong Stock Exchange classifies the related party transactions by percentage ratios and nature into fully-exempt related party transactions, partially-exempt related party transactions and non-exempt related party transactions. Calculation of the percentage ratios are set out in paragraph (V) of this Article.</p> <p>(I) Fully exempt related party transactions</p> <p>(1) Provision of financial assistance for the interest of related parties or related companies described in Article 2(III)(1)(A)(ii) of Appendix 2 conducted on normal commercial terms or better in the Bank's ordinary and usual course of business; (2) Provision of financial assistance for the interest of related parties conducted not on commercial terms in the Bank's ordinary and usual course of business or on commercial terms not in the Bank's ordinary and usual course of business, where:</p> <p>(A) all the percentage ratios of the financial assistance are less than 0.1% (other than the profits ratio); or</p> <p>(B) all the percentage ratios (other than the profits ratio) of the financial assistance are equal to, or above 0.1%, but less than 5%, and the total value of the financial assistance plus any preferential interest given advantage to the related person is less than HK\$1,000,000.</p>	<p>Article 24 <u>Connected transactions with connected persons as defined by the Hong Kong Stock Exchange shall include one-off connected transactions and continuing connected transactions. Continuing connected transactions are connected transactions involving the provision of goods, services or financial assistance, which are carried out on a continuing or recurring basis and are expected to extend over a period of time. Continuing connected transactions are usually transactions carried out in the ordinary and usual course of business.</u></p> <p><u>Connected transactions with connected persons as defined by the Hong Kong Stock Exchange can be divided into fully exempted connected transactions, partially exempted connected transactions and non-exempt connected transactions according to the procedures that subject to reporting, announcement and independent shareholder approval.</u></p> <p><u>(I) Fully exempted connected transactions refer to connected transactions that are fully exempt from relevant reporting, announcement and independent shareholder approval requirements.</u></p> <p><u>(II) Partially exempted connected transactions refer to connected transactions that are exempt from independent shareholder approval but are subject to relevant reporting and announcement requirements.</u></p> <p><u>(III) Non-exempt connected transactions refer to connected transactions that do not fall within or have exceeded the above provisions on fully exempted and partially exempted connected transactions.</u></p>	<p>To make amendment in accordance with the Listing Rules.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(3) Provision of financial assistance for the interest of related companies described in Article 2 (III)(1)(A)(ii) of Appendix 2 conducted not on commercial terms in the Bank's ordinary and usual course of business, where:</p> <p>(A) all the percentage ratios of the financial assistance are less than 0.1% (other than the profits ratio);</p> <p>(B) all the percentage ratios (other than the profits ratio) of the financial assistance are equal to, or above 0.1%, but less than 5%, and the total value of the financial assistance plus any preferential interest given to the related person is less than HK\$1,000,000.</p> <p>(4) Provision of financial assistance to the related companies described in Article 2(III)(1)(A)(ii) of Appendix 2 conducted on normal commercial terms or better not in the Bank's ordinary and usual course of business, where:</p> <p>(A) the financial assistance is in proportion to the equity interest held by the Bank and any guarantee given by the Bank must be on a several (and not a joint and several) basis;</p> <p>(B) although the financial assistance is not in proportion to the equity interest held by the Bank or the guarantee provided by the Bank is not on a several basis (no matter whether it is a joint and several basis or other types of guarantee), all the percentage ratios of such financial assistance (other than the profits ratio) are less than 0.1%; or all the percentage ratios (other than the profits ratio) of such financial assistance are equal to or above 0.1% but less than 5%, and the total value of the financial assistance plus any preferential interest given to the related person is less than HK\$1,000,000; and</p>	<p>The Hong Kong Stock Exchange classifies the related party transactions by percentage ratios and nature into fully exempt related party transactions, partially exempt related party transactions and non-exempt related party transactions. Calculation of the percentage ratios are set out in paragraph (V) of this Article.</p> <p>(1) Fully exempt related party transactions</p> <p>(1) Provision of financial assistance for the interest of related parties or related companies described in Article 2(III)(1)(A)(ii) of Appendix 2 conducted on normal commercial terms or better in the Bank's ordinary and usual course of business; (2) Provision of financial assistance for the interest of related parties conducted not on commercial terms in the Bank's ordinary and usual course of business or on commercial terms not in the Bank's ordinary and usual course of business, where:</p> <p>(A) all the percentage ratios of the financial assistance are less than 0.1% (other than the profits ratio); or</p> <p>(B) all the percentage ratios (other than the profits ratio) of the financial assistance are equal to, or above 0.1%, but less than 5%, and the total value of the financial assistance plus any preferential interest given advantage to the related person is less than HK\$1,000,000.</p> <p>(3) Provision of financial assistance for the interest of related companies described in Article 2 (III)(1)(A)(ii) of Appendix 2 conducted not on commercial terms in the Bank's ordinary and usual course of business, where:</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(5) Provision of financial assistance by related parties or related companies for the interest of the Bank conducted on commercial terms or better without taking out a mortgage on the Bank's assets.</p> <p>(6) Fully exempted financial assistance, which include:</p> <p>(A) provision of financial assistance for the interest of related parties or related companies described in Article 2(III)(1)(A)(ii) of Appendix 2 conducted on normal commercial terms in the Bank's ordinary and usual course of business;</p> <p>(B) provision of financial assistance for the interest of related parties not conducted on normal commercial terms or provision of financial assistance for the interest of related parties on normal commercial terms not in the Bank's ordinary and usual course of business and meet the following requirements:</p> <p>(i) all the percentage ratios of the financial assistance are less than 0.1% (other than the profits ratio); or</p> <p>(ii) all the percentage ratios (other than the profits ratio) of the financial assistance are equal to or more than 0.1% but less than 5%, and the total value of the financial assistance plus any preferential interest given to the related person is less than HK\$1,000,000.</p>	<p>(A) all the percentage ratios of the financial assistance are less than 0.1% (other than the profits ratio);</p> <p>(B) all the percentage ratios (other than the profits ratio) of the financial assistance are equal to, or above 0.1%, but less than 5%, and the total value of the financial assistance plus any preferential interest given to the related person is less than HK\$1,000,000.</p> <p>(4) Provision of financial assistance to the related companies described in Article 2(III)(1)(A)(ii) of Appendix 2 conducted on normal commercial terms or better not in the Bank's ordinary and usual course of business, where:</p> <p>(A) the financial assistance is in proportion to the equity interest held by the Bank and any guarantee given by the Bank must be on a several (and not a joint and several) basis;</p> <p>(B) although the financial assistance is not in proportion to the equity interest held by the Bank or the guarantee provided by the Bank is not on a several basis (no matter whether it is a joint and several basis or other types of guarantee), all the percentage ratios of such financial assistance (other than the profits ratio) are less than 0.1%; or all the percentage ratios (other than the profits ratio) of such financial assistance are equal to or above 0.1% but less than 5%, and the total value of the financial assistance plus any preferential interest given to the related person is less than HK\$1,000,000; and</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(C) provision of financial assistance for the interest of related companies described in Article 2(III)(1)(A)(ii) of Appendix 2 conducted not on normal commercial terms in the Bank's ordinary and usual course of business, where:</p> <p>(i) all the percentage ratios of the financial assistance are less than 0.1% (other than the profits ratio);</p> <p>(ii) all the percentage ratios (other than the profits ratio) of the financial assistance are equal to or above 0.1%, but less than 5%, and the total value of the financial assistance plus any preferential interest given to the related person is less than HK\$1,000,000.</p> <p>(D) provision of financial assistance to the related companies described in Article 2(III)(1)(A)(ii) of Appendix 2 conducted on normal commercial terms or better not in the Bank's ordinary and usual course of business, where:</p> <p>(i) the financial assistance is in proportion to the equity interest held by the Bank and any guarantee given by the Bank must be on a several (and not a joint and several) basis;</p> <p>(ii) although the financial assistance is not in proportion to the equity interest held by the Bank or the guarantee provided by the Bank is not on a several basis (no matter whether it is a joint and several basis or other types of guarantee), all the percentage ratios of such financial assistance (other than the profits ratio) are less than 0.1%; or all the percentage ratios (other than the profits ratio) of such financial assistance are equal to or above 0.1% but less than 5%, and the total value of the financial assistance plus any preferential interest given to the related person is less than HK\$1,000,000; and</p>	<p>(5) Provision of financial assistance by related parties or related companies for the interest of the Bank conducted on commercial terms or better without taking out a mortgage on the Bank's assets.</p> <p>(6) Fully exempted financial assistance, which include:</p> <p>(A) provisional of financial assistance for the interest of related parties or related companies described in Article 2(III)(1)(A)(ii) of Appendix 2 conducted on normal commercial terms in the Bank's ordinary and usual course of business;</p> <p>(B) provision of financial assistance for the interest of related parties not conducted on normal commercial terms or provision of financial assistance for the interest of related parties on normal commercial terms not in the Bank's ordinary and usual course of business and meet the following requirements:</p> <p>(i) all the percentage ratios of the financial assistance are less than 0.1% (other than the profits ratio); or</p> <p>(ii) all the percentage ratios (other than the profits ratio) of the financial assistance are equal to or more than 0.1% but less than 5%, and the total value of the financial assistance plus any preferential interest given to the related person is less than HK\$1,000,000.</p> <p>(C) provision of financial assistance for the interest of related companies described in Article 2(III)(1)(A)(ii) of Appendix 2 conducted not on normal commercial terms in the Bank's ordinary and usual course of business, where:</p> <p>(i) all the percentage ratios of the financial assistance are less than 0.1% (other than the profits ratio);</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(E) provision of financial assistance by related parties or related companies for the interest of the Bank on normal commercial terms or better without taking out a mortgage on the Bank's assets.</p> <p>(II) Partially exempt related party transactions</p> <p>Partially exempt related party transactions are classified into the following categories: partially exempt one-off related party transactions, partially exempt continuing related party transactions and partially exempt financial assistances.</p> <p>(1) The one-off related party transactions conducted on normal commercial terms are partially exempt one-off related party transactions if they satisfy the conditions below:</p> <p>(A) all the percentage ratios on an annual basis are less than 5% (other than the profits ratio); or</p> <p>(B) all the percentage ratios on an annual basis are equal to or above 5%, but less than 25% (other than the profits ratio) and the consideration is less than HK\$10,000,000.</p> <p>(2) The continuing related party transactions conducted on normal commercial terms are partially exempt continuing related party transactions if they satisfy the conditions below:</p> <p>(A) all the percentage ratios of the financial assistance are less than 5% (other than the profits ratio); or</p> <p>(B) all the percentage ratios of the financial assistance are equal to or above 5%, but less than 25% (other than the profits ratio) and the consideration in each year is less than HK\$10,000,000.</p>	<p>(ii) all the percentage ratios (other than the profits ratio) of the financial assistance are equal to or above 0.1%, but less than 5%, and the total value of the financial assistance plus any preferential interest given to the related person is less than HK\$1,000,000.</p> <p>(D) provision of financial assistance to the related companies described in Article 2(III)(1)(A)(ii) of Appendix 2 conducted on normal commercial terms or better not in the Bank's ordinary and usual course of business, where:</p> <p>(i) the financial assistance is in proportion to the equity interest held by the Bank and any guarantee given by the Bank must be on a several (and not a joint and several) basis;</p> <p>(ii) although the financial assistance is not in proportion to the equity interest held by the Bank or the guarantee provided by the Bank is not on a several basis (no matter whether it is a joint and several basis or other types of guarantee), all the percentage ratios of such financial assistance (other than the profits ratio) are less than 0.1%; or all the percentage ratios (other than the profits ratio) of such financial assistance are equal to or above 0.1% but less than 5%, and the total value of the financial assistance plus any preferential interest given to the related person is less than HK\$1,000,000; and</p> <p>(E) provision of financial assistance by related parties or related companies for the interest of the Bank on normal commercial terms or better without taking out a mortgage on the Bank's assets.</p> <p>(II) Partially exempt related party transactions</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(3) Financial assistances provided for the interest of related parties or connected companies conducted not on commercial terms in the Bank's ordinary and usual course of business or financial assistances provided for the interest of related parties or connected companies on commercial terms not in the Bank's ordinary and usual course of business are partially exempt financial assistances, if they satisfy any of the conditions below:</p> <p>(A) all the percentage ratios are less than 5% (other than the profits ratio); or</p> <p>(B) all the percentage ratios (other than the profits ratio) are equal to or above 5%, but less than 25%, and the total value of the financial assistance plus any preferential interest given to the related parties is less than HK\$10,000,000.</p> <p>(III) Non-exempt related party transactions</p> <p>Non-exempt related party transactions shall refer to related party transactions that are not or have exceeded related party transactions as defined in paragraph (I) and paragraph (II) of this article.</p> <p>(IV) The Hong Kong Stock Exchange is entitled to aggregate a series of related party transactions and treat them as if they were one transaction if they were all completed within a 12-month period or are otherwise related. In such cases, the Bank must comply with the requirements for the relevant classification of the related party transactions when aggregated.</p> <p>(V) The percentage ratios of the related party transactions defined by the Hong Kong Stock Exchange include:</p> <p>(1) Asset ratio is calculated as total assets of related transactions divided by total assets of the Bank. (see Article 14.09 to 14.12, Article 14.16, Article 14.18 and Article 14.19 of the Listing Rules)</p>	<p>Partially exempt related party transactions are classified into the following categories: partially exempt one-off related party transactions, partially exempt continuing related party transactions and partially exempt financial assistances.</p> <p>(1) The one-off related party transactions conducted on normal commercial terms are partially exempt one-off related party transactions if they satisfy the conditions below:</p> <p>(A) all the percentage ratios on an annual basis are less than 5% (other than the profits ratio); or</p> <p>(B) all the percentage ratios on an annual basis are equal to or above 5%, but less than 25% (other than the profits ratio) and the consideration is less than HK\$10,000,000.</p> <p>(2) The continuing related party transactions conducted on normal commercial terms are partially exempt continuing related party transactions if they satisfy the conditions below:</p> <p>(A) all the percentage ratios of the financial assistance are less than 5% (other than the profits ratio); or</p> <p>(B) all the percentage ratios of the financial assistance are equal to or above 5%, but less than 25% (other than the profits ratio) and the consideration in each year is less than HK\$10,000,000.</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(2) Profits ratio is calculated as profit on assets of related transactions divided by profits on public offering. (see Article 14.13 and Article 14.17 of the Listing Rules)</p> <p>(3) Revenue ratio is calculated as profit on assets of related transactions divided by the revenue of the Bank. (see Article 14.14 and Article 14.17 of the Listing Rules)</p> <p>(4) Consideration ratio is calculated as relevant consideration divided by total market capitalization. Total market capitalization refers to the average closing price of the Bank's securities as stated in the daily quotations sheets of the Hong Kong Stock Exchange for the five business days immediately preceding the transaction date. (see Article 14.15 of the Listing Rules)</p> <p>(5) Equity capital ratio is calculated as the nominal value of the Bank's equity capital issued as consideration divided by the nominal value of the Bank's issued equity capital immediately before the transaction. The value of the Bank's debt capital (if any), including any preference shares, shall not be included in the calculation of the equity capital ratio.</p>	<p>(3) Financial assistances provided for the interest of related parties or connected companies conducted not on commercial terms in the Bank's ordinary and usual course of business or financial assistances provided for the interest of related parties or connected companies on commercial terms not in the Bank's ordinary and usual course of business are partially exempt financial assistances, if they satisfy any of the conditions below:</p> <p>(A) all the percentage ratios are less than 5% (other than the profits ratio); or</p> <p>(B) all the percentage ratios (other than the profits ratio) are equal to or above 5%, but less than 25%, and the total value of the financial assistance plus any preferential interest given to the related parties is less than HK\$10,000,000.</p> <p>(III) Non-exempt related party transactions</p> <p>Non-exempt related party transactions shall refer to related party transactions that are not or have exceeded related party transactions as defined in paragraph (I) and paragraph (II) of this article.</p> <p>(IV) The Hong Kong Stock Exchange is entitled to aggregate a series of related party transactions and treat them as if they were one transaction if they were all completed within a 12-month period or are otherwise related. In such cases, the Bank must comply with the requirements for the relevant classification of the related party transactions when aggregated.</p> <p>(V) The percentage ratios of the related party transactions defined by the Hong Kong Stock Exchange include:</p> <p>(1) Asset ratio is calculated as total assets of related transactions divided by total assets of the Bank. (see Article 14.09 to 14.12, Article 14.16, Article 14.18 and Article 14.19 of the Listing Rules)</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p>(2) Profits ratio is calculated as profit on assets of related transactions divided by profits on public offering. (see Article 14.13 and Article 14.17 of the Listing Rules)</p> <p>(3) Revenue ratio is calculated as profit on assets of related transactions divided by the revenue of the Bank. (see Article 14.14 and Article 14.17 of the Listing Rules)</p> <p>(4) Consideration ratio is calculated as relevant consideration divided by total market capitalization. Total market capitalization refers to the average closing price of the Bank's securities as stated in the daily quotations sheets of the Hong Kong Stock Exchange for the five business days immediately preceding the transaction date. (see Article 14.15 of the Listing Rules)</p> <p>(5) Equity capital ratio is calculated as the nominal value of the Bank's equity capital issued as consideration divided by the nominal value of the Bank's issued equity capital immediately before the transaction. The value of the Bank's debt capital (if any), including any preference shares, shall not be included in the calculation of the equity capital ratio.</p>	
<p>Article 20 Related party transactions with related parties as defined in Accounting Standards for Business Enterprises and International Financial Reporting Standards are related party transactions that shall be disclosed in financial reports.</p>	<p>No amendment in this article, the order number of which is changed to Article 25.</p>	
<p>Chapter 5 Approval of Related Party Transactions and Disclosure Standards</p>	<p>Chapter 6 Consideration and Approval of Related Party Transactions and Disclosure Report</p>	<p>Chapter adjustment, where the original chapter 5 is changed to chapter 6.</p>
	<p>Article 28 <u>The Bank should improve the internal control mechanism for related party transactions, optimize the management process for related party transactions, and the review opinions on key functions and the resolutions and records of meetings such as the Related Party Transactions Control Committee should be clear and traceable.</u></p>	<p>To make amendment in accordance with Article 45 of the New Rules on Related Party Transactions.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 21 Related party transactions with related parties defined by the CBRC:</p> <p>(I) General related party transactions shall be approved in accordance with the internal authorization procedures of the Bank and filed with the Related Party Transactions Control Committee. General related party transactions may be approved in accordance with the procedures for major related party transactions. General related party transactions may be disclosed in consolidated financial statements.</p> <p>(II) Major related party transactions shall be reviewed by the Related Party Transactions Control Committee under the Board of Directors who will then form written opinions. Major related party transactions approved by the Related Party Transactions Control Committee shall be submitted to the Board of Directors or the Shareholders' general meeting for deliberation and reported to the Board of Supervisors; major related party transactions rejected by the Related Party Transactions Control Committee shall be submitted to the Board of Directors for filing. Major related party transactions shall be disclosed on a transaction-by-transaction basis in the financial statements.</p> <p>The Related Party Transactions Control Committee may engage an independent financial advisor to issue a report as the basis for its judgment.</p> <p>Major related party transactions shall be approved by more than half of the independent Directors before being reviewed by the Related Party Transactions Control Committee and submitted to the Board of Directors for discussion; before making a judgment, independent Directors may engage an independent financial advisor to issue a report as the basis for their judgment.</p>	<p>Article 29 Related party transactions with related parties defined by the CBIRC:</p> <p>(I) General related party transactions shall be approved in accordance with the internal authorization procedures of the Bank and filed with the Related Party Transactions Control Committee. General related party transactions may be approved in accordance with the procedures for major related party transactions. General related party transactions may be disclosed in consolidated financial statements.</p> <p><u>(II) Major related party transactions shall be reviewed by the Related Party Transactions Control Committee who will then form written opinions. Major related party transactions approved by the Related Party Transactions Control Committee shall be submitted to the Board of Directors for approval and reported to the Board of Supervisors. Resolutions made by the Board of Directors shall be passed by more than 2/3 of the non-related Directors. If the number of non-related Directors present at the Board meeting is less than three, such transaction shall be submitted to the Shareholders' general meeting for deliberation. When necessary, the Related Party Transactions Control Committee may engage a financial advisor and other independent third parties to issue reports as a basis for judgment.</u></p> <p><u>The independent Directors of the Bank shall express their opinions in writing on the fairness, compliance and internal approval procedures of each major related party transaction. If deemed necessary, the independent Directors may engage intermediary agencies and other independent third parties to provide opinions at the expense of the Bank.</u></p>	<p>To make amendment in accordance with Articles 16, 28, 45, 48 and 49 of the New Rules on Related Party Transactions.</p>

COMPARISON TABLE OF THE AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE RELATED PARTY TRANSACTIONS

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>The independent Directors of the Bank shall express their opinions in writing on the fairness of major related party transactions and the performance of internal approval procedures.</p> <p>(III) The Bank shall not grant unsecured loans to related parties.</p> <p>(IV) The Bank shall not provide guarantees for financing activities of related parties, except for those where related parties provide sufficient counter-guarantees in the form of bank deposits or government treasury bonds.</p>	<p><u>(III) The signing, renewal and substantive change of a standard transaction agreement shall be subject to internal review, reporting and information disclosure in accordance with the Bank’s relevant requirements governing major related party transactions. Related party transactions under a standard transaction agreement do not need to be reviewed, reported and disclosed on a case-by-case basis, but the implementation thereof shall be explained in quarterly reports. The standard transaction agreement shall specify or estimate the transaction amounts of related party transactions.</u></p> <p>Major related party transactions shall be reviewed by the Related Party Transactions Control Committee under the Board of Directors and form written opinions. Major related party transactions approved by the Related Party Transactions Control Committee shall be submitted to the Board of Directors or the Shareholders’ general meeting for deliberation and reported to the Board of Supervisors; major related party transactions rejected by the Related Party Transactions Control Committee shall be submitted to the Board of Directors for filing. Major related party transactions shall be disclosed on a transaction-by-transaction basis in the financial statements.</p> <p>The Related Party Transactions Control Committee may engage an independent financial advisor to issue a report as the basis for its judgment.</p> <p>Major related party transactions shall be approved by more than half of the independent Directors before being reviewed by the Related Party Transactions Control Committee and submitted to the Board of Directors for discussion; before making a judgment, independent Directors may engage an independent financial advisor to issue a report as the basis for their judgment.</p> <p>The independent Directors of the Bank shall express their opinions in writing on the fairness of major related party transactions and the performance of internal approval procedures.</p>	

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(V) If the Bank suffers losses from providing credit to related parties, it shall not provide credit to such related parties again within two years, unless otherwise approved by the Board of Directors of the Bank for the purpose of reducing the loss of such credit granted.</p> <p>(VI) If a related party transaction is rejected, a related party transaction with the same contents as such transaction shall not be deliberated on again within six months.</p> <p>(VII) The credit balance of the Bank to a related party shall not exceed 10% of the Bank's net capital; the total credit balance to a group customer where a related legal person or other organization belongs shall not exceed 15% of the Bank's net capital; and the credit balance to all related parties shall not exceed 50% of the Bank's net capital.</p> <p>In the calculation of credit balances, the margin deposits provided and bank deposits and government treasury bonds pledged by related parties for the credit may be deducted.</p>	<p>(III) The Bank shall not grant unsecured loans to related parties.</p> <p>Articles 50(I)(5)-(7), 50(II) and 50(III):</p> <p>(V) <u>The Bank shall not provide guarantees (or contingent matters equivalent to guarantee) for financing activities of related parties, except for those where related parties provide sufficient counter-guarantees in the form of bank deposits or government treasury bonds.</u></p> <p>The Bank shall not provide guarantees for financing activities of related parties, except for those where related parties provide sufficient counter-guarantees in the form of bank deposits or government treasury bonds.</p> <p>(VI) If the Bank suffers losses from providing credit to related parties, it shall not provide credit to such related parties again within two years, unless otherwise approved by the Board of Directors of the Bank for the purpose of reducing the loss of such credit granted.</p> <p>(VI) If a related party transaction is rejected, a related party transaction with the same contents as such transaction shall not be deliberated on again within six months.</p> <p><u>(VII) The credit balance of the Bank to a single related party shall not exceed 10% of the Bank's net capital as at the end of last quarter; the total credit balance to a group customer where a single related legal person or unincorporated organization belongs shall not exceed 15% of the Bank's net capital as at the end of last quarter; and the credit balance to all related parties shall not exceed 50% of the Bank's net capital as at the end of last quarter.</u></p> <p><u>In the calculation of credit balances, the margin deposits provided and bank deposits and government treasury bonds pledged by related parties for the credit may be deducted.</u></p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(VIII) The Bank accepts opinions from CBRC to reduce the proportion of credit balances to one or all related parties as a percentage of its net capital based on the risks in relation to the Bank's related party transactions.</p>	<p><u>The Bank and its related parties shall comply with the relevant provisions on interbank business when conducting interbank business. The interbank business conducted between the Bank and its domestic and foreign related party banks may not apply the percentage requirements set forth in paragraph (VII) of this article and the criteria for major related party transactions in Article 21 of these Measures.</u></p> <p>The credit balance of the Bank to a related party shall not exceed 10% of the Bank's net capital; the total credit balance to a group customer where a related legal person or other organization belongs shall not exceed 15% of the Bank's net capital; and the credit balance to all related parties shall not exceed 50% of the Bank's net capital.</p> <p>In the calculation of credit balances, margin deposits and pledged bank deposits and government treasury bonds provided by related parties for the credit may be deducted.</p> <p>(VIII) The Bank accepts opinions from CBRC to reduce the proportion of credit balances to one or all related parties as a percentage of its net capital based on the risks in relation to the Bank's related party transactions.</p>	

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p data-bbox="671 357 1077 604"><u>Article 30 Related party transactions between the Bank and related parties defined by the CBIRC meeting the following conditions may be exempt from deliberation and disclosure in accordance with the relevant requirements governing related party transactions:</u></p> <p data-bbox="671 644 1077 927"><u>(I) with a single transaction amount of less than RMB500,000 with a related natural person or less than RMB5 million with a related legal person, and the total amount of subsequent transactions not reaching the criteria of major related party transactions;</u></p> <p data-bbox="671 968 1077 1108"><u>(II) one party subscribes for the other party's publicly issued shares, corporate bonds, convertible bonds or other derivatives in cash;</u></p> <p data-bbox="671 1149 1034 1183"><u>(III) being demand deposit business;</u></p> <p data-bbox="671 1223 1077 1470"><u>(IV) being a transaction between the Bank and a legal person where the same natural person serves as an independent director of both the Bank and such legal person and there is no other related party relationship;</u></p> <p data-bbox="671 1510 1077 1615"><u>(V) being a transaction the price of which is determined by the government;</u></p> <p data-bbox="671 1655 1077 1721"><u>(VI) other conditions recognized by the CBIRC.</u></p>	<p data-bbox="1102 357 1347 497">To make amendment in accordance with Article 57 of the New Rules on Related Party Transactions.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 22 For related party transactions with related parties as defined by the Hong Kong Stock Exchange:</p> <p>The Bank shall, based on the types (including fully exempt related party transaction, partially exempt related party transaction and non-exempt related party transaction) of related party transactions as defined by the Hong Kong Stock Exchange, comply with the requirements of the Listing Rules in respect of reporting, announcement and approval procedures.</p> <p>(I) Fully exempt related party transactions shall comply with the relevant provisions of Article 23 on annual review.</p> <p>(II) Partially exempt one-off related party transactions shall comply with the addressing principles on announcement in paragraph (III)(1)(A) and reporting in paragraph (III)(1)(F) of this Article 22. Partially exempt continuing related party transactions shall comply with the principles in paragraph (III)(2)(A) of this Article 22. Partially exempt financial assistance shall follow the principles for partially exempt one-off related party transactions or partially exempt continuing related party transactions respectively depending on whether it is a one-off or continuing related party transaction.</p> <p>(III) Non-exempt related party transactions must comply with the requirements of reporting, announcement and independent shareholders' approval:</p> <p>(1) Non-exempt one-off related party transactions must be reported, announced and approved by independent Shareholders, and shall follow the following principles:</p> <p>(A) They must be approved by the Board of Directors of the Bank first and an announcement must be made on the next day after the approval of the Board of Directors is obtained.</p>	<p>Article 31 <u>For connected transactions with connected persons as defined by the Hong Kong Stock Exchange:</u></p> <p><u>The Bank shall, based on the different types of connected transactions as defined by the Hong Kong Stock Exchange, comply with the requirements of the Listing Rules of the Stock Exchange in respect of reporting, announcement and approval procedures.</u></p> <p><u>(I) Fully exempt connected transactions shall be approved in accordance with the internal authorization procedures of the Bank and filed with the Related Party Transactions Control Committee.</u></p> <p><u>(II) Partially exempt connected transactions shall be conducted in accordance with the deliberation procedures for major related party transactions of the Bank, and submitted to the Board of Directors for approval after being reviewed by the Related Party Transactions Control Committee, and shall comply with the reporting and announcement procedures stipulated in the Listing Rules of the Stock Exchange.</u></p> <p><u>(III) Non-exempt connected transaction shall be submitted to Shareholder's general meeting for approval in accordance with the requirements of the regulatory authorities and the relevant provisions of the Articles of Association of the Bank. The Bank shall comply with the requirements of the Listing Rules of the Stock Exchange in respect of reporting, announcement, circular to shareholders, independent shareholders' approval and other relevant procedures.</u></p>	<p>To make amendment in accordance with the Listing Rules.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(B) Upon the approval of the Board of Directors and the publication of an announcement, an independent financial adviser shall confirm that the related party transaction is fair and reasonable and in the interests of the Bank and its Shareholders as a whole, and submit its opinions to the independent Directors for review. The independent Directors shall then hold a separate meeting to confirm that the related party transaction is fair and reasonable and in the interests of the Bank and its Shareholders as a whole. If there is any disagreement among the independent Directors, both the majority opinions and the minority opinions shall be listed. The opinions of the independent financial adviser and the independent Directors shall be included in the circular to be dispatched to the Shareholders.</p> <p>(C) A circular must be dispatched to the Shareholders within 15 working days after the date of the announcement. Before such circular is dispatched to the Shareholders, a draft of the circular in anticipated final form must be submitted to the Hong Kong Stock Exchange for review, and then the version of circular confirmed by the Hong Kong Stock Exchange as complying with the Listing Rules shall be dispatched to the Shareholders. The circular must be in both Chinese and English versions; any amendments or supplementary circulars and/or provision of relevant information shall be sent to the Shareholders not less than 10 working days (or an earlier date as required by the Bank's Articles of Association) before the date of the general meeting.</p>	<p>(IV) <u>In addition to the approval and disclosure requirements under paragraphs (1) to (3) above, partially exempt and non-exempt continuing connected transactions shall also comply with the annual review requirement.</u></p> <p>For related party transactions with related parties as defined by the Hong Kong Stock Exchange:</p> <p>The Bank shall, based on the types (including fully exempt related party transaction, partially exempt related party transaction and non-exempt related party transaction) of related party transactions as defined by the Hong Kong Stock Exchange, comply with the requirements of the Listing Rules in respect of reporting, announcement and approval procedures.</p> <p>(I) Fully exempt related party transactions shall comply with the relevant provisions of Article 23 on annual review.</p> <p>(II) Partially exempt one-off related party transactions shall comply with the addressing principles on announcement in paragraph (III)(1)(A) and reporting in paragraph (III)(1)(F) of this Article 22. Partially exempt continuing related party transactions shall comply with the principles in paragraph (III)(2)(A) of this Article 22. Partially exempt financial assistance shall follow the principles for partially exempt one-off related party transactions or partially exempt continuing related party transactions respectively depending on whether it is a one-off or continuing related party transaction.</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(D) A related party transaction shall be submitted to a general meeting for consideration. The related party transaction may only be carried out after approval from the general meeting is obtained. At such general meeting, related parties with material interests shall abstain from voting. Independent Shareholders' approval shall be obtained by way of poll. The Bank shall publish an announcement on the newspaper on the first business day after the meeting, announcing the poll results. For related party transactions that are exempt from holding a general meeting, independent Shareholders may give their approval in writing.</p> <p>(E) Approved related party transactions shall be filed with the Related party Transactions Control Committee under the Board.</p> <p>(F) In respect of reporting, the following principles shall apply: in the first annual report and accounts following a related party transaction, the date of the transaction, parties to the transaction and their relationship with each other, transaction and its purpose, consideration and terms (including interest rate, repayment period and collateral), nature and extent of interest of related parties in the transaction.</p> <p>(2) Non-exempt continuing related party transactions shall follow these principles:</p> <p>(A) The annual caps for each related party transaction shall be set and the calculation basis for such caps shall be disclosed.</p>	<p>(H) Non-exempt related party transactions must comply with the requirements of reporting, announcement and independent shareholders' approval:</p> <p>(1) Non-exempt one-off related party transactions must be reported, announced and approved by independent Shareholders, and shall follow the following principles:</p> <p>(A) They must be approved by the Board of Directors of the Bank first and an announcement must be made on the next day after the approval of the Board of Directors is obtained.</p> <p>(B) Upon the approval of the Board of Directors and the publication of an announcement, an independent financial adviser shall confirm that the related party transaction is fair and reasonable and in the interests of the Bank and its Shareholders as a whole, and submit its opinions to the independent Directors for review. The independent Directors shall then hold a separate meeting to confirm that the related party transaction is fair and reasonable and in the interests of the Bank and its Shareholders as a whole. If there is any disagreement among the independent Directors, both the majority opinions and the minority opinions shall be listed. The opinions of the independent financial adviser and the independent Directors shall be included in the circular to be dispatched to the Shareholders.</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(B) A written agreement shall be entered into with related parties for each related party transaction, which shall reflect general commercial terms and set forth out the basis of the payment calculation. The agreement term shall be fixed and not exceed three years. If the term of an agreement has to exceed three years due to the nature of the relevant transaction, a written confirmation from financial adviser is required.</p> <p>(C) The reporting, announcement and independent shareholders' approval requirements must be followed, and at same time the transaction shall be reported to the Related Party Transactions Control Committee for filing according to the internal authorization and approval procedures of the Bank.</p> <p>(D) The annual review requirement on continuing related party transactions contained in Article 23 shall be followed.</p> <p>(3) Non-exempt financial assistance which is a one-off related party transaction shall be handled in accordance with the provisions of paragraph (III) (1) of this Article 22; non-exempt financial assistance which is a continuing related party transaction shall be handled in accordance with the provisions of paragraph (III) (2) of this Article 22.</p>	<p>(C) A circular must be dispatched to the Shareholders within 15 working days after the date of the announcement. Before such circular is dispatched to the Shareholders, a draft of the circular in anticipated final form must be submitted to the Hong Kong Stock Exchange for review, and then the version of circular confirmed by the Hong Kong Stock Exchange as complying with the Listing Rules shall be dispatched to the Shareholders. The circular must be in both Chinese and English versions; any amendments or supplementary circulars and/or provision of relevant information shall be sent to the Shareholders not less than 10 working days (or an earlier date as required by the Bank's Articles of Association) before the date of the general meeting.</p> <p>(D) A related party transaction shall be submitted to a general meeting for consideration. The related party transaction may only be carried out after approval from the general meeting is obtained. At such general meeting, related parties with material interests shall abstain from voting. Independent Shareholders' approval shall be obtained by way of poll. The Bank shall publish an announcement on the newspaper on the first business day after the meeting, announcing the poll results. For related party transactions that are exempt from holding a general meeting, independent Shareholders may give their approval in writing.</p> <p>(E) Approved related party transactions shall be filed with the Related party Transactions Control Committee under the Board.</p>	

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p>(F) In respect of reporting, the following principles shall apply: in the first annual report and accounts following a related party transaction, the date of the transaction, parties to the transaction and their relationship with each other, transaction and its purpose, consideration and terms (including interest rate, repayment period and collateral), nature and extent of interest of related parties in the transaction.</p> <p>(2) Non-exempt continuing related party transactions shall follow these principles:</p> <p>(A) The annual caps for each related party transaction shall be set and the calculation basis for such caps shall be disclosed.</p> <p>(B) A written agreement shall be entered into with related parties for each related party transaction, which shall reflect general commercial terms and set forth out the basis of the payment calculation. The agreement term shall be fixed and not exceed three years. If the term of an agreement has to exceed three years due to the nature of the relevant transaction, a written confirmation from financial adviser is required.</p> <p>(C) The reporting, announcement and independent shareholders' approval requirements must be followed, and at same time the transaction shall be reported to the Related Party Transactions Control Committee for filing according to the internal authorization and approval procedures of the Bank.</p> <p>(D) The annual review requirement on continuing related party transactions contained in Article 23 shall be followed.</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p>(3) Non-exempt financial assistance which is a one-off related party transaction shall be handled in accordance with the provisions of paragraph (III)(1) of this Article 22; non-exempt financial assistance which is a continuing related party transaction shall be handled in accordance with the provisions of paragraph (III)(2) of this Article 22.</p>	
<p>Article 23 The requirements on the annual review of related party transactions as defined by the Hong Kong Stock Exchange are as follows:</p> <p>(I) The independent Directors of the Bank shall review the continuing related party transactions on an annual basis and confirm in the annual report and accounts that:</p> <p>(1) such transactions are in the ordinary course of business of the Bank;</p> <p>(2) such transactions are conducted on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Bank than those available to or from (as the case may be) independent third parties; and</p> <p>(3) such transactions are conducted in accordance with the terms of the relevant agreements governing such transactions, and that such terms are fair and reasonable and in the interests of the Bank and its Shareholders as a whole.</p> <p>(II) The auditor shall issue a letter to the Board of Directors of the Bank on an annual basis (a copy of which shall be sent to the Hong Kong Stock Exchange at least 10 business days prior to the printing of the Bank's annual report) confirming that the continuing connected transactions:</p> <p>(1) have been approved by the Board of Directors of the Bank;</p>	<p>Article 31 <u>For connected transactions with connected persons as defined by the Hong Kong Stock Exchange:</u></p> <p><u>The Bank shall, based on the different types of connected transactions as defined by the Hong Kong Stock Exchange, comply with the requirements of the Listing Rules of the Stock Exchange in respect of reporting, announcement and approval procedures.</u></p> <p><u>(I) Fully exempt connected transactions shall be approved in accordance with the internal authorization procedures of the Bank and filed with the Related Party Transactions Control Committee.</u></p> <p><u>(II) Partially exempt connected transactions shall be conducted in accordance with the deliberation procedures for major related party transactions of the Bank, and submitted to the Board of Directors for approval after being reviewed by the Related Party Transactions Control Committee, and shall comply with the reporting and announcement procedures stipulated in the Listing Rules of the Stock Exchange.</u></p>	<p>To make amendment according to the Listing Rules.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(2) (where the transactions involve the provision of goods or services by the Bank) have been entered into in accordance with the Bank's pricing policy;</p> <p>(3) have been entered into in accordance with the terms of the relevant agreements governing such transactions; and</p> <p>(4) have not exceeded the previously announced caps.</p> <p>(III) The Bank must allow (and cause the counterparties to the continuing connected transactions to allow) its auditor to access its accounting records for the purpose of reporting on such transactions under this Article 23. The Board of Directors of the Bank must state in its annual report whether its auditor has provided confirmation on the matters under paragraph (II) above.</p> <p>(IV) If the Bank becomes aware or has reason to believe that its independent Directors and/or auditor will not be able to confirm the matters under paragraph (I) or (II) above respectively, it must notify the Hong Kong Stock Exchange as soon as possible and publish an announcement. The Bank may be required to re-comply with Article 22 and such other conditions as the Hong Kong Stock Exchange may deem appropriate.</p>	<p><u>(III) Non-exempt connected transaction shall be submitted to Shareholder's general meeting for approval in accordance with the requirements of the regulatory authorities and the relevant provisions of the Articles of Association of the Bank. The Bank shall comply with the requirements of the Listing Rules of the Stock Exchange in respect of reporting, announcement, circular to shareholders, independent shareholders' approval and other relevant procedures.</u></p> <p><u>(IV) In addition to the approval and disclosure requirements under paragraphs (1) to (3) above, partially exempt and non-exempt continuing connected transactions shall also comply with the annual review requirement.</u></p> <p>Article 23 The requirements on the annual review of related party transactions as defined by the Hong Kong Stock Exchange are as follows:</p> <p>(I) The independent Directors of the Bank shall review the continuing related party transactions on an annual basis and confirm in the annual report and accounts that:</p> <p>(1) such transactions are in the ordinary course of business of the Bank;</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(V) If the Bank enters into an agreement involving continuing transactions which subsequently become continuing connected transactions (for whatever reason, such as one of the parties becoming a Director of the Bank), it must comply with all applicable reporting, annual review and disclosure requirements under this chapter for all such continuing connected transactions as soon as it becomes aware of this. If there is any amendment or update to such agreement, the Bank must fully comply with all applicable reporting, annual review, disclosure and independent shareholders' approval requirements under these Measures for all the continuing connected transactions effective after such amendment or update.</p>	<p>(2) such transactions are conducted on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Bank than those available to or from (as the case may be) independent third parties; and</p> <p>(3) such transactions are conducted in accordance with the terms of the relevant agreements governing such transactions, and that such terms are fair and reasonable and in the interests of the Bank and its Shareholders as a whole.</p> <p>(H) The auditor shall issue a letter to the Board of Directors of the Bank on an annual basis (a copy of which shall be sent to the Hong Kong Stock Exchange at least 10 business days prior to the printing of the Bank's annual report) confirming that the continuing connected transactions:</p> <p>(1) have been approved by the Board of Directors of the Bank;</p> <p>(2) (where the transactions involve the provision of goods or services by the Bank) have been entered into in accordance with the Bank's pricing policy;</p> <p>(3) have been entered into in accordance with the terms of the relevant agreements governing such transactions; and</p> <p>(4) have not exceeded the previously announced caps.</p>	

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p>(III) The Bank must allow (and cause the counterparties to the continuing connected transactions to allow) its auditor to access its accounting records for the purpose of reporting on such transactions under this Article 23. The Board of Directors of the Bank must state in its annual report whether its auditor has provided confirmation on the matters under paragraph (II) above.</p> <p>(IV) If the Bank becomes aware or has reason to believe that its independent Directors and/or auditor will not be able to confirm the matters under paragraph (I) or (II) above respectively, it must notify the Hong Kong Stock Exchange as soon as possible and publish an announcement. The Bank may be required to re-comply with Article 22 and such other conditions as the Hong Kong Stock Exchange may deem appropriate.</p> <p>(V) If the Bank enters into an agreement involving continuing transactions which subsequently become continuing connected transactions (for whatever reason, such as one of the parties becoming a Director of the Bank), it must comply with all applicable reporting, annual review and disclosure requirements under this chapter for all such continuing connected transactions as soon as it becomes aware of this. If there is any amendment or update to such agreement, the Bank must fully comply with all applicable reporting, annual review, disclosure and independent shareholders' approval requirements under these Measures for all the continuing connected transactions effective after such amendment or update.</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
Article 24 The Bank's provision of guarantees to related parties shall be deliberated and approved by shareholders' general meeting.	Deleted.	Deleted due to duplication with Article 50 of these Measures.
Article 25 The Bank shall not accept the Bank's equity as a pledge to provide credit to related parties.	No amendment in this article, the order number of which is changed to Article 50(I)(4) .	
Article 26 The Bank shall determine the disclosure contents of related party transactions in accordance with the relevant regulatory requirements and the requirements of the Accounting Standards for Business Enterprises and the International Financial Reporting Standards, and provide relevant materials to the regulatory authorities in a timely manner in accordance with the regulations.	No amendment in this article, the order number of which is changed to Article 39 .	
<p>Article 27 When the Board of Directors, the Related Party Transactions Control Committee and the independent Directors deliberate or express their opinions on related party transactions, related Directors shall abstain and shall not act as proxies for other Directors to exercise voting rights.</p> <p>The Board meeting may be held with more than half of the non-related Directors present, and the resolutions of the Board meeting shall be passed by more than half of the non-related Directors. If the number of non-related Directors attending the Board meeting is less than three, the transaction shall be submitted to a general meeting for deliberation.</p> <p>Related Directors include Directors who meet any of the following conditions:</p> <p>(I) being the counterparty;</p> <p>(II) being a direct or indirect controller of the counterparty;</p>	<p>Article 32 When the Board of Directors, the Related Party Transactions Control Committee and the independent Directors deliberate or express their opinions on related party transactions, <u>Directors who are interested in the related party transactions ("Related Directors")</u> related Directors shall abstain and shall not act as proxies for other Directors to exercise voting rights.</p> <p><u>A Related Director is a party to a related party transaction, or a Director who may affect the fairness of the transaction when deliberating on the related party transaction, including Directors who meet any of the following conditions:</u></p>	To make amendment for improvement.

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(III) holding a position in the counterparty, or in a legal entity or unincorporated organization that can directly or indirectly control the counterparty, or in a legal entity or unincorporated organization that is directly or indirectly controlled by the counterparty;</p> <p>(IV) being an immediate family member of the counterparty or its direct or indirect controller;</p> <p>(V) being an immediate family of a director, supervisor or senior management of the counterparty or its direct or indirect controller; and</p> <p>(VI) being a director whose independent commercial judgment may be affected as determined by the regulatory authorities or the Bank based on the substance over form principle.</p>	<p>The Board meeting may be held with more than half of the non-related Directors present, and the resolutions of the Board meeting shall be passed by more than half of the non-related Directors. If the number of non-related Directors attending the Board meeting is less than three, the transaction shall be submitted to a general meeting for deliberation.</p> <p>Related Directors include Directors who meet any of the following conditions:</p> <p>(I) being the counterparty;</p> <p>(II) having direct or indirect control over the counterpartybeing a direct or indirect controller of the counterparty;</p> <p>(III) holding a position in the counterparty, or in a legal entity or unincorporated organization that can directly or indirectly control the counterparty, or in a legal entity or unincorporated organization that is directly or indirectly controlled by the counterparty;</p> <p>(IV) being a close an immediate-family member of the counterparty or its direct or indirect controller;</p> <p>(V) being a close an immediate-family member of a director, supervisor or senior management of the counterparty or its direct or indirect controller; and</p> <p>(VI) being a director whose independent commercial judgment may be affected as determined by the regulatory authorities or the Bank based on the substance over form principle.</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 28 For a related party transaction that needs to be deliberated by the Shareholders' general meeting, related Shareholders shall abstain from considering and voting, and the number of voting shares they represent shall not be counted into the total number of valid voting shares:</p> <p>Related Shareholders include Shareholders who meet any of following conditions:</p> <p>(I) being the counterparty;</p> <p>(II) being a direct or indirect controller of the counterparty;</p> <p>(III) being controlled directly or indirectly by the counterparty;</p> <p>(IV) being under the direct or indirect common control of a legal person or natural person with the counterparty;</p> <p>(V) being Shareholders whose voting rights are restricted and affected by an unfulfilled equity transfer agreement or other agreements with the counterparty or its related parties; and</p> <p>(VI) being Shareholders who, as deemed by the regulatory authorities, may cause the Bank's interests to be biased towards them.</p>	<p>Article 33 For a related party transaction that needs to be deliberated by the Shareholders' general meeting, Shareholders who are interested in such transaction ("Related Shareholders") related Shareholders shall abstain from considering and voting, and the number of voting shares they represent shall not be counted into the total number of valid voting shares:</p> <p><u>A Related Shareholder is a party to a related party transaction, or a Shareholder who may affect the fairness of the transaction when deliberating on the related party transaction, including Shareholders who meet any of the following conditions:</u></p> <p>Related Shareholders include Shareholders who meet any of following conditions:</p> <p>(I) being the counterparty;</p> <p>(II) <u>having direct or indirect control over the counterparty</u>being a direct or indirect controller of the counterparty;</p> <p>(III) being controlled directly or indirectly by the counterparty;</p> <p>(IV) being under the direct or indirect common control of a legal person or natural person with the counterparty;</p> <p>(V) <u>holding a position in the counterparty, or in a legal entity or unincorporated organization that can directly or indirectly control the counterparty, or in a legal entity or unincorporated organization that is directly or indirectly controlled by the counterparty;</u></p> <p>(VI) <u>being a close family member of the counterparty or its direct or indirect controller;</u></p>	<p>To make amendment for improvement.</p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p>(VII)being Shareholders whose voting rights are restricted and affected by an unfulfilled equity transfer agreement or other agreements with the counterparty or its related parties; and</p> <p>(VIII) being Shareholders who, as deemed by the regulatory authorities, may cause the Bank's interests to be biased towards them.</p>	
<p>Article 29 The abstention and voting procedures for Related Directors and Related Shareholders shall be performed in accordance with the requirements of the regulatory authorities and the relevant provisions of the Bank's Articles of Association and other systems.</p>	<p>No amendment in this article, the order number of which is changed to Article 34.</p>	
	<p>Article 35 <u>A written agreement shall be entered into for each related party transaction, and such transaction shall be conducted on commercial terms and conditions that are not more favorable than those for similar transactions non-related parties.</u></p>	<p>To make amendment in accordance with Article 44 of the New Rules on Related Party Transactions.</p>
	<p>Article 36 <u>The Bank shall report the following to the CBIRC within 15 working days after entering into them on a case-by-case basis:</u></p> <p>(I) <u>Major related party transactions;</u></p> <p>(II) <u>The signing, renewal or substantive change of a standard transaction agreement; and</u></p> <p>(III) <u>Other transactions required by the CBIRC to be reported.</u></p>	<p>To make amendment in accordance with Article 53 of the New Rules on Related Party Transactions.</p>
<p>Article 30 The approval procedures for related party transactions shall be carried out strictly in accordance with the existing management systems of the Bank, and shall not be more favorable than those for similar transactions with non-related parties.</p>	<p>Deleted.</p>	<p>Deleted due to duplication with Article 35 of these Measures.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 31 The Bank shall not engage an accounting firm controlled by a related party to conduct audit for the Bank.</p>	<p>Article 51 <u>The Bank shall not engage accounting firms, professional appraisal institutions, or law firms controlled by related parties to provide audit, appraisal and other services for the Bank.</u> The Bank shall not engage an accounting firm controlled by a related party to conduct audit for the Bank.</p>	<p>To make amendment in accordance with Article 51 of the New Rules on Related Party Transactions.</p>
<p>Article 32 The Bank shall determine the disclosure contents of related party transactions in accordance with the relevant regulatory requirements and the requirements of the Accounting Standards for Business Enterprises and the International Financial Reporting Standards, and provide relevant materials to the regulatory authorities in a timely manner in accordance with the regulations.</p>	<p>No amendment in this article, the order number of which is changed to Article 39.</p>	
	<p>Article 40 <u>The Bank shall disclose information on related party transactions on its official website and disclose the overall situation of related party transactions for the year in its annual report in accordance with the provisions of the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》) issued by the China Banking and Insurance Regulatory Commission. Related party transactions that need to be reported on a case-by-case basis according to Article 36 of these Measures shall be disclosed on a case-by-case basis within 15 working days after signing the transaction agreement, and general related party transactions shall be disclosed on a consolidated basis by type of transaction within 30 days after the end of each quarter. The contents of disclosure on a case-by-case basis include:</u></p> <p><u>(I) An overview of the related party transactions and the information on the transaction subject;</u></p>	<p>To make amendment in accordance with Article 56 of the New Rules on Related Party Transactions.</p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p><u>(II) Information on the counterparty, including the basic information of related natural persons, the name, economic nature or type, principal business or business scope, legal representative, registered place, registered capital and its changes of related legal persons or unincorporated organizations, and the relationship with the Bank;</u></p> <p><u>(III) Pricing policy;</u></p> <p><u>(IV) Amount and corresponding percentage of related party transactions;</u></p> <p><u>(V) Resolutions of the Shareholders' general meetings and the Board of Directors and opinions or resolutions of the Related Party Transactions Control Committee;</u></p> <p><u>(VI) Opinions expressed by independent Directors;</u></p> <p><u>(VII) Other matters that need to be disclosed as required by the CBIRC.</u></p> <p><u>The contents of consolidated disclosure shall include the type of related party transactions, the transaction amount and the implementation of corresponding regulatory ratios.</u></p>	
	<p><u>Article 41 The information disclosure of related party transactions of the Bank shall also comply with the provisions of the Listing Rules of the Stock Exchange.</u></p> <p><u>The Bank shall disclose the information of related party transactions (if applicable) in its annual report in accordance with the requirements of the Listing Rules of the Stock Exchange.</u></p>	<p>To make amendment with reference to the actual conditions of the Bank.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p>Article 42 <u>If a transaction constitutes a related party transaction under multiple standards and different standards have different provisions on its deliberation and disclosure procedures, it shall meet the deliberation and disclosure requirements under different standards at the same time.</u></p>	To make amendment with reference to the actual conditions of the Bank.
<p>Chapter 6 Pricing of Related Party Transactions</p>	<p>Chapter 5 Pricing of Related Party Transactions</p>	Chapter adjustment, where the original chapter 6 is changed to chapter 5.
<p>Article 33 The Bank shall set the price of related party transactions pursuant to relevant administration measures in reference with market price, whereby the terms should be no more favorable than similar non-related party transactions. It shall be specified in the agreements in respect of such related transaction:</p> <p>(I) the pricing of the related party transaction regarding credit granting shall be determined by the Bank on basis of the pricing administrative measures on credit granting of the Bank as well as the credit rating of the customers of related party and the actual risk situation.</p> <p>(II) the pricing of assets transferred and services provided by the Bank shall be determined by reference to market price of comparable object. If there is no market price, the cost-plus price shall be applied. If no market price or the cost-plus pricing is not applicable, the agreed price shall be applied.</p>	<p>Article 26 The Bank shall set the price of related party transactions pursuant to <u>laws and regulations and</u> relevant administration measures in reference with market price, whereby the terms should be no more favorable than similar non-related party transactions. It shall be specified in the agreements in respect of such related transaction:</p> <p>(I) the pricing of the related party transaction regarding credit granting shall be determined by the Bank on basis of the pricing administrative measures on credit granting of the Bank as well as the credit rating of the customers of related party and the actual risk situation.</p> <p>(II) the pricing for <u>asset transfer and service related party transactions</u>assets transferred and services provided by the Bank shall be determined by reference to market price of comparable object. If there is no market price, the cost-plus price shall be applied. If no market price or the cost-plus pricing is not applicable, the agreed price shall be applied.</p>	To make amendment for improvement.

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>(III) In respect of related party transactions for purchasing assets of the related persons, save as pricing method mentioned in (II) above, the Bank may adopt discounted cash flow analysis to value. If so, the business department should fully demonstrate the difference between actual profit and forecasted profit, and engage an auditor to issue specific opinions. The above difference and specific audit opinions issued by the auditor should be disclosed in the annual report of the Bank.</p> <p>The “Market Price” described in this Article shall mean the transaction target price not deviating from the price determined by an independent third party in the market on normal commercial terms; the “Cost-plus Price” shall mean the price that a reasonable profit is added on top of the transaction target cost; the “Agreed Price” shall mean the price determined by the Bank and related parties through negotiation.</p>	<p>(III) In respect of related party transactions for purchasing assets of the related persons parties, save as pricing method mentioned in (II) above, the Bank may adopt discounted cash flow analysis to value. If so, the business department should fully demonstrate the difference between actual profit and forecasted profit, and engage an auditor to issue specific opinions. The above difference and specific audit opinions issued by the auditor should be disclosed in the annual report of the Bank.</p> <p>The “Market Price” <u>described in the preceding paragraph</u> described in this Article shall mean <u>the price or rate of the same or similar transaction</u> the transaction target price not deviating from the price determined by an independent third party in the market on normal commercial terms; the “Cost-plus Price” <u>described in the preceding paragraph</u> shall mean the price that a reasonable profit is added on top of the transaction target cost; <u>the “Agreed Price” described in the preceding paragraph shall mean the price or rate of the transaction target determined by the Bank and the related parties through negotiation. For related party transactions priced by such methods, the Bank shall obtain the legitimate and valid basis for fair pricing before implementation, and may require relevant related parties to provide explanations when necessary.</u> “Agreed Price” shall mean the price determined by the Bank and related parties through negotiation.</p>	
<p>Article 34 Relevant institutions incurring a transaction shall confirm whether the pricing of related party transaction complies with the commercial principles and general commercial terms.</p>	<p>No amendment in this article, the order number of which is changed to Article 27.</p>	

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p align="center">Chapter 7 Supervision and Reporting of Related Party Transactions</p>	<p align="center">Chapter 7 Statistics and Monitoring of Related Party Transactions</p>	
<p>Article 35 All relevant units and staff of the Bank shall strengthen the tracking management of related parties and related party transactions to monitor and control risks:</p> <p>(I) Log in the Bank’s information consultation system in a timely manner and conduct real-time monitoring, follow-up inspection and risk warning analysis on related party transactions on a monthly basis, and timely take relevant measures for the related party transactions with adverse changes, classify risks of related party transactions, timely deal with relevant problems, and manage related party transaction archives as required.</p> <p>(II) Relevant units of the Bank shall prepare analysis reports on related party transaction management on a quarterly basis and submit the reports to the Related Party Transactions Control Committee of the Bank. In case of any emergency and material risk warning signal, it shall immediately conduct an on-site investigation with relevant institutions and report to the Related Party Transactions Control Committee of the Bank within one working day.</p> <p>(III) The Related Party Transactions Control Committee of the Bank shall timely study countermeasures for emergencies and material risk warning signals related to related party transactions reported by all institutions, and take measures to control risks.</p>	<p>Article 43 <u>The Compliance Department of the Head Office is responsible for the statistics and monitoring of the Bank’s related party transactions. Any material warning signal or material risk found during monitoring shall be reported to the Related Party Transactions Control Committee in a timely manner in accordance with the corporate governance procedures.</u></p> <p>Article 44 <u>The institution incurring a transaction of the Bank shall track and monitor its related party transactions, manage related party transaction archives as required, timely report any adverse change of related party transactions to the Related Party Transactions Control Committee and take relevant measures in a timely manner.</u></p> <p>Article 45 <u>The Risk Management Department of the Bank is responsible for incorporating related party transaction risks into the comprehensive risk management system and assisting the Compliance Department of the Head Office in preventing related party transaction risks.</u></p>	<p>To make amendment with reference to the actual conditions of the Bank.</p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p>All relevant units and staff of the Bank shall strengthen the tracking management of related parties and related party transactions to monitor and control risks:</p> <p>(I) Log in the Bank's information consultation system in a timely manner and conduct real-time monitoring, follow-up inspection and risk warning analysis on related party transactions on a monthly basis, and timely take relevant measures for the related party transactions with adverse changes, classify risks of related party transactions, timely deal with relevant problems, and manage related party transaction archives as required.</p> <p>(II) Relevant units of the Bank shall prepare analysis reports on related party transaction management on a quarterly basis and submit the reports to the Related Party Transactions Control Committee of the Bank. In case of any emergency and material risk warning signal, it shall immediately conduct an on-site investigation with relevant institutions and report to the Related Party Transactions Control Committee of the Bank within one working day.</p> <p>(III) The Related Party Transactions Control Committee of the Bank shall timely study countermeasures for emergencies and material risk warning signals related to related party transactions reported by all institutions, and take measures to control risks.</p>	
<p>Article 36 The Head Office shall uniformly approve the comprehensive credit limit and sub-item credit limit of related parties to prevent multi-branch credit and excessive credit extension to related parties.</p>	<p>Article 46 <u>The Credit Review Department of the Bank shall review the credit risk of the business according to the credit plan submitted by the business department and report to the competent authority for unified comprehensive credit limit.</u></p> <p>The Head Office shall uniformly approve the comprehensive credit limit and sub-item credit limit of related parties to prevent multi-branch credit and excessive credit extension to related parties.</p>	<p>To make amendment with reference to the actual conditions of the Bank.</p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	Article 47 <u>After the Bank provides credit to related parties, relevant institutions shall conduct post-credit management and monitor and control risks in accordance with the Bank's credit management regulations.</u>	To make amendment with reference to the actual conditions of the Bank.
	Article 48 <u>The Bank shall actively and thoroughly identify related party transactions, dynamically monitor the sources and flows of transaction funds, keep abreast of the underlying assets and dynamically assess the impact on risk exposure and capital occupation. The Bank shall establish an effective risk control mechanism for related party transactions, and timely adjust operating behaviors to comply with relevant provisions of the Measures.</u>	To make amendment in accordance with Article 43 of the New Rules on Related Party Transactions.
	Article 49 <u>The affiliates of the Bank shall report their transactions with related parties of the Bank to the lead management department of the Head Office's affiliates on a quarterly basis, and the Head Office shall provide relevant training and daily guidance to them.</u>	To make amendment with reference to the actual conditions of the Bank.
Article 37 The internal audit department of the Bank is the internal supervision department for related party transactions of the Bank, and shall conduct special audit on the Bank's related party transactions at least once a year and report the audit results to the Board of Directors and the Board of Supervisors of the Bank.	No amendment in this article, the order number of which is changed to Article 55 .	
Article 38 The internal audit department of the Bank shall timely report to the Board of Directors any related party transaction found in the audit that violates the Measures.	Deleted	Deleted due to duplication with Article 55 of these Measures.

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 39 Material related party transactions shall be reported by the Office of the Board of Directors to the Board of Supervisors and regulatory authorities within ten (10) working days from the date of approval.</p> <p>The Office of the Board of Directors shall report any related party transaction related to any director of the Bank or senior management member of the Head Office to the Board of Supervisors within ten (10) working days from the date of approval.</p>	Deleted	To make amendment in accordance with Article 53 of the New Rules on Related Party Transactions.
<p>Article 40 The Board of Directors of the Bank shall make a special report on the implementation of the Measures and related party transactions to the general meeting every year. Matters concerning related party transactions shall include: related parties, types of transactions, amount and objects of transactions, prices and pricing of transactions, yields and losses of transactions, nature and proportion of the related party's interests in the transactions, etc.</p>	<p>Article 38 The Board of Directors of the Bank shall make a special report on the <u>overall situation of related party transactions</u> implementation of the Measures and related party transactions to the general meeting every year, <u>and submit the report to the CBIRC or its local offices</u>. Matters concerning related party transactions shall include: related parties, types of transactions, amount and objects of transactions, prices and pricing of transactions, yields and losses of transactions, nature and proportion of the related party's interests in the transactions, etc.</p>	To make amendment in accordance with Article 55 of the New Rules on Related Party Transactions.
<p>Article 41 The Board of Supervisors of the Bank shall supervise the review, voting, disclosure and performance of related party transactions and provide opinions in the annual report.</p>	Deleted	Deleted due to duplication with Article 5 of these Measures.

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
<p>Article 42 The Bank shall submit a report on related party transactions to the CBRC on a quarterly basis in accordance with the requirements of the CBRC.</p> <p>The Bank will make disclosure on related party transactions in accordance with the information disclosure requirements of the regulatory authority in the place where shares of the Bank are listed.</p>	<p>Article 37 <u>The Bank shall calculate the amount and proportion of all related party transactions in each quarter in accordance with the relevant provisions of the Measures, and report to the CBIRC through the information system relating to related party transaction supervision within 30 days after the end of each quarter.</u></p> <p>The Bank shall submit a report on related party transactions to the CBRC on a quarterly basis in accordance with the requirements of the CBRC.</p> <p>The Bank will make disclosure on related party transactions in accordance with the information disclosure requirements of the regulatory authority in the place where shares of the Bank are listed.</p>	<p>To make amendment in accordance with Article 54 of the New Rules on Related Party Transactions.</p>
	<p>Chapter 8 Prohibitive Provisions on Related Party Transactions</p>	<p>Newly added chapter.</p>
	<p>Article 50 <u>The related party transactions of the Bank shall strictly comply the relevant prohibitive provisions of laws and regulations, including but not limited to:</u></p> <p><u>(I) The Bank shall not evade the approval or regulatory requirements of major related party transactions in hidden ways such as concealing related party relationship and splitting transactions.</u></p> <p><u>(II) The Bank shall not extend the financing chain, obscure the business nature or evade regulatory requirements by making use of nested transaction, or finance, transfer assets, make arbitrage or conceal risks for shareholders and the related parties in violation of relevant regulations.</u></p>	<p><u>To make amendment in accordance with Article 16, Article 27 and Article 28 of the New Rules on Related Party Transactions.</u></p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p><u>(III) The Bank shall not provide funds to shareholders and their related parties directly or indirectly through interbank, wealth management, off-balance sheet and other businesses, beyond the ratio limit or in violation of relevant regulations.</u></p> <p><u>(IV) The Bank shall not accept equity interests in the Bank as the collaterals for credits granted to its related parties;</u></p> <p><u>(V) The Bank shall not provide any guarantee (including contingencies equivalent to guarantees) for financing activities conducted by its related parties, except that the related parties provide a counter-guarantee with sufficient amount based on bank deposit certificates and treasury bonds.</u></p> <p><u>(VI) If the provision of credit extension by the Bank to related parties results in any loss, the Bank shall not provide such related party with any further credit extension within two years, except for credit extension as approved by the Board of Directors of the Bank for the purpose of reducing any losses which have arisen from the earlier credit extension;</u></p> <p><u>(VII) The credit balance granted by the Bank to a single related party shall not exceed 10% of the net capital of the Bank at the end of the previous quarter. The aggregate credit balance granted to the group customers of a single related legal person or unincorporated organization shall not exceed 15% of the net capital of the Bank at the end of the previous quarter. The credit balance granted to all related parties shall not exceed 50% of the net capital of the Bank at the end of the previous quarter.</u></p>	

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p><u>When calculating the balance of credit, the amount of margin deposits provided by related parties at the time of credit granting and the amount of pledged bank certificates of deposit and treasury bonds may be deducted.</u></p> <p><u>The Bank shall comply with the relevant regulations on interbank business when conducting interbank business with related parties. The interbank business between the Bank and its domestic and foreign related party banks may not be subject to the ratio regulations listed in the seventh paragraph of this Article and the standards for material related party transactions in Article 21 of these Measures.</u></p>	
	<p><u>Article 52 Where the number of pledged equity of shareholders holding more than 5% equity interests in the Bank exceeds 50% of their total equity interests held in the Bank, the relevant regulatory provisions shall be followed.</u></p>	<p>To make amendment in accordance with Article 36 of the New Rules on Related Party Transactions.</p>
	<p><u>Article 53 If the regulatory assessment of the corporate governance of the Bank is rated as grade E, it shall not carry out credit-granting and capital-based related party transactions, except for those approved by the CBIRC or its delegated authority.</u></p>	<p>To make amendment in accordance with Article 33 of the New Rules on Related Party Transactions.</p>
	<p><u>Article 54 The related parties of the Bank shall not evade the internal review and external supervision of related party transactions and the obligation to report and disclose related party transactions by concealing the related party relationship and other improper means.</u></p>	<p>To make amendment in accordance with Article 42 of the New Rules on Related Party Transactions.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
Chapter 8 Punishment	Chapter 9 Supervision and Punishment	Chapter adjustment, where the original chapter 8 is changed to chapter 9.
Article 43 For the shareholders, directors, supervisors, senior management, other executives in charge and persons in charge of the Bank who violate the above provisions in related party transactions of the Bank, the Bank shall impose punishments as required by the relevant rules and regulations.	Article 56 For the shareholders , directors, supervisors, senior management, other executives in charge and persons in charge of the Bank who violate the above provisions in related party transactions of the Bank, the Bank shall impose punishments as required by the relevant rules and regulations.	To make amendment for improvement.
Article 44 Where the directors, supervisors and senior management of the Bank violate the relevant provisions of these Measures, the shareholders' general meeting, the Board of Directors and the Board of Supervisors have the right to order them to make rectifications within the prescribed time limit, and in case of failure to make the rectifications within the prescribed time limit or gross violation, such directors, supervisors and senior management may be adjusted or replaced upon consideration by the shareholders' general meeting, the Board of Directors and the Board of Supervisors.	Article 57 Where the <u>shareholders</u> , directors, supervisors and senior management of the Bank violate the relevant provisions of these Measures, the shareholders' general meeting, the Board of Directors and the Board of Supervisors have the right to order them to make rectifications within the prescribed time limit, and in case of failure to make the rectifications within the prescribed time limit or gross violation, <u>such violations may be reported to the regulatory authorities and</u> such directors, supervisors and senior management may be adjusted or replaced <u>in accordance with the procedures prescribed by law</u> upon consideration by the shareholders' general meeting, the Board of Directors and the Board of Supervisors.	To make amendment for improvement.

**COMPARISON TABLE OF THE AMENDMENTS TO THE
ADMINISTRATIVE MEASURES FOR THE
RELATED PARTY TRANSACTIONS**

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	<p><u>Article 58 The requirements for the management of related party transactions of the Bank shall be included in the assessment program of “management and internal control”, and the score for the management and internal control assessment shall be deducted in case of failure to perform the management obligations of related party transactions as required and failure to carry out the management of related parties and related party transactions in accordance with the provisions of the Bank.</u></p>	<p>To make amendment with reference to the actual conditions of the Bank.</p>
	<p><u>Article 59 In case of failure to report related parties as stipulated or engagement of related party transactions in violation of relevant regulations, the Bank shall hold relevant personnel accountable in accordance with the internal accountability system and report the accountability situation to the Related Party Transactions Control Committee.</u></p>	<p>To make amendment in accordance with Article 50 of the New Rules on Related Party Transactions.</p>
<p>Chapter 9 Supplementary Provisions</p>	<p>Chapter 10 Supplementary Provisions</p>	<p>Chapter adjustment, where the original chapter 9 is changed to chapter 10.</p>
<p>Article 45 For the purpose of these Measures, “net capital” refers to the net capital at the end of the previous quarter.</p>	<p>Article 60 For the purpose of these Measures, “net capital” refers to the net capital <u>of legal persons</u> at the end of the previous quarter.</p>	<p>To make amendment for improvement.</p>
	<p><u>Article 61 For the purpose of these Measures, “connected transactions” specifically refer to connected transactions as defined by the Hong Kong Stock Exchange; in other cases, unless otherwise specified, they are collectively referred to as “related party transactions”.</u></p>	<p>To make amendment with reference to the actual conditions of the Bank.</p>

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
	Article 62 <u>For the purpose of these Measures, the scope of key branches and personnel with the right to approve or make decisions on large-amount credit extension, transfer of assets and other core businesses is detailed in the Operating Rules for the Management of Related Party Transactions of Huishang Bank Corporation Limited.</u>	To make amendment with reference to the actual conditions of the Bank.
Article 46 Matters not mentioned in these Measures shall be implemented in accordance with the relevant PRC laws, administrative regulations, departmental rules, normative documents, requirements of securities regulatory authority of the place where the Shares of the Bank are listed and the Articles of the Bank. In the event of any contradiction between these Measures and the PRC laws, regulations, rules, normative documents newly promulgated or the Articles of the Bank duly revised through legal procedures, the latter shall prevail, and these Measures shall be amended in a timely manner and submitted to the shareholders' general meeting for consideration and approval. In the event of any contradiction between the relevant systems formulated by the Bank before the effective date of these Measures involving related parties and related party transactions other than the Articles of the Bank and these Measures, these Measures shall prevail.	Article 63 Matters not mentioned in these Measures shall be implemented in accordance with the relevant PRC laws, administrative regulations, departmental rules, normative documents, requirements of securities regulatory authority of the place where the Shares of the Bank are listed and the Articles of the Bank. In the event of any contradiction between these Measures and the PRC laws, regulations, rules, normative documents newly promulgated or the Articles of the Bank duly revised through legal procedures, the latter shall prevail, and these Measures shall be amended in a timely manner and submitted to the shareholders' general meeting for consideration and approval. In the event of any contradiction between the relevant systems formulated by the Bank before the effective date of these Measures involving related parties and related party transactions other than the Articles of the Bank and these Measures, these Measures shall prevail.	To make amendment for improvement.
Article 47 The Bank may, in accordance with these Measures, formulate specific implementation rules for the management of related parties and related party transactions, and report them to the Board of Directors for approval before implementation.	Article 64 The Bank may, in accordance with these Measures, formulate specific implementation rules for the management of related parties and related party transactions; and report them to the Board of Directors for approval before implementation.	To make amendment for improvement.

Original Article	Amended Article	Reasons for Amendments or Basis of Amendments
Article 48 The Board of Directors shall be responsible for the interpretation of these Measures.	No amendment in this article, the order number of which is changed to Article 65 .	
Article 49 These Measures shall become effective from the date of passing at a shareholders' general meeting. In particular, the content formulated pursuant to the Listing Rules of the Hong Kong Stock Exchange shall become effective from the date on which the H shares publicly offered by the Bank are listed on The Stock Exchange of Hong Kong Limited for trading. The Administrative Measures for the Control of Related Party Transactions of Huishang Bank Corporation Limited (Revised Draft) issued and promulgated by the Bank on November 28, 2011 will cease to have any effect from the effective date of these Measures.	Article 66 These Measures shall become effective and be implemented from the date of consideration and passing at a shareholders' general meeting. In particular, the content formulated pursuant to the Listing Rules of the Hong Kong Stock Exchange shall become effective from the date on which the H shares publicly offered by the Bank are listed on The Stock Exchange of Hong Kong Limited for trading. <u>The original Administrative Measures for the Control of Related Party Transactions of Huishang Bank Corporation Limited (Revised Draft) (Hui Yin Fa [2014] No.31) shall be abolished</u> from the effective date of these Measures.	To make amendment for improvement.

Note: If the original article number is adjusted accordingly due to the amendments, the corresponding number of cross-reference clauses will also be adjusted.

Article before the Amendments	Article after the Amendments	Reasons for Amendments or Basis of Amendments
<p>Article 58 Holders of the shares of the Bank shall have the following obligations (if the Articles have other regulations on the obligations of holders of preference shares, those other regulations shall apply):</p> <p>(1) to abide by the laws, administrative regulations, regulatory provisions and the Articles;</p> <p>(2) to contribute to the share capital as determined by the number of shares subscribed by them and the prescribed method of capital contribution; and shall contribute with self-owned funds derived from legitimate source, but not with entrusted funds, debt funds and other non-self-owned funds, unless otherwise required by laws and regulations or regulatory systems;</p> <p>(3) to comply with the regulatory requirements on shareholding ratio and the number of shareholding institutions and no authorisation for, or acceptance of authorisation from, any other person to hold shares of the Bank;</p> <p>(4) in accordance with laws, regulations and regulatory requirements, to truthfully advise the Bank of their financial information, shareholding structure, source of contribution capital, controlling shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries, related relationship with other shareholders, investment in other financial institutions and other information;</p> <p>(5) not to withdraw their contributed share capital except in circumstances allowed by the laws and administrative regulations;</p>	<p>Article 58 Holders of the shares of the Bank shall have the following obligations (if the Articles have other regulations on the obligations of holders of preference shares, those other regulations shall apply):</p> <p>(1) to abide by the laws, administrative regulations, regulatory provisions and the Articles;</p> <p>(2) to contribute to the share capital as determined by the number of shares subscribed by them and the prescribed method of capital contribution; and shall contribute with self-owned funds derived from legitimate source, but not with entrusted funds, debt funds and other non-self-owned funds, unless otherwise required by laws and regulations or regulatory systems;</p> <p>(3) to comply with the regulatory requirements on shareholding ratio and the number of shareholding institutions and no authorisation for, or acceptance of authorisation from, any other person to hold shares of the Bank;</p> <p>(4) in accordance with laws, regulations and regulatory requirements, to truthfully advise the Bank of their financial information, shareholding structure, source of contribution capital, controlling shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries, related relationship with other shareholders, investment in other financial institutions and other information;</p> <p>(5) not to withdraw their contributed share capital except in circumstances allowed by the laws and administrative regulations;</p>	<p>To make wording improvement.</p>

Article before the Amendments	Article after the Amendments	Reasons for Amendments or Basis of Amendments
<p>(6) in accordance with laws, regulations and regulatory requirements, the relevant shareholders shall timely notify the Bank in writing of the change in case of any change in their controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries; merger or division, being ordered to suspend business for rectification, designated trusteeship, takeover, cancellation and other measures happening to them, or entering dissolution, liquidation and bankruptcy procedures, or changes in their legal representative, company name, business premises, business scope and other material matters; shares in the Bank held by them being involved in litigation, arbitration, being taken coercive measures by legal authorities, being pledged or released pledge;</p>	<p>(6) in accordance with laws, regulations and regulatory requirements, the relevant shareholders shall timely notify the Bank in writing of the change in case of any change in their controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries; merger or division, being ordered to suspend business for rectification, designated trusteeship, takeover, cancellation and other measures happening to them, or entering dissolution, liquidation and bankruptcy procedures, or changes in their legal representative, company name, business premises, business scope and other material matters; shares in the Bank held by them being involved in litigation, arbitration, being taken coercive measures by legal authorities, being pledged or released pledge;</p>	
<p>(7) to abide by the laws, regulations, regulatory requirements and the Articles, not to damage the interests of other shareholders and the Bank in case of transferring or pledging the Bank's shares held by them or conducting related party transactions with the Bank;</p>	<p>(7) to abide by the laws, regulations, regulatory requirements and the Articles, not to damage the interests of other shareholders and the Bank in case of transferring or pledging the Bank's shares held by them or conducting related party transactions with the Bank;</p>	
<p>(8) shareholders, their controlling shareholders and de facto controllers shall not seek improper advantages or interfere with the decision-making rights and management rights entrusted to the Board of Directors and senior management in line with the Articles, and not to bypass the Board of Directors and senior management and directly intervene in the Bank's operations and management;</p>	<p>(8) shareholders, their controlling shareholders and de facto controllers shall not seek improper advantages or interfere with the decision-making rights and management rights entrusted to the Board of Directors and senior management in line with the Articles, and not to bypass the Board of Directors and senior management and directly intervene in the Bank's operations and management;</p>	

Article before the Amendments	Article after the Amendments	Reasons for Amendments or Basis of Amendments
<p>(9) shareholders, their controlling shareholders and de facto controllers shall not abuse their rights or use their connected relationships in harming the rights and interests of the Bank, other shareholders and any other stakeholders; not to abuse the Bank's status as an independent, separate legal entity and the limited liability of shareholders to harm the interests of the Bank's creditors. If a shareholder of the Bank abuses their rights or uses their connected relationships and causes loss to the Bank or other shareholders it will be held liable for compensation in accordance with the law. If a shareholder abuses the Bank's status as an independent, separate legal entity and evades the repayment of debts, resulting in material damage to the interests of the Bank's creditors, that shareholder will be jointly and severally liable for the debts of the Bank;</p>	<p>(9) shareholders, their controlling shareholders and de facto controllers shall not abuse their rights or use their connected relationships in harming the rights and interests of the Bank, other shareholders and any other stakeholders; not to abuse the Bank's status as an independent, separate legal entity and the limited liability of shareholders to harm the interests of the Bank's creditors. If a shareholder of the Bank abuses their rights or uses their connected relationships and causes loss to the Bank or other shareholders it will be held liable for compensation in accordance with the law. If a shareholder abuses the Bank's status as an independent, separate legal entity and evades the repayment of debts, resulting in material damage to the interests of the Bank's creditors, that shareholder will be jointly and severally liable for the debts of the Bank;</p>	
<p>(10) to safeguard the Bank's interests and reputation, and to support the Bank in operating in a lawful manner;</p>	<p>(10) to safeguard the Bank's interests and reputation, and to support the Bank in operating in a lawful manner;</p>	
<p>(11) the shareholders shall cooperate with the regulatory authorities in investigation and risk disposal in case of risk events or major violations of the Bank;</p>	<p>(11) the shareholders shall cooperate with the regulatory authorities in investigation and risk disposal in case of risk events or major violations of the Bank;</p>	
<p>(12) to assume other obligations required by the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles.</p>	<p>(12) to assume other obligations required by the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles.</p>	
<p>Shareholders shall not be liable for making any additional contribution to the share capital of the Bank other than according to the terms agreed by the subscriber of the shares at the time of subscription.</p>	<p>Shareholders shall not be liable for making any additional contribution to the share capital of the Bank other than according to the terms agreed by the subscriber of the shares at the time of subscription.</p>	
<p>In case of major risk events, in accordance with the relevant laws and regulations and recovery and disposal plans established by the Bank, the Bank will adopt appropriate loss absorption and risk mitigation mechanism, and shareholders should show firm support.</p>	<p>In case of major risk events, in accordance with the relevant laws and regulations and recovery and disposal plans established by the Bank, the Bank will adopt appropriate loss absorption and risk mitigation mechanism, and shareholders should show <u>give</u> support <u>according to the laws</u>.</p>	

Article before the Amendments	Article after the Amendments	Reasons for Amendments or Basis of Amendments
<p>Article 67 The shareholders' general meeting shall be an organ of power of the Bank and shall exercise the following powers in accordance with the law:</p> <p>(1) to decide on the business policies and significant investment plans of the Bank;</p> <p>(2) to elect and replace directors and supervisors which are not appointed as representatives of the employees, and to decide on the remuneration of the relevant directors and supervisors;</p> <p>(3) to examine and approve reports made by the Board of Directors;</p> <p>(4) to examine and approve reports made by the Board of Supervisors;</p> <p>(5) to examine and approve the Bank's proposed annual financial budget and final accounts;</p> <p>(6) to examine and approve the Bank's plans for profit distribution and tax loss carryforward;</p> <p>(7) to adopt resolutions concerning the increase or reduction in the Bank's registered capital;</p> <p>(8) to adopt resolutions regarding the issuance of corporate bonds or other securities and listing;</p> <p>(9) to adopt resolutions on the merger, division, dissolution, liquidation or other change in corporate form of the Bank;</p> <p>(10) to amend the Articles, to consider and adopt the rules of procedure of the shareholders' general meetings, Board of Directors' meetings and Board of Supervisors' meetings;</p>	<p>Article 67 The shareholders' general meeting shall be an organ of power of the Bank and shall exercise the following powers in accordance with the law:</p> <p>(1) to decide on the business policies and significant investment plans of the Bank;</p> <p>(2) to elect and replace directors and supervisors which are not appointed as representatives of the employees, and to decide on the remuneration of the relevant directors and supervisors;</p> <p>(3) to examine and approve reports made by the Board of Directors;</p> <p>(4) to examine and approve reports made by the Board of Supervisors;</p> <p>(5) to examine and approve the Bank's proposed annual financial budget and final accounts;</p> <p>(6) to examine and approve the Bank's plans for profit distribution and tax loss carryforward;</p> <p>(7) to adopt resolutions concerning the increase or reduction in the Bank's registered capital;</p> <p>(8) to adopt resolutions regarding the issuance of corporate bonds or other securities and listing;</p> <p>(9) to adopt resolutions on the merger, division, dissolution, liquidation or other change in corporate form of the Bank;</p> <p>(10) to amend the Articles, to consider and adopt the rules of procedure of the shareholders' general meetings, Board of Directors' meetings and Board of Supervisors' meetings;</p>	<p>To amend according to the requirements of Clause 3 to Article 18 of the Governance Standards.</p>

Article before the Amendments	Article after the Amendments	Reasons for Amendments or Basis of Amendments
(11) to decide on the engagement, dismissal or discontinuation of the appointment of the Bank’s accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis;	(11) to decide on the engagement, dismissal or discontinuation of the appointment of the Bank’s accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis;	
(12) to examine and approve proposals raised by shareholders who individually or jointly hold 3% or more of the total voting shares of the Bank (the “Proposing Shareholders”);	(12) to examine and approve proposals raised by shareholders who individually or jointly hold 3% or more of the total voting shares of the Bank (the “Proposing Shareholders”);	
(13) to examine and approve proposals on matters relating to the purchase or sale of material assets made by the Bank with an amount exceeding 30% of its latest audited total assets within one year;	(13) to examine and approve proposals on matters relating to the purchase or sale of material assets made by the Bank with an amount exceeding 30% of its latest audited total assets within one year;	
(14) to examine the guarantees made pursuant to Article 68 of the Articles;	(14) to examine the guarantees made pursuant to Article 68 of the Articles;	
(15) to examine the connected party transactions which require approval by the shareholders’ general meeting as stipulated by the law, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities as well as the Articles;	(15) to examine the connected party transactions which require approval by the shareholders’ general meeting as stipulated by the law, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities as well as the Articles;	
(16) to examine and approve the matters concerning the change of the use of proceeds;	(16) to examine and approve the matters concerning the change of the use of proceeds;	
(17) to examine the stock incentive plans and employee stock ownership plans;	(17) to examine the stock incentive plans and employee stock ownership plans;	
(18) to determine the issuance of preference shares; to determine or authorise the Board of Directors to determine matters relating to preference shares issued by the Bank, including but not limited to redemption, conversion and distribution of dividends; and	(18) to determine the issuance of preference shares; to determine or authorise the Board of Directors to determine matters relating to preference shares issued by the Bank, including but not limited to redemption, conversion and distribution of dividends; and	

Article before the Amendments	Article after the Amendments	Reasons for Amendments or Basis of Amendments
<p>(19) to examine other issues which should be decided by the shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities as well as the Articles.</p> <p>The matters mentioned above are within the shareholders' general meeting's scope of authority and shall be examined and decided by the shareholders' general meetings. If it is necessary, reasonable and legal, the decision making of these issues can be delegated to the Board of Directors. If the shareholders delegate their decision making to the Board of Directors, the authorization given shall be clear and specific. If the Articles require that matters to be delegated to the Board of Directors are to be adopted by the shareholders' general meeting by way of ordinary resolution, such resolutions shall be approved by more than half of the voting rights of the shareholders (including proxies thereof) attending the shareholders' general meeting. If the Articles require that matters to be delegated to the Board of Directors are to be adopted by the shareholders' general meeting by way of special resolution, such resolutions shall be approved by two-thirds or more of the voting rights of the shareholders (including proxies thereof) attending the shareholders' general meeting.</p>	<p>(19) to examine other issues which should be decided by the shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities as well as the Articles.</p> <p>The matters mentioned above are within the shareholders' general meeting's scope of authority and shall be examined and decided by the shareholders' general meetings. <u>The shareholders' general meeting shall not delegate the statutory powers exercised by itself to the Board of Directors, other institutions or individuals to exercise.</u> If it is necessary, reasonable and legal, the decision making of these issues can be delegated to the Board of Directors. If the shareholders delegate their decision making to the Board of Directors, the authorization given shall be clear and specific. If the Articles require that matters to be delegated to the Board of Directors are to be adopted by the shareholders' general meeting by way of ordinary resolution, such resolutions shall be approved by more than half of the voting rights of the shareholders (including proxies thereof) attending the shareholders' general meeting. If the Articles require that matters to be delegated to the Board of Directors are to be adopted by the shareholders' general meeting by way of special resolution, such resolutions shall be approved by two-thirds or more of the voting rights of the shareholders (including proxies thereof) attending the shareholders' general meeting.</p>	

Article before the Amendments	Article after the Amendments	Reasons for Amendments or Basis of Amendments
<p>Article 167 The Board of Directors shall define its authority in relation to foreign investment and acquisitions and disposals of the Bank's assets outside the scope of normal banking business, and establish strict examination and policy-making procedures; it shall arrange for the assessment and examination by relevant experts and professionals of substantial investment projects and asset disposals, and submit a report of the same to the shareholders for approval.</p> <p>For the disposal of any fixed assets by the Board of Directors, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within four (4) months immediately preceding such proposal for disposal exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed at a shareholders' general meeting, the Board of Directors shall not dispose of or approve of the disposal of such fixed assets without the approval of the shareholders. The disposal of fixed assets referred to in this Article includes the transfer of interests of certain assets, but excludes the provision of fixed assets as pledges to any guarantees.</p> <p>The validity of transactions conducted by the Bank in relation to the disposal of fixed assets shall not be affected notwithstanding any violation of the requirements set out in the 2nd paragraph of this Article.</p>	<p>Article 167 The Board of Directors shall define its authority in relation to foreign investment and acquisitions and disposals of the Bank's assets outside the scope of normal banking business, and establish strict examination and policy-making procedures; it shall arrange for the assessment and examination by relevant experts and professionals of substantial investment projects and asset disposals, and submit a report of the same to the shareholders for approval.</p> <p>For the disposal of any fixed assets by the Board of Directors, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within fourthree (43) months immediately preceding such proposal for disposal exceeds 3335% of the fixed assets value shown in the most recent balance sheet reviewed at a shareholders' general meeting, the Board of Directors shall not dispose of or approve of the disposal of such fixed assets without the approval of the shareholders. The disposal of fixed assets referred to in this Article includes the transfer of interests of certain assets, but excludes the provision of fixed assets as pledges to any guarantees.</p> <p>The validity of transactions conducted by the Bank in relation to the disposal of fixed assets shall not be affected notwithstanding any violation of the requirements set out in the 2nd paragraph of this Article.</p>	<p>To amend correspondingly pursuant to the actual needs for operation and management of the Bank and the proposed amended Plan of the Authorizations Granted to the Board of Directors by the Shareholders' General Meeting of Huishang Bank Corporation Limited.</p>

Article before the Amendments	Article after the Amendments	Reasons for Amendments or Basis of Amendments
<p>Article 173 Board meetings may be convened in the form of a physical meeting (including telephone conference, video conference, etc.) and the adoption of written resolutions.</p> <p>The Board shall ensure that each attending director can hear the other directors' clearly and can communicate with each other where a Board meeting is convened by telephone conference or video conference. A Board meeting convened by such means shall be recorded or taped. Should any director be unable to sign the Board minutes at such a meeting in a timely manner, such director shall vote orally and sign the written resolution as soon as possible.</p> <p>The director's oral vote shall have the same effect as signing the written resolution, provided that the later written resolution confirms the oral vote during the meeting. Should the written resolution differ from the oral vote, the oral vote shall prevail.</p> <p>If a Board meeting is convened by means of adopting written resolutions, the directors or other directors entrusted by them shall write "agree", "object" or "abstain" on the resolution clearly. Once the number of directors who sign in favor of a resolution reaches the quorum as required by the Articles, the resolution shall be deemed adopted.</p>	<p>Article 173 Board meetings may be convened in the form of a physical meeting (including telephone conference, video conference, etc.) and the adoption of written resolutions.</p> <p><u>An on-site meeting of the Board shall be recorded or taped.</u> The Board shall ensure that each attending director can hear the other directors' clearly and can communicate with each other where a Board meeting is convened by telephone conference or video conference. A Board meeting convened by such means shall be recorded or taped. Should any director be unable to sign the Board minutes at such a meeting in a timely manner, such director shall vote orally and sign the written resolution as soon as possible.</p> <p>The director's oral vote shall have the same effect as signing the written resolution, provided that the later written resolution confirms the oral vote during the meeting. Should the written resolution differ from the oral vote, the oral vote shall prevail.</p> <p>If a Board meeting is convened by means of adopting written resolutions, the directors or other directors entrusted by them shall write "agree", "object" or "abstain" on the resolution clearly. Once the number of directors who sign in favor of a resolution reaches the quorum as required by the Articles, the resolution shall be deemed adopted.</p>	<p>To amend according to the requirements of Article 51 of the Governance Standards.</p>

Article before the Amendments	Article after the Amendments	Reasons for Amendments or Basis of Amendments
<p>Article 178 Directors who have material interest in the matters to be discussed by the Board of Directors shall avoid and shall not exercise their voting rights on such proposal, nor can he/she exercise any voting rights on behalf of other directors. The Board meeting shall only be held if more than half of the directors who do not have any material interest are present. Resolutions approving connected party transactions of the Board of Directors shall be adopted by more than two-thirds of the directors without material interest in the matter to be resolved. Where less than three (3) non-related directors are present at the Board meeting, such proposals shall be submitted to the shareholders for approval.</p> <p>The avoidance and voting procedures of a connected director are as follows: a connected Director may excuse himself or the other directors or director representatives of the Board of Directors may make such a request. Where the request of avoidance is raised by the other directors or director representatives but the connected director does not consider that he/she falls within the scope of avoidance, he/she shall explain himself/herself. If the directors raising a request of avoidance are still not convinced after the explanation given by the connected director, the Board of Directors may record the voting results of the matter to be resolved with and without the participation in the voting process of the director whose conflict of interest in the matter is controversial. After the meeting, the chairman of the Board of Directors shall apply to the relevant department to adjudicate on the status of the director whose conflict of interest in the matter is controversial, confirm the final voting results and inform all directors.</p>	<p>Article 178 Directors who have material interest in the matters to be discussed by the Board of Directors shall avoid and shall not exercise their voting rights on such proposal, nor can he/she exercise any voting rights on behalf of other directors. The Board meeting shall only be held if more than half of the directors who do not have any material interest are present. Resolutions approving connected party transactions of the Board of Directors shall be adopted by more than two-thirds of the non-related directors without material interest in the matter to be resolved. Where less than three (3) non-related directors are present at the Board meeting, such proposals shall be submitted to the shareholders for approval.</p> <p>The avoidance and voting procedures of a connected director are as follows: a connected Director may excuse himself or the other directors or director representatives of the Board of Directors may make such a request. Where the request of avoidance is raised by the other directors or director representatives but the connected director does not consider that he/she falls within the scope of avoidance, he/she shall explain himself/herself. If the directors raising a request of avoidance are still not convinced after the explanation given by the connected director, the Board of Directors may record the voting results of the matter to be resolved with and without the participation in the voting process of the director whose conflict of interest in the matter is controversial. After the meeting, the chairman of the Board of Directors shall apply to the relevant department to adjudicate on the status of the director whose conflict of interest in the matter is controversial, confirm the final voting results and inform all directors.</p>	<p>To amend according to the requirements of Article 45 of the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions.</p>

Article before the Amendments	Article after the Amendments	Reasons for Amendments or Basis of Amendments
<p>Article 189 Matters proposed to be resolved by the Board of Directors fall within the scope of the duties of the Board committees shall first be submitted to the corresponding Board committee for review and approval, and the Board committees shall render deliberation opinions.</p> <p>Unless authorized by the Board of Directors in accordance with the law, the deliberation opinions of the Board committees cannot replace the opinions of the resolutions of the Board of Directors.</p>	<p>Article 189 <u>The Board committee shall convene a meeting before the meeting of the Board of Directors, and shall give the review opinions on the relevant matters to be resolved by the Board of Directors.</u> Matters proposed to be resolved by the Board of Directors fall within the scope of the duties of the Board committees shall first be submitted to the corresponding Board committee for review and approval, and the Board committees shall render deliberation opinions. <u>The Board committee's review opinions shall not affect the dispatch of the notice of the meeting of the Board of Directors.</u></p> <p>Unless authorized by the Board of Directors in accordance with the law, the deliberation<u>review</u> opinions of the Board committees <u>shall serve as the reference for the Board of Directors to consider relevant matters and</u> cannot replace the opinions of the resolutions of the Board of Directors.</p>	To make wording improvement.
<p>Article 197 The senior management shall observe the principle of good faith, prudently and diligently perform their duties within their scope of authority; and shall not seek business opportunities belonging to the Bank for themselves or other persons, accept benefits in relation to the transactions of the Bank, take part-time jobs in other economic organizations, but shall report to the Board of Directors and Board of Supervisors in a timely, complete and truthful manner, their connected relationships with other shareholders of the Bank.</p>	<p>Article 197 The senior management shall observe the principle of good faith, prudently and diligently perform their duties within their scope of authority; <u>abide by laws, regulations, regulatory requirements and the Articles, possess good professional ethics, observe high standards of professional ethics, assume obligations of fidelity and diligence to the Bank, perform their duties in good faith, and with due diligence and prudence, and guarantee sufficient time and energy to perform their duties; shall not be negligent in performing their duties or perform duties beyond their authority;</u> and shall not seek business opportunities belonging to the Bank for themselves or other persons, accept benefits in relation to the transactions of the Bank, take part-time jobs in other economic organizations, but shall report to the Board of Directors and Board of Supervisors in a timely, complete and truthful manner, their connected relationships with other shareholders of the Bank.</p>	To amend according to the requirements of Article 75 of the Governance Standards.

Article before the Amendments	Article after the Amendments	Reasons for Amendments or Basis of Amendments
Article 240 The number of members of the Board of Supervisors shall be nine to eleven.	Article 240 The number of members of the Board of Supervisors shall be nine <u>seven</u> to elev <u>nine</u> .	To adjust the number of members of the Board of Supervisors with reference to the number of members of the Board of Supervisors in the peers and taking into account factors such as the operating scale of the Bank.

**APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE
PLAN OF AUTHORIZATIONS GRANTED TO THE
BOARD BY THE GENERAL MEETING**

Original Article	Amended Article	Basis of Amendments
Plan of the Authorizations Granted to the Board of Directors by the Shareholders' General Meeting of Huishang Bank Corporation Limited	Plan of the Authorizations Granted to the Board of Directors by the Shareholders' General Meeting of Huishang Bank Corporation Limited	To simplify the title with reference to the industry practices
1. Power to approve equity investments and disposals	1. Power to approve equity investments and disposals	
<p>(1) Any single item of external equity investment and its disposal (including its promotion, subscription for shares, debts converted into shares, acquisitions and takeovers, subscriptions for preference shares, subscription for convertible debts) with its amount not exceeding 3% of the net asset value of the Bank will be considered and approved by the Board of Directors, in which any such item with its amount exceeding 2% but no more than 3% of the net asset value of the Bank shall be approved by at least two thirds of the Directors.</p> <p>(2) Any increase or reduction in capital fund or investments during the cause of operation of any organization (including banks having independent legal person qualifications, non-bank organizations or companies as well as other non-legal person organizations) in which the Bank has invested solely or jointly with others will be considered and approved by the Board of Directors, unless otherwise required by the regulatory authorities.</p>	<p>(1) Any single item of external equity investment and its disposal (including its promotion, subscription for shares, capital increase, debts converted into shares, acquisitions and takeovers, subscriptions for preference shares, subscription for convertible debts) with its amount not exceeding 3% of the net asset value of the Bank will be considered and approved by the Board of Directors, in which any such item with its amount exceeding 2% but no more than 3% of the net asset value of the Bank shall be approved by at least two thirds of the Directors.</p> <p>(2) Any increase or reduction in capital fund or investments during the cause of operation of any organization (including banks having independent legal person qualifications, non-bank organizations or companies as well as other non-legal person organizations) in which the Bank has invested solely or jointly with others will be considered and approved by the Board of Directors, unless otherwise required by the regulatory authorities.</p>	<p>To amend with reference to the industry practices and in light of the actual situation of the Bank.</p>

**APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE
PLAN OF AUTHORIZATIONS GRANTED TO THE
BOARD BY THE GENERAL MEETING**

Original Article	Amended Article	Basis of Amendments
2. Power to approve the issuance of bonds	2. Power to approve the issuance of bonds	
Any single issuance of ordinary financial bonds (including special financial bonds, but not including corporate bonds of a capital fund supplementary nature such as convertible bonds and Tier 2 capital bonds) the amount of which does not exceed 3% of the total asset value of the Bank and the total amount of the issuance plus the balance of all the ordinary financial bonds issued by the Bank does not exceed 8% of the total asset value of the Bank shall be considered by the Board of Directors and approved by at least two thirds of the Directors.	Any single issuance of ordinary financial bonds (including special financial bonds, but not including corporate bonds of a capital fund supplementary nature such as convertible bonds and Tier 2 capital bonds and undated capital bonds) the amount of which does not exceed 3% of the total asset value of the Bank and the total amount of the issuance plus the balance of all the ordinary financial bonds issued by the Bank does not exceed 8% of the total asset value of the Bank shall be considered by the Board of Directors and approved by at least two thirds of the Directors.	To adjust the scope of bonds of a capital fund supplementary nature according to the existing types of capital supplementary instruments.
3. Power to approve bond investments	3. Power to approve bond investments	
<p>(1) Any investments in the national debts of China (including local government bonds that the Ministry of Finance acts as an agent in issuing and handling cash payments for the local governments) and the bonds of sovereign countries and local governments, the bonds of international financial organizations, the bills of the People's Bank of China, the bonds of China Development Bank, the bonds of Agricultural Bank of China, the bonds of Export-Import Bank of China, the bonds of China Railway Corporation and the financial bonds of commercial banks, being rated as investment grade bonds and above, shall be considered and approved by the Board of Directors.</p> <p>(2) Apart from the bonds stipulated above, any investment in a single bond issuer the balance of which does not exceed 10% of the total net asset value of the Bank shall be considered and approved by the Board of Directors.</p> <p>The bond investments referred to in this plan include the buying and selling of bonds.</p>	<p>(1) Any investments in the national debts of China (including local government bonds that the Ministry of Finance acts as an agent in issuing and handling cash payments for the local governments), local government bonds and the bonds of sovereign countries and local governments, the bonds of international financial organizations, the bills of the People's Bank of China, the bonds of China Development Bank, the bonds of Agricultural Bank of China, the bonds of Export-Import Bank of China, the bonds of China Railway Corporation and the financial bonds of commercial banks, being rated as investment grade bonds and above, shall be considered and approved by the Board of Directors.</p> <p>(2) Apart from the bonds stipulated above, any investment in a single bond issuer the balance of which does not exceed 10% of the total net asset value of the Bank shall be considered and approved by the Board of Directors.</p> <p>The bond investments referred to in this plan include the buying and selling of bonds.</p>	To make amendment for improvement.

**APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE
PLAN OF AUTHORIZATIONS GRANTED TO THE
BOARD BY THE GENERAL MEETING**

Original Article	Amended Article	Basis of Amendments
4. Power to approve asset acquisitions	4. Power to approve asset acquisitions	
<p>(1) Matters of credit asset acquisitions and matters of granting credit shall be considered and approved by the Board of Directors.</p> <p>(2) Matters of acquisitions of fixed assets within the scope of the yearly budget of the Shareholders' general meeting shall be approved by the Board of Directors; where such matters exceed the scope of the yearly budget of the Shareholders' general meeting and the acquisition amount involved in any single acquisition does not exceed RMB100 million, such matters shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p>(3) Any acquisition of assets apart from an credit asset and fixed asset acquisition, the acquisition of which, together with the total acquisition amount in the current year, does not exceed 30% of the total asset value of the Bank shall be considered and approved by the Board of Directors.</p> <p>Where the Bank acquires the same asset in a series of transactions within 12 months, the acquisition amount shall be calculated on the basis of the accrued amount.</p>	<p>(1) Matters of credit asset acquisitions and matters of granting credit shall be considered and approved by the Board of Directors.</p> <p>(2) Matters of acquisitions of fixed assets within the scope of the yearly budget of the Shareholders' general meeting shall be approved by the Board of Directors; where such matters exceed the scope of the yearly budget of the Shareholders' general meeting and the acquisition amount involved in any single acquisition does not exceed RMB100 million, such matters shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p>(3) Any acquisition of assets apart from an credit asset and fixed asset acquisition<u>Any acquisition of other non-credit assets</u>, the acquisition of which, together with the total acquisition amount in the current year, does not exceed 30% of the total asset value of the Bank shall be considered and approved by the Board of Directors.</p> <p>Where the Bank acquires the same asset in a series of transactions within 12 months, the acquisition amount shall be calculated on the basis of the accrued amount.</p>	<p>To simplify the expression and define the meaning of "other non-credit assets", as detailed in paragraph (5) of 10. Important Notes.</p>

**APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE
PLAN OF AUTHORIZATIONS GRANTED TO THE
BOARD BY THE GENERAL MEETING**

Original Article	Amended Article	Basis of Amendments
5. Power to approve asset disposals	5. Power to approve asset disposals	
<p>(1) Matters of credit asset disposals (including matters requiring decisions to be made by the Bank and involving bankruptcy restructuring of the loan debtors of the Bank) shall be considered and approved by the Board of Directors.</p> <p>(2) In respect of matters of fixed asset disposals, if the total amount of the net book value of the fixed assets intended to be disposed of plus the net book value of the fixed assets already disposed of within 4 months of that proposed disposal does not exceed 33% of the latest audited net fixed asset value shown in the consolidated statements of the Bank, such matters shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p>(3) Matters of equity asset disposals shall be executed according to the “Power to approve equity investments and disposals” plan.</p> <p>(4) Matters of asset disposals other than the credit asset, fixed asset or equity asset disposals, the disposal amount of which does not exceed RMB300 million, shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p>The aforementioned disposals include matters of sale, transfer, replacement, asset securitization, but exclude matters of providing the relevant assets as guarantee or security. The asset disposals mentioned above also include the rights and interests in respect of those assets (including the right to yields and beneficiary rights).</p> <p>Where the Bank disposes of the same asset in a series of transactions within 12 months, the disposal amount shall be calculated on the basis of the accrued amount.</p>	<p>(1) Matters of credit asset and other non-credit asset disposals (including matters requiring decisions to be made by the Bank and involving bankruptcy restructuring of the loan debtors of the Bank) shall be considered and approved by the Board of Directors.</p> <p>(2) In respect of matters of fixed asset disposals, if the total amount of the net book value of the fixed assets intended to be disposed of plus the net book value of the fixed assets already disposed of within 4 43 months of that proposed disposal does not exceed 33% 35% of the latest audited net fixed asset value shown in the consolidated statements of the Bank, such matters shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p>(3) Matters of equity asset disposals shall be executed according to the “Power to approve equity investments and disposals” plan.</p> <p>(4) Matters of asset disposals other than the credit asset, fixed asset or equity asset disposals, the disposal amount of which does not exceed RMB300 million, shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p>The aforementioned disposals include matters of sale, transfer, deduction or exemption of principal and interest, replacement, asset securitization and new disposal methods that may be permitted by future national policies or regulatory regulations, but exclude matters of providing the relevant assets as guarantee or security. The asset disposals mentioned above also include the rights and interests in respect of those assets (including the right to yields and beneficiary rights).</p> <p>Where the Bank disposes of the same asset in a series of transactions within 12 months, the disposal amount shall be calculated on the basis of the accrued amount.</p>	<p>To amend with reference to the industry practices and in light of the actual situation of the Bank.</p>

**APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE
PLAN OF AUTHORIZATIONS GRANTED TO THE
BOARD BY THE GENERAL MEETING**

Original Article	Amended Article	Basis of Amendments
6. Power to approve asset write-offs	6. Power to approve asset write-offs	
<p>(1) Any matter of writing-off credit assets where the principal of a single account does not exceed RMB1 billion shall be considered and approved by the Board of Directors.</p> <p>(2) Any matter of writing-off fixed assets where the net book value of a single item does not exceed RMB500 million shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p>(3) Any matter of writing-off equity assets where the net book value of a single item does not exceed 0.5% of the net asset value of the Bank shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p>(4) Any other matters of writing-off assets apart from the writing off of credit assets, fixed assets or equity assets, the amount of which does not exceed RMB300 million, shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p>	<p>(1) Any matter of writing-off credit assets and other non-credit assetswhere the principal of a single account does not exceed RMB1 billion shall be considered and approved by the Board of Directors.</p> <p>(2) Any matter of writing-off fixed assets where the net book value of a single item does not exceed RMB500 million shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p>(3) Any matter of writing-off equity assets where the net book value of a single item does not exceed 0.5% of the net asset value of the Bank shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p>(4) Any other matters of writing-off assets apart from the writing off of credit assets, fixed assets or equity assets, the amount of which does not exceed RMB300 million, shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p>	<p>To amend with reference to the industry practices and in light of the actual situation of the Bank.</p>

**APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE
PLAN OF AUTHORIZATIONS GRANTED TO THE
BOARD BY THE GENERAL MEETING**

Original Article	Amended Article	Basis of Amendments
7. Provision of external guarantees	7. Provision of external guarantees	
<p>(1) Any provision of external guarantees where the single guarantee amount does not exceed 10% of the net asset value of the Bank and the total of that guarantee amount plus the balance of the amount of external guarantees provided by the Bank does not exceed 30% of the total asset value of the Bank shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p>(2) The matters in relation to the provision of external guarantees set out below shall still be considered and approved by the Shareholders' general meeting.</p> <p>1. External guarantee is to be provided after the total amount of external guarantees provided by the Bank and the subsidiary companies (subsidiary Banks) controlled by the Bank equals or exceeds 50% of the net asset value of the Bank;</p> <p>2. External guarantee is to be provided to a guaranteed subject whose asset to liability ratio has exceeded 70%;</p> <p>3. External guarantee is to be provided to Shareholders, persons in actual control and his/her related parties.</p> <p>The provision of external guarantees mentioned above refers to the acts of the Bank in providing guarantees to third parties other than the regular business of issuing letters of guarantee.</p>	No change	

**APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE
PLAN OF AUTHORIZATIONS GRANTED TO THE
BOARD BY THE GENERAL MEETING**

Original Article	Amended Article	Basis of Amendments
<p>8. Power to approve legal person organizations</p> <p>As regards any domestic or overseas legal person organizations invested in by the Bank solely or jointly with others (including banks having independent legal person qualifications, non-bank organizations or companies), any matters of that legal person organization requiring the Bank to exercise its voting rights or right of decision as a shareholder shall be considered and approved by the Board of Directors. Matters concerning the investment quota shall be executed according to the power of approval granted by the authorization concerning equity investments.</p>	<p>8. Power to approve legal person organizations</p> <p>As regards any domestic or overseas legal person organizations invested in by the Bank solely or jointly with others (including banks having independent legal person qualifications, non-bank organizations or companies), any matters of that legal person organization requiring the Bank to exercise its voting rights or right of decision as a shareholder shall be considered and approved by the Board of Directors. Matters concerning the investment quotacapital contribution by the Bank shall be executed according to the power of approval granted by the authorization concerning equity investments.</p>	<p>To further make wording improvement with reference to the industry practices and in light of the actual situation of the Bank’s power of approval involving subsidiaries and companies in which the Bank has shareholdings at this stage.</p>

**APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE
PLAN OF AUTHORIZATIONS GRANTED TO THE
BOARD BY THE GENERAL MEETING**

Original Article	Amended Article	Basis of Amendments
9. Power of approving external gifts	9. Power of approving external gifts donations	To make amendment for improvement.
<p>(1) Any single external gift (including public charitable donations and commercial sponsorships) the amount of which does not exceed RMB5 million and the amount of that gift plus the total amount of external gifts in that year (including any proposed amount of external gifts to be paid in that year) does not exceed the sum of RMB10 million and 3/10,000 of the net profit of the Bank, shall be considered and approved by the Board of Directors.</p> <p>(2) If the charitable assistance given to places or regions that have encountered sudden, unexpected and significant incidents exceeds the aforementioned total amount or the single sum limit, it shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p>	<p>(1) Any single external gift (including public charitable donations and commercial sponsorships)donation (excluding the charitable assistance given to places or regions that have encountered sudden, unexpected and significant incidents) the amount of which does not exceed RMB510 million and the aggregate amount of the external donations in that year that gift plus the total amount of external gifts in that year (including any proposed amount of external gifts to be paid in that year) does not exceed the sum of RMB1020 million and 3/10,000 of the net profit of the Bank, shall be considered and approved by the Board of Directors.</p> <p>(2) ForIf the charitable assistance given to places or regions that have encountered sudden, unexpected and significant incidents exceeds the aforementioned total amount or the single sum limit, it shall be considered by the Board of Directors and approved by at least two thirds of the Directors.</p> <p><u>The above-mentioned sudden, unexpected and significant incidents refer to significant incidents that happen accidentally and suddenly and are urgent for making donation decisions, including but not limited to natural disasters such as earthquakes, geological disaster, meteorological disaster and fires, public health incidents such as infectious disease epidemics and food safety, public safety incidents such as wars and terrorist attacks, and accidents and disasters such as transportation accidents, environmental pollution and ecological damage.</u></p> <p><u>The aggregate amount of external donation of items (1) and (2) above in the year shall be calculated separately.</u></p>	<p>1. To ensure the smooth implementation of the regular donation matters of the Bank in paragraph (1), improve the efficiency of decision-making, and increase the single amount and aggregate amount of regular donations under the authorization granted to the Board of Directors by the Shareholders' general meeting.</p> <p>2. To practice social responsibility and adapt to the needs of charitable assistance for sudden, unexpected and significant incidents, it is clarified that the aggregate amount of donations given to places or regions that have encountered sudden, unexpected and significant incidents in paragraph (2) and the regular donations in paragraph (1) shall be calculated separately. At the same time, it defines the meaning of sudden, unexpected and significant incidents.</p>

**APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE
PLAN OF AUTHORIZATIONS GRANTED TO THE
BOARD BY THE GENERAL MEETING**

Original Article	Amended Article	Basis of Amendments
10. Important notes	10. Important notes	
(1) The currency stated in these authorizations is Renminbi (including foreign currencies of equivalent value).	(1) The currency stated in these authorizations is Renminbi (including foreign currencies of equivalent value).	1. To define the meaning of “other non-credit assets” with reference to the industry practices, and align with the relevant authorization in the Plan of Authorizations.
(2) “exceeding” or “exceed” stated in these authorizations means the exclusion of the given value and “not exceeding” or “not exceed” means the inclusion of the given value.	(2) “exceeding” or “exceed” stated in these authorizations means the exclusion of the given value and “not exceeding” or “not exceed” means the inclusion of the given value.	2. To improve the authorization framework with reference to the industry practices, and define other business management and decision-making powers.
(3) The “net assets”, “total assets” and “net profit” means the latest audited net assets, total assets and net profit respectively shown in the consolidated statements of the Bank.	(3) The “net assets”, “total assets” and “net profit” means the latest audited net assets, total assets and net profit respectively shown in the consolidated statements of the Bank.	
(4) Where financial statements have been prepared at the same time according to the accounting standards of China, the international accounting standards or the accounting standards of the listing place outside China and the data pursuant to the different accounting standards is inconsistent, the lower standard will prevail.	(4) Where financial statements have been prepared at the same time according to the accounting standards of China, the international accounting standards or the accounting standards of the listing place outside China and the data pursuant to the different accounting standards is inconsistent, the lower standard will prevail.	

**APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE
PLAN OF AUTHORIZATIONS GRANTED TO THE
BOARD BY THE GENERAL MEETING**

Original Article	Amended Article	Basis of Amendments
<p>(5) Within the scope of the power involved in these authorizations, except for the matter that shall still be considered and approved by the Shareholders' general meeting as stated in paragraph (2) under "Provision of external guarantees", the Board of Directors may delegate all or part of the powers conferred by the Shareholders' general meeting to the chairman of the Board, the special committees under the Board of Directors, the President of the Bank and other organizations and personnel so long as they are within the scope of powers approved in these authorizations, according to the needs in the actual circumstances.</p> <p>(6) These authorizations are regular and the Shareholders' general meeting may supplement or adjust the relevant authorizations by way of the resolutions of the Shareholders' general meeting according to the actual circumstances and may also delegate other specific authorizations to the Board of Directors. In case of any conflicts between these authorizations and those previously granted by the Shareholders' general meeting, these authorizations shall prevail.</p>	<p>(5) <u>For the purpose of this Plan, other non-credit assets refer to assets other than credit assets, fixed assets and equity assets.</u></p> <p>(56) Within the scope of the power involved in these authorizations, except for the matter that shall still be considered and approved by the Shareholders' general meeting as stated in paragraph (2) under "Provision of external guarantees", the Board of Directors may delegate all or part of the powers conferred by the Shareholders' general meeting to the chairman of the Board, the special committees under the Board of Directors, the President of the Bank and other organizations and personnel so long as they are within the scope of powers approved in these authorizations, according to the needs in the actual circumstances.</p> <p>(67) These authorizations are regular and the Shareholders' general meeting may supplement or adjust the relevant authorizations by way of the resolutions of the Shareholders' general meeting according to the actual circumstances and may also delegate other specific authorizations to the Board of Directors. In case of any conflicts between these authorizations and those previously granted by the Shareholders' general meeting, these authorizations shall prevail.</p>	

**APPENDIX V COMPARISON TABLE OF THE AMENDMENTS TO THE
PLAN OF AUTHORIZATIONS GRANTED TO THE
BOARD BY THE GENERAL MEETING**

Original Article	Amended Article	Basis of Amendments
<p>(7) Where the laws, rules and regulations, or governance documents such as the Articles of Association of the Bank, or the regulatory authorities require the Shareholders' general meeting to consider and approve matters that the Board has been authorised to approve, such matters shall still be submitted to the Shareholders' general meeting for approval.</p> <p>(8) These authorizations shall come into effect from the date of its approval by the Shareholders' general meeting and terminate when the Shareholders' general meeting approves substitute authorizations.</p>	<p>(78) Where the laws, rules and regulations, or governance documents such as the Articles of Association of the Bank, or the regulatory authorities require the Shareholders' general meeting to consider and approve matters that the Board has been authorised to approve, such matters shall still be submitted to the Shareholders' general meeting for approval.</p> <p><u>(9) Except for the powers listed above, as well as the matter requiring approval by the Shareholders' general meeting as specifically set out in the laws and regulations, regulatory documents, relevant rules of the place where the Shares of the Bank are listed, the Articles of Association of Huishang Bank Corporation Limited and the Rules of Procedure of the Shareholders' General Meeting of Huishang Bank Corporation Limited, other business management and decision-making powers of the Bank shall be exercised by the Board of Directors and the president in accordance with relevant regulations.</u></p> <p>(810) These authorizations shall come into effect from the date of its approval by the Shareholders' general meeting and terminate when the Shareholders' general meeting approves substitute authorizations.</p>	

The full text of the A Share Offering Plan is set out as follows:

- I. CLASS OF SHARES:** RMB ordinary shares (A Shares)
- II. NOMINAL VALUE PER SHARE:** RMB1.00
- III. PROPOSED STOCK EXCHANGE FOR THE LISTING:** Shanghai Stock Exchange.
- IV. OFFERING SIZE:** Subject to the regulatory requirements of the place of listing regarding the minimum offering size, the number of A Shares to be issued shall not exceed 1.5 billion shares. The number of A Shares to be issued will be adjusted accordingly upon the occurrence of events including bonus issue and the conversion of capital reserve to share capital prior to the A Share Offering. All A Shares will be issued as new shares. The actual total offering size will be determined based on capital requirements of the Bank, its communications with the regulatory authorities and the prevailing market conditions at the time of the offering.
- V. TARGET SUBSCRIBERS:** Target subscribers will be qualified individuals and institutional investors (except those prohibited by the relevant PRC laws, regulations, normative documents and other regulatory requirements applicable to the Bank).

If any of the above target subscribers of the A Share Offering is a connected person of the Bank, the Bank will take all reasonable measures to comply with the relevant listing rule requirements of the jurisdictions in which its shares are listed.

- VI. STRATEGIC PLACING:** The Bank may carry out strategic placings of part of its Shares at the time of the A Share Offering to investors who satisfy the requirements under applicable laws and regulations and the development strategy of the Bank based on the needs for business cooperation and scale of financing. The specific placing ratio will be determined according to the requirements of laws and regulations and subject to market conditions at the time of such placing.
- VII. MODE OF OFFERING:** The offering will be conducted through a combination of strategic placings to A Share Strategic investors, placings to target subscribers at a price to be determined between the Bank and the subscriber on an offline basis, and offerings to qualified public investors online at a fixed price, or through any other offering methods as authorized by the regulatory authorities including the CSRC and the stock exchange.

- VIII. PRICING METHODOLOGY:** Taking into full account the interests of the existing Shareholders as a whole, and the actual conditions of the capital markets and the Bank at the time of the A Share Offering, the issue price of the A Shares will be fixed through making enquiries with offline investors or fixed directly through negotiations between the lead underwriter(s) and the Bank, or by any other legally practicable methods.^{Note 1}
- IX. FORM OF UNDERWRITING:** The shares to be issued under the A Share Offering will be underwritten by an underwriting syndicate led by a lead underwriter on a standby commitment basis.
- X. CONVERSION INTO A JOINT STOCK COMPANY WITH LIMITED LIABILITY WITH DOMESTIC AND OVERSEAS LISTED SHARES:** According to the plan for the A Share Offering and taking into account the fact that the Bank has issued H Shares in the H Share market, the Bank will make an application to convert itself into a joint stock company with limited liability with domestic and overseas listed shares, subject to regulatory requirements.
- XI. TERM OF THE OFFERING PLAN:** The plan for the A Share Offering shall be valid for 12 months from the date of approval at general meeting.^{Note 2}

Note 1: The Bank will determine the issue price pursuant to the applicable PRC regulations. For details, please refer to section headed “II. Matters to be Resolved at the AGM – (IV) Explanation of Other Matters” in the Letter from the Board of this circular.

Note 2: Upon the conclusion of the AGM, the validity period of the Offering Plan will be extended to June 29, 2024.

For the purposes of the A Share Offering, a resolution is being proposed by the Board at the AGM to authorize the Board to determine and deal with the matters in connection with the A Share Offering, including but not limited to:

- (I) Amending and improving the A Share Offering Plan and organizing its implementation based on the regulatory requirements or comments of the regulatory authorities in and out of China and subject to market conditions, including but not limited to determining the offering size, offer price, important undertakings of the Bank, potential strategic placings (including placing ratio and target subscribers), time and method of the offering, specific allocation for the use of proceeds, and other specific matters relating to the implementation of the A Share Offering Plan; making corresponding adjustments (including the suspension and termination of the implementation of the offering plan) to matters in relation to the concrete plan of the A Share Offering as a result of changes in laws, regulations or regulatory documents with respect to the A Share Offering, or changes in policies of regulatory authorities in connection with the A Share Offering, or changes in market conditions, save for those matters required to be voted on again at a general meeting under the requirements of the relevant laws, regulations, regulatory documents and the Articles of Association.
- (II) Handling the procedures for the review and examination, registration, filing, approval and consent by the regulatory authorities in and out of China in connection with matters relating to the A Share Offering according to the A Share Offering Plan; signing, executing, amending and completing all necessary documents to be submitted to any governments, authorities, organizations and individuals in or out of China with respect to the A Share Offering; designating an account specifically for the holding of any proceeds prior to the A Share Offering, if required; issuing statements and undertakings relating to the A Share Offering, and taking such steps as are necessary, expedient or appropriate with respect to the A Share Offering.
- (III) Drafting, amending, signing, submitting, publishing, disclosing, implementing, suspending or terminating any agreements, contracts, announcements, circulars or other documents relating to the A Share Offering (including but not limited to the prospectus, listing documents, sponsorship agreements, underwriting agreements, listing agreements, intermediary service agreements and others); engaging sponsors, underwriters, law firms, accounting firms, receiving banks and other intermediaries in connection with the A Share Offering; determining and paying expenses relating to the A Share Offering.
- (IV) Making any amendments to the Articles of Association and other corporate governance documents which have been considered and approved at general meetings and Board meetings due to the needs of the A Share Offering and pursuant to the domestic or foreign laws, regulations and other regulatory documents as a result of any changes in the domestic or foreign laws, regulations and other regulatory documents and based on the requirements and advice of the relevant

government agencies and regulatory authorities in or out of China, and the actual situation of the A Share Offering; making corresponding amendments to the Articles of Association with respect to the registered capital and shareholding structure of the Bank, dealing with capital verification, share custody, lock up of shares and other formalities and handling the filing and registration procedures with company registration authorities and other relevant government departments upon completion of the A Share Offering, and dealing with matters in relation to the application for the listing of A Shares on a securities exchange.

- (V) Handling the procedures in relation to the approval, filing and change of registration in connection with any change of the registered capital of the Bank with the banking supervision institution, the department in charge of industrial and commercial administration and other relevant regulatory authorities according to the actual situation of A Share Offering.
- (VI) Handling any other matters which the Board thinks are necessary, expedient or appropriate for the A Share Offering, subject to the relevant domestic and foreign laws and regulations.
- (VII) Delegating the authority to other Directors or relevant persons to deal with, individually or jointly, any matters relating to the A Share Offering as and when needed.
- (VIII) Implementing procedures related to the A Share Offering of the Bank, including but not limited to the application for the offering and listing to and reply to feedback comments to the regulatory authorities such as the stock exchange.

This authorization shall be valid for 12 months from the date of its passing at the general meeting. Upon the conclusion of the AGM, the validity period of the Authorization Resolution will be extended to June 29, 2024.

The Board of Supervisors organized and conducted appraisal on the duty performance of the Board of Directors and the directors for the year 2022 in accordance with the regulatory provisions of the Governance Standards and the Measures for the Evaluation of Performance of Duties and the requirements of the Articles of Association of the Bank. The appraisal is as follows:

I. APPRAISAL ON THE BOARD OF DIRECTORS

In 2022, the Board of Directors actively overcame the adverse impacts of the internal and external environment, carefully implemented national economic and financial policies and regulatory requirements, maintained the market positioning as a city commercial bank, adhered to the prudent and stable operation philosophy, implemented resolutions of the general meetings, made decisions in accordance with laws and regulations, made continuous efforts in serving real economies and vigorously promoted the implementation of strategies. It attached great importance to capital replenishment, continuously strengthened internal control and risk management, carried out information disclosure in accordance with laws and constantly improved corporate governance, achieving new results in building an outstanding local mainstream bank. Based on the requirements on their duties, special committees under the Board of Directors carefully studied and discussed relevant resolutions and special reports, proposed constructive advices and suggestions and provided strong supports to the scientific decision-making by the Board of Directors in accordance with laws and regulations.

Firstly, continuously improving the development quality. It established the High-quality Development Office of the Party Committee to coordinate and promote significant decisions and deployments on the high-quality development of the whole Bank. The Board of Directors actively followed regional development strategies and facilitated the construction of “Three Places and One District” in Anhui Province. With the focus on five sectors such as rural revitalization, green finance, urban renovation, strategic and emerging industries, specialized and sophisticated enterprises that produce new and unique products, the Board of Directors spared no efforts in facilitating enterprises to overcome difficulties. The Bank has been awarded “Excellent” grade in the assessment on support for local development by the Anhui Provincial Government for six consecutive years. The Board of Directors attached great importance to the protection of financial consumers’ rights and interests, constantly improved systems and mechanism and continuously improved customer satisfaction. It was awarded the highest appraisal in regulation on the protection of consumers’ rights and interests in Anhui Province.

Secondly, vigorously promoting the implementation of strategies and the digital transformation. The Board of Directors implemented adjustments to the organizational structure of the retail segment and promoted the transformation of the retail business towards comprehensive personal financial services. It deeply pushed forward comprehensive services for the corporate business and the online and offline integration of SMEs business, released guidelines on the high-quality development of county-level institutions and comprehensively improved the market competitiveness. With the focus on the periodic targets and key tasks under the five-year development strategy, the Board of Directors carried out assessment on the implementation of annual strategic tasks and focused on facilitating the implementation of development targets and strategic measures. It continuously improved data governance systems and mechanisms, optimized the cloud platform for Internet finance and the customer management platform and sped up in the construction of a digital bank.

Thirdly, continuously improving risk and internal control management systems. The Board of Directors studied and formulated administrative measures on Internet-based loans, the expected credit losses method, market risk and related party transactions and continuously improved risk management systems. It studied and determined overall risk management policies and risk preference, organized risk governance on non-credit businesses, Internet-based loans and remote credit granting and strictly maintained the bottom line of risks. The Board of Directors regularly studied and analyzed the management of asset quality, large-scale risk exposure, related party transactions, compliance, case prevention, reputation, money laundering and terrorism financing and other risks, implemented the consolidated financial statements management of the Group, strengthened risk management and control on key businesses such as real estate and government platforms and continuously enhanced comprehensive risk management. It constantly refined the balanced mechanism on internal control, improved internal control, sped up in the transformation and upgrading of internal audit and promoted the conversion of audit results to consolidate and improve the effectiveness of internal control. The Board of Directors improved the restoration and disposal plans, strengthened the management of business continuity, reinforced the support of technology and enhanced emergency handling capabilities.

Fourthly, focusing on the improvement of capital and liquidity management. The Board of Directors studied and formulated the capital replenishment plan for 2022-2024, reasonably formulated the profit distribution plan, stabilized endogenous capital replenishment and strengthened capital budget management. It regularly carried out assessment on internal capital adequacy, continuously conducted preparations for the listing of A Shares and actively expanded external capital replenishment channels to ensure capital regulatory indicators to continuously meet standards. The Board of Directors perfected the liquidity risk quota system, improved liquidity stress testing models, promoted consolidated financial statements management on liquidity risk, regularly considered reports on liquidity risk management and liquidity stress testing and facilitated the improvement of liquidity indicators.

Fifthly, continuously improving the corporate governance mechanisms. It advanced the deep integration of the Party leadership into all links of corporate governance and strictly carried out pre-procedures of research and discussion by the Party committee on resolutions of the general meetings and the Board of Directors to display the role of the Party committee of the Bank in providing direction, managing the overall situation and ensuring implementation. The Board of Directors amended and refined the rules of procedure of the general meeting of shareholders, the rules on the work of the Board of Directors and relevant special committees, the systems on the work of independent directors, the management measures for information disclosure and the equity management measures, organized the assessment on corporate governance and the rectification of problems and continuously improved the corporate governance systems. It guaranteed the standardized and efficient operation of the governance mechanisms, optimized the composition of the Board of Directors and senior management and carried out the election of directors and the appointment of senior management in accordance with regulations. The Board of Directors strengthened equity management and shareholder services, organized assessment on duty performance of substantial shareholders and deeply conducted reviews on the rectification of equity and related party transactions; optimized incentive and restrictive mechanisms, amended measures for performance appraisal of senior management and improved the plans on performance appraisal of senior management; and carried out information disclosure in accordance with regulations to guarantee the right to information of all stakeholders.

II. APPRAISAL ON DIRECTORS

In 2022, members of the Board of Directors initiatively abided by relevant laws and regulations and the Articles of Association of the Bank and diligently and loyally performed their duties.

- 1. Performing the obligations on loyalty.** Directors understood their own rights, obligations and responsibilities, performed fiduciary duties loyally and diligently and safeguarded the legitimate rights and interests of the Bank, shareholders, employees and other stakeholders in accordance with laws and regulations, regulatory systems and the requirements of the Articles of Association. None of the directors was identified in violation of the confidentiality provisions of the Bank.
- 2. Performing the obligations on diligence.** Directors devoted sufficient time and vigor in participating in the affairs of the Bank, learned about the operation, management and risks in a timely manner and attended the Board meetings based on relevant requirements. All directors attended at least two-thirds of the on-site Board meetings in person.

- 3. Professional performance.** Directors continuously improved their professionalism. Based on the positioning of duties of the Board of Directors and in combination with their own professional knowledge, experiences and working experience, directors carefully studied and considered all resolutions, put forward scientific and reasonable opinions and recommendations, made independent, professional and objective judgments and exercised the voting right on matters within the scope of their duties. They paid continuous attention to the corporate governance, strategic management, operation and investment, risk management, internal control and compliance, financial accounting, capital management, related party transactions, data governance and the protection of consumers' rights and interests of the Bank and actively promoted and supervised the implementation of resolutions of the general meetings and the Board meetings. They paid attention to the appraisal of regulatory authorities and the public on the Bank, continuously tracked the rectification of problems identified by regulatory authorities and the accountability to facilitate the improvement of the quality and efficiency of decision-making by the Board of Directors.
- 4. Independence and ethical standards in duty performance.** Directors truthfully informed their full-time and part-time positions, reported their related relationship, concerted action relationship and changes in a timely manner, abided by relevant provisions on related party transactions and abstention in duty performance. No conflict of interests with the Bank was identified. Directors abided by high-standard code of ethics, independently performed duties without being controlled or intervened by substantial shareholders and insiders, fairly treated all shareholders and safeguarded the legitimate rights and interests of stakeholders. No directors were identified to accept illegitimate benefits, use their titles and positions for personal gain or embezzlement of the property of the Bank, damage the interests of the Bank for the benefit of shareholders, damage the legitimate rights and interests of stakeholders or trigger the reputation risk of the Bank.
- 5. Compliance in duty performance.** Directors attended meetings in accordance with laws and regulations and initiatively standardized their performance of duties in compliance with laws and regulations, regulatory rules and the Articles of Association. Directors serving as members of the Party committee strictly implemented the decisions of the Party committee of the Bank in decision-making. No directors were identified to have problems in the construction of the clean financial culture and no directors of the Bank were identified to be subject to Party and government disciplinary punishments and administrative punishments of regulatory authorities in 2022.

6. Duty performance by executive directors, equity directors and independent directors.

Executive directors fully displayed their characteristics and advantages, safeguarded the core position of the Board of Directors in strategic decision-making, vigorously cooperated with the Board of Supervisors in supervision and ensured the timely submission of matters within the scope of the duties of the Board of Directors to the Board for consideration. They earnestly implemented the resolutions of the general meetings and the Board meetings, actively reported decision-making matters, operation conditions and regulatory inspections to the Board of Directors, supported other members of the Board of Directors to fully understand the operation, management and risk information of the Bank and promoted the effective implementation and timely feedbacks on the resolutions of the Board of Directors.

Based on the long-term interests of the Bank and adhering to the principle of fairness, equity directors actively conducted communications and coordination between the Bank and shareholders, supported the endogenous capital replenishment plans of the Bank and earnestly studied relevant resolutions. They paid attention to the legality and compliance of the decision-making procedures of the Board of Directors and put forward constructive opinions and suggestions on significant decision-making matters of the Board of Directors.

In the course of decision-making and supervision, independent directors were not affected by substantial shareholders, senior management or other entities or individuals with interest in the Bank. They emphasized the protection of the legitimate rights and interests of minority shareholders and financial consumers, fully displayed their professional skills and experiences, proactively understood the overall development conditions of the banking industry and the operation and management conditions of the Bank and objectively and fairly expressed independent opinions on matters discussed at the general meetings and the Board meetings, significant related party transactions, profit distribution, the nomination, appointment and removal of directors, the appointment and remuneration of senior management and other matters with possible conflict of interest in particular, playing an active role in the scientific decision-making by the Board of Directors. The working time of independent directors in the Bank was in compliance with regulatory requirements.

III. APPRAISAL RESULTS

The appraisal results on the duty performance of the Board of Directors and members of the Board of Directors in 2022 are all competent after the appraisal of the Board of Supervisors. In addition, according to relevant rules of the Measures for the Evaluation of Performance of Duties, the appraisal results on the duty performance of Zhao Zongren, a Director and Zhu Yicun, a former Director were basically competent in 2021 as they failed to attend at least two-thirds of the on-site Board meetings in person.

The Board of Supervisors organized and conducted appraisal on the duty performance of the supervisors for the year 2022 in accordance with the Governance Standards and the Measures for the Evaluation of Performance of Duties and the requirements of the Articles of Association of the Bank. The appraisal is as follows:

I. OVERALL APPRAISAL

In 2022, all supervisors abided by laws and regulations, regulatory systems and the Articles of Association of the Bank, faithfully performed fiduciary duties in good faith, professionally and diligently performed supervisory duties, actively conducted effective supervision and practically safeguarded the legitimate interests of the Bank, all shareholders and stakeholders.

- (I) **Faithfully performing duties with high-standard code of ethics.** All supervisors fully learned about their rights, obligations and responsibilities, followed high-standard code of ethics and code of conduct and faithfully performed all duties. They regularly signed the confirmation letters of supervisors, abided by relevant provisions of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange on the trading of securities, truthfully informed their full-time and part-time positions, the shares held in the Bank, changes in related parties and other personal information and prevented possible conflict of interests. No supervisors were identified to accept illegitimate benefits, use their titles and positions or inside information to seek illegal gains for themselves or others, interfere with the operating activities of the management, disclose business secrets of the Bank or cause significant losses to the Company.

- (II) **Diligently and earnestly performing supervisory duties.** All supervisors devoted sufficient time and vigor in performing their duties and attended various meetings as required. For supervisors who failed to attend meetings in person due to the pandemic and other reasons, they appointed other supervisors in writing to attend and vote on their behalf in accordance with the provisions of the Articles of Association. They attended the annual general meeting as scheduled and supervised the contents of the meeting and the voting on all resolutions at the meeting. Supervisors actively attended relevant meetings of the Board of Directors and senior management, supervised the Board of Directors, directors, senior management and its members in abiding by laws and regulations and the Articles of Association of the Bank in the decision-making process, the implementation of resolutions at general meetings and regulatory opinions as well as the exercise of powers and the performance of obligations in accordance with laws on corporate governance, strategic management, operation and investment and internal risk control. They actively participated in examinations, inspections, trainings and other activities and the working time in the Bank met regulatory requirements.

(III) Considering and studying key matters in a professional and efficient manner.

All supervisors continuously paid attention to the operation, management and risks of the Bank and actively promoted all key supervision work based on the positioning of duties and their own professional knowledge, experiences and working experience. They earnestly conducted annual performance appraisal on the Board of Directors, directors, senior management and its members, listened to opinions and suggestions at multi-level symposiums, carefully reviewed relevant report on duties, attendance at meetings, expression of opinions, appraisals and other materials, actively optimized appraisal processes, formed and issued performance appraisal reports as scheduled. They actively performed duties on strategic supervision, appraised the scientificity, reasonableness and robustness of the strategies of the Bank and proposed advices and suggestions. They carefully reviewed the truthfulness, accuracy and completeness of the Bank's regular reports and the compliance and rationality of the profit distribution plan, listened to reports of external auditors on external audits on regular reports. They continuously tracked the capital adequacy and liquidity risk management, paid attention to asset quality and actively promoted the effective prevention and control of various risks.

(IV) Carrying out supervision, inspection and investigations in an independent and objective manner.

Based on safeguarding the legitimate rights and interests of stakeholders, all supervisors listened to opinions and suggestions of various parties and performed supervisory duties carefully. They actively participated in special inspections on the construction of the digital risk control system, organized and conducted special supervisions and inspections on the protection of consumers' rights and interests, benchmarked certain interbank institutions and put forward improvement suggestions. They paid attention to the appraisal of regulatory authorities and external agencies on the Bank, continuously tracked the rectification and implementation of regulatory opinions as well as the implementation of guidance on high-quality development and promoted the implementation of opinions and the rectification of problems.

(V) Promoting stable operation with prudence and in compliance with laws.

All supervisors strictly abided by relevant laws and regulations, regulatory regulations and the Articles of Association, performed duties in compliance with laws and regulations, promoted and supervised the operation of the Bank in compliance with laws and regulations. They conducted supervision on the improvement and the operation results of the internal control mechanism and put forward suggestions on further improving the timeliness and accuracy in the application of appraisal results. They paid attention to the audit work and urged the third defense line to improve the quality and efficiency of supervision. They deeply studied regulatory regulations and relevant systems on business segments, amended the rules of procedure of the Board of Supervisors, the measures on the appointment of third-party professional institutions by the Board of Supervisors, the measures on performance assessment on supervisors and other systems in a timely manner. They attached importance to the continuous improvement of their own professional skills, actively participated in the online training of "Analysis of Key Aspects of Supervision Punishment of Commercial Banks and Risk Tips and Improvement of Supervisors' Ability to Perform Duties" and anti-money laundering knowledge, making active contributions to improving the quality and efficiency of supervision by the Board of Supervisors.

II. CLASSIFIED APPRAISAL

Based on the long-term benefits of the Bank, employee supervisors actively gave full play to the advantages of their familiarity with operation and management, conducted effective interactions with the senior management during the intervals of the Board of Supervisors and promoted it to conduct supervision in a more deeply manner. For the establishment of rules and systems concerning the tangible interests of employees, they earnestly listened to the opinions and suggestions of employees and actively participated in the supervision and inspection on the implementation of the systems.

Shareholder supervisors actively facilitated communications between the Bank and shareholders, carefully studied and discussed regular reports, the profit distribution plan and other resolutions and paid particular attention to the implementation of policies and measures on development strategies, capital management, related party transaction management, asset quality and major risks. They adhered to the principle of equity and proposed constructive advices and suggestions based on the overall long-term development of the Bank.

External supervisors devoted sufficient time and vigor and independently performed duties. They actively attended relevant meetings in strict compliance with regulatory requirements, carefully reviewed relevant resolutions, proposed independent and objective advices and suggestions on risks of branches in different regions, the implementation of strategies, the digital risk control and risks in the real estate sector. They carried out effective supervision on duty performance of the Board of Directors and senior management of the Bank and the implementation of financial activities, risk management and internal control, and effectively safeguarded the overall interests of the Bank and the legitimate rights and interests of minority shareholders. External supervisors serving as the chairmen of special committees organized various activities of the special committees in a timely manner, reviewed relevant resolutions, summarized preliminary review opinions and reported to the Board of Supervisors, providing important reference for the decision-making of the Board of Supervisors.

III. PERFORMANCE APPRAISAL RESULTS

The Board of Supervisors believed that all supervisors of the Bank strictly abided by laws and regulations, regulatory systems and the Articles of Association of the Bank as well as other relevant requirements, faithfully and diligently performed supervisory duties and fully maintained professionalism, independence and compliance in duty performance in 2022. The appraisal results of all supervisors in 2022 are all competent after the appraisal of the Board of Supervisors.

The Board of Supervisors organized and launched the appraisal on the duty performance of the senior management and its members for the year 2022 in accordance with the Governance Standards and the Articles of Association of the Bank. The appraisal is as follows:

I. APPRAISAL ON SENIOR MANAGEMENT

In 2022, in the face of the severe and complicated external situation and the fierce competition and challenge in the industry, the senior management conscientiously carried out resolutions of the Board of Directors and regulatory requirements, coordinately promoted development, transformation and innovation, practically fulfilled responsibilities on risk and internal control and compliance management and duly completed the annual business plan and work tasks.

Firstly, comprehensively completing the annual business plan. The senior management comprehensively completed the annual business plan on assets, deposits and net profit set by the Board of Directors. It achieved decreases in the balance of non-performing loans and the ratio, reaching the best level in recent three years. It recorded increases in the market share of the Bank's deposits and loans in Anhui Province and maintained stable growth in retail deposits, asset custody and investment banking business. The senior management comprehensively implemented various policies and measures on stabilizing the economy and exceeded the annual granting task set by the provincial government.

Secondly, continuously boosting efforts in serving real economies. The senior management actively devoted to the overall development of Anhui Province and facilitated the construction of "Three Places and One District" with practical actions. The Bank ranked the first and second among the financial institutions in Anhui Province in financing key projects in the province and granting loans and was awarded the "excellent" level in serving the development of local real economies. With the focus on five sectors such as rural revitalization, green finance, urban renovation, strategic and emerging industries, specialized and sophisticated enterprises that produce new and unique products, the senior management released action plans on high-quality development and boosted financial supports in key sectors. It implemented various policies on supporting enterprises to overcome difficulties, actively supplied inclusive loans to small and micro enterprises, provided deferred repayment of principal and interest for loans and reduced the financing costs of enterprises. It achieved overall growth in policy loans and comprehensively completed regulatory requirements on growth in loans to technology-based enterprises, the manufacturing industry and agriculture-related industries. The senior management promoted the high-quality development of county-level institutions and strived to improve the county-level financial services.

Thirdly, vigorously advancing the implementation of strategies. Guided by a new-round five-year strategic plan, the senior management conducted adjustments to the organizational structure of the personal finance segment, deeply pushed forward comprehensive services for the corporate business, the online and offline integrated development of SMEs business and reform in other key sectors. It completed the formulation of the strategic action plan and the strategic mission report and established closed-loop management systems on the implementation of strategies. The senior management designed the five-year strategic action plan on the operation line and the plan on data middle office for 2022-2025, formulated the strategic planning on financial technology for 2023-2025 and promoted the digital transformation. It incorporated strategic indicators and key measures into the annual appraisal on departments and branches, established the appraisal system on the implementation of strategies and focused on enhancing the leading role of strategies in high-quality development.

Fourthly, constantly enhancing comprehensive risk management. The senior management unified the risk appetite and risk policies, continued to strengthen the response to and the prevention and control of various risks, improved the quota management on the Internet-based loan business and enhanced the specialized management of interbank business, achieving continuous improvement in asset quality. It actively conducted stopping and recovering losses of risky assets, continuously promoted the disposal of large-scale troubled assets and non-performing loans and completed the targets on the disposal of non-performing assets. It implemented the endogenous capital replenishment plans and advanced the capital-saving transformation of businesses to ensure the capital regulatory indicators to continuously meet standards. It intensified the synergy of deposit, loan, investment and financing businesses, set up the liquidity risk management framework at the group level and supported wealth management subsidiaries in resolving tight liquidity to effectively prevent the liquidity risk. The senior management beefed up management on businesses of branches in different regions and intensified cross-regional operation and management. It carried out risk appraisal on single entities, updated the restoration and disposal plans of institutes and improved the crisis response mechanism. It formulated administrative measures on market risk, risk quota of non-credit portfolios and the expected credit losses method, continuously enhanced operational risk management, carried out appraisal on information technology risk, strengthened outsourcing risk management, upgraded risk warning platforms and refined collateral management systems, further consolidating the foundation of comprehensive risk management. It actively cooperated with the village and township banks in Guzhen County in resolving risks and safeguarding regional financial stability.

Fifthly, further improving internal control system and mechanism. The senior management deeply promoted the implementation and rectification of regulatory opinions, earnestly implemented interbank wealth management inspections and surveys, information technology examinations and data quality inspections and surveys as well as other regulatory and accountability requirements. It optimized the system of indicators on internal balanced control, established the new-generation internal control compliance risk management system

and developed the digital internal control compliance analysis platform. It initiated the construction of data standardization. With the focus on four sectors, namely data models, data distribution, data services and data management and control, the senior management formulated the planning on data structure and solidly carried out data governance. It established the secondary department on the protection of consumers' rights and interests, formulated diversified administrative measures on resolving customer complaints and disputes, regularly convened the meetings of the leading group on the protection of consumers' rights and interests and incorporated the protection of consumers' rights and interests into performance appraisal. It was awarded the highest rating in the regulation appraisal on the protection of consumers' rights and interests. The senior management vigorously promoted the disposal of existing cases, improved the normalized monitoring on abnormal behaviors of employees and advanced the in-depth integration of case prevention with the management of employee behaviors. It completed the relocation to the building of the headquarters and the disaster recovery center in the same city, achieved real switchover of disaster recovery systems, continuously carried out the Pillars Plan and the Talent Plan and further consolidated the foundation for development.

II. APPRAISAL ON MEMBERS OF SENIOR MANAGEMENT

In 2022, members of senior management observed relevant laws and regulations, regulatory requirements and the provisions of the Articles of Association of the Bank. With the focus on the targets under the new round of the five-year plan and the overall high-quality development, they adhered to operation based on the scope of authorization, strengthened labor division and collaboration, honestly and diligently performed their duties, took initiatives, overcame difficulties and led their lines of business and departments in actively responding to market changes. They focused on solving contradictions and problems in operation and management and earnestly performed responsibilities on operation management, financial management, risk management, internal control and compliance management, data governance, case prevention and the protection of consumers' rights and interests. They duly completed their respective work tasks within the scope of their responsibilities.

III. APPRAISAL RESULTS

The appraisal results on the duty performance of the senior management and its members in 2022 are all competent after the appraisal of the Board of Supervisors.

The 2021 annual general meeting of Huishang Bank was held on June 30, 2022 and a total of 17 resolutions were considered and approved by voting, of which 14 resolutions were organized and implemented by the Board of Directors and 3 resolutions were organized and implemented by the Board of Supervisors. The implementation is as follows:

1. TO CONSIDER AND APPROVE THE FINAL FINANCIAL ACCOUNTS FOR 2021 OF THE BANK

Implementation: implemented. The Bank maintained steady growth in the size of assets and liabilities in 2021. The size of deposits and loans both hit a new high in history. The Bank maintained stable operation, steadily increased profit and fulfilled the plan of the Board of Directors. Asset quality indicators improved, and the overall asset quality was under control.

2. TO CONSIDER AND APPROVE THE CAPITAL EXPENDITURE BUDGET FOR 2022 OF THE BANK

Implementation: implemented. In 2022, the Bank carried out work within the limit of the budget. The Bank's capital expenditure budget amounted to RMB1,257 million and it actually implemented RMB822 million with a budget implementation rate of 65.42%. The budget on operating premises was RMB283 million and it actually implemented RMB34 million; the budget on transportation equipment was RMB5 million and it actually implemented RMB4.8 million; the budget on office furniture, equipment and cashier facilities was RMB68 million and it actually implemented RMB54 million; the budget on equipment for security and defense was RMB59 million and it actually implemented RMB45 million; the budget on technology investments was RMB708 million and it actually implemented RMB552 million; and the budget on outlets improvement and renovation was RMB134 million and it actually implemented RMB132 million.

3. TO CONSIDER AND APPROVE THE PROFIT DISTRIBUTION PLAN FOR 2021 OF THE BANK

Implementation: implemented. Based on the resolution passed at the general meeting, the Bank has distributed a cash dividend of RMB0.089 per Share (tax inclusive) for the year ended December 31, 2021 on August 25, 2022.

4. TO CONSIDER AND APPROVE THE APPOINTMENT OF EXTERNAL AUDITORS OF THE BANK FOR 2022

Implementation: implemented. Based on the resolution passed at the general meeting, it re-appointed Ernst & Young Hua Ming LLP (Special General Partnership) as the domestic auditor and Ernst & Young as the international auditor of the Bank for the year 2022, respectively.

5. TO CONSIDER AND APPROVE THE WORK REPORT OF THE BOARD OF DIRECTORS OF THE BANK FOR 2021

Implementation: implemented. In 2022, adhering to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Board of Directors will give priority to stable growth and make progress amid stability, coordinately promote development, transformation and innovation and earnestly focus on market-based reform, digital transformation, integrated operation, refined management and other key tasks. It will be committed to building an outstanding local mainstream bank, act as a "major financial force" in serving local development and embrace the convening of the 20th National Congress of the CPC with outstanding achievements.

6. TO CONSIDER AND APPROVE THE WORK REPORT OF THE BOARD OF SUPERVISORS OF THE BANK FOR 2021

Implementation: implemented. In 2022, the Board of Supervisors earnestly performed its supervisory duties, broadened the scope of topics to be deliberated and strengthened supervision on deliberation; conducted in-depth performance supervision and objectively evaluated the annual performance of duties by the Directors, Supervisors and the senior management; carefully reviewed regular reports and profit distribution plans and issued written review opinions; organized the review of reports on capital adequacy assessment and liquidity risk management, promoted the improvement of capital and liquidity regulatory indicators; continuously payed attention to risk internal control management, organized the review of reports on comprehensive risk management, internal control assessment and internal audit, and put forward pertinent opinions and suggestions; supervised the implementation of strategies, promoted the implementation of development objectives and strategic measures to achieve results; organized special surveys on the construction of digital risk control system and special inspections on protection of consumers' rights and interests, followed up on the rectification of problems found in collateral management and inspection, fully implemented regulatory opinions, strengthened key supervision and worked together to promote high-quality development of the Bank.

7. TO DETERMINE THE REMUNERATION STANDARDS FOR EXECUTIVE DIRECTOR OF THE BANK FOR 2019

Implementation: implemented. Settled according to the remuneration standards.

8. TO DETERMINE THE REMUNERATION STANDARDS FOR THE FORMER CHAIRMAN OF THE BOARD OF SUPERVISORS OF THE BANK FOR 2019

Implementation: implemented. Paid according to the remuneration standards.

9. TO CONSIDER AND APPROVE THE RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING OF HUI SHANG BANK CORPORATION LIMITED (REVISED)

Implementation: implemented. The Rules of Procedure of the Shareholders' General Meeting of Huishang Bank Corporation Limited (Hui Yin Fa [2022] No. 65) has been issued to the Bank after being considered and approved at the general meeting.

10. TO CONSIDER AND APPROVE THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS OF HUI SHANG BANK CORPORATION LIMITED (REVISED)

Implementation: implemented. The Rules of Procedure of the Board of Directors of Huishang Bank Corporation Limited (Hui Yin Fa [2022] No. 66) has been issued to the Bank after being considered and approved at the general meeting.

11. TO CONSIDER AND APPROVE THE RULES OF PROCEDURE OF THE BOARD OF SUPERVISORS OF HUI SHANG BANK CORPORATION LIMITED (REVISED)

Implementation: implemented. The Board of Supervisors has issued the Notice on Issuing the Rules of Procedure of the Board of Supervisors of Huishang Bank Corporation Limited (Hui Yin Jian [2022] No. 11), and organized the meeting of the Board of Supervisors in accordance with the new rules of procedure.

12. TO CONSIDER AND APPROVE THE ELECTION OF MS. SHAO DEHUI AS A NON-EXECUTIVE DIRECTOR OF THE FOURTH SESSION OF THE BOARD OF DIRECTORS OF THE BANK

Implementation: implemented. The qualification of Shao Dehui as a Director of the Bank was approved by the CBIRC Anhui Office in October 2022 and her appointment took effect from October 26, 2022.

13. TO CONSIDER AND APPROVE THE ELECTION OF MR. ZUO DUNLI AS A NON-EXECUTIVE DIRECTOR OF THE FOURTH SESSION OF THE BOARD OF DIRECTORS OF THE BANK

Implementation: implemented. The qualification of Zuo Dunli as a Director of the Bank was approved by the CBIRC Anhui Office in January 2023 and his appointment took effect from January 16, 2023.

14. TO CONSIDER AND APPROVE THE RESOLUTION ON THE GENERAL MANDATE FOR THE ISSUANCE OF SHARES OF THE BANK

Implementation: implemented. As considered and approved at the general meeting, it approved to authorize the Board of Directors the general mandate for the issuance of Shares and the delegation of authorizations by the Board of Directors. Such mandate was not utilized in 2022.

15-16. TO CONSIDER AND APPROVE THE RESOLUTION ON THE EXTENSION OF THE VALIDITY PERIOD OF THE PLAN ON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES (THE “A SHARE OFFERING”) OF THE BANK AND TO CONSIDER AND APPROVE THE RESOLUTION ON THE EXTENSION OF THE VALIDITY PERIOD OF THE AUTHORIZATION OF THE BOARD OF DIRECTORS TO DEAL WITH SPECIFIC MATTERS IN RESPECT OF THE A SHARE OFFERING

Implementation: implemented. The Bank will continue to advance the preparation of various regulatory filing materials in an orderly manner, continue to fully communicate with regulatory authorities, relevant Directors, Shareholders and professional institutions and prepare for the application of the A Share Offering.

17. TO CONSIDER AND APPROVE THE ARTICLES OF ASSOCIATION OF THE BANK (REVISED)

Implementation: under implementation. The Articles of Association of Huishang Bank Corporation Limited (Revised) is being further improved according to regulatory opinions, and the Bank will timely perform corresponding corporate governance procedures.

NOTICE OF THE ANNUAL GENERAL MEETING



Huishang Bank Corporation Limited*

徽商銀行股份有限公司*

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

(Stock Code: 3698)

NOTICE OF THE 2022 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2022 annual general meeting (the “**AGM**” or the “**Meeting**”) of Huishang Bank Corporation Limited* (the “**Bank**”) will be held at 9:00 a.m. on Friday, June 30, 2023 at Conference Room 304, Area B, Huishang Bank Building, No. 1699 Yungu Road, Hefei, Anhui Province, the People's Republic of China (the “**PRC**”). Details are as follows:

RESOLUTIONS

- (1) To consider and approve the final financial accounts for 2022 of the Bank;
- (2) To consider and approve the capital expenditure budget for 2023 of the Bank;
- (3) To consider and approve the profit distribution plan for 2022 of the Bank;
- (4) To consider and approve the appointment of external auditors of the Bank for 2023;
- (5) To consider and approve the Work Report of the Board of Directors of the Bank for 2022;
- (6) To consider and approve the Work Report of the Board of Supervisors of the Bank for 2022;
- (7) To determine the remuneration standards for former executive director of the Bank for 2020;
- (8) To determine the remuneration standards for supervisors of the Bank for 2020;
- (9) To consider and approve the Administrative Measures for the Related Party Transactions of Huishang Bank Corporation Limited (Revised);
- (10) To consider and approve the election of Mr. Wang Anning as a shareholder supervisor of the fourth session of the Board of Supervisors of the Bank;

NOTICE OF THE ANNUAL GENERAL MEETING

- (11) To consider and approve the election of Mr. Han Dongya as an external supervisor of the fourth session of the Board of Supervisors of the Bank;
- (12) To consider and approve the resolution on the general mandate for the issuance of shares of the Bank;
- (13) To consider and approve the resolution on the extension of the validity period of the plan on the initial public offering and listing of A shares (the “A Share Offering”) of the Bank;
- (14) To consider and approve the resolution on the extension of the validity period of the authorization of the Board of Directors to deal with specific matters in respect of the A Share Offering;
- (15) To consider and approve the Articles of Association of the Bank (Revised);
- (16) To consider and approve the Plan of the Authorizations Granted to the Board of Directors by the Shareholders’ General Meeting of Huishang Bank Corporation Limited (Revised);

For the above resolutions, the resolutions numbered (1) to (11) are ordinary resolutions and the resolutions numbered (12) to (16) are special resolutions.

OTHER MATTERS

- (17) To receive the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Board of Directors and Directors for 2022;
- (18) To receive the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Supervisors for 2022;
- (19) To receive the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Senior Management and its Members for 2022; and
- (20) To receive the Report on the Implementation of Resolutions of Shareholders’ General Meeting in 2022.

By order of the Board
Huishang Bank Corporation Limited*
Yan Chen
Chairman

Hefei, Anhui Province, the PRC
May 16, 2023

NOTICE OF THE ANNUAL GENERAL MEETING

Notes:

1. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), all votes of resolutions at the AGM will be taken by poll except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the voting results will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Bank (www.hsbank.com.cn) in accordance with the Listing Rules.

2. **Closure of register of members and eligibility for attending and voting at the AGM**

The register of members of the Bank will be closed from Wednesday, May 31, 2023 to Friday, June 30, 2023 (both days inclusive), during which period no transfer of Shares of the Bank will be registered. H Shareholders of the Bank are advised that in order to qualify for attending and voting at the AGM, relevant transfer documents must be lodged with the Bank’s H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, by 4:30 p.m. on Tuesday, May 30, 2023.

Shareholders of the Bank whose names appear on the register of members of the Bank at the close of business on Tuesday, May 30, 2023 are entitled to attend and vote at the AGM.

3. **Cash dividend payment arrangement**

According to the Bank’s profit distribution plan for 2022, the Board of Directors recommends a cash dividend of RMB1.29 (tax inclusive) for every 10 shares based on the total ordinary share capital of 13,889,801,211 shares of the Bank as at the end of 2022, with an aggregate amount of cash dividend of approximately RMB1,791.78 million (tax inclusive). When the total share capital has changed on the equity register date of dividend payment as a result of that there is increased share issuance prior to this date, the corresponding adjustments shall be made to dividend per share assuming the aggregate dividend declaration remains unchanged. Subject to approval at the AGM, the cash dividend will be paid to Domestic Shareholders and H Shareholders whose names appear on the register of members on Tuesday, July 11, 2023. The cash dividends are expected to be distributed on Friday, August 25, 2023.

The register of members of the Bank will be closed from Thursday, July 6, 2023 to Tuesday, July 11, 2023 (both days inclusive). In order to be entitled to the final dividend, H Shareholders of the Bank who have not registered are required to lodge the relevant transfer documents with the Bank’s H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration at or before 4:30 p.m. on Wednesday, July 5, 2023.

4. **Reply slip**

Shareholders intending to attend and vote at the AGM in person or by proxy should complete and lodge the accompanying reply slip and return it to the Bank’s H share registrar (for H Shareholders) or the registered office and principal place of business in the PRC (for Domestic Shareholders) of the Bank on or before Saturday, June 10, 2023. The reply slip may be delivered by hand, by post or by fax to the Bank’s H share registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders) or the registered office and principal place of business in the PRC (for Domestic Shareholders) of the Bank. Completion and return of the reply slip will not preclude the Shareholders from attending and voting at the AGM.

However, the failure to return the reply slip may result in an adjournment of the AGM, if the number of Shares carrying voting rights represented by the Shareholders proposing to attend the AGM by reply slip does not reach more than half of the total number of shares of the Bank carrying voting rights at the AGM.

5. **Proxy**

Every Shareholder who has the right to attend and vote at the AGM is entitled to appoint one or more proxies, whether or not they are members of the Bank, to attend and vote on his/her behalf at the AGM.

NOTICE OF THE ANNUAL GENERAL MEETING

A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the appointer or his attorney duly authorized in writing. If the appointer is a legal person, the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorized in writing. In order to be valid, the instrument appointing a proxy and the power of attorney or other documents of authority (if any) under which it is signed, or a copy of such authority notarially certified, must be completed and returned to the Bank's H share registrar (for H Shareholders) or the registered office and principal place of business in the PRC (for Domestic Shareholders) of the Bank no later than 24 hours before the time fixed for holding the AGM (i.e. 9:00 a.m. on Thursday, June 29, 2023) or any adjourned meeting thereof. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the AGM or at any adjourned meeting thereof should you so wish.

6. According to the articles of association of the Bank, where a Shareholder pledges 50% or more of his/her equity interests in the Bank, the voting rights of such Shareholder at the shareholders' general meetings shall be subject to restrictions.

7. **Other businesses**

- A. The AGM is expected to last for no more than half day. Shareholders and their proxies attending the Meeting shall bear their own traveling and accommodation expenses.

- B. The address of Computershare Hong Kong Investor Services Limited is:

17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong
Tel No.: (852) 2862 8628
Fax No.: (852) 2865 0990

The address of the registered office and principal place of business in the PRC of the Bank is:

The Board Office
Huishang Bank Building, No. 1699 Yungu Road
Hefei, Anhui Province
the PRC
Tel No.: (86) 0551 6519 5721/6266 7729
Fax No.: (86) 0551 6266 7661

As at the date of this notice, the Board of the Bank comprises Yan Chen as executive director; Ma Lingxiao, Shao Dehui, Wang Zhaoyuan, Wu Tian, Zuo Dunli, Gao Yang, Wang Wenjin and Zhao Zongren as non-executive directors; Dai Peikun, Zhou Yana, Liu Zhiqiang, Yin Jianfeng, Huang Aiming and Xu Jiabin as independent non-executive directors.

- * *Huishang Bank Corporation Limited 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.*