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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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\***  
**徽商银行股份有限公司\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 3698 and 4608 (Preference Shares))**

**A SHARE OFFERING**  
**AMENDMENTS TO ARTICLES OF ASSOCIATION AND**  
**CORPORATE GOVERNANCE RULES**  
**2018 ANNUAL GENERAL MEETING**

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The Annual General Meeting will be held at the Hall, 11/F, Block A, Tianhui Building, 79 Anqing Road, Hefei, Anhui Province, the PRC at 9:00 a.m. on Sunday, June 30, 2019. The notice of the Annual General Meeting is set out on pages 295 to 301 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 Saturday, June 29, 2019) 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 Monday, June 10, 2019.

\* *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.*

May 15, 2019

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## DEFINITIONS

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

“Administrative Measures for the Control of Related Party Transactions”	the current effective Administrative Measures for the Control of Related Party Transactions of Huishang Bank Corporation Limited
“Administrative Measures for the Control of Related Party Transactions (A+H)”	the Administrative Measures for the Control of Related Party Transactions of the Bank to be effective from the A Share Listing Date
“Annual General Meeting” or “AGM”	the 2018 annual general meeting of the Bank to be held at the Hall, 11/F, Block A, Tianhui Building, 79 Anqing Road, Hefei, Anhui Province, the PRC at 9:00 a.m. on Sunday, June 30, 2019
“Articles of Association”	the articles of association of the Bank that is currently in effect
“Articles of Association (A+H)”	the articles of association of the Bank to be effective from the A Share Listing Date
“A Share(s)”	ordinary share(s) proposed to be issued by the Bank pursuant to the A Share Offering and subscribed for in RMB
“A Share Listing Date”	the date on which the A Shares are 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
“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
“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)

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## DEFINITIONS

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“CBRC”	the former China Banking Regulatory Commission (原中國銀行業監督管理委員會)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“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)
“Group”	the Bank and its subsidiaries
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	May 9, 2019, 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
“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

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## DEFINITIONS

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“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
“Rules of Procedure of General Meetings”	the current effective Rules of Procedure of the Shareholders’ General Meetings of Huishang Bank Corporation Limited
“Rules of Procedure of General Meetings (A + H)”	the rules of procedure of the shareholders’ general meetings to be effective from the A Share Listing Date
“Rules of Procedure of the Board of Directors”	the current effective Rules of Procedure of the Board of Directors of Huishang Bank Corporation Limited
“Rules of Procedure of the Board of Directors (A + H)”	the rules of procedure of the board of directors to be effective from the A Share Listing Date
“Rules of Procedure of the Board of Supervisors”	the current effective Rules of Procedure of the Board of Supervisors of Huishang Bank Corporation Limited
“Rules of Procedure of the Board of Supervisors (A + H)”	the rules of procedure of the board of supervisors to be effective from the A Share Listing Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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.

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## LETTER FROM THE BOARD

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### **Huishang Bank Corporation Limited\*** **徽商银行股份有限公司\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 3698 and 4608 (Preference Shares))**

*Executive Directors:*

Mr. Wu Xuemin (*Chairman*)  
Mr. Zhang Renfu (*President*)  
Mr. Ci Yaping (*Vice president*)

*Non-executive Directors:*

Mr. Zhu Yicun  
Mr. Wu Tian  
Mr. Qian Dongsheng  
Mr. Gao Yang  
Mr. Wang Wenjin  
Mr. Zhao Zongren

*Independent non-executive Directors:*

Mr. Dai Peikun  
Ms. Zhou Yana  
Mr. Liu Zhiqiang  
Mr. Yin Jianfeng  
Ms. Huang Aiming  
Mr. Hu Jun

*Registered office and principal  
place of business in the PRC:*  
Block A, Tianhui Building  
79 Anqing Road  
Hefei  
Anhui Province  
the PRC

*Principal place of business in  
Hong Kong:*  
40th Floor, Sunshine Tower  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

*To the Shareholders*

Dear Sir or Madam,

### **A SHARE OFFERING AMENDMENTS TO ARTICLES OF ASSOCIATION AND CORPORATE GOVERNANCE RULES 2018 ANNUAL GENERAL MEETING**

#### **I. INTRODUCTION**

The Bank will convene the Annual General Meeting on Sunday, June 30, 2019, and proposes the following resolutions at the meeting:

- (1) the final financial accounts for 2018;
- (2) the financial budget for 2019;

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## LETTER FROM THE BOARD

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- (3) the profit distribution plan for 2018;
- (4) the appointment of external auditors of the Bank for 2019;
- (5) the Work Report of the Board of Directors for 2018;
- (6) the Work Report of the Board of Supervisors for 2018;
- (7) the determination of the remuneration standard for executive Directors for 2016;
- (8) the determination of the remuneration standard for executive Directors for 2017;
- (9) the determination of the remuneration standard for the former chairman of the Board of Supervisors for 2016;
- (10) the determination of the remuneration standard for the former chairman of the Board of Supervisors for 2017;
- (11) the amendments to the Rules of Procedure of General Meetings;
- (12) the amendments to the Rules of Procedure of the Board of Directors;
- (13) the amendments to the Rules of Procedure of the Board of Supervisors;
- (14) the consideration and approval of the election of Mr. He Jiehua as an executive Director of the fourth session of the Board of Directors;
- (15) the consideration and approval of the election of Mr. Yan Chen as a non-executive Director of the fourth session of the Board of Directors;
- (16) the general mandate for the issuance of Shares;
- (17) the A Share Offering Plan;
- (18) the authorization of the Board to deal with specific matters in respect of the A Share Offering;
- (19) the use of proceeds from the A Share Offering;
- (20) the accumulated profit distribution plan before the A Share Offering;
- (21) the three-year dividend plan after the A Share Offering;
- (22) the price stabilization plan of A Shares within three years after the A Share Offering;

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## LETTER FROM THE BOARD

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- (23) the undertakings on the disclosure of information in the prospectus to be published in connection with the A Share Offering;
- (24) the dilution of current returns as a result of the A Share Offering and remedial measures;
- (25) the status report on the use of previously raised proceeds;
- (26) the amendments to the Articles of Association in connection with the A Share Offering;
- (27) the amendments to the Rules of Procedure of General Meetings in connection with the A Share Offering;
- (28) the amendments to the Rules of Procedure of the Board of Directors in connection with the A Share Offering;
- (29) the amendments to the Rules of Procedure of the Board of Supervisors in connection with the A Share Offering; and
- (30) the amendments to the Administrative Measures for the Control of Related Party Transactions in connection with the A Share Offering.

Items (1) to (15) and items (27) to (30) are ordinary resolutions, and items (16) to (26) are special resolutions.

Apart from the consideration of the aforementioned resolutions, the Shareholders will be debriefed by the Bank at the AGM in respect of the Report on Related Party Transactions for 2018, the Duty Report by the Independent Non-executive Directors for 2018, the Supervisory and Appraisal Report by the Board of Supervisors on the Performance of Duties by the Board and Directors for 2018, the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Supervisors for 2018, the Supervisory and Appraisal Report by the Board of Supervisors on the Performance of Duties by the Senior Management and its Members for 2018, and the 2020-2022 Strategic Development Plan of the Bank.

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

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## LETTER FROM THE BOARD

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### II. MATTERS TO BE RESOLVED AT THE AGM

#### (I) Regular Matters at the AGM

##### 1. *Final Financial Accounts for 2018*

The final financial accounts for 2018 have been completed by the Bank in accordance with the relevant regulations. Based on the audited financial statements for the year ended December 31, 2018 prepared in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards respectively, the final financial accounts of the Bank for 2018 are as follows:

As of the end of 2018, the total assets were RMB1,050.506 billion, an increase of 15.68% from last year, amounting to 101.36% of the total assets in the budget. As of the end of 2018, the total liabilities were RMB980.229 billion, an increase of 15.47% from last year, amounting to 101.05% of the total liabilities in the budget. In 2018, the net profit was RMB8,860 million, an increase of 13.42% from last year, amounting to 106.68% of the net profit in the budget.

In 2018, the non-performing loan ratio was 1.04%, representing a decrease of 0.01 percentage point from last year; the provision coverage ratio of non-performing loan was 302.22%, representing an increase of 14.77 percentage points from last year; the allowance-to-loan ratio was 3.15%, representing an increase of 0.14 percentage point from last year.

In 2018, the core Tier 1 capital adequacy ratio was 8.37%; the Tier 1 capital adequacy ratio was 9.18%; and the capital adequacy ratio was 11.65%.

For details of the financial information of the Group for the year ended December 31, 2018 audited in accordance with the International Financial Reporting Standards, please refer to the financial statements in the 2018 annual results announcement published by the Bank on March 27, 2019 and in the 2018 annual report despatched to the Shareholders by the Bank on April 26, 2019.

##### 2. *Financial Budget for 2019*

According to the Bank's strategic development and need for business expansion, the Bank plans to make capital expenditures for intended investments amounting to a total of RMB1,674 million in 2019, representing a decrease of RMB10 million compared to that in 2018, of which:

- (1) The total investment in fixed assets is RMB1,547 million, including:
  - (a) RMB880 million for operating premises;

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## LETTER FROM THE BOARD

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- (b) RMB493 million for technology projects;
- (c) RMB3 million for transportation facilities;
- (d) RMB107 million for office furniture, equipment and cashier facilities;  
and
- (e) RMB64 million for equipment for security and defense.

(2) The total investment in long-term deferred expenses is RMB127 million.

### ***3. Profit Distribution Plan for 2018***

In 2018, the Bank realised an audited net profit of RMB8,578.03 million for the whole year. The Bank proposes the following profit distribution plan for 2018:

- (1) RMB857.803 million is to be appropriated to the statutory surplus reserve; RMB1,910.045 million is to be appropriated to the general risk reserve; and RMB857.803 million is to be appropriated to the discretionary surplus reserve, with a remaining distributable profit for the year of RMB4,952.379 million.
- (2) The proposed dividend distribution plan for 2018 of the Bank is a cash dividend of RMB0.56 (tax inclusive) for every 10 Shares, distributing a total cash dividend of approximately RMB681 million (tax inclusive), which represents approximately 8% of the audited net profit of the Bank in 2018.

In addition, the Bank may distribute a special dividend subject to the progress of the application for the A Share Offering and policy adjustments, which is expected to be 15% of the audited net profit of the Bank in 2018. The Bank will further determine the special dividend plan through a separate decision-making procedure.

In order to determine the Shareholders who are entitled to receive the proposed final dividend of 2018, the register of members of the Bank will be closed from Friday, July 5, 2019 to Wednesday, July 10, 2019 (both days inclusive). In order to be entitled to the aforementioned final dividend (subject to the approval of the Shareholders), unregistered H Shareholders 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 Thursday, July 4, 2019.

### ***4. Appointment of External Auditors for 2019***

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 proposes to the AGM to reappoint Ernst & Young Hua Ming LLP (Special General Partnership) as

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## LETTER FROM THE BOARD

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the external auditor for domestic auditing of the relevant financial statements of the Bank for 2019 in accordance with the China Accounting Standards, and also proposes the re-appointment of Ernst & Young as the overseas auditor of the Bank in 2019 for providing audit services on the financial statements in accordance with the International Financial Reporting Standards, each with a term commencing on the date on which the relevant resolution is passed at the 2018 Annual General Meeting until the date of conclusion of the 2019 annual general meeting of the Bank, and the Board is authorized to determine the remunerations of the external auditors.

The services to be provided by the external auditors mainly include annual auditing, reviewing the interim report, PN730 and PN740 under the International Accounting Standards, and auditing, management of proposals, verification of operating and financial information in the annual report and interim report against audit/review reports, and issuing letters of undertakings in respect of the quotation of relevant auditing reports for the purpose of the issuance of financial bonds under the China Accounting Standards. For reference only, the total remuneration proposed to be paid to Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young in 2018 for review of the financial statements and audit of the annual financial statements as agreed by the Bank and other remuneration amounted to RMB3.8 million and RMB0.325 million, respectively.

### ***5. Work Report of the Board of Directors for 2018***

The full text of the Work Report of the Board of Directors for 2018 is set out in Appendix I to this circular.

### ***6. Work Report of the Board of Supervisors for 2018***

The full text of the Work Report of the Board of Supervisors for 2018 is set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### 7. *Determination of the Remuneration Standard for the Executive Directors of the Bank for 2016*

In accordance with the requirements of the relevant documents of the Central Government, Provincial Party Committee and Government of Anhui in relation to the consolidation of the remuneration reform of the responsible officers of state-owned enterprises, the Anhui Provincial Department of Finance issued the Reply of the Anhui Provincial Department of Finance Concerning the Remuneration of Responsible Officers of Huishang Bank Corporation Limited in 2016 (Cai Jin [2018] No. 176) in March 2018, to approve the remuneration standard (excluding tenure incentives) for executive Directors of the Bank in 2016 as follows:

*Unit: RMB0'000*

Positions	Name	Remuneration standard	Note
Executive Director, Chairman	Wu Xuemin	45.89	–
Executive Director, Vice President	Ci Yaping	37.10	–
Former Chairman	Li Hongming	45.89	–
Former Vice Chairman	Xu Demei	36.63	Retired in December 2016

*Note: The income mentioned above is pre-tax income.*

### 8. *Determination of the Remuneration Standard for the Executive Directors of the Bank for 2017*

In accordance with the requirements of relevant documents of the Central Government, Provincial Party Committee and Government of Anhui in relation to the consolidation of the remuneration reform of the responsible officers of state-owned enterprises, the Anhui Provincial Department of Finance issued the Reply of the Anhui Provincial Department of Finance Concerning the Remuneration of Responsible Officers of Huishang Bank Corporation Limited in 2017 (Cai Jin [2018] No. 1399) in December 2018, to approve the respective remuneration standards for the responsible officers of the Bank. Specifically, the 2015-2017 tenure incentives will be paid at 50%, 25% and 25% in three years from 2018, respectively, based on the relevant requirements.

The remuneration standard (excluding tenure incentives for the year) for the executive Directors of the Bank in 2017 is as follows:

*Unit: RMB0'000*

Position	Name	Remuneration standard	2015-2017 tenure incentive income (will be paid paid in three years during 2018-2020)	Note
Executive Director, Chairman	Wu Xuemin	46.20	34.02	–
Executive Director, Vice President	Ci Yaping	37.37	27.28	–
Former Chairman	Li Hongming	46.18	34.02	Resigned in December 2017
Former Vice Chairman	Xu Demei	–	18.11	Retired in December 2016

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## LETTER FROM THE BOARD

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*Notes:*

1. The income mentioned above is pre-tax income.
2. The remuneration of responsible officers of the Bank shall be approved by the Anhui Provincial Department of Finance on an annual basis. Therefore, the remuneration standard for the executive Directors of the Bank for 2018 and the years afterwards may be changed.

### ***9. Determination of the Remuneration Standard for the Former Chairman of the Board of Supervisors of the Bank for 2016***

In the spirit of the Notice of the Anhui Provincial Department of Finance Concerning the Issuance of the Interim Measures for the Remuneration of Responsible Officers of Financial Enterprises owned by Anhui Province (Cai Jin [2016] No. 1558) and relevant minutes of the Provincial Government, as approved and agreed by the provincial steering panel for consolidating the remuneration reform of responsible officers of state-owned enterprises, the Anhui Provincial Department of Finance issued the Reply of the Anhui Provincial Department of Finance Concerning the Remuneration of Responsible Officers of Huishang Bank Corporation Limited in 2016 (Cai Jin [2018] No. 176) in March 2018, to approve the remuneration standard for the former chairman of the Board of Supervisors of the Bank, Mr. Zhang Renfu (existing President of the Bank), who is the president of the Bank now, for 2016 as follows:

*Unit: RMB0'000*

<b>Position</b>	<b>Name</b>	<b>Remuneration standard</b>	<b>Note</b>
Former Chairman of the Board of Supervisors (appointed as President of the Bank from August 2018)	Zhang Renfu	45.79	Resigned in July 2018

*Note: The income mentioned above is pre-tax income.*

### ***10. Determination of the Remuneration Standard for the Former Chairman of the Board of Supervisors of the Bank for 2017***

In accordance with the requirements of relevant documents of the Central Government, Provincial Party Committee and Government of Anhui on consolidating the remuneration reform of the responsible officers of state-owned enterprises, the Anhui Provincial Department of Finance issued the Reply of the Anhui Provincial Department of Finance Concerning the Remuneration of Responsible Officers of Huishang Bank Corporation Limited in 2017 (Cai Jin [2018] No. 1399) in December 2018, to approve the respective remuneration standards for the responsible officers of the Bank. Specifically, the 2015-2017 tenure incentives will be paid at 50%, 25% and 25% in three years, respectively, based on the relevant requirements.

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## LETTER FROM THE BOARD

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The remuneration standard for the former chairman of the Board of Supervisors of the Bank for 2017 is as follows:

*Unit: RMB0'000*

Position	Name	Remuneration standard	2015-2017 tenure incentive income (will be paid in three years during 2018-2020)	Note
Former chairman of the Board of Supervisors (appointed as President of the Bank from August 2018)	Zhang Renfu	46.16	31.84	Resigned in July 2018
Former chairman of the Board of Supervisors	Zhang Zhen	–	10.37	Retired in January 2016

*Note:*

- 1. The income mentioned above is pre-tax income.*
- 2. The remuneration of responsible officers of the Bank shall be approved by the Anhui Provincial Department of Finance on an annual basis. Therefore, the remuneration standard for 2018 and the years afterwards may be changed.*

### ***11. Amendments to the Rules of Procedure of General Meetings***

In order to improve the corporate governance of the Bank, and in line with the recent amendments to the Articles of Association, the Bank proposes to amend the Rules of Procedure of General Meetings.

The amendments include the revision of a total of six articles. The amendments mainly focus on two aspects: firstly, according to the recent amendments to the Articles of Association, the Rules of Procedure of General Meetings were adjusted accordingly, so that the superior and inferior rules are unified; secondly, partial textual improvements were made.

The revised the Rules of Procedure of General Meetings will become effective and be implemented upon approval by the Annual General Meeting, and details of the amendments are set out in Appendix III to this circular.

### ***12. Amendments to the Rules of Procedure of the Board of Directors***

In order to improve the corporate governance of the Bank and optimise the operating mechanism of the Board of Directors, the Bank proposes to amend the Rules of Procedure of the Board of Directors in accordance with the PRC Company Law, the Commercial Banking Law and other laws and regulations, as well as regulatory documents such as the Guidelines for Corporate Governance of Commercial Banks and the Listing Rules, and with reference to the recent amendments to the Articles of Association.

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## LETTER FROM THE BOARD

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The amendments mainly focus on three aspects: firstly, according to the recent amendments to the Articles of Association, the Rules of Procedure of the Board of Directors were adjusted accordingly, so that the superior and inferior rules are unified; secondly, on the basis of the Bank's practical experiences and with reference to the practices in the industry, the Bank further rationalised the mechanism for making proposals and proceedings of the Board; thirdly, partial textual improvements were made to the Rules of Procedure of the Board of Directors.

The revised Rules of Procedure of the Board of Directors will become effective and be implemented upon approval by the Annual General Meeting, details of which are set out in Appendix IV to this circular.

### ***13. Amendments to the Rules of Procedure of the Board of Supervisors***

In order to improve the corporate governance structure of the Bank and ensure that the Board of Supervisors can independently exercise its supervisory power in accordance with law, the Board of Supervisors proposes to amend the Rules of Procedure of the Board of Supervisors in accordance with the relevant provisions of laws, regulations and the Articles of Association, and on the basis of the actual circumstances of the Bank.

The revised Rules of Procedure of the Board of Supervisors will become effective and be implemented upon approval by the Annual General Meeting, details of which are set out in Appendix V to this circular.

### ***14. Election of an Executive Director***

Reference is made to the announcement of the Bank dated March 27, 2019 in respect of a meeting convened by the Board on March 27, 2019, at which a resolution on the proposed election of Mr. He Jiehua as an executive Director of the fourth session of the Board of the Bank was passed.

The biographical details of Mr. He are as follows:

Mr. He Jiehua, born in March 1966, obtained a master's degree in management from Hefei University of Technology. He is a senior auditor and certified public accountant. He is currently the deputy secretary of the Communist Party Committee of the Bank. Mr. He successively held various positions in the Audit Department of Anhui Province, including the deputy section chief and section chief of the treasury division, the assistant to director (section-chief grade), the deputy director of the finance division, the director of the finance and audit division, the director of the human resources and education division, the chief of the retired cadre office, the auditor-general and the deputy director-general.

After the resolution on the election of Mr. He as an Executive Director is considered and approved by the Annual General Meeting, Mr. He's qualification for directorship shall be reported to and is subject to the approval by the CBIRC Anhui Office.

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## LETTER FROM THE BOARD

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Mr. He will enter into a director's service agreement with the Bank, and his term of office for directorship will be consistent with that of the fourth session of the Board, which will commence from the date upon which his qualification as Director is approved by the CBIRC Anhui Office and will end on the expiry date of the term of office of the fourth session of the Board. Mr. He's remuneration (including the basic salary, performance-based bonus and other benefits) will be determined based on the standards of the Bank's administrative measures on remuneration. The basic salary will be determined according to the position of Mr. He at the Bank; whereas the performance-based bonus will be determined according to the operating results of the Bank. Other benefits include statutory pension, medical benefits, housing provident fund and corporate annuities. The annual remuneration of Mr. He will be determined at the end of each year and disclosed in the annual report of the Bank for that year.

To the knowledge of the Board of the Bank, save as disclosed above, Mr. He did not hold any directorship in any listed companies (other than the Bank) or any other positions in the subsidiaries of the Bank during the previous three years, and he does not have any relationship with any other Directors, Supervisors, senior management or substantial shareholders (as defined in the Listing Rules) of the Bank. As of the Latest Practicable Date, Mr. He does not hold any interests in the shares of the Bank and its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters relating to the appointment of Mr. He that are 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 of the Bank.

### ***15. Election of a Non-executive Director***

Reference is made to the announcement of the Bank dated April 26, 2019 in respect of a meeting convened by the Board on April 26, 2019, at which a resolution was passed on the proposed election of Mr. Yan Chen as a non-executive Director of the fourth session of the Board to fill the vacancy arising from the resignation of Mr. Qian Li as a non-executive Director of the Bank with effect from March 28, 2019.

The biographical details of Mr. Yan are as follows:

Mr. Yan Chen, born in August 1972, holds a doctorate in Economics from Renmin University of China, and is an economist. He is currently the chairman of Anhui Credit Guarantee Group Co., Ltd. Mr. Yan was a section-chief grade clerk of the planning division of the comprehensive planning bureau, the deputy director of the general division of the propaganda department of the party committee, and the deputy director of the rating methods and standards division of the credit administration bureau of the China Development Bank, the deputy director of the SME Development Bureau of Anhui Province, the deputy director of the Anhui Provincial Economic Commission, the deputy director of the Anhui Economic and Information Technology Commission, the deputy

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## LETTER FROM THE BOARD

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mayor of Chizhou City, a member of the Standing Committee of the Municipal Party Committee, a minister of the Organization Department of Xuancheng city and the deputy secretary of the Xuancheng Municipal Party Committee.

After the resolution on the election of Mr. Yan as a non-executive Director of the Bank is considered and approved by the Annual General Meeting, Mr. Yan's qualification for directorship shall be reported to and is subject to the approval by the CBIRC Anhui Office.

Mr. Yan will enter into a director's service agreement with the Bank, and his term of office for directorship will be consistent with that of the fourth session of the Board, which will commence from the date upon which his qualification as Director is approved by the CBIRC Anhui Office and will end on the expiry date of the term of office of the fourth session of the Board. As a non-executive Director, Mr. Yan will not receive any remuneration from the Bank.

To the knowledge of the Board of the Bank, save as disclosed above, Mr. Yan did not hold any directorship in any listed companies (other than the Bank) or any other positions in the subsidiaries of the Bank during the previous three years, and he does not have any relationship with any other Directors, Supervisors, senior management or substantial shareholders (as defined in the Listing Rules) of the Bank. As at the Latest Practicable Date, Mr. Yan does not hold any interests in the shares of the Bank and its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters relating to the appointment of Mr. Yan that are 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 of the Bank.

### ***16. General Mandate for the Issuance of Shares***

In order to keep the capital adequacy ratio constantly at the required level, meet the capital requirements of the Bank for its continuous business development, utilize financing platforms effectively and flexibly and take advantage of the capital market windows in a timely manner, in accordance with the applicable laws and regulations of the PRC, the Listing Rules and the Articles of Association of the Bank and upon the review 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.

As of the Latest Practicable Date, there were a total of 8,676,051,211 Domestic Shares and 3,478,750,000 H Shares in issue. Upon the passing of the special resolution in respect of the general mandate and assuming that no new Shares will be issued by the Bank prior to the date of the AGM, the Bank will be authorized to issue not more than 1,735,210,242 Domestic Shares and 695,750,000 H Shares under the general mandate.

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## LETTER FROM THE BOARD

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Details of the general mandate are set out as below:

(I) *Specific plans on the general mandate to issue Shares*

- (1) 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 convert 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 allocation.

- (2) 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 convert 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) proposed to be approved, allotted, issued, granted and/or otherwise dealt with by the Board shall not exceed 20% 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) 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 passing of the resolution; (b) the expiration of twelve months following the date of passing of the resolution at a general; or (c) the date on which the authority granted to the Board under the resolution is revoked or varied by a special resolution of the Shareholders at a general meeting.

- (4) 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 proposed 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

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## LETTER FROM THE BOARD

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recommendation, agreement and share options to be made or granted for the exercise of the said power; and (f) other content 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.

- (5) 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 matter, 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.

*(II) Matters relevant to the Mandate*

In order to enhance the efficiency of decision-making, reduce internal approval procedures and take the advantage of market opportunities, in respect of the general mandate to issue Shares, it is proposed to the Board and in turn to 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 specific 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.

*(III) Other matters*

To avoid any doubt, the terms “Shares” and “securities” under this resolution do not include preference shares.

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## LETTER FROM THE BOARD

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### (II) Matters Relating to A Share Offering

The Bank held its 2014 annual general meeting on May 29, 2015 to consider and approve, among other things, resolutions relating to the A Share Offering, whereby the Bank intended to issue no more than 1,228,000,000 A Shares. The relevant resolutions regarding the A Share Offering Plan and the authorisation to the Board to handle specific matters relating to the A Share Offering were approved by the Shareholders at the 2015 and 2016 annual general meetings of the Bank. However, as the Bank still needs to further negotiate with the Bank's individual Director and Shareholder on certain matters involved in the relevant laws and regulations and the requirements of the CSRC, the Bank withdrew its A Share Offering in February 2018. On March 5, 2018, the CSRC decided to terminate the review of the Bank's application for the A Share Offering. For details, please refer to the Bank's announcements dated May 5, 2015, June 29, 2015, September 24, 2015, March 28, 2016, March 27, 2017, April 18, 2017, December 26, 2017 and February 12, 2018 and the circulars dated May 13, 2015, April 12, 2016 and May 8, 2017.

Since the withdrawal of the original listing application, the Bank has been striving hard to promote the listing and offering of A Shares. On December 28, 2018, the 46th meeting of the third session of the Board considered and approved the Resolution on the Initial Public Offering and Listing of A Shares of Huishang Bank Corporation Limited, and the Bank intended to issue no more than 1,500,000,000 A Shares (please refer to the announcement published by the Bank on December 30, 2018 regarding the issuance of A Shares for details). On April 26, 2019, the 5th meeting of the fourth session of the Board considered and approved various resolutions relating to the A Share Offering.

The A Share Offering is subject to the approvals of the Shareholders at a general meeting, the CSRC, the CBIRC and other relevant regulatory authorities, including related stock exchanges. Pursuant to the Implementation Measures of the CBIRC for the Administrative Licensing Items concerning Chinese-Funded Commercial Banks (中國銀保監會中資商業銀行行政許可事項實施辦法), the Bank must obtain the approval from the CBIRC after obtaining the Shareholders' approval at the AGM but before filing with the CSRC. According to the relevant CSRC requirements for the vetting process of initial public offering, the major procedures (in order of sequence) for the approval of companies' application for the initial public offering of A Shares include: (1) acceptance and pre-disclosure; (2) feedback meeting; (3) update of pre-disclosure; (4) preliminary review meeting; (5) hearing of the Public Offering Review Committee; (6) closing; (7) post-hearing filing; and (8) approval of offering.

Subject to the approval of the Shareholders at a general meeting, the Bank will engage an intermediary team as soon as possible to commence the preparation for the A Share Offering, including due diligence, auditing, drafting the prospectus and preparing application materials, and will make its best effort to submit the application materials for the A Share Offering to the CSRC before end of 2019. The timing of obtaining approval of the CSRC will depend on the circumstance of the vetting process of the CSRC.

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## LETTER FROM THE BOARD

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In order to meet the relevant requirements for the application for the A Share Offering, the Bank shall submit the A Share Offering Plan and other relevant resolutions to the Annual General Meeting for consideration. The A Share Offering Plan forms the foundation of the A Share Offering, while other resolutions in relation to the A Share Offering are supporting documents for the A Share Offering Plan. Under the requirements of the Opinion on Further Promoting the IPO System Reform issued by the CSRC (中國證監會關於進一步推進新股發行體制改革的意見) in November 2013 and its subsidiary legislative documents, any company intending to issue A shares is required to amend its articles of association, formulate a return plan for shareholders for the three years after an A share offering and a price stabilization plan of A shares within three years after an A share offering, and execute undertakings regarding the repurchase of new A shares under an A share offering and compensation for the losses of investors, in accordance with such new requirements. Such other resolutions in relation to the A Share Offering do not form part of the A Share Offering Plan and the passing of any of the resolutions is not conditional on any other resolution. However, if any of the resolutions is not passed at a general meeting, the application documents for the A Share Offering may not fulfill the requirements of the CSRC, which may substantively impede the successful application of the A Share Offering of the Bank.

### ***17. A Share Offering Plan***

In order to further optimise the corporate governance structure, develop domestic and international financing platforms and improve the liquidity of all Shares held by the Shareholders, the Bank intends to issue no more than 1,500,000,000 A Shares under 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 Initial Public Offering and Listing of Shares and the Opinions of the China Securities Regulatory Commission on Further Promoting the IPO System Reform issued by the CSRC, and as considered and approved by the meeting of the Board of the Bank.

The validity period of this A Share Offering Plan is 12 months from the date of the approval by the Annual General Meeting, that is, it will expire on June 29, 2020. The full text of the A Share Offering Plan is set out in Appendix VI to this circular.

Under the A Share Offering Plan, the maximum number of the proposed issuance of A Shares represents approximately 17.29% of the Domestic Shares and approximately 12.34% 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 expects to 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.

### ***18. Authorization to the Board to Deal with Specific Matters in respect of the A Share Offering***

The Bank intends to authorise the Board to deal with specific matters and proposals related to the A Share Offering, and the validity period is 12 months from the date of the approval by the Annual General Meeting, that is, it will expire on June 29, 2020, for the purposes of ensuring the smooth proceeding of the A Share Offering. The full text of the authorization to the Board to deal with specific matters and proposals in respect of the A Share Offering is set out in Appendix VII to this circular.

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## LETTER FROM THE BOARD

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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.

### ***19. Use of proceeds from the A Share Offering***

All of the proceeds from the A Share Offering of the Bank, after deduction of the listing expenses, will be used to replenish the Core Tier I capital of the Bank to enhance its capital adequacy ratio. The Bank also formulated the Feasibility Analysis Report on the Use of Proceeds from the A Share Offering, the full text of which is set out in Appendix VIII to this circular. The above resolution on use of proceeds from the A Share Offering and relevant feasibility analysis report on use of proceeds will be proposed at the AGM for Shareholders' consideration and approval.

The total estimated amount of proceeds from the A Share Offering is subject to various factors such as the conditions of the capital markets and the Bank at the time of the A Share Offering. Further details of the A Share Offering will be provided by the Bank in due course.

### ***20. Accumulated profit distribution plan before the A Share Offering***

Taking into full account its actual operations and the needs of future development, the Bank will distribute profits according to the relevant resolutions of the general meeting before completion of the A Share Offering. Taking into account the interests of both existing and new Shareholders, the undistributed profits of the Bank accumulated prior to the date of the A Share Offering and listing will be shared by all Shareholders upon completion of the A Share Offering and listing in proportion to their respective shareholdings.

### ***21. Three-year dividend plan after the A Share Offering***

In order to further strengthen the awareness of reward to Shareholders, improve the profit distribution system and offer continuous, stable and reasonable investment returns to Shareholders, the Bank has formulated the Three-year Dividend Plan after the Initial Public Offering and Listing of the A Shares based on the requirements of the PRC Company Law, the PRC Securities Law, the Notice of the China Securities Regulatory Commission on Further Implementing Matters Relevant to the Cash Dividend Distribution by Listed Companies and the Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies, as well as the Articles of Association, and taking into full account its actual operations and the needs of future development. The full text of such plan is set out in Appendix IX to this circular.

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## LETTER FROM THE BOARD

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It will also be proposed at the AGM that the Board be authorized to adjust the three-year dividend plan based on any changes in laws, regulations, regulatory documents and related policies or opinions of the regulatory authorities in and out of China.

### ***22. Price stabilization plan of A Shares within three years after the A Share Offering***

Pursuant to the requirements of laws, administrative rules and regulations, departmental rules and regulations and regulatory documents, such as the PRC Company Law, the PRC Securities Law, and the Opinions on Further Promoting the IPO System Reform issued by the CSRC, the Bank has formulated the Price Stabilization Plan of A Shares within Three Years after the Initial Public Offering and Listing of the A Shares of Huishang Bank Corporation Limited in order to enhance the fiduciary duties of the Bank, relevant Directors and the senior management and to protect the interests of minority Shareholders. The full text of such plan is set out in Appendix X to this circular.

The above resolution in relation to the price stabilization plan of A Shares within three years after the A Share Offering will be proposed at the AGM for Shareholders' consideration and approval, which will grant consent to the Bank to make an undertaking that if, within three years after the listing of the Bank, the daily closing prices of Shares of the Bank for 20 consecutive trading days are lower than that of its latest audited net asset per Share (if, after the date of the audit for the latest period, the net assets or the total number of Shares of the Bank have changed due to profit distribution, conversion of capital reserve into Share capital, additional offering, and placing of Shares, etc., the net asset per Share shall be adjusted accordingly), which is not caused by any force majeure events, the Bank will implement the Price Stabilization Plan of A Shares within Three Years after the Listing of Huishang Bank Corporation Limited. It will also be proposed that the Board be authorized to adjust the plan and undertakings based on any changes in laws, regulations, regulatory documents and related policies or opinions of the regulatory authorities in and out of China, execute and submit documents relating to such plan and undertakings to the regulatory authorities (including the CSRC and the Hong Kong Stock Exchange). Public disclosure, such as the publication of relevant circulars and announcements will be made, and Shareholders' communication documents will be issued in accordance with the securities listing rules of the jurisdictions in which the Shares of the Bank are listed.

### ***23. Undertakings regarding information disclosure in the prospectus to be published in connection with the A Share Offering***

Under the requirements of the PRC Securities Law, the Opinions on Further Promoting the IPO System Reform issued by the CSRC and other relevant laws, regulations, departmental rules and regulatory documents that require the issuer to make undertakings publicly in its public offering and listing documents, the Bank will make the following undertakings regarding information disclosure of the prospectus in its public offering and listing documents:

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## LETTER FROM THE BOARD

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(1) the Bank shall, within five trading days after the competent authority such as the CSRC or a people's court has made a final ruling thereon or a ruling thereon that has become effective, initiate the procedures for a share repurchase to repurchase all the new A Shares under the A Share Offering of the Bank for any false representation, misleading statement or material omission contained in the prospectus of the Bank which would have a material and substantial effect on the ability of the Bank to satisfy the conditions of the offering in accordance with law. Details of the share repurchase scheme will be subject to internal and external review and approval of the Bank under applicable laws, regulations, regulatory documents and the Articles of Association. The repurchase price shall not be lower than the issue price thereof plus interest on such shares for such period from the issuance to such repurchase at the prevailing bank demand deposit interest rate. In case of any ex-rights or ex-dividend activities such as profit distribution, bonus shares, conversion of reserves to share capital after the A Share Offering of the Bank, such repurchase shall cover all the new A Shares and the underlying Shares under the A Share Offering, and the above share issue price shall be adjusted for such ex-rights or ex-dividend activities.

(2) the Bank will compensate the investors fully and promptly for any losses from securities trading suffered by them due to any false representation, misleading statement or material omission in the prospectus of the Bank in accordance with law, and based on the final determination or the effective ruling handed down by a competent authority such as the CSRC or a people's court.

The Bank shall be liable under relevant laws, regulations, regulatory documents and the requirements of the regulatory authorities if it fails to observe the above undertakings.

Should the relevant laws, regulations and regulatory documents (including the listing rules of the jurisdictions where the Shares of the Bank are listed) have other requirements in respect of the Bank's performance of the above undertakings, the Bank shall comply with such other requirements.

The above undertakings will be proposed at the AGM for Shareholders' consideration and approval. It will also be proposed that the Board be authorized to amend the above undertakings based on any changes in laws, regulations, regulatory documents and related policies or opinions of the regulatory authorities in and out of China.

#### ***24. Dilution of current returns as a result of the A Share Offering and remedial measures***

According to the requirements of the Opinions of the General Office of the State Council on Further Strengthening the Protection of Lawful Rights and Interests of Medium and Small Investors in the Capital Markets (Guo Ban Fa [2013] No. 110) and the Guiding Opinions of the CSRC on Matters relating to the Dilution of Immediate Returns in Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC Notice

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## LETTER FROM THE BOARD

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[2015] No. 31), If a company proceeds with an initial public offering of shares, or a listed company undergoes refinancing or engages in mergers and acquisitions or restructuring and therefore dilutes its current returns, it shall undertake to adopt specific measures to remedy such returns and honor the undertaking. The Bank has conducted relevant analysis in respect of the impact of the A Share Offering on the dilution of the current returns and suggested remedial measures in respect of the current returns. Detail of such analysis and remedial measures are set out in Appendix XI to this circular.

The above remedial measures will be proposed at the AGM for Shareholders' consideration and approval. It will also be proposed that the Board be authorized to adjust the above remedial measures based on any changes in laws, regulations, regulatory documents and related policies or opinions of the regulatory authorities in and out of China.

### ***25. Status report on the use of previously raised funds***

Upon verification of the use of previously raised funds as of December 31, 2018 by the Bank, the Bank prepared the Status Report on the Use of Previously Raised Funds by Huishang Bank Corporation Limited. Ernst & Young Hua Ming LLP (Special General Partnership) will conduct an audit and inspection on the Bank's use of the funds raised previously and issue the Assurance Report on the Bank's Use of the Previously Raised Funds accordingly. The full texts of the Status Report on the Use of Previously Raised Funds and the Assurance Report on the Bank's Use of the Previously Raised Funds are set out in Appendix XII to this circular.

### ***26. Amendments to the Articles of Association in connection with the A Share Offering***

In order to meet the relevant regulatory requirements, the Bank has made amendments to the existing Articles of Association in accordance with the requirements of the relevant laws, regulations and regulatory documents such as the PRC Company Law, the PRC Securities Law, the Guidance for the Articles of Association of Listed Companies, as well as the relevant requirements of the CSRC in relation to listed companies, and in line with the actual conditions of the Bank. Such amendments to the Articles of Association shall take effect and be implemented on the A Shares Listing Date. Details of such amendments are set out in Appendix XIII to this circular.

The amendments to the Articles of Association in connection with the A Share Offering will be proposed at the AGM for Shareholders' consideration and approval. It will be proposed that the Board be authorized and the chairman (and the authorized person of the chairman) be authorized by the Board, to adjust and amend the Articles of Association (A+H) according to the comments of the regulatory authorities and stock exchange(s), and complete related matters such as approval, filing and registration with the CBIRC, industrial and commercial registration agencies and other relevant government departments.

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## LETTER FROM THE BOARD

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### ***27. Amendments to the Rules of Procedure of General Meetings in connection with the A Share Offering***

In order to meet the relevant regulatory requirements, the Bank has made amendments to the Rules of Procedure of General Meetings in accordance with the requirements of the relevant laws, regulations and regulatory documents such as the PRC Company Law, the PRC Securities Law, the Guidance for the Articles of Association of Listed Companies and the Rules of Procedure of General Meetings of Listed Companies, as well as the relevant requirements of the CSRC in relation to listed companies, and in line with the actual conditions of the Bank. Such amendments shall take effect and be implemented on the A Shares Listing Date. Details of such amendments are set out in Appendix XIV to this circular.

The amendments to the Rules of Procedure of General Meetings in connection with the A Share Offering will be proposed at the AGM for Shareholders' consideration and approval. It will be proposed that the Board be authorized and the chairman (and the authorized person of the chairman) be authorized by the Board, to adjust and amend the Rules of Procedure of General Meetings (A+H) (including but not limited to adjustments and amendments to texts, chapters, clauses and effective conditions, etc.) according to the comments of the regulatory authorities and stock exchange(s).

In addition, if resolution 11 set out in this circular (namely, the amendments to the Rules of Procedure of General Meetings) is approved at the AGM, the amendments to the Rules of Procedure of General Meetings under such resolution will automatically become part of the Rules of Procedure of General Meetings (A+H).

### ***28. Amendments to the Rules of Procedure of the Board of Directors in connection with the A Share Offering***

In order to meet the relevant regulatory requirements, the Bank has made amendments to the Rules of Procedure of the Board of Directors in accordance with the requirements of the relevant laws, regulations and regulatory documents such as the PRC Company Law, the PRC Securities Law, the Guidance for the Articles of Association of Listed Companies, the Code of Corporate Governance of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Model Rules of Procedure of the Board of Directors of Listed Companies on the Shanghai Stock Exchange as well as the relevant requirements of the CSRC in relation to listed companies, and in line with the actual conditions of the Bank and with reference to the practices in the industry. Such amendments shall take effect and be implemented on the A Shares Listing Date. Details of such amendments are set out in Appendix XV to this circular.

In addition, if resolution 12 set out in this circular (namely, the amendments to the Rules of Procedure of the Board of Directors) is approved at the AGM, the amendments to the Rules of Procedure of the Board of Directors under such resolution will automatically become part of the Rules of Procedure of the Board of Directors (A+H).

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## LETTER FROM THE BOARD

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***29. Amendments to the Rules of Procedure of the Board of Supervisors in connection with the A Share Offering***

In order to meet the relevant regulatory requirements, the Bank has made amendments to the Rules of Procedure of the Board of Supervisors in accordance with the requirements of the relevant laws, regulations and regulatory documents such as the PRC Company Law, the PRC Securities Law, the Code of Corporate Governance of Listed Companies and the Model Rules of Procedure of the Board of Supervisors of Listed Companies on the Shanghai Stock Exchange as well as the relevant requirements of the CSRC in relation to listed companies, and in line with the actual conditions of the Bank and with reference to the practices in the industry. Such amendments shall take effect and be implemented on the the A Shares Listing Date. Details of such amendments are set out in Appendix XVI to this circular.

In addition, if resolution 13 set out in this circular (namely, the amendments to the Rules of Procedure of the Board of Supervisors) is approved at the AGM, the amendments to the Rules of Procedure of the Board of Supervisors under such resolution will automatically become part of the Rules of Procedure of the Board of Supervisors (A+H).

***30. Amendments to the Administrative Measures for the Control of Related Party Transactions in connection with the A Share Offering***

In order to meet the relevant regulatory requirements, the Bank has made amendments to the Administrative Measures for the Control of Related Party Transactions on the basis of the existing Administrative Measures for the Control of Related Party Transactions and under the requirements of the relevant laws, regulations and regulatory documents such as the Administrative Measures for Information Disclosure by Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines of the Shanghai Stock Exchange for the Implementation of Related Party Transactions, and the Listing Rules, as well as the Articles of Association. Such proposed amendments to the Administrative Measures for the Control of Related Party Transactions (A+H) shall take effect and be implemented on the A Shares Listing Date. Details of such amendments are set out in Appendix XVII to this circular.

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## LETTER FROM THE BOARD

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### (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 expects to issue the A Shares by way of exercising the general mandate. Assuming (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:

Shareholders	As of the Latest Practicable Date		Immediately after completion of the A Share Offering	
	Number of ordinary Shares <sup>(Note 1)</sup>	Approximate percentage of the Bank's issued share capital	Number of ordinary Shares <sup>(Note 2)</sup>	Approximate percentage of the Bank's issued share capital
<b>Domestic Shares<sup>(Note 3)</sup></b>				
Shanghai Song Ching Ling Foundation ("SCL Foundation") <sup>(Note 4)</sup>	713,947,003	5.87%	713,947,003	5.23%
Anhui Province Energy Group Company Limited ("Anhui Energy Group") <sup>(Note 5)</sup>	994,178,545	8.18%	994,178,545	7.28%
Domestic Shares held by public and to be converted into A Shares upon completion of the A Share Offering <sup>(Note 6)</sup>	6,967,925,663	57.33%	6,967,925,663	51.03%
A Shares to be newly issued under the A Share Offering	–	–	1,500,000,000	10.99%
<b>Subtotal</b>	<b>8,676,051,211</b>	<b>71.38%</b>	<b>10,176,051,211</b>	<b>74.52%</b>
<b>H Shares</b>				
SCL Foundation <sup>(Note 4)</sup>	1,245,864,400	10.25%	1,245,864,400	9.12%
Anhui Energy Group <sup>(Note 5)</sup>	329,973,600	2.71%	329,973,600	2.42%
H Shares held by the public	1,902,912,000	15.66%	1,902,912,000	13.94%
<b>Subtotal</b>	<b>3,478,750,000</b>	<b>28.62%</b>	<b>3,478,750,000</b>	<b>25.48%</b>
<b>Total</b>	<b>12,154,801,211</b>	<b>100%</b>	<b>13,654,801,211</b>	<b>100%</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. The Bank has distributed a dividend to the Shareholders whose names appeared on the register of members of the Bank on Wednesday, 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. As of the Latest Practicable Date, the Bank has issued 44,400,000 offshore preference shares with a par value of RMB100 per share. Pursuant to the Articles of Association of the Bank, the holders of offshore preference shares of the Bank are not entitled to convene and attend any general meeting of the Bank or vote at any general meeting of the Bank, except as stated in the terms and conditions of the offshore preference shares. If any trigger event occurs, the offshore preference shares may be converted into H Shares in accordance with the conversion terms. For further details, please refer to the announcements of the Bank dated November 3, 2016, November 10, 2016 and August 30, 2018. The shareholding structure of the ordinary Shares after the completion of the A Share Offering does not take into account the impact of any trigger event, resulting in the mandatory conversion of preference shares to Shares, might have on the ordinary share capital of the Bank.
3. Upon completion of the A Share Offering, all existing Domestic Shares in issue will be converted into A Shares.
4. According to the disclosure of interests forms submitted to the 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 Asset Investment Management Co., Ltd. (中靜新華資產管理有限公司) (“**Zhongjing Xinhua**”), Zhongjing Sihai Company Ltd. (中靜四海實業有限公司) (“**Zhongjing Sihai**”), Zhongjing Xinhua Property Management (Hong Kong) Co., Limited (“**Zhongjing Xinhua HK**”), Wealth Honest Limited (“**Wealth Honest**”) and Golden Harbour Investments Management Limited (“**Golden Harbour**”) currently directly hold 224,781,227 Domestic Shares, 489,165,776 Domestic Shares, 273,449,000 H Shares, 532,415,400 H Shares and 440,000,000 H Shares of the Bank, respectively; Zhongjing Sihai, Zhongjing Xinhua HK, Wealth Honest and Golden Harbour are subsidiaries of Zhongjing Xinhua; Zhongjing Xinhua, Zhongjing Sihai, 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.
5. According to the disclosure of interests forms submitted to the Stock Exchange by Anhui Energy Group and its affiliates, the register of members for Domestic Shares of the Bank and as informed by the email from Anhui Energy Group, as at the Latest Practicable Date, Anhui Energy Group, Anhui Province Wenergy Company Limited (“**Anhui Wenergy**”) and Xing An Holdings Limited (“**Xing An Holdings**”) currently hold 843,363,819 Domestic Shares, 150,814,726 Domestic Shares and 329,973,600 H Shares of the Bank, respectively; Anhui Wenergy and Xing An Holdings are the controlled corporations of Anhui Energy Group. Accordingly, Anhui Energy Group is deemed to have interests in the Shares of the Bank held by the above-mentioned companies. Anhui Energy Group and the above-mentioned companies are core connected persons of the Bank, and their shareholdings of the Bank’s H Share are not regarded as being held by the public. Assuming the number of Shares held by Anhui Energy Group and its controlled corporations or their shareholding remain unchanged after the date of the Circular till the completion of the A Share Offering, then upon completion of the A Share Offering, the number of Shares of the Bank held by Anhui Energy Group and its controlled corporations will represent less than 10% of the total issued share capital of the Bank. As a result, such companies will cease to be core connected persons of the Bank and their holdings of the Bank’s H Shares would be regarded as being held by the public.
6. To the best of the knowledge of the Board and according to the latest information received by the Bank, as of the Latest Practicable Date, the Bank has more than 16,300 holders of Domestic Shares, and no single holder of Domestic Shares holds 10% or more of the total issued ordinary share capital of the Bank.
7. Any discrepancies between the total percentages and sum of items shown in the table are due to rounding.

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## LETTER FROM THE BOARD

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The Bank did not carry out any 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 15.66%, which is lower than the minimum as required under Rule 8.08 of the Listing Rules. Assuming (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, approximately 85.65% 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 given by the securities regulatory authorities (including the CSRC), the CBIRC 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 domestically listed shares upon the completion of the A Share Offering. The time of the completion of the Bank's A Share Offering will depend on domestic policies for the offering and listing of A Shares, 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, after the passing of the resolution on the A Share Offering at the AGM, the Bank will actively proceed with the A Share Offering. The Bank will engage an intermediary team as soon as possible to commence the preparation for the A Share Offering, including due diligence, auditing, drafting the prospectus and preparing application materials, and will make its best effort to submit the application materials for the A Share Offering to the CSRC before end of 2019.

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 condition of the capital markets 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 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 industry self-regulation organizations of the securities industry, including the CSRC 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), the Initial Public Offering Underwriting Business Code (首次公開發行股票承銷業務規範) and the Detailed Implementation Rules for the Online Issuance of IPO Stocks in the Shanghai Stock Market (2018 Revised) (《上海市場首次公開發行股票網上發行實施細則(2018年修訂)》). 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

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## LETTER FROM THE BOARD

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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 (金融企業國有資產轉讓管理辦法) (No. 54 of the Ministry of Finance of the PRC) and ensure that the issue price will not be lower than the latest audited net asset per Share of the Bank on the date of determining the price. As of December 31, 2018, the Bank's audited net asset value per Share was RMB5.12. 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, 2019, 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. The A Shares to be issued under the general mandate will have a price that will not deviated from the applicable benchmark price determined in accordance with Rule 13.36(5) of the Listing Rules by more than 20%.

**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 the Hall, 11/F, Block A, Tianhui Building, 79 Anqing Road, Hefei, Anhui Province, the PRC at 9:00 a.m. on Sunday, June 30, 2019 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 295 to 301 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 Monday, June 10, 2019. 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.

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## LETTER FROM THE BOARD

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### 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.

### V. ADDITIONAL INFORMATION

Apart from the consideration and approval of the aforementioned resolutions, Shareholders will be debriefed by the Bank in respect of the Report on Related Party Transactions for 2018 (which is set out in Appendix XVIII to this circular), the Supervisory and Appraisal Report by the Board of Supervisors on the Performance of Duties by the Board and Directors for 2018 (which is set out in Appendix XIX to this circular), the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Supervisors for 2018 (which is set out in Appendix XX to this circular), the Supervisory and Appraisal Report by the Board of Supervisors on the Performance of Duties by the Senior Management and its Members for 2018 (which is set out in Appendix XXI to this circular) and 2020-2022 Strategic Development Plan of the Bank (which is set out in Appendix XXII to this circular).

By order of the Board  
**Huishang Bank Corporation Limited\***  
**Wu Xuemin**  
*Chairman*

Hefei, Anhui Province, the PRC  
May 15, 2019

\* *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 2018, though the growth rate of China's economy remained stable, the uncertainty and downward pressure constantly increased, and the growth drivers, structural adjustment and replacement of old features with new ones entered into shift stage, crucial stage and initial stage, respectively. The regional economy in Anhui and Jiangsu showed strong resilience and ushered in new opportunities as the integration of the Yangtze River Delta was upgraded to a national strategy. However, with further adjustment in the industrial structure, the continuous promotion of deleveraging, eliminating excess capacity and clearing inventory inevitably increased the uncertainties and challenges while improving the quality of development; as such, the challenge of controlling risks remained higher. In the previous year, the supervision against commercial banks continued strengthened, the establishment of the CBIRC, the intensive introduction of stringent regulatory and resolving chaos policies put forward higher requirements for the compliance operations of commercial banks. Faced with opportunities and challenges, the Board of Directors performed its duties diligently and faithfully strictly in accordance with laws, regulations and the Articles of Association, earnestly implemented the resolutions of the general meeting, and strengthened the strategy to lead and improve corporate governance. Through strengthening risk management and control, regulating the information disclosure and promoting the capital supplementary, it led the Bank to build a modern bank with high-quality development, achieving balanced development of scale, efficiency and quality.

As at the end of 2018, the Bank recorded total assets of RMB1,050.506 billion (in domestic and foreign currencies), representing an increase of 15.68% as compared with the beginning of the year, with the asset size steadily increasing to over RMB1 trillion; balance of customer deposits of RMB573.798 billion, representing a year-on-year increase of 11.89%, achieving a steady growth in the percentage of savings deposit and a continuous improvement in the liability structure; net profit of RMB8.86 billion, representing a year-on-year increase of 13.42%; non-performing loan ratio of 1.04%, representing a year-on-year decrease of 0.01 percentage point and provision ratio for loans of 302.22%. In light of the foregoing, the Bank's major operating indicators were better than expected and ranked among the top in the industry. The work report for 2018 is presented as follows:

## **I STRENGTHENING THE STRATEGY TO LEAD THE BUILDING OF A MODERN BANK WITH HIGH-QUALITY DEVELOPMENT**

In 2018, based on the 2015-2019 five-year strategic plan, the Board of Directors carefully studied and determined the business plan, formulated the budget plan, optimized the organizational setup, built the overall development framework of "One Body, Two Wings (一體兩翼)" and laid out the construction of "six financial service strategies and twelve systems", so as to build a modern bank with high-quality development. **In terms of construction of "six finances"**, the Bank focused on the people's livelihood safeguarding sector of the government to build a "people's livelihood finance" by emphasizing on the education and medical projects. By combining the policy orientation of the State, Anhui and Jiangsu, the Bank seized the pillar industries, major industries, significant projects and core leading enterprises to develop "industrial finance". The Bank further participated in the development of green economy, actively built a green financial system and focused on key green projects to develop "green

finance”. It also improved the technology financial service system, continuously enhanced the service capabilities of technology enterprises to develop “technology finance”. By focusing on the financial needs of urban and rural residents, the development needs of “Three Dimensional Rural Issues” and the small and micro enterprises, the Bank developed “inclusive finance”. It also developed “poverty alleviation finance” by focusing on the infrastructure construction and public service projects in poverty-stricken areas, emphasizing on the integration of poverty alleviation and “educational supports” and “raising self-confidence”. **In terms of product system construction**, by insisting on innovation to promote transformation, building a professional and perfect business product system, and focusing on the construction of six product systems, namely investment banking, transaction banking, private banking and wealth management, asset management, mobile finance and digital banking, giving play to the “synergistic effect” between new and traditional businesses, the Bank further enhanced the capacity of integrated financial services. **In terms of management system construction**, the Bank adhered to improve quality and efficiency through management, build a scientific and efficient management system, focus on corporate governance, comprehensive risk management, internal control, internal supervision, technology management, remuneration and expense management, to constantly improve the system, optimize work process, strengthen supervision on implementation, and further solidify the management foundation.

## II. IMPROVING THE CORPORATE GOVERNANCE SYSTEM TO ENSURE THE GOVERNANCE MECHANISM UNDER STANDARD OPERATION

**Firstly, the Bank improved the institutional system and completed the two amendments to the Articles of Association.** The first amendment was to incorporate the requirements of Party building into the Articles of Association. The Board of Directors earnestly implemented the relevant requirements of the provincial Party Committee, provincial government and regulatory authorities to facilitate the amendment to the Articles of Association and formulate a specific chapter on Party building in the Articles of Association, which clearly stipulated the statutory status, responsibilities and authorities, organizational setting, personnel allocation and expenditure guarantees of the Party organization of the Bank. It also incorporated the consideration and discussion of the Party Committee of the Bank as a procedural prerequisite for decision-making on material issues into the Articles of Association, setting out the specific scope of the material issues subject to consideration and discussion by the Party Committee of the Bank. The second amendment to the Articles of Association was to incorporate the new regulations on equity management and the relevant terms of the Interim Measures for the Equity Management of Commercial Banks into the Articles of Association, so as to regulate the behavior of Shareholders, define the rights and obligations of Shareholders, and provide system guarantee for strengthening the management of Shareholders’ equity. At the 2017 annual general meeting and the 2018 first extraordinary general meeting, such amendments to the Articles of Association were approved by an overwhelming majority of Shareholders. **Secondly, the Bank improved the corporate governance structure and elected the fourth session of the Board of Directors.** The Bank elected the independent Directors in a timely manner, considered and set up the organizational structure of the fourth session of the Board of Directors, considered and approved the Proposal on Determining the Number and Structure of the Fourth Session of the Board of Directors of

Huishang Bank, and considered and approved the relevant resolutions on election of the executive Directors, non-executive Directors and independent Directors of the fourth session of the Board of Directors at the 2018 first extraordinary general meeting, and made decisive progress in the re-election of the Board of Directors. **Thirdly, the Bank performed its duties faithfully and diligently in accordance with law, and achieved standard operation of the governance mechanism.** In 2018, the Bank held 2 general meetings, at which 26 proposals were considered and reviewed; 13 Board meetings, at which 88 proposals were considered and reviewed; and 23 special committee meetings, at which 101 proposals were considered and reviewed, covering all aspects of the development of the Bank including business management, connected transactions, risk management and control, corporate governance, Shareholders' equity management, capital supplement and performance assessment on senior management. In the course of consideration and approval of the aforesaid proposals, the Board of Directors and relevant special committees performed their duties faithfully and diligently in accordance with law, and each resolution was compliant and effective, which effectively guaranteed the business development of the Bank. **Fourthly, the Bank strengthened the training of Directors to improve the effectiveness of the performance of the Board of Directors.** The training covered courses with enriched contents and closely related to the performance of the Board of Directors such as macroeconomic outlook, commercial bank transformation and development, strengthening Party building of enterprises, statutory responsibility of directors of listed companies, new regulations on equity management of commercial banks, adjustment in overseas listing regulations, cross-border regulation of Mainland China and Hong Kong, management and control of inside information; as such, the knowledge structure of Directors was updated and the performance capacity of the Board of Directors was enhanced. The Bank organized the Board of Directors to participate in the spirit of "Red Army" learning activities of "Learning at Nanhu Revolution Memorial Hall" and "Learning at Yan'an Yangjialing Revolutionary Site", and integrated the requirements of Party building into all aspects of corporate governance.

### III. STRENGTHENING THE INTERNAL RISK CONTROL MANAGEMENT TO ACHIEVE QUALITY ASSET AND COMPLIANCE OPERATION

**On one hand, the Bank improved the comprehensive risk management system.** The Board of Directors strived to promote the construction of a comprehensive risk management system according to the macro financial situation and policy changes and adhering to the "prudent, rational and sound" risk concept. Through consideration and specification of the 2018 Risk Management Policy Guidance of Huishang Bank and the 2018 Risk Appetite Statement of Huishang Bank, the Bank continuously completed the risk management governance structure, improved the risk management system, optimized the risk management process and improved the risk management instruments, so as to fully balance the relationship among "capital, risk and revenue". The Bank considered and determined the Administrative Measures for the Financial Valuation of Financial Instruments of Huishang Bank and the Administrative Measures for the Provision for Impairment of Financial Assets of Huishang Bank to further strengthen risk identification, measurement, monitoring, mitigation and control, and maintain quality asset in the whole Bank. Each regulatory indicator remained stable and the overall status of various types of risks was under control. **On the other hand,**

**the Bank strengthened the internal control management system.** By adhering to the value orientation of giving priority to the internal control, following the guiding ideology of legitimate, compliant and stable operation, the Bank was guided to continuously improve the internal control system, optimize business processes, effectively improve risk prevention and control measures, strictly safeguard the bottom line of risk, and focus on preventing and resolving the risks in key sectors. The Bank urged the operation management to carry out a series of special activities such as “Year of Quality Improvement” and “Implementing Three Fundamental Tasks and Putting in Place Four Elements (三基四到位)”, paid close attention to the basic internal control management work, strived to develop a cultural environment in which all employees would participate in internal control, so as to continuously enhance the awareness of compliant internal control.

#### IV. DISCLOSING INFORMATION ACCORDING TO LAW TO PROTECT THE LEGITIMATE RIGHTS AND INTERESTS OF STAKEHOLDERS

**Firstly, the Bank strengthened the external audit management.** The Bank completed the appointment of external auditors for 2018 to promote the preparation of audit reports under the national and international accounting standards for 2017, providing a true, accurate and complete source of information for information disclosure. **Secondly, the Bank disclosed the annual report and the interim report according to law.** In accordance with the relevant requirements of domestic and foreign regulations, the Bank earnestly disclosed the 2017 annual report, the 2018 interim report and the ESG report. It also held the 2017 annual results conference and the 2018 interim results conference in Hong Kong according to law, and presented an overall picture of business development of Huishang Bank to domestic and overseas markets and the majority of stakeholders in a timely manner. **Thirdly, the Bank timely regulated and disclosed significant issues.** The Bank made statutory information disclosure in over 80 occasions for the year, which included the chairman’s appointment, the amendment to the Articles of Association, the re-election of the Board of Directors and the Board of Supervisors, the election of the chairman of the Board of Supervisors, changes in equity, and released authoritative information to home and abroad to fully safeguard the right to information of Shareholders and other stakeholders.

#### V. STRENGTHENING CAPITAL MANAGEMENT AND EXPLORING THE ESTABLISHMENT OF A LONG-TERM MECHANISM OF CAPITAL SUPPLEMENTATION

**In terms of endogenous capital supplementation,** the Bank considered and approved the Profit Distribution Plan of Huishang Bank for 2017, implemented the bonus share plus cash profit distribution plan by adopting 1 bonus Share for every 10 Shares (before tax) plus a cash dividend of RMB0.25 (before tax), distributing a total of 1,104,981,928 bonus Shares and cash dividend of approximately RMB276,245,500. The aforesaid plan comprehensively considered the interests of the Shareholders and Huishang Bank as a whole. While giving back to the Shareholders, it also stabilized the core capital adequacy ratio of the Bank, strengthened risk prevention and control, and supported the business development of the Bank. **In terms of exogenous capital supplementation,** the Bank continued to follow-up and analyse the latest

policy development and capital market condition of A-shares IPO, and prepared for re-listing and private placement. In 2018, it successively considered and approved the Resolution on the General Mandate for the Issue of Shares by Huishang Bank Corporation Limited, the Resolution on Promoting and Timely Launching the IPO of A Shares, the Resolution on Launching the Preparation for Non-public Issuance of H Shares, and the Resolution on the Initial Public Offering of A Shares and Listing Plan of Huishang Bank Corporation Limited; the consideration and approval of the aforesaid resolutions prepared for the exogenous capital supplementation.

In 2018, the Board of Supervisors conscientiously implemented the decisions and deployment of Anhui provincial Party Committee and Anhui provincial government. Unitedly led by the Party Committee of the Bank and based on the resolutions of general meetings, the Board of Supervisors abided by laws and regulations and earnestly performed duties with due diligence, with the support and cooperation of the Board and the senior management of the Bank. It constantly fine-tuned the structure and improved supervisory approaches, accomplished each task satisfactorily with sufficient efforts, playing its supervisory role effectively.

## **I. MAJOR WORKS DURING 2018**

(1) Focusing on long-term development and improving corporate governance. In 2018, the Board of Supervisors carefully implemented the supervisory function based on the Bank's high-quality development strategies, and further improved the corporate governance of the Bank, creating a good corporate governance environment for the reform and development of the Bank.

**A. Successfully completing the re-election of members of the Board of Supervisors.** Based on the overall arrangement of the Bank's corporate governance, the Board of Supervisors timely started and successfully completed the re-election of its members in accordance with the relevant laws and regulations and the Bank's Articles of Association. Following the procedures of announcement and solicitation, review, nomination and preliminary examination by the Party Committee, 9 members for the new session of the Board of Supervisors were elected by the employee representative meeting and the extraordinary general meeting of the Bank. The meeting of the Board of Supervisors selected the chairman for the new session of the Board of Supervisors, members and chairmen of the special committees, who signed letters of undertakings to perform duties diligently. The re-election work is legally compliant, standardized, efficient and orderly. The new session of the Board of Supervisors has officially operated and performed its duties.

**B. Promoting the timely re-election of members of the Board.** In accordance with relevant regulations and regulatory requirements, the Board of Supervisors, through the presence at meetings of the Board and its special committees and expressing independent opinions as well as other means and forms, prompted to speed up the approval of qualification for new Directors from the perspective of standardizing corporate governance. The Board of Supervisors convened meetings of the fourth session of the Board and various special committees in time, signed letters of undertakings of Directors to perform duties diligently, thus fully completing the re-election of the Board and the appointment of new management team, ensuring the effective integration and smooth operation of the governance structure constituted by the general meeting, the Board of Directors, the Board of Supervisors and the senior management.

**C. Cooperating well in amending the Articles of Association of the Bank.** In accordance with regulatory requirements, and based on the realities of the Bank, the Board of Supervisors actively cooperated with the Board to amend the Articles of Association twice, researched and proposed 27 amendments to improve the functions and powers of the Board and the Board of Supervisors, clarify the scope of deliberation by various professional committees, and further standardize the use of performance evaluation results, of which 16 amendments were adopted. The revised Articles of Association have been officially issued and implemented after being reviewed and approved by the 2018 first extraordinary general meeting of the Bank and approved by regulatory authorities. Meanwhile, the Board of Supervisors proposed amendments to the Rules of Procedure of General Meetings and the Rules of Procedure of the Board of Directors, aiming for continuous improvement of corporate governance at the institutional level.

(2) Keeping core task-centric and strengthening supervision over key areas. The Board of Supervisors was supervision-centric by organizing and executing supervision over key areas, such as duty performance, strategy, finance, internal control and risk management, thereby promoting each work of the bank-wide operation and management to be stable with progress.

**A. Conducting in-depth evaluation of supervision over duty performance.** The Board of Supervisors continued to deem the supervision over duty performance as the priority of its supervisory work, and, through formulating plans and improving the evaluation system, it conducted evaluation of duty performance in multiple channels and from multiple perspectives, continuously promoting the scientific and effective evaluation of duty performance. Firstly, the Board of Supervisors strengthened the daily supervision of duty performance. Members of the Board of Supervisors, by means of attending relevant meetings, reviewing relevant materials and listening to work reports, comprehensively supervised the Board and the senior management and its members in complying with the relevant laws and regulations and the Bank's Articles of Association, improving corporate governance, capital management, risk management and internal control, together with the execution of resolutions of the general meeting, the Board, the Board of Supervisors as well as the implementation of regulatory opinions. Secondly, the Board of Supervisors carried out the annual performance evaluation in an orderly manner. It formulated a special work plan for performance evaluation, and held meetings with Shareholders' representatives, branch presidents, and the responsible persons of the head offices and affiliates, respectively, where comments and suggestions were solicited from the Board, directors, senior management and their members. On-site assessment was conducted to form opinions of evaluation by the Board of Supervisors, which, upon consideration and approval by its meetings, formed the final evaluation results and reports. Thirdly, the Board of Supervisors regulated the application of evaluation results. The evaluation results of performance supervision and evaluation opinions were submitted to the Board and the senior management as appropriate, and reported to the 2017 annual general meeting and regulatory authorities. Meantime, the feedback mechanism for supervision evaluation opinions was further optimized to timely submit to the Shareholders' representatives, branches, and relevant departments the implementation of rectifying the performance evaluation opinions by the Board and the senior management. That has formed a benign closed-loop mechanism of evaluation-feedback-rectification-re-feedback, improved a

practical application of the evaluation results, and further smoothed the communication among the general meeting, the Board of Directors, the Board of Supervisors and the senior management and with related parties, improving the corporate governance and operation and management.

**B. Continuing with strategic supervision.** The Board of Supervisors continuously supervised the implementation and evaluation of the strategies by the Board in 2017, tracking the implementation process of the strategies, fully evaluating the completion of the quantitative objectives of strategic development, and highlighting asset quality, business indicator setting, business structure transformation, etc. It issued opinions on continuing with achievement of the established strategic goals, the upgrade of strategic thinking and the ability to cope with complex situations, the exploration and building of a comprehensive strategic management system, and timely adjustment to some strategies, and the same was reported to the Board. Meantime, aiming to better adapt to the current economic and financial environment and regulatory policies for accelerating the Bank's strategic transformation, the Board of Supervisors suggested the Board to speed up the overall strategic layout of "One Body, Two Wings (一體兩翼)", launch and implement a new round of strategies as soon as possible, strengthen the inter-connection of strategies, and lead the Bank's sustained and healthy development, based on the actual development needs of the Bank.

**C. Constantly strengthening financial supervision.** The Board of Supervisors furthered supervision over financial and capital management in accordance with the Bank's important financial decisions and implementation matters, optimizing the allocation of financial resources. Firstly, the Board of Supervisors reviewed annual reports and interim reports timely, scrutinized the authenticity, accuracy and completeness of supervision reports, and the compliance of the procedures, and expressed an audit opinion objectively and fairly. Especially when reviewing the Bank's 2018 interim and annual reports, it raised out opinions specifically on four aspects, i.e. ROA and ROE profitability indicators, total non-performing loans and public float. The Board of Supervisors made eight suggestions for work, from capital supplement planning in advance, pass-through management of underlying assets of investment business, to awareness of liquidity risks of investment business. Some of the opinions and suggestions have been adopted by the Board and the senior management and implemented in financial management practices. The Board of Supervisors enhanced communication with external auditors, listening to the preparation of annual reports and audit reports, to effectively supervise the satisfaction of information disclosure requirements. Secondly, the Board of Supervisors carefully reviewed the Bank's 2017 profit distribution plan, focusing on the compliance and rationality of the plan, and made audit suggestions based on the Bank's profitability, Shareholder return requirements, regulatory capital adequacy assessment and management's development requirements, and gave feedback of the same to the Board. Thirdly, the Board of Supervisors regularly listened to the Bank's business management report, financial analysis report, timely understanding the Bank's financial conditions, operating results and transformation progress, and intensified the supervision over the Bank's major investment decisions and implementation thereof, significant related party transactions, capital management, liquidity management, increasing the level of financial management with normalized financial supervision.

**D. Supervising internal control and risk management in all aspects.** The Board of Supervisors always deems internal control and risk management as the top priority, keeping paying attention to the establishment and improvement of risk management and internal control governance structure of the Bank, and supervises the implementation of risk management responsibilities at the group and consolidated financial statements level. Firstly, the Board of Supervisors established a major public opinions and risk events monitoring mechanism, with monitoring records set up for classified tracking analysis, timely launching special investigation and risk warning, and following the feedback results. Merely in the second half of 2018, a total of 16 major public opinions and risk events were tracked and monitored. And on the issue of collective complaints for credit cards of Huinong branch, specific opinions and suggestions were put forward from the aspect of strengthening the management of operating credit card business, troubleshooting third-party guarantee business, and regulating batch customer acquisition business operation, urging the rectification and implementation thereof. Secondly, the Board of Supervisors considered and reviewed carefully important risk and internal control management reports, and expressed independent opinions and recommendations. It regularly analyzed special reports such as asset quality, risk screening, supervision and evaluation, execution of authorization, case prevention and control, timely grasping the latest developments of various credit risks, market risks, and operational risks, and closely monitoring and supervising the formulation and implementation of risk management related policies. The Board of Supervisors considered and reviewed the Measures for the Management of Large-Scale Risk Exposure, the Measures for the Management of Risk and Capital Consolidated Financial Statements, and the Report on Internal Control Self-evaluation and other reports, and put forward tailor-made suggestions. Thirdly, the Board of Supervisors emphasized off-site monitoring of risks and internal control. Through enhancement of system monitoring, data analysis, interbank comparisons, attending of relevant meetings, the Board of Supervisors supervised the risk controls in major regions, industries, products and customers, with continuous monitoring of key risk indicators, and gave risk warning based on monitoring in due time.

(3) Basing upon the operation and management priorities for in-depth supervision and inspection. The Board of Supervisors closely monitored the latest changes in macroeconomic and financial policies and regulatory requirements, and in line with the Bank's strategic development and operation and management priorities, identified key areas and organized special supervision and inspection at appropriate time to make suggestions and suggestions on them, hence promoting the Bank's continuous improvement in operation and management and efficiency.

**A. Solidly carrying out supervision and inspection of affiliates.** For the purpose of safeguarding the Bank's foreign investment interests and improving the management of affiliates, the Board of Supervisors has drawn up special supervision and inspection programs based on the past experience of inspecting affiliates as summed up and upgraded. Through establishing a special working group and by means of on-site inspections plus off-site monitoring, the Board of Supervisors organized the first comprehensive systematic supervision and inspection of Jinzhai Huiyin Rural Bank Co., Ltd., primarily in eight areas including Party construction, corporate governance, capital management, internal control and risk

management, financial management and information technology management. The operation and management and the ability of sustainable development of, and the Bank's effectiveness in managing, Jinzhai Huiyin, were evaluated by the Board of Supervisors, which pointed out 21 specific problems in six aspects in respect of the operation and management of Jinzhai Huiyin and the Bank's management of affiliates. From the point of further exploring and establishing appropriate affiliate management support models, enhancing brand influence and social image, building and improving corporate governance system, opinions and suggestions were put forward with a special report formed. After review by the Board of Supervisors, the report was submitted to the senior management of the Bank. At present, relevant departments of the Bank and Jinzhai Huiyin Rural Bank are undergoing rectification and implementation.

**B. Organizing special checks for compensation management.** In order to further optimize the Bank's compensation management mechanism and improve the incentive and constraints mechanism, according to the regulatory requirements, the Board of Supervisors set up an inspection team to conduct special checks on the Bank's compensation management. Employing on-site interviews and data access, it focused on on-site inspections of relevant departments of the head office and some branches, systematically understanding the profiles of the compensation management of the Bank. Focuses were also put on the investigations and analysis of the construction of compensation management system, performance appraisal, management responsibilities, forming a special inspection report. The Board of Supervisors put forward opinions and suggestions from the perspective of improving the setting of performance appraisal indicators of branches, optimizing the salary and welfare system, and tightening the control of staffing of the Bank. The senior management reported rectification status to promote further standardization of the compensation management, and improve the incentive and constraints mechanism.

**C. Taking the lead in organizing the audit for departure.** In accordance with the Bank's Articles of Association and regulatory requirements, the Board of Supervisors organized the audit of the economic liabilities of the three senior executives, namely Mr. Wu Xuemin, former president, Mr. Zhang Youqi, former vice president and Mr. Sheng Hongqing, former assistant to the president, of the Bank, objectively evaluating their performance of economic liabilities during their respective tenure. Combined with the actual work and job requirements, it put forward specific audit recommendations and formed an audit report. The audit report was reviewed by the Board of Supervisors, and then submitted to the Board and the senior management, respectively, and filed with the regulatory authorities. The Board of Supervisors commissioned an external auditor, who has completed the audit for the departure of the former chief information officer of the Bank, Mr. Chen Hao, and has reported the audit to the Board and the senior management according to procedures where appropriate.

(4) Conducting legal supervision and conscientiously implementing the duties of the Board of Supervisors to consider matters. The Board of Supervisors earnestly complied with laws and regulations and the provisions of the Bank's Articles of Association by holding various meetings in a timely manner, standardizing the procedures of meeting, reviewing relevant proposals. That further strengthened the supervisory function of the Board of Supervisors, and improved the quality and efficiency of the proceedings.

**A. Organizing the timely convening of meetings of the Board of Supervisors.** A total of 31 meetings were held throughout the year, including 8 on-site meetings and 5 meetings by way of a written resolution of the Board of Supervisors, at which 52 proposals and reports were considered and 36 reports were reviewed; 10 meetings of the Nomination Committee were convened, at which 31 proposals were reviewed; and 8 meetings of the Supervisory Committee were held, where 19 proposals were reviewed. The number of meetings exceeded the regulatory requirements, with meeting procedures being legal and compliant. The proposals and reports covered the Bank's corporate governance, performance evaluation, financial management, internal control, risk management, and management of affiliates. In order to further improve its quality to consider matters, innovate and improve agenda, the Board of Supervisors may also issue independent opinions during the intersessional period to materialize the functions, realising its supervision work towards more a change of the supervision in the process of and prior to events, in addition to notification of the summary of conversations among Supervisors, regulatory opinions and the implementation of the regulatory requirements by the Bank at the on-site meeting. All Supervisors can perform their duties faithfully, rigorously and diligently from the interests of the Bank and the Shareholders, ensuring the adequacy of the Board of Supervisors to consider matters and the professionalism and effectiveness of its supervision.

**B. Expressing an independent opinion during the intersessional period.** In order to further strengthen intersessional supervisory responsibilities of the Board of Supervisors, based on the regulatory guidelines and the actual needs of duty performance, the chairman of the Board of Supervisors represented the Board of Supervisors to present at the meetings of the Board and its special committees and the senior management, with independent opinions and suggestions issued concerning the re-election of the Board and the Board of Supervisors, performance appraisal, asset quality, liability optimization, elimination of non-performing loans, strict governance, etc. As such, the channels for the duty performance and due diligence of the Board of Supervisors were further broadened, the breadth and depth of supervision were expanded, the duties of the Board of Supervisors were strengthened, and the quality of supervision was enhanced.

**C. Attending the general meeting legally.** Some Supervisors have attended the 2017 annual general meeting and the extraordinary general meeting of the Bank, and when voting on proposals, counted and scrutinized the votes jointly with lawyers and Shareholders' representatives, ensuring the legal compliance of the voting process. In accordance with the requirements of the Bank's Articles of Association, the Board of Supervisors also made the annual work report and a written report on the results of the performance evaluation of Supervisors to the 2017 annual general meeting, which was approved by the general meeting.

(5) Continuing to optimize the supervision mechanism and enhance the effectiveness of supervision. Actively adapting to the new changes in the business environment and the regulatory environment, the Board of Supervisors continuously fine-tuned processes, standardized procedures, improved mechanisms, and innovated ways to promote normative and effective operation of the supervision work.

**A. Building an information exchange and sharing mechanism.** The scope, time limit and channels of submitting various types of operation and management information of the Bank to the Board of Supervisors were clarified from the institutional level. The information system was deployed to broaden channels, improve the convenience and timeliness of information acquisition, and strengthen information sharing with the Board and the senior management, which guaranteed the necessary information right of the Board of Supervisors, consequently creating favorable conditions for it to perform duties smoothly.

**B. Enhancing external connection and communication.** The Board of Supervisors furthered the communication with regulatory authorities, external auditors, relevant government agencies and other banks to provide more resources of information for its duty performance. The Board of Supervisors reported the work to regulatory authorities in a timely manner, acquainted and grasped rich external supervision and audit information.

**C. Strengthening internal supervision interaction.** By integrating internal and external audit and various business departments, banking business capabilities and resources of the Bank, the Board of Supervisors further enhanced the overall effectiveness of supervision, highlighting interaction efficiency. With full use of the relevant effects, the related inspections were completed with coordinated efforts, and through exerting the synergy of supervision appropriately, the supervisory function of the Board of Supervisors was extended effectively.

**D. In-depth visiting to contact Shareholders.** In order to effectively protect the legitimate rights and interests of Shareholders and stakeholders, the Board of Supervisors visited the Shareholders such as Hefei Xingtai Financial Holdings and Anhui Publishing Group to solicit their opinions and suggestions on the performance of the Board, the Board of Supervisors and the senior management. Further business cooperation was communicated and discussed, which improved the investor relations management and enhanced the understanding and support of Shareholders for the Bank's operation and management and business development.

(6) Enhancing self-development of the Board of Supervisors, and building up capabilities to perform duties. The Board of Supervisors attached importance to the capabilities to perform duties, strengthened self-restraint, enhanced the training and assessment, focused on central task and served the overall interests, relentlessly pushing the work of the Board of Supervisors to a new level.

**A. Evaluating the duty performance of Supervisors.** The annual performance evaluation of Supervisors was carried out according to the method for evaluating Supervisors' performance and the compensation management system of the Bank. The evaluation stressed on Supervisors' performance of obligations on integrity, loyalty and diligence complying with laws, administrative regulations and the Articles of Association of the Bank, attending meetings of the Board of Supervisors and expressing opinions, as well as their supervision in the progress over the performance of daily duties of the Board and the senior management, allowing an objective and impartial evaluation of Supervisors' performance.

**B. Enhancing the development of system of the Board of Supervisors.** According to the corporate governance requirements and regulatory requirements for commercial banks, the Board of Supervisors has successively organized and revised the Interim Measures for the Audit of the Economic Responsibilities of Executive Directors and Senior Management by the Board of Supervisors of Huishang Bank and the Measures for Supervision and Inspection of Affiliates by the Board of Supervisors of Huishang Bank and other rules and regulations. The supervisory responsibilities of the Board of Supervisors were further clarified, which was conducive to strengthening and improving supervision over duty performance, internal control and risk management, promoting the Board of Supervisors to proceed with work smoothly. Specifically, the revision of measures for the supervision and inspection of affiliates further standardized the inspection scope, methods and reporting procedures, catering to the requirements of the new situation and new tasks, which was helpful in exploring and forming effective management models for affiliates, safeguarding interests in external investments of the Bank, and promoting coordinative development of the Bank.

**C. Organizing study and communication.** The Board of Supervisors actively organized Supervisors to concentrate on studying the Bank's Articles of Association and regulatory opinions, understand and master the latest regulatory policies and requirements, broaden the scope of supervision, improve professional standards, so as to better play the role of decision-making support.

**D. Developing the capability for service guarantee.** The Board of Supervisors improved the arrangement of posts for the office of the Board of Supervisors, further clarified post duties of the supervision team for finance and performance evaluation, internal control and risk management, optimized the working mechanism, strictly implemented discipline requirements, continuously increasing the service guarantee capability.

## **II. INDEPENDENT OPINIONS FROM THE BOARD OF SUPERVISORS ON RELEVANT MATTERS**

### **(1) Operation in compliance with laws**

During the reporting period, the Bank's operating activities were in compliance with laws and regulations, such as the PRC Company Law, the regulatory requirements and the Articles of Association of the Bank. The decision-making procedures and resolutions of the Board were in compliance with laws and regulations. The senior management performed their operation and management duties in accordance with laws and regulations, the authorization of the Board and the rules and policies of the Bank.

### **(2) Authenticity of financial report**

The Bank's 2018 annual financial report has been audited by Ernst & Young in accordance with the International Financial Reporting Standards and a standard unqualified audit report was issued. The financial report is true, objective and accurate to reflect the Bank's financial activities and operating results.

**(3) Related party transactions**

The Board of Supervisors is not aware of any related party transaction of the Bank during the reporting period that damaged the interests of the Shareholders and the Bank.

**(4) Internal control**

During the reporting period, the Bank adhered to the value orientation of priority for internal control and satisfied the regulatory requirements by firmly carrying out special governance activities, such as “Internal Control Promotion Year”, “Year of Quality Improvement”, “Deepening the Rectification of Irregularities in the Banking Industries”, “Implementing Three Fundamental Tasks and Putting in Place Four Elements (三基四到位)”. The Bank continued to fine-tune rules and regulations, strengthened the internal control system, and persistently improved internal control. No major defect was found by the Board of Supervisors in the integrity and rationality of internal control of the Bank.

**(5) Risk management**

During the reporting period, the Bank continued with classified execution of policies and addressing of both the symptoms and the root causes, and with responsibility implementing around, upscaled risk control in key areas. The Bank steadily pushed forward the building of a fully-fledged risk management system, improved the risk management structuring and risk management system, optimised the risk management process, and upgraded the risk management tools. All regulatory indicators remained stable and the overall risk condition was manageable.

**(6) Implementation of resolutions passed at general meetings**

The Board of Supervisors had no objection to the reports and proposals submitted by the Board to general meetings in 2018 for consideration, and supervised the implementation of the resolutions passed at the general meetings. The Board of Supervisors is of the view that the Board well implemented the relevant resolutions passed at the general meetings.

**APPENDIX III**

**COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF GENERAL MEETINGS**

The Rules of Procedure of General Meetings set out below shall take effect and be implemented upon approval at the Shareholders’ general meeting of the Bank. The major amendments to the existing Rules of Procedure of General Meetings are as follows:

Original Article	Amended Article	Reasons for or Basis of Amendment
<p><b>Article 1</b> These Rules are formulated in accordance with the relevant requirements of laws, administrative regulations, departmental rules and regulatory documents such as the Company Law of the People’s Republic of China (the “Company Law”), the Commercial Banking Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Guidelines on the Corporate Governance of Commercial Banks and the relevant provisions under the Articles of Association of Huishang Bank Corporation Limited (the “Articles of Association”) and based on the actual circumstances of Huishang Bank Corporation Limited (the “Bank”), for the purpose of regulating the organisation and activities of general meetings of the Bank, enhancing the efficiency and resolution standard of general meetings, protecting the legitimate rights and interests of shareholders, as well as ensuring the exercise by general meetings of powers and functions according to law and the legality and effectiveness of meeting procedures and content of resolutions.</p>	<p><b>Article 1</b> These Rules are formulated in accordance with the relevant requirements of laws, administrative regulations, departmental rules and regulatory documents such as the Company Law of the People’s Republic of China (the “Company Law”), the Commercial Banking Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Guidelines on the Corporate Governance of Commercial Banks <u>and the Interim Measures for the Equity Management of Commercial Banks</u> and the relevant provisions under the Articles of Association of Huishang Bank Corporation Limited (the “Articles of Association”) and based on the actual circumstances of Huishang Bank Corporation Limited (the “Bank”), for the purpose of regulating the organisation and activities of general meetings of the Bank, enhancing the efficiency and resolution standard of general meetings, protecting the legitimate rights and interests of shareholders, as well as ensuring the exercise by general meetings of powers and functions according to law and the legality and effectiveness of meeting procedures and content of resolutions.</p>	<p>Update on laws and regulations.</p>

Original Article	Amended Article	Reasons for or Basis of Amendment
<p><b>Article 26</b></p> <p>.....</p>	<p><b>Article 26</b></p> <p>.....</p> <p><i>(to add after the former paragraph (2))</i></p> <p><b><u>The supplementary notice to the shareholders' general meeting may not be subject to the foregoing restriction regarding announcement.</u></b></p> <p>.....</p>	<p>Amendment for improvement made in accordance with Article 87 of the Articles of Association.</p>
<p><b>Article 49</b> The following matters shall be resolved by way of ordinary resolution:</p> <p>.....</p> <p>(6) performance appraisals by the Board of Directors on directors (including independent directors);</p> <p>(7) performance appraisals by the Board of Supervisors on the supervisors (including external supervisors); and</p> <p>.....</p>	<p><b>Article 49</b> The following matters shall be resolved by way of ordinary resolution:</p> <p>.....</p> <p><del>(6) performance appraisals by the Board of Directors on directors (including independent directors);</del></p> <p><del>(7) performance appraisals by the Board of Supervisors on the supervisors (including external supervisors); and</del></p> <p>.....</p>	<p>Amendment made in accordance with Article 111 of the Articles of Association.</p>
<p><b>Article 55</b> The special voting procedure at a shareholders' general meeting for class shareholders shall not apply for the following cases:</p> <p>.....</p>	<p><b>Article 55</b> The special voting procedure at a shareholders' general meeting for class shareholders shall not apply for the following cases:</p> <p>.....</p> <p><i>(to add after the former paragraph (2))</i></p> <p><b><u>(3) the relevant regulatory authorities such as banking regulatory authorities and the securities regulatory authority of the State Council have given approval for unlisted shares held by the shareholders of the Bank to be traded in overseas stock exchanges.</u></b></p>	<p>Amendment made in accordance with Article 135 of the Articles of Association.</p>

Original Article	Amended Article	Reasons for or Basis of Amendment
<p><b>Article 73</b> If the proposal regarding the election of the directors or supervisors is approved at the shareholders' general meeting, the newly elected director or supervisor's term of service shall commence on the date on which the resolution is passed.</p>	<p><b>Article 73</b> If the proposal regarding the election of the directors or supervisors is approved at the shareholders' general meeting, the newly elected director or supervisor's term of service shall commence on the date on which the resolution is passed, <u>except as otherwise provided by laws, administrative regulations, departmental rules, regulatory documents or otherwise required by relevant regulatory authorities.</u></p>	<p>Amendment made in accordance with Article 126 of the Articles of Association.</p>
<p><b>Article 80</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules 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 existing Rules of Procedure of General Meetings of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.</p>	<p><b>Article 80</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules shall become effective <del>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.</del> The existing Rules of Procedure of General Meetings of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.</p>	<p>Amendment for improvement.</p>

## Notes:

1. *The above amendment table does not show the corresponding number of cross-reference clauses according to the amendments to the Rules of Procedure of General Meetings and the amendment of individual numbers into Chinese characters in order to unify the format of the numbers of the Rules of Procedure of General Meetings.*
2. *The Rules of Procedure of General Meetings are prepared in Chinese, and translated into English. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.*

The Rules of Procedure of the Board of Directors set out below shall take effect and be implemented upon approval at the Shareholders' general meeting of the Bank. The amendments to the existing Rules of Procedure of the Board of Directors are as follows:

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>CHAPTER 1 GENERAL PROVISIONS</b></p>	<p><b>CHAPTER 1 GENERAL PROVISIONS</b></p>	
<p><b>Article 1</b> These Rules are formulated in accordance with relevant requirements of laws, administrative regulations, departmental rules and regulatory documents such as the Company Law of the People's Republic of China, the Commercial Banking Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules"), the Guidelines for the Corporate Governance of Commercial Banks and the Due Diligence Guidelines for the Board of Directors of Joint-stock Commercial Banks (Trial) and the relevant provisions under the Articles of Association of Huishang Bank Corporation Limited (the "Articles of Association") and based on the actual circumstances of Huishang Bank Corporation Limited (the "Bank"), for the purpose of improving the corporate governance structure of the Bank, regulating decision-making behavior of the Bank, and ensuring the legitimation, scientization and systematization of working and decision-making of the Board of Directors.</p>	<p><b>Article 1</b> These Rules are formulated in accordance with relevant requirements of laws, administrative regulations, departmental rules and regulatory documents such as the Company Law of the People's Republic of China, the Commercial Banking Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules"), the Guidelines for the Corporate Governance of Commercial Banks <del>and the Due Diligence Guidelines for the Board of Directors of Joint-stock Commercial Banks (Trial)</del> and the relevant provisions under the Articles of Association of Huishang Bank Corporation Limited (the "Articles of Association") and based on the actual circumstances of Huishang Bank Corporation Limited (the "Bank"), for the purpose of improving the corporate governance structure of the Bank, regulating decision-making behavior of the Bank, and ensuring the legitimation, scientization and systematization of working and decision-making of the Board of Directors.</p>	<p>Those guidelines were abolished according to the Notice of the CBRC on Clearing Up Results of the Regulatory Documents (CBRC Notice [2018] No. 1, March 19, 2018).</p>

APPENDIX IV

COMPARATIVE TABLE OF AMENDMENTS TO THE  
RULES OF PROCEDURE OF THE BOARD OF DIRECTORS

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>Article 2</b> The Bank shall establish a Board of Directors. The Board of Directors shall be accountable to the shareholders, perform its duties and safeguard rights and interests of the Bank and its shareholders pursuant to laws, administrative regulations and the Articles.</p>	<p><b>Article 2</b> The Bank shall establish a Board of Directors. The Board of Directors shall be accountable to the shareholders, perform its duties and safeguard rights and interests of the Bank and its shareholders pursuant to laws, administrative regulations and the Articles of Association <u>of the Bank.</u></p>	<p>Wording improvement.</p>
<p><b>CHAPTER 2 COMPOSITION AND DUTIES OF THE BOARD OF DIRECTORS</b></p>	<p><b>CHAPTER 2 COMPOSITION AND DUTIES OF THE BOARD OF DIRECTORS</b></p>	
<p><b>Section 1 Composition of the Board of Directors</b></p>	<p><b>Section 1 Composition of the Board of Directors</b></p>	
<p><b>Article 8</b> The Board of Directors shall be composed of fifteen (15) directors, of which the independent directors shall account for one third or more of the total number of directors.</p>	<p><b>Article 8</b> The Board of Directors shall be composed of fifteen (15) <u>to nineteen (19)</u> directors, of which the independent directors shall account for one third or more of the total number of directors.</p>	<p>Amendment made in accordance with Article 162 of the Articles of Association currently in force and based on the actual circumstances of the Bank.</p>
<p><b>Article 10</b> The Board of Directors shall set up a special office, take charge of the daily affairs of the Board of Directors and its relevant special committees, provide support to the Board of Directors and such committees in connection with the exercise of their rights and duties, and assist the secretary to the Board of Directors in carrying out their duties.</p> <p>.....</p>	<p><b>Article 10</b> The Board of Directors shall set up a special office <u>as a daily administrative body, which shall be responsible for preparing for general meetings of shareholders, Board meetings and meetings of special committees and relevant documents, taking minutes of such meetings, assisting the Board of Directors in enhancing corporate governance and conducting information disclosure properly, managing investor relations and other routine work of the Board of Directors and the special committees of the Board of Directors.</u> take charge of the daily affairs of relevant special committees, provide support to such committees in connection with the exercise of their rights and duties, and assist the secretary to the Board of Directors in carrying out their duties.</p> <p>.....</p>	<p>Improvement on original expression with reference to rules of the banking industry.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>Section 2 Duties of the Board of Directors</b></p>	<p><b>Section 2 Duties of the Board of Directors</b></p>	
<p><b>Article 11</b> The Board of Directors shall perform the following duties:</p> <p>.....</p> <p>(16) evaluate regularly and improve continuously the corporate governance of the Bank according to laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles of Association;</p> <p>(17) draw up share incentive and employee share ownership plans of the Bank; and decide on the measures to link employees' salaries with the operational performance of the Bank;</p> <p>(18) other functions and authorities vested by laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles of Association and authorized by the shareholders' general meeting.</p>	<p><b>Article 11</b> The Board of Directors shall perform the following duties:</p> <p>.....</p> <p><i>(to add after the former paragraph (13))</i>  <b><u>(14) be responsible for approving the Bank's internal auditing charter, medium and long term audit plans and annual audit plans;</u></b></p> <p>.....</p> <p><del>(16)</del> evaluate regularly and improve continuously the corporate governance of the Bank according to laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles of Association;</p> <p><del>(17)</del> draw up share incentive and employee share ownership plans of the Bank; and decide on the employees' <b><u>basic remuneration system</u></b> <del>salaries with the operational performance</del> of the Bank;</p> <p><b><u>(19) be responsible for the equity management of the Bank and assume the ultimate responsibility for the Bank's equity affairs management;</u></b></p> <p><del>(18)</del> other functions and authorities vested by laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles of Association and authorized by the shareholders' general meeting.</p> <p><b><u>The Board of Director shall take the advice of the Bank's Party Committee before making decisions on any major matters of the Bank.</u></b></p>	<p>Amendment to paragraph 1 made in accordance with Article 163 of the Articles of Association.</p> <p>Paragraph 2 was consistent with Article 296 of the Articles of Association.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>Article 16</b></p> <p>.....</p> <p>Any external equity investment and its disposal with its amount not exceeding 3% of the Bank's most recent audited net asset value will be considered and approved by the Board of Directors, while any such investment and disposal with its amount exceeding 3% of the Bank's most recent audited net asset value shall be approved by the shareholders' general meeting.</p> <p>.....</p>	<p><b>Article 16</b></p> <p>.....</p> <p>Any <b>single item of</b> external equity investment and its disposal with its amount not exceeding 3% of the Bank's most recent audited net asset value will be considered and approved by the Board of Directors, while any such <b>single item</b> with its amount exceeding 3% of the Bank's most recent audited net asset value shall be approved by the shareholders' general meeting.</p> <p>.....</p>	<p>Amendment for improvement made according to the "Plan of the Authorizations Granted to the Board of Directors by the Shareholders' General Meeting of Huishang Bank Corporation Limited".</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<b>Section 3 Board Committees</b>	<b>Section 3 Board Committees</b>	
<p><b>Article 20</b> The Board of Directors shall establish the strategic development committee, the nomination and remuneration committee, the risk management committee, the connected party transaction control committee and the audit committee. These committees shall be accountable to the Board of Directors.</p>	<p><b>Article 20</b> The Board of Directors shall establish the strategic development <b>and consumer rights protection</b> committee, the nomination and remuneration committee, the risk management committee, the connected party transaction control committee and the audit committee. <u>The Board of Directors may set up other special committees and adjust the existing committees as necessary. The Board of Directors shall separately formulate the work rules of each Board committee.</u> These committees shall be accountable to the Board of Directors, <u>and shall provide professional opinions to the Board of Directors, or make decisions in respect of professional issues in accordance with the authorization of the Board of Directors.</u></p> <p><u>Matters proposed to be resolved by the Board of Directors that 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. Unless authorized by the Board of Directors in accordance with law, the deliberation opinions of the Board committees cannot replace the opinions of the resolutions of the Board of Directors.</u></p>	<p>To change the name of the strategic development committee in accordance with the regulatory requirements of the regulatory authorities for the establishment of the consumer rights protection committee and Article 187 of the Articles of Association of the Bank.</p> <p>Amendment for improvement in relation with function orientation of Board Committees made in accordance with Article 189 of the Articles of Association and rules of the banking industry.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<b>Section 4 Secretary to the Board of Directors</b>	<b>Section 4 Secretary to the Board of Directors</b>	
<b>Article 22</b> The Board of Directors shall have a secretary to the Board of Directors. The secretary to the Board of Directors shall also serve as the director of the office of the Board of Directors. The secretary to the Board of Directors shall be nominated by the chairman and shall be appointed or removed by the Board of Directors. The secretary to the Board of Directors has the same term of office as that of the directors.	<b>Article 22</b> The Board of Directors shall have a secretary to the Board of Directors. <del>The secretary to the Board of Directors shall also serve as the director of the office of the Board of Directors.</del> The secretary to the Board of Directors shall be nominated by the chairman and shall be appointed or removed by the Board of Directors. The secretary to the Board of Directors has the same term of office as that of the directors.	The sentence “the secretary to the Board of Directors shall also serve as the director of the office of the Board of Directors” was deleted in the Articles of Association, and the amendment made in this article was to be consistent with the Articles of Association.
<b>CHAPTER 3 PROCEDURES FOR CONVENING BOARD MEETINGS</b> <b>Section 1 Mode of Meetings</b>	<del><b>CHAPTER 3 PROCEDURES FOR CONVENING BOARD MEETINGS</b></del> <del><b>Section 1 Mode of Board Meetings</b></del>	
<b>Article 25</b> The chairman shall convene and preside over an extraordinary meeting within ten (10) days of receiving such a proposal under the following circumstances:  .....  (5) it is proposed by the proposing shareholders;  .....	<b>Article 25</b> The chairman shall convene and preside over an extraordinary meeting within ten (10) days of receiving such a proposal under the following circumstances:  .....  (5) it is proposed by the <del>proposing</del> shareholders <b><u>who individually or jointly hold more than 10% of the voting shares of the Bank;</u></b>  .....	Amendment for improvement made in accordance with definition of Proposing Shareholders in Article 71 of the Articles of Association.

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>Article 26</b> If an extraordinary Board meeting is proposed to be held, a written proposal with the signature of proposer shall be submitted to the chairman directly or through the Office of the Board of Directors. A written proposal shall include the following:</p> <p>.....</p> <p>The Office of the Board of Directors shall, within 3 days after it or the chairman receives the proposer’ written proposal, issue a notice of an extraordinary meeting.</p>	<p><b>Article 26</b> If an extraordinary Board meeting is proposed to be held <b>according to the preceding article</b>, a written proposal with the signature of proposer shall be submitted to the chairman directly or through the Office of the Board of Directors. A written proposal shall include the following:</p> <p>.....</p> <p><b><u>Matters proposed to be resolved shall not violate the requirements of laws and regulations, and departmental rules, and shall be within the scope of the duties of the Board as specified in the Articles of Association. Any matters that fail to meet the above requirements shall not be submitted to the Board for discussion. The pre-procedure (if any) required by the relevant laws and regulations, departmental rules and the Articles of Association in respect of a matter shall be performed before such matter is submitted and reported to the Board.</u></b> <del>The Office of the Board of Directors shall, within 3 days after it or the chairman receive the proposer’ written proposal, issue a notice of an extraordinary meeting.</del></p>	<p>Amendment for improvement with reference to the rules of the banking industry.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<b>Section 2 Meeting Agenda</b>	<b>CHAPTER 4 <del>Section 2</del> Board Meeting Agenda Proposals</b>	
<p><b>Article 29</b> Directors, special committees to the Board of Directors and senior management can deliberate and prepare relevant resolutions during the inter-sessional period of the Board according to their powers and working needs, and submit to the Office of the Board of Directors 20 days before the convening of the next Board meeting.</p>	<p><del>Article 29</del> Directors, special committees to the Board of Directors and senior management can deliberate and prepare relevant resolutions during the inter-sessional of the Board meeting according to their powers and working needs, and submit to the Office of the Board of Directors 20 days before the convening of the next Board meeting.</p> <p><b><u>The following persons or entities are entitled to submit proposals to the Board of Directors:</u></b></p> <p><b><u>(1) the Chairman;</u></b>  <b><u>(2) more than one-third of the directors;</u></b>  <b><u>(3) the Board of supervisors;</u></b>  <b><u>(4) more than half of the independent directors (at least two);</u></b>  <b><u>(5) the Board committees;</u></b>  <b><u>(6) shareholders who individually or jointly hold more than 10% of the voting shares of the Bank;</u></b>  <b><u>(7) the president or other members of senior management of the Bank.</u></b></p> <p><b><u>The proposer shall be held responsible for the legality, accuracy and completeness of the proposals according to relevant laws, administrative regulations, rules and the Articles of Association of the Bank, and shall take the responsibility for interpretation of these proposals.</u></b></p>	<p>Made clear the mechanism for making proposals in accordance with the regulatory requirements of the Guidelines for Corporate Governance of Commercial Banks and the actual circumstances of the Bank in reference with the rules of the banking industry.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>Article 30</b> After gathering all resolutions, the Office of the Board of Directors shall submit them to the Board of Directors for consideration. Once determined, the resolutions shall not be changed in principle. The Office of the Board of Directors and relevant departments shall make full preparation for matters involved in the resolutions.</p>	<p><b>Article 30</b> <del>After gathering all resolutions,</del> The Office of the Board of Directors <b><u>shall, after collecting all proposals and the relevant information, formulate the date and time, venue, method of convening and agenda of the Board meeting and submit to the chairman of the Board of Directors upon the approval of the secretary to the Board of Directors. If the chairman considers the proposals are unclear and vague and the relevant materials are insufficient, he/she may require the propose to modify the proposals and/or provide additional materials, and the proposer shall cooperate. The chairman can use his/her discretion in dealing with different proposals in respect of the same matter.</u></b></p> <p>The <del>office-chairman</del> of the Board of Directors shall submit <del>it</del> <b><u>the proposals</u></b> to the Board of Directors for consideration <b><u>upon determination.</u></b> Once determined, the <del>resolutions</del> <b><u>proposals</u></b> shall not be changed in principle. The <del>office of the Board of Directors and relevant departments</del> shall make <del>full preparation for matters involved in the resolutions.</del></p>	<p>Amendment for improvement made based on the actual circumstances of the Bank with reference to the rules of the banking industry.</p>
<p><b>Article 31</b> The Office of the Board of Directors shall provide adequate and accurate information before the meeting, including background information on the resolutions and relevant information and details which can facilitate the directors to make decisions, and dispatch them to the directors and relevant individuals in writing together with agenda and resolutions when sending meeting notice.</p>	<p><del>Article 31</del> The <del>office of the Board of Directors</del> shall provide adequate and accurate information <del>before the meeting, including background information on the resolutions and relevant information and details which can facilitate the directors to make decisions, and dispatch to the directors and relevant individuals in writing together with agenda and resolutions when sending meeting notice.</del></p>	<p>Deletion of this article for improving the logical structure based on the amendment in Article 29 and Article 30.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>Section 3 Meeting Notice</b></p>	<p><del>Section 3</del> <b>CHAPTER 5 Board Meeting Notice</b></p>	
<p><b>Article 33</b> Notices of regular Board meetings shall be sent to all directors and supervisors in writing at least fourteen (14) days before the meeting, and the meeting documents shall be sent to all directors and supervisors at least five (5) days before the meeting.</p> <p>The notice of an extraordinary Board meeting shall be served on all directors and supervisors in writing five (5) days before the meeting, and the meeting documents shall be served on all directors and supervisors three (3) days before the meeting.</p> <p>In case of emergency, the service of notices and meeting documents for an extraordinary Board meeting shall not be subject to the time-limit stated in the preceding paragraph, but shall be effectively served on the directors and supervisors before the meeting.</p>	<p><b>Article 332</b> Notices of regular Board meetings shall be sent to all directors and supervisors in writing at least fourteen (14) days before the meeting, and the meeting documents <del>documents</del> <b>materials</b> shall be sent to all directors and supervisors at least five (5) days before the meeting.</p> <p>The notice of an extraordinary Board meeting shall be served on all directors and supervisors in writing five (5) days before the meeting, and the meeting documents <del>documents</del> <b>materials</b> shall be served on all directors and supervisors three (3) days before the meeting.</p> <p>In case of emergency, the service of notices and meeting documents <del>documents</del> <b>materials</b> for an extraordinary Board meeting shall not be subject to the time-limit stated in the preceding paragraph, but shall be effectively served on the directors and supervisors before the meeting.</p>	<p>Amendment for improvement.</p>
<p><b>Article 37</b> If it is necessary to change the time, venue or to add, change, withdraw any proposal after the issue of the written notice of a regular Board meeting, a written notice of the changes shall be issued three (3) days prior to the original date of the meeting, providing details of the changes and contents and materials relating to the new proposals. If the notice of changes cannot be sent out three (3) days prior to the original date of the meeting, with the consent of all the directors, the meeting shall be postponed accordingly or be held on the original date.</p> <p>.....</p>	<p><b>Article 376</b> If it is necessary to change the time, venue or to add, change, withdraw any proposal after the issue of the written notice of a regular Board meeting, a written notice of the changes shall be issued three (3) days prior to the original date of the meeting, providing details of the changes and contents and materials relating to the new proposals. If the notice of changes cannot be sent out three (3) days <b>prior to the original date of the meeting</b>, with the consent of <del>all the</del> directors, the meeting shall be postponed accordingly or be held on the original date <b>if so approved by all the directors</b>.</p> <p>.....</p>	<p>Amendment for improvement with reference to the rules of the banking industry.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>Section 4 Convening of the Meetings</b></p>	<p><b>CHAPTER 6 <del>Section 4</del>-Convening of the Board Meetings</b></p>	
<p><b>Article 39</b> Board meetings shall only be held when more than half of the directors attend the meetings. Directors who have material interest in the matters to be discussed by the Board of Directors shall abstain 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 of the Board of Directors approving related party transactions shall be adopted by more than half of the directors without material interest in the matter to be resolved. Where less than three (3) directors with no material interest in the matter are present at the Board meeting, such proposals shall be submitted to the shareholders for approval.</p> <p>.....</p>	<p><b>Article 398</b> Board meetings shall only be held when more than half of the directors attend the meeting. <u><b>The number of directors who express opinions by way of video or telephone and directors who cast valid votes within prescribed period at a meeting convened through circulation of written proposal shall be counted in the number of directors present at such meeting.</b></u></p> <p>Directors who have material interest in the matters to be discussed by the Board of Directors shall abstain and shall not exercise their voting rights on such proposal, nor can he/she exercise any voting rights on behalf of others <u><b>when relevant matters are considered by the Board of Directors. The number of such directors shall not be counted in the quorum while considering the resolution.</b></u> The Board meeting <u><b>for considering above specific matters</b></u> shall only be held if more than half of the directors who do not have any material interest are present. Resolutions of the Board of Directors approving related party transactions shall be adopted by more than half of the directors without material interest in the matter to be resolved. Where less than three (3) directors with no material interest in the matter are present at the Board meeting, such proposals shall be submitted to the shareholders for approval.</p> <p>.....</p>	<p>Improvement on Regulation on attendance and abstention of directors in accordance with regulatory requirements and the rules of the banking industry.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>Article 41</b> Directors shall attend Board meetings in person. If a director cannot attend a meeting due to certain reasons, he may appoint another director in writing to attend on his behalf.</p> <p>The proxy letter shall state the name of the proxy, the relevant matters, the scope of authorization and the validity period, and shall be signed by the appointer or a chop shall be affixed.</p> <p>.....</p>	<p>Article <del>41</del><b>41</b> Directors shall attend Board meetings in person. If a director cannot attend a meeting due to certain reasons, he may appoint another director <del>in writing</del><b>by signing a proxy letter</b> to attend on his behalf.</p> <p>The proxy letter shall state the name of the proxy, the relevant matters, the scope of authorization and the validity period, and shall be signed by the appointer or a chop shall be affixed. <b><u>The scope of authorization shall at least include that: the proxy is authorized to vote on appointer’s behalf under the voting instruction; the proxy is authorized to sign the meeting documents such as resolutions and meeting minutes.</u></b></p> <p>.....</p>	<p>Amendment for improvement made to the content of proxy letter based on the actual circumstances of the Bank.</p>
<p><b>Article 42</b></p> <p>.....</p> <p>For the purposes of the Articles, the expression “attending in person” refers to the method of attendance where the relevant participant attends meetings in person; and the term “attendance by proxy” refers to the method of attendance where the relevant participant cannot attend a meeting for any reason and appoints in writing another person to attend such meeting on his/her behalf.</p> <p>.....</p>	<p><b>Article <del>42</del><u>42</u></b></p> <p>.....</p> <p>For the purposes of the Articles, the expression “attending in person” refers to the method of attendance where the relevant participant attends meetings in person <b><u>(including through instant communication tools such as video and telephone)</u></b>; and the term “attendance by proxy” refers to the method of attendance where the relevant participant cannot attend a meeting for any reason and appoints <del>in writing</del><b>another person by signing a proxy letter</b> to attend such meeting on his/her behalf.</p> <p>.....</p>	<p>Amendment for improvement made in accordance with Article 173 of the Articles of Association and the Hong Kong Listing Rules.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<b>Section 6 Voting of the Meeting</b>	<b>CHAPTER 8 SECTION 6 VOTING OF THE BOARD MEETINGS</b>	
<p><b>Article 51</b> Each director shall have one vote on each proposal by poll.</p> <p>Directors may vote in favor of, against, or abstain from voting. Directors present shall select one of the above-mentioned options. If a director does not make a selection or select more than two options, the chairman of the meeting shall request the director to make the selection again. A decline to select shall be deemed as abstention. No valid vote, once casted, can be withdrawn.</p>	<p><b>Article 510</b> Each director shall have one vote on each proposal by poll. <u>When the affirmative votes and the negative votes are equal, the chairman of the Board of Directors shall have the right to cast one more vote.</u></p> <p>Directors may vote in favor of, against, or abstain from voting. Directors present shall select one of the above-mentioned options. If a director does not make a selection <u>(including putting other marks on the ballot paper instead of making the selection)</u> or select more than two options, <del>the chairman shall request the director to vote again. A decline to vote</del> <u>such director</u> shall be deemed as abstention. No valid vote, once casted, can be withdrawn.</p>	Amendment for improvement made in accordance with the regulatory requirements of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas and the rules of the banking industry.
<p><b>Article 52</b> Proposals not contained in the notice of meeting shall not be put to vote at any Board meeting unless unanimously agreed by all directors present. If the Board meeting agrees to consider and vote on the new resolution, the consideration order of new resolutions shall be decided by the meeting convener. A director being appointed by another director to act as a proxy shall not vote on resolutions not contained in the notice of meeting unless he is so authorized.</p>	<p><b>Article 521</b> Proposals not contained in the notice of meeting shall not be put to vote at any Board meeting unless unanimously agreed by all directors present. If the Board meeting agrees to consider and vote on the new resolution, the consideration order of new resolutions shall be decided by the meeting convener. A director being appointed by another director to act as a proxy shall not vote on <u>new</u> resolutions <del>not contained in the notice of meeting</del> unless he is so authorized. <u>In such case, the director not attending the meeting in person shall be deemed to abstain from voting on the new resolutions.</u></p>	Amendment for improvement made on the voting at meetings based on the actual circumstances of the Bank with reference to the articles of association of other banks.

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>Article 54</b> In a Board meeting convened by telephone conference or video conference, 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. If a Board meeting is convened by means of adopting written resolutions, the directors or others 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 of Association, the resolution shall be deemed adopted.</p>	<p><b>Article 543</b> <del>In a Board meeting convened by telephone conference or video conference, should any director be unable to sign the Board minutes at such a meeting in a timely manner, <u>Should any director attend the meeting through instant communication tools such as video and telephone,</u> such director shall vote orally and sign the written resolution (including ballot paper, meeting resolutions and meeting minutes) as soon as possible.</del></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 others entrusted by them shall write “agree”, “object” or “abstain” on the <del>resolution</del> <b>ballot paper</b> clearly. Once the number of director s who sign in favor of a resolution reaches the quorum as required by the Articles of Association, the resolution shall be deemed adopted.</p>	<p>Amendment for improvement.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>Article 55</b> In a physical meeting or a meeting by video or telephone conferencing, the chairman of the meeting shall announce the voting result immediately. The directors present who do not vote or vote after the chairman of the meeting has announced the voting result shall be deemed as abstaining from voting.</p> <p>If a meeting is conducted by written resolutions, the secretary to the Board of Directors shall report the voting result to the chairman of the meeting within 3 business days after the end of the stipulated voting period and then inform all directors of the voting result. Any vote casted by a director after the chairman of the meeting has announced the voting result or after the stipulated voting period shall not be counted.</p>	<p><b>Article 554</b> In a physical meeting or a meeting by video or telephone conferencing, the chairman of the meeting shall announce the <b>voting</b> result immediately <b>and read out the meeting resolution</b>. The directors present who do not vote or vote after the chairman of the meeting has announced the voting result shall be deemed as abstaining from voting.</p> <p>If a meeting is conducted by written resolutions, <b>the convener should specify clearly the time limit for voting when circulating the notice and materials for such meeting</b>. The secretary to the Board of Directors shall report the voting result to the <del>chairman</del> <b>convener</b> of the meeting within 3 business days after the end of the stipulated voting period and then inform all directors of the voting result. Any vote casted by a director after <del>the chairman has announced</del> the voting result <b>was announced</b> or after the stipulated voting period shall not be counted. <b>Any director who fails to vote within the prescribed period shall be deemed as absent.</b></p>	<p>Improvement for the original expression and voting procedure in accordance with the regulatory requirements of the Guidelines for Corporate Governance of Commercial Banks.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<b>Section 7 Meeting Minutes</b>	<del>Section 7 MEETINGS MINUTES</del> <b>CHAPTER 9 BOARD MEETING MINUTES</b>	
<p><b>Article 57</b> Minutes shall be taken to record the decisions of matters discussed in the meeting (in the form of meeting minutes or meeting resolutions, etc.). Directors attending the meeting and the secretary to the Board of Directors shall sign the minutes. Directors attending the meeting shall have the right to request to have the details of their speeches made in the meeting recorded in the minutes.</p> <p>.....</p>	<p><b>Article 57<del>6</del></b> Minutes shall be taken to record the decisions of matters discussed in the meeting (in the form of meeting minutes or meeting resolutions, etc.). Directors attending the meeting and the secretary to the Board of Directors shall sign the minutes. <u><b>If a director has different opinions on the meeting minutes, he/she can put forward the opinion in writing within 5 working days upon receiving the meeting minutes. Any director who fails to give confirmation by signature or put forward opinions according to the above requirements shall be deemed as agreeing with the contents of the meeting minutes.</b></u> Directors attending the meeting shall have the right to request to have the details of their speeches made in the meeting recorded in the minutes.</p> <p>.....</p>	<p>Amendment for improvement made to the regulations on meeting minutes based on the actual circumstances of the Bank in reference with the rules of the banking industry.</p>
<b>Section 4 Announcement and Implementation of Meeting Resolutions</b>	<del>CHAPTER 10 SECTION 4</del> <b>ANNOUNCEMENT AND IMPLEMENTATION OF BOARD MEETING RESOLUTIONS</b>	
<b>Article 63</b> The Board of Directors shall supervise and inspect the implementation, and pursue the performer for his/her personal liabilities if such implementation is in violation of the Board resolution.	<b>Article 63<del>2</del></b> The Board of Directors shall supervise and inspect the implementation, <u><b>the directors shall have the right to make inquiries to relevant performer in respect of the implementation of previous Board resolutions,</b></u> and pursue the performer for his/her personal liabilities if such implementation is in violation of the Board resolution.	<p>Movement of relevant provisions from original Article 64 to this article, with clearer structure.</p>

Original Article	Amended Article	Reason for or Basis of Amendment
<p><b>Article 64</b> At each Board meeting, the chairman of the Board of Directors or the individual nominated by the chairman of the Board of Directors shall report to the Board of Directors on the performance and implementation of previous Board resolutions; the directors shall have the right to make inquiries to relevant performer in respect of the implementation of previous Board resolutions.</p>	<p><b>Article 643</b> <del>On each Board meeting, the chairman of the Board of Directors or the individual nominated by the chairman of the Board of Directors.</del> <b>The Office of the Board of Directors</b> shall <u>regularly</u> report to the Board of Directors on the performance and implementation of previous Board resolutions; <del>the directors shall have the right to make inquiries to relevant performer in respect of implementation of previous Board resolutions.</del></p>	<p>Amendment for improvement made based on the actual circumstances of the Bank.</p> <p>Movement of the latter part of the sentence to amended Article 63.</p>
<p><b>CHAPTER 5 SUPPLEMENTAL PROVISIONS</b></p>	<p><b>CHAPTER 5–11 SUPPLEMENTAL PROVISIONS</b></p>	
<p><b>Article 69</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules 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 existing Rules of Procedure of the Board of Directors of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.</p>	<p><b>Article 698</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules shall become effective <del>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.</del> The existing Rules of Procedure of the Board of Directors of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.</p>	<p>Amendment for improvement made based on the actual circumstances of the Bank.</p>

## Notes:

1. *The above amendment table does not show the corresponding number of cross-reference clauses according to the amendments to the Rules of Procedure of the Board of Directors and the amendment of individual numbers into Chinese characters in order to unify the format of the numbers of the Rules of Procedure of the Board of Directors.*
2. *The Rules of Procedure of the Board of Directors are prepared in Chinese, and translated into English. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.*

The Rules of Procedure of the Board of Supervisors set out below shall take effect and be implemented upon approval at the Shareholders' general meeting of the Bank. The major amendments to the existing Rules of Procedure of the Board of Supervisors are as follows:

Original Article	Amended Article	Basis of Amendment
<b>CHAPTER 1 GENERAL PROVISIONS</b>	<b>CHAPTER 1 GENERAL PROVISIONS</b>	
<b>Article 2</b> The Board of Supervisors is a supervisory organ of the Bank and shall be accountable to the shareholders' general meeting.	<b>Article 2</b> The Board of Supervisors is an <u>internal</u> supervisory organ of the Bank and shall be accountable to the shareholders' general meeting.	Amendment for improvement made in accordance with Article 32 of the Guidelines on Corporate Governance of Commercial Banks.
<b>Article 3</b> The Board of Supervisors shall perform duties faithfully and diligently, monitor the financial affairs of the Bank and supervise the lawful and regulatory performance of duties by the Bank's directors, the president and other members of the senior management, and safeguard the legal rights and interests of the Bank, shareholders, employees, creditors and other stakeholders. Supervisors shall not use their office and authority to serve their own interests, nor shall they disclose trade secrets or other confidential information on the Bank's operation and management.	<b>Article 3</b> The Board of Supervisors shall perform duties faithfully and diligently, <del>monitor the financial affairs of the Bank and supervise the lawful and regulatory performance of duties by the Bank's directors, the president and other members of the senior management,</del> <u>focus on the supervision of the duty performance, financial activities, internal control, risk management, etc. of the Board of Directors and senior management and its members,</u> and safeguard the legal rights and interests of the Bank, shareholders, employees, creditors and other stakeholders. Supervisors shall not use their office and authority to serve their own interests, nor shall they disclose trade secrets or other confidential information on the Bank's operation and management.	Amendment for improvement made to this article in accordance with Article 3 and Article 12 of the Working Guidelines of the Board of Supervisors of Commercial Banks and with reference to the rules of procedure of the board of supervisors of other banks.

Original Article	Amended Article	Basis of Amendment
<p><b>Article 4</b> The Board of Supervisors shall lawfully have the right to know, the right to propose and the right to report conferred by laws and regulations. The Bank shall take measures to protect the supervisors' right to know, and provide the Board of Supervisors with relevant information and materials as required in a timely manner, so as to enable the Board of Supervisors to conduct effective supervision, inspection and evaluation of the financial status, risk control and management situation of the Bank. The Board of Supervisors may make proposals to the Board of Directors and senior officers, and report to the shareholders' general meeting as necessary.</p>	<p><b>Article 4</b> The Board of Supervisors shall lawfully have the right to know, the right to propose and the right to report conferred by laws and regulations. The Bank shall take measures to protect the supervisors' right to know, and provide the Board of Supervisors with relevant information and materials as required in a timely manner, so as to enable the Board of Supervisors to conduct effective supervision, inspection and evaluation of the <u>business decision</u>, financial status, <u>risk management and internal control</u> <del>risk control and management situation</del> of the Bank. The Board of Supervisors may make proposals to the Board of Directors and senior officers, and report to the shareholders' general meeting as necessary.</p>	<p>Amendment for improvement made in accordance with Article 32 of the Guidelines on Corporate Governance of Commercial Banks.</p>
<p><b>CHAPTER 2 COMPOSITION AND POWERS OF THE BOARD OF SUPERVISORS</b></p>	<p><b>CHAPTER 2 COMPOSITION AND POWERS OF THE BOARD OF SUPERVISORS</b></p>	
<p><b>Section 1 Composition of the Board of Supervisors</b></p>	<p><b>Section 1 Composition of the Board of Supervisors</b></p>	
<p><b>Article 6</b> The Board of Supervisors shall be composed of nine supervisors.</p>	<p><b>Article 6</b> <u>The number of members of the Board of Supervisors shall be nine to eleven.</u> <del>The Board of Supervisors shall be composed of nine supervisors.</del></p>	<p>Amendment made in accordance with Article 240 of the Articles of Association of the Bank currently in force and based on the actual situations of the Bank.</p>

Original Article	Amended Article	Basis of Amendment
<p><b>Article 7</b> The supervisors of the Bank shall be assumed by shareholders' representatives, external supervisors and the representatives of employees.</p> <p>The proportion of supervisors served by the representatives of employees (the "Employee Representative Supervisors") and external supervisors shall be no less than one-third of the total number of supervisors.</p> <p>Supervisors served by shareholders' representatives (the "Shareholder Supervisors") shall be nominated by the Board of Supervisors and shareholder(s) who individually or jointly hold 3% or more of the Bank's shares with voting rights. External supervisors shall be nominated by the Board of Supervisors and shareholder(s) who individually or jointly hold 1% or more of the Bank's shares with voting rights. Employee Representative Supervisors shall be nominated by the Board of Supervisors and the labor union of the Bank.</p>	<p><b>Article 7</b> <del>The supervisors of the Bank shall be assumed by shareholders' representatives, external supervisors and the representatives of employees.</del></p> <p><del>The proportion of supervisors served by the representatives of employees (the "Employee Representative Supervisors") and the number of external supervisors shall, when taken together, be no less than one-third of the total number of supervisors. <u>The supervisors of the Bank shall include the shareholder supervisors, employee representative supervisors and external supervisors, among whom the proportion of the employee representative supervisors and external supervisors shall be no less than one-third of the total number of supervisors.</u></del></p> <p><u>The shareholder supervisors shall be nominated by the Board of Supervisors and shareholder(s) who individually or jointly hold three percent or more of the Bank's shares with voting rights.</u> <del>Supervisors served by shareholders' representative (the "Shareholder Supervisors") shall be nominated by the Board of Supervisors and shareholder(s) who individually or jointly hold 3% or more of the Bank's shares with voting rights. External supervisors shall be nominated by the Board of Supervisors and shareholder(s) who individually or jointly hold 1% <u>one percent</u> or more of the Bank's shares with voting rights. Employee representative supervisors shall be nominated by the Board of Supervisors and the labor union of the Bank.</del></p>	<p>Amendment made in accordance with the requirements of Article 216 of the Articles of Association of the Bank currently in force.</p>

Original Article	Amended Article	Basis of Amendment
<p><b>Article 10</b> Shareholder Supervisors and external supervisors shall be elected, dismissed or replaced by the shareholders' general meeting; and Employee Representative Supervisors shall be elected, dismissed or replaced by employee representative meeting or in any other democratic manner.</p> <p>.....</p>	<p><b>Article 10</b> Shareholder supervisors and external supervisors shall be elected, dismissed <del>or</del> <b>and</b> replaced by the shareholders' general meeting; and employee representative supervisors shall be elected, dismissed <b>and</b> replaced by employee representative meeting or in any other democratic manner.</p> <p>.....</p>	<p>Amendment made in accordance with Article 59 of the Guidelines on Corporate Governance of Commercial Banks and to correspond with Article 219 of the Articles of Association of the Bank currently in force.</p>
<p><b>Article 11</b> The Board of Supervisors shall have an office equipped with full-time staff, who will be responsible for daily work of the Board of Supervisors, including but not limited to responsible for specifically implementing and conducting supervision, making preparations for meetings of the Board of Supervisors and its special committees and preparing documents in relation to such meetings and taking minutes of such meetings.</p>	<p><b>Article 11</b> The Board of Supervisors shall have an office <b><u>as its routine administrative body, which will be responsible for making preparations for meetings of the Board of Supervisors and its special committees and other routine matters, including specifically implementing supervision, making preparations for meetings of the Board of Supervisors and its special committees and preparing documents in relation to such meetings and taking minutes of such meetings.</u></b> <del>equipped with full-time staff, who will be responsible for daily work of the Board of Supervisors, including but not limited to responsible for specifically implementing and conducting supervision, making preparations for meetings of the Board of Supervisors and its special committees and preparing documents in relation to such meetings and taking minutes of such meetings.</del></p> <p><b><u>The persons employed to work in the office of the Board of Supervisors shall have the relevant professional knowledge so as to sufficiently ensure their assistance to the Board of Supervisors in carrying out its duties.</u></b></p>	<p>Improvement for the original expression with reference to the practice of other banks and to keep consistent with the expression revised in the Rules of Procedure of the Board of Directors of the Bank.</p>

Original Article	Amended Article	Basis of Amendment
<b>Section 2 Powers of the Board of Supervisors</b>	<b>Section 2 Powers of the Board of Supervisors</b>	
<p><b>Article 12</b> The Board of Supervisors shall exercise the following powers according to the Articles of Association of the Bank:</p> <p>.....</p> <p>(7) to carry out supervisory inspections on matters such as business decision-making, risk management and internal controls of the Bank, and to supervise the rectification of mistakes;</p> <p>.....</p>	<p><b>Article 12</b> The Board of Supervisors shall exercise the following powers according to the Articles of Association of the Bank:</p> <p>.....</p> <p>(7) to carry out supervisory inspections on matters such as <b><u>the capital management,</u></b> business decision-making, risk management and internal controls of the Bank, and to supervise the rectification of mistakes;</p> <p>.....</p>	<p>Amendment made in accordance with Article 115 of the Rules Governing Capital Management of Commercial Banks and to correspond with Article 243 of the Articles of Association of the Bank currently in force.</p>
<p><b>Article 13</b> Aside from the duties and powers stated in laws, administrative rules and the Articles of Association, the Board of Supervisors shall focus on the following matters:</p> <p>(1) to supervise the Board of Directors in establishing a sound business philosophy, normative values, and guidance in line with the Bank's development strategies; regularly evaluate and make a report on the scientificity, reasonableness and effectiveness of the Bank's development strategies formulated by the Board of Directors;</p> <p>.....</p>	<p><b>Article 13</b> Aside from the duties and powers stated in laws, administrative rules and the Articles of Association, the Board of Supervisors shall focus on the following matters:</p> <p>(1) to supervise the Board of Directors in establishing a sound business philosophy, normative values, and guidance in line with the Bank's development strategies; <del>regularly evaluate and make a report on the scientificity, reasonableness and effectiveness of the Bank's development strategies formulated by the Board of Directors;</del> <b><u>to supervise the development and implementation of developmental strategies of the Bank;</u></b></p> <p>.....</p> <p><i>(to add after the paragraph (3))</i> <b><u>(4) to supervise the independent directors' independent opinions on relevant matters;</u></b></p>	<p>Amendment for improvement made to paragraph (1) in accordance with Article 76 of the Guidelines on Corporate Governance of Commercial Banks and to correspond with Article 252 of the Articles of Association of the Bank currently in force.</p> <p>Addition of paragraph (4) in accordance with Article 23 of the Working Guidelines of the Board of Supervisors of Commercial Banks and to correspond with Article 252 of the Articles of Association of the Bank currently in force.</p>

Original Article	Amended Article	Basis of Amendment
<p><b>Article 17</b> The Board of Supervisors shall demand the Board of Directors and the senior management to rectify situations like accounting principles not adopted prudently, interest receivable not strictly accounted for, provision for doubtful accounts not adequately prepared.</p> <p>When the Board of Supervisors detects any abnormal trading volatility in the Bank, it shall make enquiries with the Board of Directors or the members of senior management.</p>	<p><del>Article 17</del> The Board of Supervisors shall demand the Board of Directors and the senior management to rectify situations like accounting principles not adopted prudently, interest receivable not strictly accounted for, provision for doubtful accounts not adequately prepared.</p> <p><del>When the Board of Supervisors detects any abnormal trading volatility in the Bank, it shall make enquiries with the Board of Directors or the members of senior management.</del></p>	<p>This article was provided in the former Guidelines on the Corporate Governance of Joint-stock Commercial Banks, which were abolished in 2013.</p> <p>The amendment is consistent with the Articles of Association of the Bank currently in force.</p> <p>After this article is deleted, the sequence of subsequent articles will be ascended accordingly.</p>
<p><b>Article 21</b> The Board of Supervisors may, in the performance of its duties, adopt a variety of methods, e.g. offsite testing, inspections, attending meetings, conducting interviews, examining reports, conducting research, carrying out surveys, exit audit and engagement of third-party professional organizations to offer assistance.</p> <p>.....</p>	<p><del>Article 21</del> <b>Article 20</b> The Board of Supervisors may, in the performance of its duties, adopt a variety of methods, e.g. offsite testing—<b>monitoring</b>, inspections, attending meetings, conducting interviews, examining reports, conducting research, carrying out surveys, exit audit and engagement of third-party professional organizations to offer assistance.</p> <p>.....</p>	<p>Amendment for improvement made in accordance with Article 16 of the Working Guidelines of the Board of Supervisors of Commercial Banks.</p>

Original Article	Amended Article	Basis of Amendment
<p><b>Article 22</b> The profit distribution proposals drawn up by the Board of Directors shall be submitted to the Board of Supervisors in advance for examination, and the Board of Supervisors shall provide feedback within five (5) working days of receipt. If the Board of Supervisors fails to provide feedback within the specified period, the proposal shall be deemed to be approved.</p>	<p><del>Article 22</del> <b>Article 21</b> The profit distribution proposals drawn up by the Board of Directors shall be submitted to the Board of Supervisors in advance for examination. <b>The Board of Supervisors shall review the profit distribution proposals of the Bank and provide opinions on the compliance and rationality of the profit distribution proposals.</b>, and the Board of Supervisors shall provide feedback within five (5) working days of receipt. If the Board of Supervisors fails to provide feedback within the specified period, the proposal shall be deemed to be approved.</p>	<p>Amendment made to correspond with Article 257 of the Articles of Association of the Bank currently in force.</p>
<p><b>Article 24</b> The Board of Supervisors shall be informed in advance of the major decisions made by the Bank, and shall be provided with relevant information regarding operating conditions, financial information, major contracts, major events and cases, audits, changes of important personnel, as well as any other information requested by the supervisors.</p>	<p><del>Article 24</del> <b>Article 23</b> The Board of Supervisors shall be informed in advance of the major decisions made by the Bank, and shall be provided with relevant information regarding operating conditions, financial information, major contracts, major events and cases, audits, changes of important personnel, as well as any other information requested by the <b>Board of s</b>Supervisors.</p>	<p>Amendment for improvement made in accordance with Article 15 of the Working Guidelines of the Board of Supervisors of Commercial Banks.</p>

Original Article	Amended Article	Basis of Amendment
<p><b>Article 25</b> If the Board of Supervisors discovers that the Board of Directors, the senior management and its members have acted in violation of laws, administrative regulations, departmental rules and the Articles of Association etc., it shall make proposals to punish the responsible persons and promptly issue a notice stipulating correctional measures to be undertaken within a specified period. The Board of Directors or the senior management shall promptly undertake the specified punishment or correctional measures and make a written report to the Board of Supervisors.</p> <p>If the Board of Directors and the senior management refuse or delay to adopt the punishment and correctional measures, the Board of Supervisors shall have the right to report it to the shareholders' general meeting or propose the convening of an extraordinary general meeting. When necessary, the Board of Supervisors may report the conduct to the banking regulatory authority.</p>	<p><del>Article 25</del> <b>Article 24</b> <u>If the Board of Supervisors discovers that the Board of Directors, the senior management and its members have acted in violation of laws, regulations, administrative rules and the Articles of Association of the Bank, it shall require the rectification thereof within a specified period, and suggest that any responsible persons shall be penalized. If there are problems in important financial decision-making and implementation, the Board of Supervisors shall order the rectification. The Board of Supervisors may report to the banking regulatory authorities when necessary.</u></p> <p><del>If the Board of Supervisors discovers that the Board of Directors, the senior management and its members have acted in violation of laws, administrative regulations, departmental rules and the Articles of Association etc., it shall make proposals to punish the responsible persons and promptly issue a notice stipulating correctional measures to be undertaken within a specified period. The Board of Directors or the senior management shall promptly undertake the specified punishment or correctional measures and make a written report to the Board of Supervisors.</del></p> <p><del>If the Board of Directors and the senior management refuse or delay to adopt the punishment and correctional measures, the Board of Supervisors shall have the right to report it to the shareholders' general meeting or propose the convening of an extraordinary general meeting. When necessary, the Board of Supervisors may report the conduct to the banking regulatory authority.</del></p>	<p>Amendment made to correspond with Article 259 of the Articles of Association of the Bank currently in force.</p>

Original Article	Amended Article	Basis of Amendment
<p><b>Article 27</b> The Board of Supervisors shall establish work systems and make annual work plans, organize a special inspection at least once a year. If the Board of Supervisors discovers that problems exist with the way the Board of Directors, the senior management and its members are making and implementing significant financial decisions, the Board of Supervisors shall order the rectification. When necessary, the Board of Supervisors may report to the banking regulatory authority.</p>	<p><b>Article 276</b> The Board of Supervisors shall establish work systems and make annual work plans, organize a special inspection at least once a year. <del>If the Board of Supervisors discovers that problems exist with the way the Board of Directors, the senior management and its members are making and implementing significant financial decisions, the Board of Supervisors shall order the rectification. When necessary, the Board of Supervisors may report to the banking regulatory authority.</del></p>	<p>Amendment made to enhance the cohesion of the content, and part of this article will be moved to Article 24.</p>
<p><b>Section 3 Special Committees of the Board of Supervisors</b></p>	<p><b>Section 3 Special Committees of the Board of Supervisors</b></p>	
<p><b>Article 30</b> The Board of Supervisors shall establish a supervisory committee, a nomination committee and other special committees of the Board of Supervisors, and all such committees are accountable to the Board of Supervisors. One person shall be appointed to each of the committees to be in charge of convening activities for that committee. The person taking charge every special committee will in principle be an external supervisor.</p>	<p><del><b>Article 30</b></del> <b>Article 29</b> The Board of Supervisors shall establish a <u>nomination committee</u> supervisory committee, <del>a nomination committee, a</del> <u>supervisory committee</u> and other special committees of the Board of Supervisors, and all such committees are accountable to the Board of Supervisors. One person shall be appointed to each of the committees to be in charge of convening activities for that committee. The person taking charge every special committee will in principle be an external supervisor.</p>	<p>Amendment for improvement made in accordance with Article 268 of the Articles of Association of the Bank.</p>

Original Article	Amended Article	Basis of Amendment
<b>CHAPTER 3 PROCEDURES FOR CONVENING THE MEETING OF THE BOARD OF SUPERVISORS</b>	<b>CHAPTER 3 PROCEDURES FOR CONVENING THE MEETING OF THE BOARD OF SUPERVISORS</b>	
<b>Section 1 Methods of Convening Meetings</b>	<b>Section 1 Methods of Convening Meetings</b>	
<p><b>Article 36</b> The meetings for the Board of Supervisors may be held on-site or via conference call, video conference or written resolutions.</p> <p>.....</p>	<p><del>Article 36</del> <b>Article 35</b> The meetings for the Board of Supervisors may be held on-site or via conference call, video conference or written resolutions.</p> <p><b><u>Supervisors who attend the on-site meeting of the Board of Supervisors via telephone, video or other electronic means shall be regarded as attending the meeting in person.</u></b></p> <p>.....</p>	<p>Amendment made according to Appendix 14A.1.7 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.</p> <p>Amendment made to correspond to Article 246 of the Articles of Association of the Bank currently in force.</p>
<b>Section 2 Meeting Agenda</b>	<b>Section 2 Meeting Agenda-Proposals</b>	
	<p><b><u>Article 37 The proposal of the Board of Supervisors shall:</u></b></p> <p><b><u>(1) be in compliance with laws, regulations and the Articles of Association of the Bank, within the business scope of the Bank and functions of the Board of Supervisors;</u></b></p> <p><b><u>(2) be in the interests of the Bank and its shareholders;</u></b></p> <p><b><u>(3) have specific topics and matters.</u></b></p>	<p>Addition made to further define the scope of proposals in accordance with the regulatory requirements, based on the actual situation of the Bank and with reference to the rules adopted by other banks.</p>

Original Article	Amended Article	Basis of Amendment
<p><b>Notice of Meetings</b></p> <p><b>Article 38</b> The notice regarding the regular meeting for the Board of Supervisors shall be served to all supervisors 10 days before the meeting date, and the documents to be used in the meeting shall be served to all supervisors 5 days before the meeting date.</p> <p>The notice regarding the interim meeting for the Board of Supervisors shall be in writing and served to all supervisors 5 days before the meeting date, and the documents to be used in the meeting shall be served to all supervisors 3 days before the meeting date.</p> <p>Where there are emergency situations, the interim meeting shall be held as soon as possible, and the service of the notice regarding the meeting and documents to be used in the meeting shall not be subject to the time-limits of the preceding paragraph but nonetheless it must guarantee that such notice and documents will be served to the supervisors before the meeting.</p>	<p><b>Notice of Meetings</b></p> <p><b>Article 38</b> The notice regarding the regular meeting for the Board of Supervisors shall be served to all supervisors <del>10</del> <u>ten</u> days before the meeting date, and the <del>documents</del> <u>materials</u> to be used in the meeting shall be served to all supervisors <del>5</del> <u>five</u> days before the meeting date.</p> <p>The notice regarding the interim meeting for the Board of Supervisors shall be in writing and served to all supervisors <del>5</del> <u>five</u> days before the meeting date, and the <del>documents</del> <u>materials</u> to be used in the meeting shall be served to all supervisors <del>3</del> <u>three</u> days before the meeting date.</p> <p>Where there are emergency situations, the interim meeting shall be held as soon as possible, and the service of the notice regarding the meeting and <del>documents</del> <u>materials</u> to be used in the meeting shall not be subject to the time-limits of the preceding paragraph but nonetheless it must guarantee that such notice and <del>documents</del> <u>materials</u> will be served to the supervisors before the meeting.</p>	<p>Amendment for improvement made and to keep consistent with the amendments to the Rules of Procedure of the Board of Directors of the Bank.</p>

Original Article	Amended Article	Basis of Amendment
<p><b>Article 39</b> The notice regarding the meeting of the Board of Supervisors shall include the following information:</p> <p>.....</p> <p>The notice of a meeting of the Board of Supervisors shall be issued in any of the following ways: by hand, by fax, by mail/post, by e-mail. Notices shall be delivered by the date in accordance with Article 331 of the Articles of Association of the Bank.</p>	<p><b>Article 39</b> The notice regarding the meeting of the Board of Supervisors shall include the following information:</p> <p>.....</p> <p>The notice of a meeting of the Board of Supervisors shall be issued in any of the following ways: by hand, by fax, by mail/post, by e-mail. Notices shall be delivered by the date in accordance with the <b>relevant</b> requirements of the <del>Article 331</del> of the Articles of Association of the Bank.</p>	<p>Vague provision made for the specific term upon which the articles of the Articles of Association are made due to the uncertainty of change in the articles.</p>
<p><b>Section 4 Convening of Meetings</b></p>	<p><b>Section 4 Convening of Meetings</b></p>	
<p><b>Article 48</b> If a supervisor fails to attend meetings of the Board of Supervisors either in person or entrust other supervisors to attend on his/her behalf (2) times consecutively, or attends less than two-thirds of the total number of meetings of the Board of Supervisors in person within one (1) year, the supervisor shall be deemed incapable of performing his/her duty, and the Board of Supervisors shall make a proposal either to a shareholders' general meeting or an employee representative meeting (or through another democratic manner) to dismiss such supervisor.</p>	<p><b>Article 48</b> If a supervisor fails to attend meetings of the Board of Supervisors either in person or entrust other supervisors to attend on his/her behalf <del>(2)</del> <b>two</b> times consecutively, <b>or if a supervisor fail to attend at least two-thirds of meetings of the Board of Supervisors in person every year</b> <del>or attends less than two-thirds of the total meetings of the Board of Supervisors in person within one (1) year</del>, the supervisor shall be deemed incapable of performing his/her duty, and the Board of Supervisors shall make a proposal either to a shareholders' general meeting or an employee representative meeting (or through another democratic manner) to dismiss such supervisor.</p>	<p>Corresponding amendment made in accordance with Article 224 of Articles of Association of the Bank currently in force.</p>

Original Article	Amended Article	Basis of Amendment
<b>Section 5 Voting of the Meeting</b>	<b>Section 56 Voting of the Meeting</b>	
<p><b>Article 54</b> The meetings of the Board of Supervisors shall vote by open ballot. Each supervisor shall have one (1) vote.</p> <p>Supervisors may vote in favor of, against, or abstain from voting. Supervisors present shall select one of the above-mentioned options. If a supervisor does not make a selection or select more than two options, the chairman of the meeting shall request the supervisor to make the selection again. A decline to select shall be deemed as abstention. No valid vote, once casted, can be withdrawn.</p>	<p><b>Article 54</b> The meetings of the Board of Supervisors shall vote in disclosed ballot. Each supervisor shall have <u>one</u> <del>(1)</del> vote.</p> <p>Supervisors may vote in favor of, against, or abstain from voting. Supervisors present shall select one of the above-mentioned options. If a supervisor does not make a selection <b><u>(including putting other marks on the ballot paper instead of making the selection)</u></b> or select more than two options, <del>the chairman of the meeting shall request the supervisor to make the selection again.</del> A decline to select <u>such supervisor</u> shall be deemed as abstention. No valid vote, once casted, can be withdrawn.</p>	Amendment for improvement made and to keep consistent with the amendments to the Rules of Procedure of the Board of Directors of the Bank.
<p><b>Article 55</b> Proposals not contained in the notice of a meeting shall not be put to vote at any meetings of the Board of Supervisors unless unanimously agreed by all supervisors present. A supervisor appointed by another supervisor to act as a proxy shall not vote on resolutions not contained in the notice of such meeting unless he is so authorized.</p>	<p><b>Article 55</b> Proposals not contained in the notice of a meeting shall not be put to vote at any meetings of the Board of Supervisors unless unanimously agreed by all supervisors present. A supervisor appointed by another supervisor to act as a proxy shall not vote on <u>new</u> resolutions <del>not contained in the notice of such meeting</del> unless he is so authorized. <b><u>In such case, the supervisors not attending the meeting in person shall be deemed to abstain from voting on the new resolutions.</u></b></p>	Amendment for improvement made and to keep consistent with the amendments to the Rules of Procedure of the Board of Directors of the Bank.

Original Article	Amended Article	Basis of Amendment
<p><b>Article 57</b> In a meeting of the Board of Supervisors convened by telephone conference or video conference, should any supervisor be unable to sign the meeting resolutions at such a meeting in a timely manner, such supervisor shall vote orally and sign the written resolution as soon as possible.</p> <p>The supervisor’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. If a meeting the Board of Supervisors is convened by means of adopting written resolutions, the supervisor or others entrusted by them shall write “agree”, “object” or “abstain” on the resolution clearly. Once the number of supervisors who sign in favor of a resolution reaches the quorum as required by the Articles of Association and these Rules, the resolution shall be deemed adopted.</p>	<p><b>Article 57</b> <del>In a meeting of the Board of Supervisors convened by telephone conference or video conference, should any supervisor be unable to sign the meeting resolutions at such a meeting in a timely manner;</del> <u>Should any supervisor attend a meeting through instant communication tools such as video and telephone,</u> such supervisor shall <b>vote</b> orally and sign the written resolution <u>(including the ballot paper, meeting resolutions and meeting minutes)</u> as soon as possible.</p> <p>The supervisor’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. If a meeting the Board of Supervisors is convened by means of adopting written resolutions, the supervisor or others entrusted by them shall write “agree”, “object” or “abstain” on the <del>resolution</del> <u>ballot paper</u> clearly. Once the number of supervisors who sign in favor of a resolution reaches the quorum as required by the Articles of Association and these Rules, the resolution shall be deemed adopted.</p>	<p>Amendment for improvement made and to keep consistent with the amendments to the Rules of Procedure of the Board of Directors of the Bank.</p>

Original Article	Amended Article	Basis of Amendment
<p><b>Article 58</b> In a physical meeting or a meeting by video or telephone conferencing, the chairman of the meeting shall announce the voting result immediately. The supervisors present who do not vote or vote after the chairman of the meeting has announced the voting result shall be deemed as abstaining from voting.</p> <p>If a meeting is conducted by written resolutions, the director of the Office of the Board of Supervisors shall report the voting result to the chairman of the meeting within 3 business days after the expiry of the stipulated voting period and then inform all supervisors of the voting result. Any vote cast after the chairman of the meeting has announced the voting result or after the stipulated voting period shall not be counted.</p>	<p><b>Article 58</b> In a physical meeting or a meeting by video or telephone conferencing, the chairman of the meeting shall announce the <b>voting</b> result immediately <b>and read out the meeting resolution</b>. The supervisors present who do not vote or vote after the chairman of the meeting has announced the voting result shall be deemed as abstaining from voting.</p> <p>If a meeting is conducted by written resolutions, <b>the convener should specify clearly the time limit for voting while circulating the meeting notice and materials for such meeting</b>. The director of the Office of the Board of Supervisors shall report the voting result <b>and meeting resolutions</b> to the <del>chairman</del><b> convener</b> within <del>3</del><b>three</b> business days after the expiry of the stipulated voting period and then inform all supervisors of the voting result <b>and meeting resolutions</b>. Any vote cast after <del>the chairman has announced</del> the voting result <b>was announced</b> or after the stipulated voting period shall not be counted. <b>Any supervisor who fails to vote within the prescribed period shall be deemed as absent.</b></p>	<p>Amendment for improvement made and to keep consistent with the amendments to the Rules of Procedure of the Board of Directors of the Bank.</p>

Original Article	Amended Article	Basis of Amendment
<b>CHAPTER 5 SUPPLEMENTAL PROVISIONS</b>	<b>CHAPTER 5 SUPPLEMENTAL PROVISIONS</b>	
<b>Article 70</b> Depending on its needs, the Board of Supervisors may authorize the chairman of the Board of Supervisors to perform parts of its duties and powers during the intersessional period of the Board of Supervisors.	<del>Article 70</del> Depending on its needs, the Board of Supervisors may authorize the chairman of the Board of Supervisors to perform parts of its duties and powers during the intersessional period of the Board of Supervisors.	Deleting this article in accordance with Article 22 of the Working Guidelines of the Board of Supervisors of Commercial Banks and Article 242 of the Articles of Association of the Bank currently in force.
<b>Article 74</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules 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 existing Rules of Procedure of the Board of Supervisors of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.	<b>Article 743</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules shall become effective <del>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.</del> The existing Rules of Procedure of the Board of Supervisors of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.	Amendment for improvement made in light of the actual situation.

*Notes:*

1. The above amendment table does not show the corresponding number of cross-reference clauses according to the amendments to the Rules of Procedure of the Board of Supervisors and the amendment of individual numbers into Chinese characters in order to unify the format of the numbers of the Rules of Procedure of the Board of Supervisors.
2. The Rules of Procedure of the Board of Supervisors (applicable after the listing of A shares) are prepared in Chinese, and translated into English. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

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 CSRC.
- 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.<sup>Note</sup>

**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:* 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.

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## APPENDIX VII AUTHORIZATION IN RELATION TO THE A SHARE OFFERING

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For the purposes of the A Share Offering, a resolution is being proposed by the Board at the AGM to resolve 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 with 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.

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**APPENDIX VII AUTHORITY IN RELATION TO THE A SHARE OFFERING**

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- 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 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 issuance of shares to and reply to feedback comments to China Securities Regulatory Commission, and submitting the listing application to the stock exchange upon successful issuance.

This authorization shall be valid for 12 months from the date of its passing at the general meeting.

**FEASIBILITY ANALYSIS REPORT ON THE USE OF PROCEEDS FROM THE  
INITIAL PUBLIC OFFERING AND LISTING OF A SHARES BY HUI SHANG  
BANK CORPORATION LIMITED**

Pursuant to laws and regulations such as the Measures for the Administration of Initial Public Offering and Listing of Shares issued by the CSRC, the feasibility analysis on the use of proceeds by the Bank is as follows:

**1. NUMBER AND USE OF THE A SHARES THROUGH THE INITIAL PUBLIC OFFERING**

The Bank intends to issue not more than 1,500,000,000 Renminbi ordinary shares (A Shares) (the “Offering”) through the initial public offering and utilize all the proceeds from the Offering of new shares (after deduction of listing expenses) to replenish its Core Tier I capital and to enhance its capital adequacy ratio. The Offering is subject to approval from regulatory authorities such as the CBIRC and the CSRC.

**2. ANALYSIS ON THE NECESSITY OF THE INITIAL PUBLIC OFFERING OF A SHARES**

- (1) **Expansion of capital replenishment channels for implementation of strategic plan.** 2020 marks the beginning of the new five-year plan of the Bank, during which the acceleration of the Bank’s comprehensive development in various areas will increase its rate of capital consumption. A listing of A Shares could provide the Bank with more capital replenishment platforms for sustainable and rapid development. As of the end of 2018, the Bank had a capital adequacy ratio of 11.65% and a Core Tier I capital adequacy ratio of 8.37%, representing a decrease of 0.54 percentage point and 0.11 percentage point as compared to that as of the end of 2017, respectively, gradually closing to the regulatory red line. With the continuing development of various businesses of the Bank and its intention to contribute RMB2,000,000,000 to establish its asset management subsidiaries in 2019, the consumption of the Core Tier I capital of the Bank will further increase. In order to maintain a stable and healthy business development in the future and meet regulatory authorities’ increasingly stringent requirements on the capital adequacy ratio, it is necessary for the Bank to strengthen its capital and set up a long-term capital replenishment mechanism through the A Share Offering. In addition, the Bank may have more flexibility to use capital instruments in the PRC after the listing of A Shares, which would offer more choices and options to the Bank for optimizing and adjusting its shareholding structure.

- (2) **Strengthening of core competitiveness and enhancing of brand value.** If the A Shares are successfully listed, the Bank is expected to become one of the first batch of city commercial banks in China with a dual listing of A Shares and H Shares, further enhancing its market status, brand value and reputation and thus its comprehensive competitiveness, which will contribute to a higher market share and overall operational capability.

### **3. FEASIBILITY ANALYSIS ON THE USE OF PROCEEDS FROM THE A SHARE OFFERING**

The Bank will ensure that its rate of return on common stockholders' equity is maintained at a high level as well as a rapid growth of its net assets through the prudent use of proceeds. In achieving this, the Bank will adopt the following measures:

#### **(1) Optimization of business structure to enhance development quality and efficiency**

The Bank adopts a development path of differentiation, cultivation of unique characteristics and refinement in order to develop its key strategic businesses. With years of operational experience, it has established a business system with diverse products, gradually improving its operational features and competitive edge, and cultivating a steady increase in its market recognition and brand influence. In the future, it will continue to optimize its business and revenue structure to create a strong business with unique features. The integration of existing businesses and professionalization of the micro-credit business will promote the development of newly emerging businesses such as investment banking, inter-bank banking and custodian services, which will further diversify the Bank's sources of liability, asset operation and revenue streams to ensure the steady increase in the quality and efficiency of its business development.

#### **(2) Promotion of business innovation to enhance the standard of comprehensive services**

In recent years, the Bank has been continuously promoting financial innovation and enhancing its capability in diversified operation and management through measures such as obtaining business qualifications and starting business innovation. The Bank has insisted on promoting transformation through innovation and improving quality and efficiency through management, and pushed forward the building of a comprehensive business product system and scientific and efficient management system, creating a positive interactive developmental model between traditional businesses and innovative businesses. The Bank will strive to establish itself as a full-service bank with local economic and social development by focusing on the needs of the market and its clients.

**(3) Strengthening of regional deployment and channel establishment**

The Bank has been optimizing its regional deployment continuously by speeding up the development of regional branches and promoted the enhancement of production capacities of various branches, with the economies of scale established. While keeping risks manageable, the Bank will, going forward, cultivate regional markets, develop the financial inclusion system, expand on the provincial financial services business, and accelerate the quality development of its branches to support its rapid yet steady business development. It will also increase its efforts in developing internet financing by launching mobile banking and direct banking business and further increase its resources in key projects such as research and development of new models and new products and their promotion. It will execute its internet financing strategy to build a multi-level, vertical and differentiated branch outlets system that integrates both physical and electronic branch outlets.

**(4) Strengthening of risk management to ensure stable asset quality**

In the wake of a slowdown in economic growth and the higher pressure on non-performing asset management and control, the Bank will further strengthen its management and control over business risks by continuously improving its comprehensive risk management system. The Bank will conduct risk investigations by closely monitoring key aspects with high credit risk to strengthen risk warning, mitigation and disposal, which will prevent the snowballing of credit risk and maintain a stable asset quality level. The Bank will strengthen the management and control of various risks in accordance with regulatory requirements to maintain liquidity, market, operational and legal risks at controllable levels.

**4. IMPACT OF THE OFFERING ON THE OPERATION, MANAGEMENT AND FINANCIAL CONDITION OF THE BANK**

The offering will enable the Bank to increase its capital adequacy ratio which will in turn increase its risk tolerance and competitiveness and attract further business development opportunities. The impact of the offering on the operation, management and financial condition of the Bank is as follows:

**(1) Impact on net assets, net assets per share and rate of return on common stockholders' equity**

The net assets of the Bank will increase as a result of the offering. Although there may be certain dilution effects on the rate of return on common stockholders' equity in the short run, the offering will have positive effects on the net asset value per share and rate of return on common stockholders' equity in the long run when the proceeds gradually generate incomes.

**(2) Impact on capital adequacy ratio**

Upon receipt of the proceeds from the offering, the capital adequacy ratio, the Tier I capital adequacy ratio and the Core Tier I capital adequacy ratio of the Bank will be further enhanced which would strengthen its risk tolerance.

**(3) Impact on profitability**

The offering will facilitate the rapid development of the Bank's businesses and further enhance its profitability.

Based on the above, all proceeds from the A Share Offering (after the deduction of listing expenses) will be used to replenish the Core Tier I capital of the Bank and enhance its capital adequacy ratio in accordance with the requirements of the relevant laws and regulations, the industry policy of the PRC and the long-term strategic development direction of the Bank. Furthermore, in the interests of the Bank and all Shareholders, the offering will be necessary and feasible, as well as beneficial to the long-term healthy growth of the Bank by providing capital support to its sustainable and sound development.

**THREE-YEAR DIVIDEND RETURN PLAN AFTER THE INITIAL PUBLIC  
OFFERING AND LISTING OF A SHARES OF HUIZHANG BANK  
CORPORATION LIMITED**

According to the relevant requirements of the Notice on Further Implementing Matters Relevant to the Cash Dividend Distribution by Listed Companies and the Guideline No. 3 on Supervision and Administration of Listed Companies – Cash Dividends of Listed Companies issued by the CSRC, and the Guidelines on Distribution of Cash Dividends by Companies Listed on the Shanghai Stock Exchange issued by the Shanghai Stock Exchange, and in order to further increase Shareholders’ return, optimize and implement the cash dividend policy, clarify the Bank’s plan for providing reasonable investment returns to Shareholders, improve the transparency and operability of decision-making on profit distribution and facilitate supervision of the Bank’s operations and profit distribution by the Shareholder, the Board of the Bank has formulated the Three-year Dividend Return Plan After the Initial Public Offering and Listing of A Shares of Huishang Bank Corporation Limited (the “**Plan**”), detailed contents of which are set out below:

**1. PRINCIPLES FOR FORMULATION OF THE PLAN**

In accordance with the Company Law of the People’s Republic of China and the Articles of Association of the Bank, based on the premise of ensuring satisfaction of the regulatory requirements on capital adequacy ratio, the Bank shall distribute dividends to preference share Shareholders when there is distributable after-tax profit after making up for losses and making allocations to the statutory reserve fund and general reserve. Preference share Shareholders shall receive distribution of dividends in priority to ordinary Shareholders. For all ordinary Shareholders, the Bank shall make distribution in proportion to the number of the Bank’s Shares held and based on the principle of “equal rights and returns for each share”.

The Bank will implement a continuous and stable dividend distribution policy. The Bank shall emphasize on reasonable investment return to investors and ensure the sustainable development of the Bank when distributing dividends.

The Bank shall prioritize the distribution of dividends in cash based on the principle of continuous profitability, compliance with regulatory requirements and its normal operation and long-term development.

**2. FACTORS CONSIDERED IN DEVELOPING THE PROFIT DISTRIBUTION PLAN**

In developing the dividend distribution policy, the Bank focuses on its existing operations and sustainable development at the current stage, conducts comprehensive analysis and takes into full consideration the following material factors:

**(1) Safeguarding Shareholders' legal interests in a practical manner and implementing regulatory requirements**

The Bank shall perform its social and legal responsibilities, safeguard Shareholders' legal interests in a practical manner and provide reasonable investment returns to investors.

The Bank shall implement the regulatory requirements of the CSRC on the profit distribution and cash dividend policy for listed companies. The Guideline No. 3 on Supervision and Administration of Listed Companies – Cash Dividends of Listed Companies issued by the CSRC provides specific requirements on further improving the profit distribution decision-making process, perfecting the cash dividend distribution system, enhancing transparency in cash dividend distribution, and maintaining the consistency, reasonableness and stability of cash dividend policy.

**(2) Actual business development of the Bank**

The Bank maintains satisfactory operating results and strong profitability. Upon the initial public offering and listing of its A Shares, the Bank will formulate a continuous and stable dividend distribution policy based on its actual operations of the current year.

**(3) Development stage of the Bank**

The Bank is currently in a fast-growing stage, during which each of its business lines maintains a good development momentum with huge development potential. Therefore, the Bank needs sufficient capital to guarantee its future development. In formulating a dividend distribution policy, the Bank will take into full consideration the impact of various factors to enable it to meet the requirements of its normal operation and sustainable development.

**(4) Demands and wishes of the Shareholders**

The Bank's dividend distribution policy, which attaches high importance to providing reasonable investment returns to investors while taking into consideration the expectation of investors for the rapid development of the Bank on an ongoing basis, will fully take into consideration the demands and wishes of the Shareholders. The specific dividend distribution plan, including the ratio of cash dividend and whether to distribute dividends in form of shares, will be determined, considered and approved at a general meeting according to the actual operations of the Bank of the relevant year and the future development of its normal operation.

**(5) Cost of social capital and external financing environment**

The Bank may currently increase its scale of capital by means of issuing ordinary shares, debts instruments and profit retention. Among them, profit retention is one of the important means for the Bank to increase its capital funds. When formulating a dividend policy, the Bank will take into consideration various factors comprehensively, including a reasonable capital structure, capital costs and external financing environment of the Bank.

**(6) Cash flow**

The cash flow of the Bank from operating activities is mainly affected by various factors, including the macro-economic development, monetary policy and scale of deposits and loans of China. While taking into consideration the impact of its financing and investment activities on cash flow and ensuring its normal operation, the Bank will make appropriate adjustments to the cash dividend policy according to its actual cash flow of the current year.

**(7) Capital requirements**

The Bank is required to satisfy the regulatory requirements of the banking regulatory authority on the capital adequacy ratio of commercial banks. The Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) (the “**Capital Administrative Measures**”) issued by the former CBRC with effect from January 1, 2013, further strengthened the capital restriction mechanism and provided more stringent capital regulatory requirements for commercial banks. The Bank is required to take into full consideration its capital adequacy ratio when formulating its profit distribution policy. The Bank may implement a positive profit distribution plan on the basis that its capital adequacy ratio has met the regulatory requirements and its sustainable development. However, when its capital adequacy ratio decreases continuously, the Bank’s dividend policy shall take into full consideration various factors, including the banking regulatory requirements, requirements for meeting the demands of Shareholders for dividends, and the ability of the Bank to deal with operational and financial uncertainties.

**3. SPECIFIC DIVIDEND RETURN PLAN****(1) Sequence of profit distribution**

According to the requirements of the Company Law of the PRC and the Articles of Association of the Bank, the after-tax profits of the Bank for the year shall be distributed in the following order of priority:

- (i) to make up for the losses of previous years;
- (ii) to set aside 10% to the statutory reserve funds;
- (iii) to set aside to the general reserves;

- (iv) to pay dividends to holders of preference Shares;
- (v) to set aside to the discretionary reserve funds; and
- (vi) to distribute profits and pay dividends to ordinary Shareholders in proportion to their shareholdings.

When the Bank distributes its after-tax profits, it shall allocate 10% of its profits to the statutory reserve. The Bank can no longer allocate to such statutory reserve when the accumulative amount of the statutory reserve of the Bank amounts to more than 50% of the registered capital of the Bank. If the statutory reserve is insufficient to make up for the losses of the preceding years, the profits of the current year shall first be used to make up for such losses before any allocation is made to the statutory reserve.

The Bank shall make allocation to its general reserve, the proportion of which shall meet the requirements set out by the competent regulatory authorities. Otherwise, no subsequent allocation shall be made.

The payment of dividends on preference Shares shall proceed in accordance with the relevant laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authorities of the place where the Bank's Shares are listed and where the preference Shares are issued or listed, and the Articles of Association of the Bank. If the Bank cancelled all or part of dividend distribution on preference Shares, no profit shall be distributed to the holders of ordinary Shares by the Bank from the next day upon the approval of the resolution on such cancellation at the Shareholders' general meeting until the resumption of payment of dividends in full<sup>1</sup>.

After an allocation is made out of the after-tax profits to the statutory reserve, the Bank may make allocations out of the after-tax profits to the discretionary reserve after a relevant resolution has been passed at a general meeting.

The after-tax profits of the Bank, after being used for making up for losses and making allocations to the statutory and discretionary reserves, as well as the general reserve, may be distributed as dividends to the ordinary Shareholders in proportion to their shareholdings.

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<sup>1</sup> Resumption of payment of dividends in full means that the Bank decides to resume payment of dividends in full to the preference Shareholders. If the preference Shares issued by the Bank have adopted a non-cumulative dividend approach, the Bank will not pay any dividends which have been cancelled in previous years.

**(2) Form of profit distribution and its interval**

The Bank may distribute profits in proportion to the shareholdings of ordinary Shareholders, and may make dividend distributions either in cash or in shares or a combination of both. If the Bank satisfies the conditions for cash dividends, it shall give priority to make profit distributions in the form of cash dividends. The Bank shall, in principle, distribute profits once a year. Where conditions allow, the Bank may distribute an interim dividend.

**(3) Conditions and ratio of cash dividend distributions**

In general, no cash dividend shall be paid to Shareholders for any year if the Bank's capital adequacy ratio is lower than the minimum standard required by the regulatory authorities of the PRC. On the premises that the capital adequacy ratio meets the regulatory requirements, the Bank may pay cash dividends if its profits realized each year, after making up for any losses and allocation to statutory reserves and general reserve according to law, remain positive and distributable. Any profit to be distributed by the Bank in cash each year shall be no less than 10% of the distributable profits realized in that year. The specific ratio of cash dividend distribution each year will be determined by the Bank in accordance with the requirements of the relevant laws, regulations, regulatory documents and the Articles of Association, and based on its business operations, and will be considered and approved at general meetings of the Bank.

The Board of the Bank shall take into full account various factors, such as features of the industries where the Bank operates, stage of development, its own business model, profitability and whether there are significant capital expenditure arrangements, to distinguish the following situations and put forward differentiated cash dividend policy in accordance with the procedures as required by the Articles of Association:

- (i) If the Bank is at a mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 80% when the profit distribution is made;
- (ii) If the Bank is at a mature stage of development and has significant capital expenditure arrangements, the proportion of cash dividends in the profit distribution shall be at least 40% when the profit distribution is made;
- (iii) If the Bank is at a growing stage and has significant capital expenditure arrangements, the proportion of cash dividends in the profit distribution shall be at least 20% when the profit distribution is made.

If it is difficult to distinguish the Bank's stage of development and the Bank has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provisions.

Where the operating income of the Bank grows rapidly and the Board considers that the Share price of the Bank does not reflect its market capitalization, the Bank may propose to and execute a share dividend distribution proposal in addition to the payment of the cash dividend distribution above.

#### **4.    DECISION-MAKING AND SUPERVISION MECHANISM OF THE RETURN PLAN**

When determining a profit distribution plan, the Board shall consider, among other things, the timing, conditions and minimum ratio for cash dividend distribution, its conditions for adjustments and the requirements of the procedure for decision-making. The independent Directors shall give specific opinion in respect thereof. The independent Directors may seek the opinion of the minority Shareholders, devise a dividend distribution proposal accordingly and submit the same directly to the Board for its consideration. Prior to the consideration of the plan by the Shareholders at a general meeting, the Bank shall communicate and exchange ideas through multiple channels with the Shareholders (in particular, the minority Shareholders), consider the opinions and requests from the minority Shareholders and give timely responses to the issues that concern them. The Board of Supervisors of the Bank shall supervise the formulation and decision-making by the Board in relation to the profit distribution plan of the Bank.

Where the Bank has satisfied conditions for cash dividend distribution but has not prepared any cash dividend plan, or the profit distributed by the Bank in cash is less than 10% of the distributable profits realized for that year, the Board shall set out the specific reasons for not distributing cash dividends, the exact purpose for the retained profits and the estimated investment return, and submit to the general meeting for its consideration after the independent Directors have expressed their opinions, and make disclosures in the media designated by the Bank. The Bank shall provide access to online voting platforms to Shareholders.

A profit distribution plan shall be disclosed in the annual report for the year. If the Bank generated profits during the reporting period but the Board of the Bank has not made any cash profit distribution plan, the reasons thereof and the use of proceeds retained by the Bank which were not used for distribution shall be explained in detail in its periodic reports, and independent Directors shall give an independent opinion in this regard.

#### **5.    IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN**

After a resolution is adopted by the Bank's general meeting in respect of the profit distribution plan, the Board must complete the dividend (or Share) distribution within two months after the general meeting.

**6. FORMULATION PERIOD AND ADJUSTMENT MECHANISM OF THE RETURN PLAN**

- (1) The Bank shall formulate the plan for Shareholders' return based on the profit distribution policy set out in the Articles of Association, and ensure that the plan for Shareholders' return is prepared every three years as well as the plan for the dividend distribution policy for the next three years. When formulating the plan for Shareholders' return, the Board of the Bank shall listen to and take advice and suggestions from Shareholders (especially the minority Shareholders), independent Directors, and external Supervisors through various channels. The dividend distribution policy and the plan for Shareholders' return for three years as made by the Board of the Bank shall not be implemented until they are approved by a general meeting upon submission.
  
- (2) If the production and operation of the Bank are materially affected as a result of war, natural disasters and other events of force majeure, or any change in its external operating environment, or any significant changes in its own operating conditions, the Bank may adjust its profit distribution policy. The adjusted or changed profit distribution policy shall not violate the relevant laws and regulations, the relevant requirements of the CSRC and stock exchanges, nor prejudice Shareholders' interests. When the Bank makes such adjustment, the Board shall prepare a written report on the special issues containing detailed discussion and verification of the reasons for such adjustment, which, after being considered by the independent Directors, shall be submitted to the general meeting for approval by Shareholders representing over 2/3 voting rights at such meeting. The Bank shall provide access to online voting platforms for Shareholders for voting purpose. In considering such adjustments at a general meeting, the opinions of minority Shareholders must be sufficiently considered.

**7. MATTERS WHICH ARE NOT COVERED BY THIS PLAN SHALL BE IMPLEMENTED IN ACCORDANCE WITH THE RELEVANT LAWS AND REGULATIONS, REGULATORY DOCUMENTS AND THE ARTICLES OF ASSOCIATION. THE PLAN SHALL BE INTERPRETED BY THE BOARD AND SHALL BE EFFECTIVE UPON APPROVAL AT A GENERAL MEETING AND FROM THE DATE OF THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES.**

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**APPENDIX X      PRICE STABILIZATION PLAN OF A SHARES OF THE BANK  
WITHIN THREE YEARS AFTER THE A SHARE OFFERING**

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**PRICE STABILIZATION PLAN OF A SHARES WITHIN THREE YEARS AFTER  
THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES OF HUIZHANG  
BANK CORPORATION LIMITED**

According to the requirements of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Opinions of the CSRC on Further Promoting the IPO System Reform and other relevant laws and regulations, and the listing rules of the jurisdictions where Shares of the Bank are listed, this plan is hereby formulated to strengthen the fiduciary duties of Huishang Bank Corporation Limited (the “**Bank**”), Directors and senior management and to protect the interests of minority Shareholders.

**1.    CONDITIONS FOR INITIATING MEASURES FOR STABILIZING SHARE  
PRICES**

If, within three years after the initial public offering and listing of the RMB-denominated ordinary Shares (A Shares) of the Bank (the “**Public Offering**”), the closing prices of A Shares of the Bank for 20 consecutive trading days are lower than its latest audited net asset per Share (if, after the base date for the latest audit, net assets or the total number of Shares of the Bank has changed due to profit distributions, conversion of capital reserve into share capital, additional offering, placing of Shares, the net asset per Share shall be adjusted accordingly, where applicable.) which is not attributable to any event of force majeure, the Bank and related parties will legally take the positive measures below to stabilize Share prices pursuant to the specific share price stabilization plan considered and approved by the internal review and approval procedures of the Bank.

**2.    SPECIFIC MEASURES FOR STABILIZING SHARE PRICES**

**(a)   Measures of the Bank for stabilizing share prices**

- (i) If the closing prices of A Shares of the Bank for 20 consecutive trading days are lower than its latest audited net asset per Share, the Bank is obligated to stabilize share prices. The Board shall formulate and announce the share price stabilization plan of the Bank within 10 trading days from the date on which such obligation arises. The share price stabilization plan of the Bank includes but is not limited to plans on repurchase of Shares of the Bank or other plans that meet the requirements of relevant laws, regulations and other regulatory documents (including the listing rules of the jurisdictions in which the Shares of the Bank are listed). The specific plan will be subject to internal and applicable external approval procedures of the Bank in accordance with the requirements of the applicable laws, regulations and regulatory documents and the Articles of Association of the Bank.

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**APPENDIX X      PRICE STABILIZATION PLAN OF A SHARES OF THE BANK  
WITHIN THREE YEARS AFTER THE A SHARE OFFERING**

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- (ii) If the Bank adopts a share repurchase plan, such plan will include but will not be limited to the number of Shares to be repurchased, price range, source of capital for repurchase and the impact of such repurchase on the Share price and operation of the Bank. The share repurchase plan shall be implemented by the Bank after going through the internal approval procedures of the Bank in accordance with the applicable laws, regulations, regulatory documents and provisions under the Articles of Association of the Bank and after handling other relevant procedures and obtaining necessary approvals as required by the relevant laws, regulations and other regulatory documents. The Bank shall repurchase its Shares on stock exchanges through centralized competitive bidding, offer and/or other legal methods. The total amount of capital to be used by the Bank for repurchase shall be no less than 5% of the net profits attributable to Shareholders of the Bank for the previous year, and shall be no more than the net proceeds raised from the Public Offering of the Bank.
  
  - (iii) If the Bank adopts other share price stabilization plans that meet the requirements of the relevant laws, regulations and other regulatory documents (including the listing rules of the places where the shares of the Bank are listed), such plans shall be implemented after going through relevant approval and/or filing procedures in accordance with the requirements of the applicable laws, regulations and regulatory documents (including the listing rules of the jurisdictions in which the Shares of the Bank are listed) and the Articles of Association.
  
  - (iv) During the course of implementing the share price stabilization plan, if the closing prices of A Shares of the Bank for 10 consecutive trading days are higher than its latest audited net asset per Share, the Bank may suspend such share price stabilization plan. If, upon suspension of such plan by the Bank, the closing prices of A Shares of the Bank for 20 consecutive trading days are once again lower than its latest audited net asset per Share within 12 months from the date of the triggering of the obligation to stabilize Share prices, the Bank shall continue to implement such share price stabilization plan.
- (b) Additional share acquisitions by the Directors (excluding independent Directors and any Directors not entitled to remunerations of the Bank, where applicable) or senior management**
- (i) If the closing prices of A Shares of the Bank for 20 consecutive trading days are lower than its latest audited net asset per Share, and the Board of the Bank fails to make an announcement on the above share price stabilization plan as scheduled or if such plan fails to be approved by the relevant approval authorities or departments, the Directors and senior management of the Bank shall be obligated to acquire additional Shares of the Bank. Subject to compliance with the relevant laws, regulations and regulatory documents (including the listing rules of the jurisdictions in which the Shares of the Bank are listed), the Directors and senior management of the Bank shall notify the Bank in writing of their specific plans for the acquisition

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**APPENDIX X      PRICE STABILIZATION PLAN OF A SHARES OF THE BANK  
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of additional Shares of the Bank within 10 trading days after the date on which the obligation to acquire additional Shares arises, including but not limited to the number of additional Shares to be acquired, the price range and time of completion, and a relevant announcement shall be made by the Bank.

- (ii) The monetary funds used by the Directors and senior management of the Bank for acquisition of additional Shares of the Bank shall be no less than 15% of the total remunerations (after-tax) received by such Directors and senior management from the Bank for the previous year.
  - (iii) During the course of implementing the above-mentioned additional share acquisition plan, if the closing prices of A Shares of the Bank for 10 consecutive trading days are higher than its latest audited net asset per Share, the Directors and senior management may suspend such additional share acquisition plan. If, upon suspension of such plan, the closing prices of A Shares of the Bank for 20 consecutive trading days are once again lower than its latest audited net asset per Share within 12 months from the date on which the obligation to acquire additional Shares arises, the Directors and senior management shall continue to implement such additional share acquisition plan.
  - (iv) The Directors and senior management will not sell any Shares acquired by them within six months after the completion of such acquisition plan, and upon the acquisition of Shares by the Directors and senior management, the shareholding distribution of the Bank shall comply with listing requirements, and the additional acquisition of Shares shall be conducted in accordance with the requirements of the relevant laws, regulations and regulatory documents.
- (c) Restrictive measures on failing to fulfill obligations to acquire additional Shares or repurchase Shares**
- (i) If the Bank fails to formulate and make an announcement on the share price stabilization plan within 10 trading days from the date on which the obligation to stabilize Share prices as described in the share stabilization plan arises or fails to implement such plan as announced, the Bank will automatically freeze monetary funds that are equivalent to 10% of the net profits attributable to Shareholders for the previous year within 5 trading days, which will be used for fulfilling the above undertakings for stabilizing Share prices. If investors suffer losses due to the failure of the Bank to perform its obligation to stabilize Share prices, the Bank will compensate such losses to the investors according to law.
  - (ii) If the Directors and senior management of the Bank fail to put forward a specific additional share acquisition plan within 10 trading days from the date of the triggering of the obligation to acquire additional Shares or fails to implement such plan as disclosed, the Bank shall, from the month when such Directors and senior

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**APPENDIX X      PRICE STABILIZATION PLAN OF A SHARES OF THE BANK  
WITHIN THREE YEARS AFTER THE A SHARE OFFERING**

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management fail to perform the agreed obligations, deduct 15% of the monthly remuneration of relevant parties concerned, together with cash dividends (if any), until the accumulated amount of deductions reach 15% of the total amount of remuneration (after-tax) received from the Bank in the fiscal year preceding to the year when the obligation to acquire additional Shares shall be performed, and such deductions shall belong to the Bank. If the Bank and investors suffer losses due to the failure of the Directors and senior management to perform their obligations to acquire additional Shares, such Directors and senior management will compensate such losses to the Bank and investors according to law.

- (d) When performing the above-mentioned obligations, the Bank, Directors and senior management shall fulfill relevant information disclosure obligations in accordance with the listing rules of the places where the Shares of the Bank are listed and other applicable regulatory requirements, and shall also meet the relevant requirements on the regulation of commercial banks.**

**3. MISCELLANEOUS**

- (a) During the effective period of this Plan, the newly elected Directors and newly appointed senior management of the Bank shall carry out the obligations of Directors and senior management as required by the Plan and perform other undertakings and obligations made by the Directors and senior management at the time of the Public Offering and listing of A Shares of the Bank according to the same standards. For the Directors and senior management proposed to be elected and appointed by the Bank, they should provide written consent agreeing to carry out the afore-mentioned undertakings and obligations prior to their nomination.
- (b) The Plan will automatically become effective with a term of three years upon completion of the Public Offering and listing of A Shares of the Bank, subject to consideration and approval by Shareholders at general meetings of the Bank.
- (c) When implementing the Plan, unless otherwise required by the relevant laws, regulations and regulatory documents (including the listing rules of the places where the Shares of the Bank are listed), the Bank shall comply with the relevant requirements.
- (d) During the effective period of the Plan, when the Plan is required to be amended in accordance with the relevant new rules issued by regulatory authorities such as the CSRC and the Shanghai Stock Exchange, the Board shall be authorized by a general meeting of the Bank to amend the Plan accordingly.

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## **APPENDIX XI                      DILUTION OF CURRENT RETURNS AS A RESULT OF THE A SHARE OFFERING AND REMEDIAL MEASURES**

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The General Office of the State Council issued the Opinions on Further Strengthening the Protection of the Lawful Rights and Interests of Medium and Small Investors in Capital Markets (Guo Ban Fa [2013] No. 110) on December 25, 2013, which provide that “in case of dilution of current returns as a result of an initial public offering of shares of a company or re-financing, merger or reorganization of a listed company, such company shall undertake to carry out specific remedial measures”. The China Securities Regulatory Commission (the “**CSRC**”) issued the Guiding Opinions on Matters Relating to the Dilution of Current Returns as a Result of Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC Announcement [2015] No. 31) (the “**Guiding Opinions**”) on December 30, 2015. The Guidance Opinions set out detailed provisions regarding the dilution of current returns as a result of an initial public offering of shares by listed companies, and require the directors and senior management of listed companies to make commitments for the implementation of remedial measures thereof.

Relevant analysis in respect of the impact of the initial public offering of A Shares (the “A Share Offering”) on the dilution of current returns, and the remedial measures and undertakings on current returns proposed by Huishang Bank Corporation Limited (the “**Bank**”) are set out below:

### **1. ANALYSIS OF THE IMPACT OF THE OFFERING ON CURRENT RETURNS OF SHAREHOLDERS**

According to the offering plan, the Bank proposes to issue no more than 1.5 billion A Shares. Upon completion, there will be a significant increase in scale in respect of the total assets and net assets of the Bank.

Upon receipt of the proceeds, the Bank will, in a timely manner, use the proceeds effectively through proper capital allocation, thereby achieving reasonable capital returns. However, in view of the special nature of the business of commercial banks, the proceeds will, upon receipt, be utilized with the existing capital, and the revenue contribution from the proceeds cannot be measured in isolation. In general, the proceeds may generate certain benefits in the current period, but it cannot expand the asset scale in the short term, and the profits and benefits directly generated from the proceeds may not increase simultaneously. In the event that the current operating capital efficiency cannot be maintained through the proceeds from the offering, and upon the increase in the share capital and net asset, the basic earnings per Share and average weighted rate of return on common stockholders’ equity of the Bank will decrease.

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**APPENDIX XI                      DILUTION OF CURRENT RETURNS AS A RESULT OF  
THE A SHARE OFFERING AND REMEDIAL MEASURES**

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**2.    NECESSITY AND REASONABLENESS OF THIS FINANCING**

**(1)   Expansion of capital replenishment channels for implementation of strategic plan.**

2020 marks the beginning of the new five-year plan of the Bank, during which the acceleration of the Bank's comprehensive development in various areas will increase its rate of capital consumption. A listing of A Shares could provide the Bank with more capital replenishment platforms for sustainable and rapid development. As of the end of 2018, the Bank had a capital adequacy ratio of 11.65% and a Core Tier I capital adequacy ratio of 8.37%, representing a decrease of 0.54 percentage point and 0.11 percentage point as compared to that as of the end of 2017, respectively, gradually closing to the regulatory red line. With the continuing development of various businesses of the Bank and its intention to contribute RMB2,000,000,000 to establish its asset management subsidiaries in 2019, the consumption of the Core Tier I capital of the Bank will further increase. In order to maintain a stable and healthy business development in the future and meet regulatory authorities' increasingly stringent requirements on the capital adequacy ratio, it is necessary for the Bank to strengthen its capital and set up a long-term capital replenishment mechanism through the A Share Offering. In addition, the Bank may have more flexibility to use capital instruments in the PRC after the listing of A Shares, which would offer more choices and options to the Bank for optimizing and adjusting its shareholding structure.

**(2)   Strengthening of core competitiveness and enhancing of brand value.** If the A Shares are successfully listed, the Bank is expected to become one of the first batch of city commercial banks in China with a dual listing of A Shares and H Shares, further enhancing its market status, brand value and reputation and thus its comprehensive competitiveness, which will contribute to a higher market share and overall operational capability.

**3.    RELATIONSHIP BETWEEN INVESTMENTS MADE BY USING PROCEEDS FROM THE OFFERING AND THE EXISTING BUSINESSES OF THE BANK, AND EMPLOYEES, TECHNOLOGIES AND MARKETS INVOLVED IN INVESTMENTS MADE BY USING PROCEEDS FROM THE OFFERING**

**(1)   Relationship Between Investments Made by Using Proceeds from the Offering and the Existing Businesses of the Bank**

All of the proceeds (after deduction of offering expenses) from the offering will be used to replenish the Core Tier I capital of the Bank to enhance its capital adequacy ratio, expand the business scale and enhance the Bank's market competitiveness and risk resistance.

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**APPENDIX XI                      DILUTION OF CURRENT RETURNS AS A RESULT OF  
THE A SHARE OFFERING AND REMEDIAL MEASURES**

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**(2) Employees, Technologies and Markets Involved in Investments Made by Using Proceeds from the Offering**

The Bank has already expanded sufficient customer base in Anhui Province and trained a team with solid operational capability. As of the end of 2018, the Bank has established 17 branches and 424 external operating institutions with increasing business categories and scale, which laid a concrete foundation for further subsequent development of the Bank.

**4. REMEDIAL MEASURES OF THE BANK ON THE DILUTION OF CURRENT RETURNS AS A RESULT OF THE A SHARE OFFERING**

The Bank has amended the profit distribution clauses under the Articles of Association, which further clarifies matters such as the policy and proportion of cash dividend distribution, and stipulate the minimum percentage for profit distributions of the Bank in cash under normal circumstances in order to provide stable return expectation for investors. The Bank highly values the protection of Shareholders' interests. It will continue to maintain the continuity and stability of its profit distribution policy, and strive to create long-term value for its Shareholders.

**(1) Putting greater efforts on asset structure adjustment, and enhancing the efficiency of capital allocation**

The Bank will place greater efforts in adjusting and optimizing the asset structure. It will emphasize the development of capital-saving business, thereby enhancing the efficient use of capital. Specifically, the Bank will reasonably allocate its credit resources and aim to enhance customers' comprehensive income. The Bank will also optimize its operating model, strengthen its financial innovation, greatly expand its low-capital consumption business, and aim to achieve transformation in its asset structure, revenue structure and profitability model. When expanding its business, the Bank will raise the standard of risk mitigation and reduce capital utilization. The Bank will provide guidance to business departments, as well as institutions at all levels to adjust its business structure and customer base, and restrict the growth of risky assets through the use of economic capital, thereby achieving a reasonable balance between capital and risk levels, and enhancing the efficient use of capital.

**(2) Strengthening internal capital adequacy assessment procedures and enhancing risk management standard**

The Bank will establish internal capital adequacy assessment procedures to ensure that major risks can be identified, measured, monitored and reported, and that the capital level is compatible with major risks faced by the Bank and risk management standard and that the capital plans are in line with the operating conditions, risk changes and long-term development strategies. The Bank will continue to enhance the standard of risk management, strengthen its

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**APPENDIX XI                      DILUTION OF CURRENT RETURNS AS A RESULT OF  
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capability in effective prevention and measurement of risk exposure, and optimize the comprehensive risk management system which integrates the front, middle and back offices so as to provide a good foundation for stable and healthy development of its business.

**(3) Regulating the management and use of proceeds**

Due to the specific nature of commercial banks, the proceeds raised will be used for capital replenishment instead of project investment. Therefore, its use and effectiveness cannot be measured in isolation. The Bank will strengthen the management and reasonable use of the proceeds raised, and proactively increase the capital return level.

**(4) Maintaining stable Shareholder return policy**

The Bank has amended the profit distribution clauses under the Articles of Association, which further clarifies matters such as the policy and proportion of cash dividend distribution, and stipulates the minimum percentage for profit distribution of the Bank in cash under normal circumstances in order to provide stable return expectation for investors. The Bank highly values the protection of Shareholders' interests. It will continue to maintain the continuity and stability of its profit distribution policy, and strive to create long-term value for its Shareholders.

**5. UNDERTAKINGS BY ALL THE DIRECTORS AND SENIOR MANAGEMENT OF THE BANK**

The Directors and senior management of the Bank have undertaken to perform their duties faithfully and diligently, safeguard the legitimate rights and interests of the Bank and all Shareholders, and for the purpose of the practical implementation of remedial measures adopted for the dilution of current returns as a result of the offering, have made the following undertakings in accordance with the relevant requirements of the CSRC:

- a. undertake not to transfer benefits to other entities or individuals on a gratuitous basis or under unfair conditions, nor otherwise prejudice the interests of the Bank;
- b. undertake to constrain the position-related expenditures of Directors and senior management;
- c. undertake not to use assets of the Bank for investment, consumption activities which have nothing to do with the performance of their duties;

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**APPENDIX XI                      DILUTION OF CURRENT RETURNS AS A RESULT OF  
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- d. undertake to proactively promote the improvement of the Bank's remuneration system so that it is more in line with the requirements of the remedial measures for current returns; to support the linkage between the remuneration system established by the Board or the Nomination and Remuneration Committee and the implementation of the Bank's remedial measures for current returns, and to strictly follow such system;
- e. undertake to proactively support the linkage between the vesting conditions of the stock incentive scheme and the implementation of the remedial measures for current returns of the Bank if the Bank sets up a stock incentive scheme (if any);
- f. before the completion of the A Share Offering, if the CSRC and the Shanghai Stock Exchange publish the opinions and implementation rules or other regulations on the remedial measures for the dilution of current returns and the Bank's relevant regulations and the undertakings of the Directors and senior management of the Bank do not conform to the afore-mentioned regulations, the Directors and senior management of the Bank undertake to immediately offer additional undertakings according to the regulations stipulated by the CSRC and the Shanghai Stock Exchange and proactively facilitate the Bank in making new regulations so as to meet the requirements of the CSRC and the Shanghai Stock Exchange.

**STATUS REPORT ON THE USE OF PREVIOUSLY RAISED FUNDS OF  
HUISHANG BANK CORPORATION LIMITED**

The Status Report on the Use of Previously Raised Funds in accordance with the Provisions on the Report on the Use of Previously Raised Funds (Zheng Jian Fa Xing Zi [2007] No. 500) as at December 31, 2018 is as follows:

**1. INFORMATION ON THE PREVIOUSLY RAISED FUNDS**

Pursuant to the Approval from the China Banking Regulatory Commission Anhui Office on the Issuance of Overseas Preference Shares and Amendments to the Articles of Association of Huishang Bank Corporation Limited (Wan Yin Jian Fu [2016] No. 109) issued by the China Banking Regulatory Commission Anhui Office and the approval from the Reply on Approval of the Issuance of Overseas Preference Shares by Huishang Bank Corporation Limited (Zheng Jian Xu Ke [2016] No. 2386) issued by the CSRC, Huishang Bank Corporation Limited (the “**Bank**”) was permitted to non-publicly issue not more than 60,000,000 overseas preference Shares, and the raised funds will be used to replenish other Tier I capital of the Bank. The Bank conducted the non-public issuance of a total of 44,400,000 preference Shares on November 10, 2016 at the issue price of US\$20 per Share, and a total of US\$888,000,000 were paid up in US dollars. After deducting the issue expenses of US\$5,612,175, the actual proceeds amounted to US\$882,387,825, equivalent to RMB5,990,089,747 (hereinafter referred to the “**Previously Raised Funds**”).

The above proceeds of US\$882,387,825 were remitted into the Bank’s the raised funds account (Account No. 846000000327) maintained with China Construction Bank (Asia) Corporation Limited on November 10, 2016 and verified by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) in its capital verification report (Yan Zi (2017) No. 130). As at 31 December, 2018, the balance of the account was US\$91,307,039.

**2. ACTUAL USE OF THE PREVIOUSLY RAISED FUNDS**

According to the plan for the use of raised funds as disclosed in the circular issued by the Bank, “all of the proceeds from the offering (after deduction of listing expenses), will be used to replenish other Tier I capital of the Bank”.

**APPENDIX XII STATUS REPORT ON THE USE OF PREVIOUSLY RAISED FUNDS**

As of December 31, 2018, the actual use of Previously Raised Funds is set out in the “Comparative Table of the Use of the Previously Raised Funds” and “Comparative Table of the Efficiency Achieved in Investment Project of the Previously Raised Funds” below:

**Comparative Table of the Use of the Previously Raised Funds**

*Unit: RMB*

Total proceeds: 5,990,089,747			Total cumulative proceeds used: 5,990,089,747							
Change in use of proceeds: Nil			Proceeds used each year:							
Proportion of change in use of proceeds: Nil			2016: 5,990,089,747							
			2017: -							
			2018: -							
No.	Investment Project		Total investment of proceeds			Total cumulative investment by using the proceeds at the Long Stop Date			Difference between actual investment amount and Subsequently committed investment amount	Time until usable (or the extent of completion at the Long Stop Date)
	Committed investment project	Actual investment project	Previously committed investment amount	Subsequently committed investment amount	Actual investment amount	Previously committed investment amount	Subsequently committed investment amount	Actual investment amount		
1	Replenishment of other Tier I capital	Replenishment of other Tier I capital	5,990,089,747	5,990,089,747	5,990,089,747	5,990,089,747	5,990,089,747	5,990,089,747	-	100%

As at December 31, 2018, the Bank used all of the Previously Raised Funds to replenish its other Tier I capital pursuant to the use of proceeds as committed.

**Comparative Table of the Efficiency Achieved in Investment Project of the Previously Raised Funds**

*Unit: RMB*

No.	Name of Project	Actual investment project	Cumulative capacity utilization rate of investment project at the Long Stop Date	Committed efficiency	Actual efficiency for the last three years			Cumulative efficiency achieved at the Long Stop Date	Whether the expected efficiency achieved
					2018	2017	2016		
1	Replenishment of other Tier I capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**3. COMPARISON OF THE ACTUAL USE OF THE PREVIOUSLY RAISED FUNDS AND THE RELATED CONTENT AS DISCLOSED IN REGULAR REPORT OF THE BANK**

There has been no difference between the actual use of the Previously Raised Funds of the Bank and the content as disclosed in the section headed “Report of the Board of Directors” set out in the 2016, 2017 and 2018 annual reports.

**4. CONCLUSION**

The Board of Directors is of the opinion that the Bank has utilised the Previously Raised Funds in accordance with the plan for use of raised funds as disclosed in the circular previously issued. The Bank has truly performed its obligation to disclose the direction and progress of the Previously Raised Funds pursuant to the Provisions on the Report on the Use of the Previously Raised Funds (Zheng Jian Fa Xing Zi [2007] No. 500) of the CSRC.

All Directors of the Bank hereby warrant that this report contains no false representations, misleading statements or material omissions, and shall be jointly or severally liable for the authenticity, accuracy and completeness of the report.

Huishang Bank Corporation Limited

Chairman: Wu Xuemin

President: Zhang Renfu

Financial Controller and the Person-in-charge of the Financial Institution: Li Dawei

[●], 2019

**ASSURANCE REPORT ON THE USE OF PREVIOUSLY RAISED FUNDS**

Ernst & Young Hua Ming (2019) Zhuan Zi No. 60740950\_xx

To: the Board of Directors of Huishang Bank Corporation Limited

We have been engaged to conduct an assurance in respect of the report on the use of previously raised funds of Huishang Bank Corporation Limited as at 31 December, 2018 (the “**Status Report on the Use of Previously Raised Funds**”) attached hereinafter. It is the responsibility of the Board of Directors of Huishang Bank Corporation Limited to prepare the above Status Report on the Use of Previously Raised Funds in accordance with the Provisions on the Report on the Use of the Previously Raised Funds (Zheng Jian Fa Xing Zi [2007] No. 500) issued by the China Securities Regulatory Commission, and to ensure the truthfulness, accuracy and completeness of its contents with no false representations, misleading statements or material omissions contained therein. Our responsibility is to express our assurance opinion on the Status Report on the Use of Previously Raised Funds based on the assurance work conducted.

We conducted the assurance business in accordance with the requirements of the Standards on Other Assurance Business of Chinese Certified Public Accountant No. 3101 – Assurance Business Other than Audit or Review of Historical Financial Information. Those standards require us to plan and perform the assurance work to obtain a reasonable assurance as to whether the above Status Report on the Use of Previously Raised Funds is free from material misstatement. Our assurance involves understanding, random inspection, verification and other procedures that we regard as necessary. We believe that our assurance work provides a reasonable basis for the expression of an opinion.

In our opinion, the afore-mentioned Status Report on the Use of Previously Raised Funds of Huishang Bank Corporation Limited has been prepared in accordance with the Provisions on the Report on the Use of the Previously Raised Funds (Zheng Jian Fa Xing Zi [2007] No. 500) in all material aspects, reflecting the use of previously raised funds of Huishang Bank Corporation Limited as at 31 December, 2018.

This report is for the sole purpose of the application to the CSRC for the A Share Offering by Huishang Bank Corporation Limited, and shall not be used for other purposes without our written consent.

Ernst & Young Hua Ming LLP (Special General Partnership)

**Chen Lu**

*Chinese Certified Public Accountant*

**Lin Yu Hua**

*Chinese Certified Public Accountant*

Beijing, China

[●], 2019

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

*The table below set out the material amendments of the Articles of Associations (A+H) against the Articles of Association, and the reasons for or basis of such amendments. After obtaining the approvals from the Shareholders at the AGM and from the regulatory authorities, the Articles of Association (A+H) will take effect from the A Share Listing Date.*

<b>Provisions in the Articles of Association</b>	<b>Provisions in the Articles of Association (A+H)</b>	<b>Reasons for or basis of amendment</b>
<b>CHAPTER 1 GENERAL PROVISIONS</b>	<b>CHAPTER 1 GENERAL PROVISIONS</b>	
<p><b>Article 1</b> The Articles of Association (the “Articles”) are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Commercial Banking Law of the People’s Republic of China (the “Commercial Banking Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Constitution of the Communist Party of China and other relevant laws, administrative regulations, departmental rules and regulatory documents, for the purpose of regulating the organisation and activities of Huishang Bank Corporation Limited (the “Bank”), and protecting the legitimate rights and interests of shareholders and stakeholders of the Bank.</p> <p>.....</p>	<p><b>Article 1</b> The Articles of Association (the “Articles”) are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), <b><u>the Securities Law of the People’s Republic of China (the “Securities Law”)</u></b>, the Commercial Banking Law of the People’s Republic of China (the “Commercial Banking Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, <b><u>the Guidance for the Articles of Association of Listed Companies</u></b>, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Constitution of the Communist Party of China and other relevant laws, administrative regulations, departmental rules and regulatory documents, for the purpose of regulating the organisation and activities of Huishang Bank Corporation Limited (the “Bank”), and protecting the legitimate rights and interests of shareholders and stakeholders of the Bank.</p> <p>.....</p>	<p>Addition made in accordance with the actual circumstances of the A Share Offering.</p>
<p><b>Article 3</b> The registered Chinese name of the Bank: 徽商银行股份有限公司; or 徽商银行 for short; Full English name: HUISHANG BANK CORPORATION LIMITED; or HUISHANG BANK for short.</p>	<p><b>Article 3</b> The registered Chinese name of the Bank: 徽商银行股份有限公司; or 徽商银行 for short; Full English name: HUISHANG BANK CORPORATION LIMITED; or HUISHANG BANK for short.</p>	<p>Amendment for improvement.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<b>CHAPTER 3 SHARES AND REGISTERED CAPITAL</b>	<b>CHAPTER 3 SHARES AND REGISTERED CAPITAL</b>	
<b>Section 1 Share Issue</b>	<b>Section 1 Share Issue</b>	
<p><b>Article 17</b> Shares issued by the Bank to investors within the PRC and subscribed for in RMB shall be referred to as “domestic shares”. Shares issued by the Bank to investors outside the PRC and subscribed for in foreign currency shall be referred to as “foreign investment shares”. Foreign investment shares listed outside the PRC shall be referred to as “overseas-listed foreign shares”.</p> <p>Shares listed and traded on foreign stock exchange with approval from departments authorised by the State Council and approval from foreign securities regulatory authorities are collectively referred to as “overseas-listed shares”.</p> <p>Overseas-listed shares issued by the Bank and listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) are referred to as H shares.</p> <p>Foreign currencies referred to in the preceding paragraph shall mean the lawful currencies of other countries or regions other than RMB, which are recognised by the State Administration of Foreign Exchange for payment of share subscription to the Bank.</p> <p>Domestic shares issued by the Bank are retained under the centralized depository of the relevant securities depository institutions for safe custody; whereas the H shares of the Bank are mainly retained under the safe custody of securities clearing companies in Hong Kong and such shares may also be held under the personal names of shareholders.</p>	<p><b>Article 17</b> Shares issued by the Bank to investors within the PRC and subscribed for in RMB shall be referred to as “domestic shares”. Shares issued by the Bank to investors outside the PRC and subscribed for in foreign currency shall be referred to as “foreign investment shares”. <del>Foreign investment shares listed outside the PRC shall be referred to as “overseas-listed foreign shares”.</del></p> <p><b><u>Shares issued by the Bank and listed on domestic stock exchange for trading with the approval of the securities regulatory authority of the State Council and the consent of the domestic stock exchange are collectively referred to as domestically listed shares.</u></b></p> <p><b><u>Domestically listed ordinary shares issued by the Bank and listed on the Shanghai Stock Exchange (the “SSE”) for trading are collectively referred to as A shares.</u></b></p> <p>Shares listed and traded on foreign stock exchange with approval from departments authorised by the State Council and approval from foreign securities regulatory authorities are collectively referred to as “overseas-listed shares”.</p> <p>Overseas-listed shares issued by the Bank and listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) are referred to as H shares.</p> <p>Foreign currencies referred to in the preceding paragraph shall mean the lawful currencies of other countries or regions other than RMB, which are recognised by the State Administration of Foreign Exchange for payment of share subscription to the Bank.</p>	<p>Amendment made in accordance with the actual circumstances of the A Share Offering, and all domestic shares shall be converted to domestically listed shares following the completion of the A Share Offering.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p>Shareholders of the Bank may trade in unlisted shares in overseas stock exchanges upon approval from the relevant regulatory authorities such as the banking regulatory authorities and the securities regulatory authority of the State Council. The listing and trading of the afore-mentioned shares shall comply with the regulatory procedures, regulations and requirements of the overseas stock exchange.</p>	<p><del>Domestic shares</del> <b><u>Domestically listed shares</u></b> issued by the Bank are retained under the centralized depository of the relevant securities depository institutions for safe custody; whereas the H shares <b><u>issued by</u></b> <del>of</del> the Bank are mainly retained under the safe custody of securities clearing companies in Hong Kong and such shares may also be held under the personal names of shareholders.</p> <p><del>Shareholders of the Bank may trade in unlisted shares in overseas stock exchanges upon approval from the relevant regulatory authorities such as the banking regulatory authorities and the securities regulatory authority of the State Council. The listing and trading of the afore-mentioned shares shall comply with the regulatory procedures, regulations and requirements of the overseas stock exchange.</del></p>	
<p><b>Article 19</b> The total number of ordinary shares that the Bank may issue upon approval by the examination and approval departments authorised by the State Council is 12,154,801,211 shares. The Bank's share capital structure is: 12,154,801,211 ordinary shares, among which 8,676,051,211 are domestic shares, representing 71.38% of the total number of shares issued by the Bank; and 3,478,750,000 H shares, representing 28.62% of the total number of shares issued by the Bank.</p>	<p><b>Article 19</b> The total number of ordinary shares that the Bank may issue upon approval by the examination and approval departments authorised by the State Council is [●] shares. The Bank's share capital structure is: [●] ordinary shares, among which [●] are <del>domestic shares</del> <b><u>A</u></b> shares, representing [●]% of the total number of shares issued by the Bank; and 3,478,750,000 H shares, representing [●]% of the total number of shares issued by the Bank.</p> <p><b><u>The number of preference shares issued by the Bank overseas is 44,400,000 shares.</u></b></p>	<p>Amendment made in accordance with Article 19 of the Guidance for the Articles of Association of Listed Companies and based on the actual circumstances of the Bank.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 20</b> Subject to approval and verification of the Bank's plan to issue overseas-listed shares and domestic shares by the securities regulatory authority of the State Council, the Board of Directors of the Bank may implement arrangements regarding the issuance of the shares respectively.</p> <p>The Bank may separately implement its plan to issue overseas-listed shares and domestic shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval and verification by the securities regulatory authority of the State Council.</p>	<p><b>Article 20</b> Subject to approval and verification of the Bank's plan to issue overseas-listed shares and <del>domestic shares</del> <b>domestically listed shares</b> by the securities regulatory authority of the State Council, the Board of Directors of the Bank may implement arrangements regarding the issuance of the shares respectively.</p> <p>The Bank may separately implement its plan to issue overseas-listed shares and <del>domestic shares</del> <b>domestically listed shares</b> pursuant to the preceding paragraph within fifteen (15) months from the date of approval and verification by the securities regulatory authority of the State Council.</p>	<p>Amendment made in accordance with the actual circumstances of the A Share Offering.</p>
<p><b>Article 21</b> In the event that there are overseas-listed shares and domestic shares included in the total number of shares stated in the said plan, such shares shall be fully subscribed for at their respective offerings. If these shares cannot be fully subscribed due to special circumstances, such shares may be issued in separate tranches subject to the approval and verification by the securities regulatory authority of the State Council.</p>	<p><b>Article 21</b> In the event that there are overseas-listed shares and <del>domestic shares</del> <b>domestically listed shares</b> included in the total number of shares stated in the said plan, such shares shall be fully subscribed for at their respective offerings. If these shares cannot be fully subscribed due to special circumstances, such shares may be issued in separate tranches subject to the approval and verification by the securities regulatory authority of the State Council.</p>	<p>Amendment made in accordance with the actual circumstances of the A Share Offering.</p>
<p><b>Article 22</b> The registered capital of the Bank is RMB12,154,801,211.</p>	<p><b>Article 22</b> The registered capital of the Bank is RMB[●].</p>	<p>Amendment made in accordance with the actual circumstances of the A Share Offering.</p>
<p align="center"><b>Section 2 Increase or Reduction and Repurchase of Shares</b></p>	<p align="center"><b>Section 2 Increase or Reduction and Repurchase of Shares</b></p>	
<p>An article is added as Article 25 with other articles re-numbered accordingly.</p>	<p><b><u>Article 25 Any increase or reduction in the registered capital of the Bank shall be subject to the approval of relevant regulatory authorities such as the banking regulatory authority according to law, and all formalities in relation to the change of registration shall be made with the company registration authorities.</u></b></p>	<p>An addition made in accordance with Article 177 of the Guidance for the Articles of Association of Listed Companies and based on the actual regulatory circumstances of the commercial banks.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 25</b> The Bank may, following the provisions specified in the Articles and with the approval from relevant regulatory authority, repurchase its issued and outstanding shares in the following circumstances:</p> <p>(1) reduction of the Bank’s registered capital;</p> <p>(2) merger with another company holding shares in the Bank;</p> <p>(3) granting of shares to employees of the Bank as reward;</p> <p>(4) requests for the Bank to buy out shares from shareholders who have voted against the resolutions passed at a shareholders’ general meeting to merge or divide the Bank;</p> <p>(5) other circumstances permitted by laws, administrative regulations and by other regulatory authorities.</p> <p>The Bank shall not repurchase its own shares other than in the above circumstances.</p>	<p><b>Article 26</b> The Bank may, following the provisions specified in the Articles and with the approval from relevant regulatory authority, repurchase its issued and outstanding shares in the following circumstances:</p> <p>(1) reduction of the Bank’s registered capital;</p> <p>(2) merger with another company holding shares in the Bank;</p> <p>(3) <del>granting of shares to employees of the Bank as reward;</del> <u>the shares are used for employee stock ownership plan or equity incentives;</u></p> <p>(4) requests for the Bank to buy out shares from shareholders who have voted against the resolutions passed at a shareholders’ general meeting to merge or divide the Bank;</p> <p>(5) <u>the shares are used for conversion of corporate bonds convertible into stocks issued by the Bank;</u></p> <p><u>(6) when it is necessary for the Bank to preserve its value and shareholders’ rights and interests;</u></p> <p><u>(7)</u> other circumstances permitted by laws, administrative regulations and by other regulatory authorities.</p> <p>The Bank shall not repurchase its own shares other than in the above circumstances.</p>	<p>Amendment made in accordance with clause 1 of Article 142 of the Company Law and Article 23 of the Guidance for the Articles of Association of Listed Companies.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 26</b> Approval shall be obtained at a shareholders' general meeting when the Bank is to repurchase its own shares because of the circumstances set out in (1) to (3) of the preceding article. After the Bank has purchased its own shares in accordance with the preceding article, the shares so purchased shall be cancelled within ten (10) days from the date of purchase (under the circumstances set out in (1)), or shall be transferred or cancelled within six (6) months (under the circumstances set out in (2) and (4)).</p> <p>The shares of the Bank purchased by the Bank under the circumstances set out in (3) of the preceding article shall not exceed 5% of the total issued shares of the Bank. The funds for purchase of such shares shall be paid out of the Bank's profits after taxation, and the acquired shares shall be transferred to the Bank's employees within one (1) year.</p>	<p><b>Article 27</b> Approval shall be obtained at a shareholders' general meeting when the Bank is to repurchase its own shares because of the circumstances set out in (1) to <u>(2)</u> of the preceding article; <b><u>approval shall be obtained at a Board meeting with more than two-thirds of the directors present when the Bank is to repurchase its own shares because of the circumstances set out in (3), (5) and (6) of the preceding article.</u></b></p> <p>After the Bank has purchased its own shares in accordance with the preceding article, the shares so purchased shall be cancelled within ten (10) days from the date of purchase (under the circumstances set out in (1)), or shall be transferred or cancelled within six (6) months (under the circumstances set out in (2) and (4)).</p> <p>The shares of the Bank purchased by the Bank under the circumstances set out in (3), <b><u>(5) and (6)</u></b> of the preceding article shall not exceed <u>510%</u> of the total issued shares of the Bank. <del>The funds for purchase of such shares shall be paid out of the Bank's profits after taxation, and the acquired shares shall be transferred</del> <b><u>or cancelled to the Bank's employees within one (1) three (3) year.</u></b></p>	<p>Amendment made in accordance with clauses 2 and 3 of Article 142 of the Company Law and Article 25 of the Guidance for the Articles of Association of Listed Companies.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 27</b> The Bank may, with approval from relevant governing authorities, repurchase its shares in the following ways:</p> <p>(1) making a repurchase offer to all shareholders on a pro rata basis;</p> <p>(2) repurchasing shares through open transactions on a stock exchange;</p> <p>(3) repurchasing shares via an off-market agreement;</p> <p>(4) in any other manner approved by laws, administrative regulations, and relevant regulatory authorities.</p> <p>An application to change the Bank’s registered capital for the portion of shares cancelled due to the repurchase of the Bank’s own shares shall be filed with industrial and commercial administration authorities. The aggregate par value of the shares cancelled shall be deducted from the registered capital of the Bank.</p>	<p><b>Article 28</b> The Bank may, with approval from relevant governing authorities, repurchase its shares in the following ways:</p> <p>(1) making a repurchase offer to all shareholders on a pro rata basis;</p> <p>(2) repurchasing shares through open transactions on a stock exchange;</p> <p>(3) repurchasing shares via an off-market agreement;</p> <p>(4) in any other manner approved by laws, administrative regulations, and relevant regulatory authorities.</p> <p><b><u>Where the Bank acquires its shares under the circumstances set out in (3), (5) and (6) of paragraph 1 of Article 26 of the Articles, it shall be conducted through open centralized trading.</u></b></p> <p>An application to change the Bank’s registered capital for the portion of shares cancelled due to the repurchase of the Bank’s own shares shall be filed with industrial and commercial administration authorities. The aggregate par value of the shares cancelled shall be deducted from the registered capital of the Bank.</p>	<p>Amendment made in accordance with clause 4 of Article 142 of the Company Law.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p align="center"><b>Section 3 Transfer and Pledge of Shares</b></p>	<p align="center"><b>Section 3 Transfer and Pledge of Shares</b></p>	
<p><b>Article 30</b> Unless otherwise specified by the relevant laws, administrative regulations and the regulations of the securities regulatory authorities of the jurisdiction in which the shares of the Bank are listed, the fully paid shares of the Bank may be transferred legally without any lien attached.</p> <p>.....</p>	<p><b>Article 31</b> Unless otherwise specified by the relevant laws, administrative regulations and the regulations of the securities regulatory authorities <u>or the stock exchange</u> of the jurisdiction in which the shares of the Bank are listed, the fully paid shares of the Bank may be transferred legally without any lien attached.</p> <p>.....</p>	<p>Amendment for improvement.</p>
<p><b>Article 34</b></p> <p>.....</p> <p>Directors, supervisors and the members of senior management shall, during their term of office, regularly inform the Bank about their holdings of the shares in the Bank and any changes in their shareholding. During the term of office of the aforementioned persons, the shares transferred each year shall not exceed 25% of the total number of shares held by that individual in the Bank. The shares of the Bank held by the aforementioned persons shall not be transferred within one (1) year from the date of listing and trading on the exchange. The aforementioned persons shall not transfer shares of the Bank held by them within six (6) months after they cease to be employed. If the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed have restrictions on transfers of overseas-listed shares, those provision(s) shall prevail.</p>	<p><b>Article 35</b></p> <p>.....</p> <p>Directors, supervisors and the members of senior management shall, during their term of office, regularly inform the Bank about their holdings of the shares <u>(including preference shares)</u> in the Bank and any changes in their shareholding. During the term of office of the aforementioned persons, the shares transferred each year shall not exceed 25% of the total number of shares held by that individual in the Bank. The shares of the Bank held by the aforementioned persons shall not be transferred within one (1) year from the date of listing and trading on the exchange. The aforementioned persons shall not transfer shares of the Bank held by them within six (6) months after they cease to be employed. If the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed have restrictions on transfers of overseas-listed shares, those provision(s) shall prevail.</p>	<p>Amendment for improvement.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p align="center"><b>CHAPTER 4 FINANCIAL ASSISTANCE FOR THE PURCHASE OF THE BANK'S SHARES</b></p>	<p align="center"><b>CHAPTER 4 FINANCIAL ASSISTANCE FOR THE PURCHASE OF THE BANK'S SHARES</b></p>	
<p><b>Article 37</b> The Bank or its subsidiary banks (subsidiary companies) shall not offer any financial assistance at any time by any means to purchasers or prospective purchasers who will or who wish to purchase the Bank's shares. The afore-mentioned purchasers shall include both persons who have directly or indirectly assumed obligations due to the purchase of the Bank's shares.</p> <p>The Bank or its subsidiary banks (subsidiary companies) shall not offer any financial assistance at any time by any means in order to reduce or relieve the obligations of the aforesaid purchasers or prospective purchasers.</p> <p>This Article does not apply to the circumstances set out in Article 39 of the Articles.</p>	<p><b>Article 38</b> The Bank or its subsidiary banks (subsidiary companies, <u>including affiliated enterprises of the Bank</u>) shall not offer any financial assistance at any time by any means <u>(including but not limited to gift, advancement, guarantee, compensation, loan or other forms)</u> to purchasers or prospective purchasers who will or who wish to purchase the Bank's shares. The afore-mentioned purchasers shall include both persons who have directly or indirectly assumed obligations due to the purchase of the Bank's shares.</p> <p>The Bank or its subsidiary banks (subsidiary companies, <u>including affiliated enterprises of the Bank</u>) shall not offer any financial assistance at any time by any means in order to reduce or relieve the obligations of the aforesaid purchasers or prospective purchasers.</p> <p>This Article does not apply to the circumstances set out in Article <u>40</u> of the Articles.</p>	<p>Amendment made in accordance with Article 20 of the Guidance for the Articles of Association of Listed Companies.</p>
<p align="center"><b>CHAPTER 5 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS</b></p>	<p align="center"><b>CHAPTER 5 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS</b></p>	
<p><b>Article 42</b> The Bank shall maintain a register of shareholders, stating the following matters:</p> <p>.....</p>	<p><b>Article 43</b> The Bank shall maintain a register of shareholders <u>in accordance with evidence provided by securities registrars</u>, stating the following matters:</p> <p>.....</p>	<p>Addition made in accordance with Article 30 of the Guidance for the Articles of Association of Listed Companies.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 49</b></p> <p>.....</p> <p> Holders of domestic shares who lose share certificates and apply for replacement shall comply with the relevant provisions of the Company Law.</p> <p>.....</p>	<p><b>Article 50</b></p> <p>.....</p> <p> Holders of <del>domestic</del> shares <b>domestically listed shares</b> who lose share certificates and apply for replacement shall comply with the relevant provisions of the Company Law <b>and the Securities Law, etc.</b></p> <p>.....</p>	<p>Amendment made in accordance with the actual circumstances of the A Share Offering.</p>
<p align="center"><b>CHAPTER 6 SHAREHOLDERS' GENERAL MEETINGS</b></p>	<p align="center"><b>CHAPTER 6 SHAREHOLDERS' GENERAL MEETINGS</b></p>	
<p align="center"><b>Section 1 Shareholders</b></p>	<p align="center"><b>Section 1 Shareholders</b></p>	
<p><b>Article 53</b> Holders of shares of the Bank shall enjoy the following rights (if the Articles have other regulations on the rights of holders of preference shares, those other regulations shall apply):</p> <p>(1) to receive dividends and other kinds of distributions as determined by the number of shares held by them;</p> <p>(2) to attend or appoint a proxy to attend shareholders' general meetings, and to exercise voting rights based on the number of shares held by them;</p> <p>.....</p>	<p><b>Article 54</b> Holders of shares of the Bank shall enjoy the following rights (if the Articles have other regulations on the rights of holders of preference shares, those other regulations shall apply):</p> <p>(1) to receive dividends and other kinds of distributions as determined by the number of shares held by them;</p> <p>(2) <b>to request, convene, preside over,</b> attend or appoint a proxy to attend shareholders' general meetings according to law, and to exercise <b>corresponding</b> voting rights <del>based on the number of shares held by them;</del></p> <p>.....</p>	<p>Amendment made in accordance with Clauses (2) and (5) of Article 32 of the Guidance for the Articles of Association of Listed Companies, the Regulation on the Establishment of Registration System for Persons with Inside Information by Listed Companies and the Listing Rules.</p>

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<p>(5) to obtain relevant information in accordance with laws, administrative regulations, departmental rules, regulatory documents, the relevant provisions stipulated by the securities regulatory authorities of the jurisdiction in which the shares of the Bank are listed and the Articles, including:</p> <p>.....</p> <p>Other than item (ii), the documents referred to in items (i) to (vi) shall be maintained at the Hong Kong address of the Bank in accordance with the Hong Kong Listing Rules and available for inspection free of charge by both the public shareholders and H shareholders, whereas item (v) will only be available for inspection by the shareholders.</p> <p>If any shareholder makes a request to obtain a copy of the relevant minutes from the Bank, the Bank shall send a copy of the requested minutes within seven (7) days upon the receipt of a reasonable fee.</p> <p>The Bank may refuse to provide any of the afore-mentioned documents if the documents to be inspected or photocopied involve price sensitive information and the Bank's trade secrets.</p>	<p>(5) to obtain relevant information in accordance with laws, administrative regulations, departmental rules, regulatory documents, the relevant provisions stipulated by the securities regulatory authorities <b><u>or stock exchange</u></b> of the jurisdiction in which the shares of the Bank are listed and the Articles, including:</p> <p>.....</p> <p><i>(to add after subparagraph 1.2(5) of paragraph (5))</i></p> <p><b><u>(6) resolutions of Board meetings, resolutions of meetings of the Board of Supervisors;</u></b></p> <p><b><u>(7) counterfoils of corporate bonds;</u></b></p> <p>.....</p> <p><del>Other than item (ii), the documents referred to in items (i) to (vi)</del>The documents referred to in items <b><u>(1), (3), (4), (5) and (8)</u></b> <del>(i) to (vi)</del> shall be maintained at the Hong Kong address of the Bank in accordance with the Hong Kong Listing Rules and available for inspection free of charge by both the public shareholders and H shareholders, whereas item (v) will only be available for inspection by the shareholders.</p>	

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p>.....</p>	<p>If any shareholder makes a request to obtain a copy of the relevant minutes from the Bank, the Bank shall send a copy of the requested minutes within seven (7) days upon the receipt of a reasonable fee.</p> <p>The Bank may refuse to provide any of the afore-mentioned documents if the documents to be inspected or photocopied involve price sensitive information <b><u>(including inside information)</u></b> and the Bank's trade secrets.</p> <p>.....</p>	
<p><b>Section 2 General Provisions on Shareholders' General Meetings</b></p>	<p><b>Section 2 General Provisions on Shareholders' General Meetings</b></p>	
<p><b>Article 70</b> Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year within six (6) months after the end of the previous financial year. If the meeting is postponed due to special circumstances, the Bank shall report it to the banking regulatory authority in a timely manner, stating the reasons for such postponement and making an announcement in respect thereof.</p>	<p><b>Article 71</b> Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year within six (6) months after the end of the previous financial year. If the meeting is postponed due to special circumstances, the Bank shall report it to <b><u>the relevant regulatory authorities such as</u></b> the banking regulatory authority, <b><u>the local office of the CSRC in the place where the Bank operates, and the stock exchanges where the Bank's shares are listed for trading</u></b> in a timely manner, stating the reasons for such postponement and making an announcement in respect thereof.</p>	<p>Amendment for improvement made in accordance with Article 4 of the Rules for the General Meetings of Shareholders of Listed Companies.</p>

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<p><b>Article 72</b> The Bank shall convene shareholders’ general meetings at its place of domicile or at any other place specified in the notice of a shareholders’ general meeting. The Bank shall arrange for a venue to hold a physical meeting.</p>	<p><b>Article 73</b> The Bank shall convene shareholders’ general meetings at its place of domicile or at any other place specified in the notice of a shareholders’ general meeting. The Bank shall arrange for a venue to hold a physical meeting. <u><b>The Bank may facilitate its shareholders to attend shareholders’ general meetings through various means and channels, including preferentially using modern communication methods such as internet voting platforms, on the basis that the Bank will ensure the legality and validity of such meetings. Shareholders who attend any shareholders’ general meeting using the above means will be deemed to have validly attended such meeting. Shareholder identification is confirmed in accordance with the requirements of Article 48 of the Articles.</b></u></p>	<p>Addition made in accordance with Article 44 and Article 80 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 73</b> When a shareholders’ general meeting is held, the Bank shall engage lawyers to observe the meeting, give legal opinions as to the matters set out below and make announcements as to the matters set out below as required by the rules of the jurisdiction in which the shares of the Bank are listed:</p> <p>(1) Whether the convening and convening procedures of the general meeting comply with laws, administrative regulations and the Articles.</p> <p>(2) whether the qualifications of the attendees and convener are legal and valid;</p>	<p><b>Article 74</b> When a shareholders’ general meeting is being held, the Bank shall engage lawyers to observe the meeting, give legal opinions as to the matters set out below and make announcements as to the matters set out below as required by the rules of the jurisdiction in which the shares of the Bank are listed:</p> <p>(1) Whether the convening and convening procedures of the general meeting comply with laws, administrative regulations and the Articles.</p> <p>(2) whether the qualifications of the attendees and convener are legal and valid;</p>	<p>Amendment made in accordance with Article 45 of the Guidance for the Articles of Association of Listed Companies.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p>(3) verify the qualifications of shareholders who have put forward new proposals at the shareholders' general meeting;</p> <p>(4) whether the voting procedures and voting result of the shareholders' general meeting are legal and valid;</p> <p>(5) issue legal opinions in respect of other concerned issues according to the Bank's requirements.</p>	<p><del>(3) verify the qualifications of shareholders who have put forward new proposals at the shareholders' general meeting;</del></p> <p><b>(3)</b> whether the voting procedures and voting result of the shareholders' general meeting are legal and valid;</p> <p><b>(4)</b> issue legal opinions in respect of other concerned issues according to the Bank's requirements.</p>	
<p><b>Section 4 Proposals and Notice of Shareholders' General Meetings</b></p>	<p><b>Section 4 Proposals and Notice of Shareholders' General Meetings</b></p>	
<p><b>Article 86</b> Notice of shareholders' general meeting shall meet the following requirements:</p> <p>.....</p>	<p><b>Article 87</b> Notice of shareholders' general meeting shall meet the following requirements:</p> <p>.....</p> <p><i>(A new item is added after the item (10), with the contents of other clauses remaining unchanged)</i></p> <p><b><u>(11) In the event that a shareholders' general meeting is held through network or by other means, the notice of such meeting shall explicitly state the time for voting through network or by other means and voting procedures;</u></b></p> <p>.....</p>	<p>Addition made in accordance with Article 21 of the Rules for the General Meetings of Shareholders of Listed Companies.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 87</b> The notice of a shareholders' general meeting shall be delivered by hand or prepaid mail to all shareholders entitled to attend (regardless of whether they have voting rights at the shareholders' general meeting). The address of the recipients shall be the address registered in the register of shareholders. For holders of domestic shares, the notice of a shareholders' general meeting may be in form of an announcement.</p> <p>The aforesaid announcement shall be published in one or more newspapers specified by the securities regulatory authority of the State Council between the forty-five to fifty day interval prior to the date the meeting is convened. All holders of domestic shares shall be deemed as having been notified of the forthcoming shareholders' general meeting once the announcement is published.</p> <p>.....</p>	<p><b>Article 88</b> The notice of a shareholders' general meeting shall be delivered by hand or prepaid mail to all shareholders entitled to attend (regardless of whether they have voting rights at the shareholders' general meeting). The address of the recipients shall be the address registered in the register of shareholders. For holders of <del>domestic shares</del> <b>domestically listed shares</b>, the notice of a shareholders' general meeting may be in form of an announcement.</p> <p>The aforesaid announcement shall be published in one or more newspapers specified by the securities regulatory authority of the State Council between the forty-five to fifty day interval prior to the date the meeting is convened. All holders of <del>domestic shares</del> <b>domestically listed shares</b> shall be deemed as having been notified of the forthcoming shareholders' general meeting once the announcement is published.</p> <p>.....</p>	<p>Amendment made in accordance with the actual circumstances of the A Share Offering.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p align="center"><b>Section 5 Convening of Shareholders' General Meetings</b></p>	<p align="center"><b>Section 5 Convening of Shareholders' General Meetings</b></p>	
<p><b>Article 91</b> Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (these persons need not be shareholders) as proxies to attend and vote on his/her behalf. A proxy may exercise the following powers under the authorization of such shareholder:</p> <p>.....</p>	<p><b>Article 92</b> <u>All ordinary shareholders recorded in the register of shareholders (including holders of preference shares with restored voting rights) on the record date or their proxies shall have the right to attend shareholders' general meetings and exercise voting rights in accordance with the relevant laws, regulations and the Articles.</u></p> <p>Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (these persons need not be shareholders) as proxies to attend and vote on his/her behalf. A proxy may exercise the following powers under the authorization of such shareholder:</p> <p>.....</p>	<p>Addition made in accordance with Article 59 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 106</b> The convener shall ensure that the minutes are true, accurate and complete. The attending directors, supervisors, secretary to the Board of Directors, convener or their representatives and the chairman of the meeting shall sign on the minutes. The minutes, list of signatures by shareholders in attendance, powers of attorney, and valid information regarding alternative voting methods shall be filed and form part of the Bank's files. The secretary to the Board of Directors shall preserve the files in accordance with the Bank's record management guidelines for at least ten (10) years.</p>	<p><b>Article 107</b> The convener shall ensure that the minutes are true, accurate and complete. The attending directors, supervisors, secretary to the Board of Directors, convener or their representatives and the chairman of the meeting shall sign on the minutes. The minutes, list of signatures by shareholders in attendance, powers of attorney, and valid information regarding <u>online and other</u> alternative voting methods shall be filed and form part of the Bank's files. The secretary to the Board of Directors shall preserve the files in accordance with the Bank's record management guidelines for at least ten (10) years.</p>	<p>Amendment made in accordance with Article 73 of the Guidance for the Articles of Association of Listed Companies.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Section 6 Voting Procedures and Resolutions of Shareholders' General Meetings</b></p>	<p><b>Section 6 Voting Procedures and Resolutions of Shareholders' General Meetings</b></p>	
<p><b>Article 108</b> A shareholder (including his/her proxy) shall exercise his/her voting rights based on the number of shares with voting rights held. Each share shall have one (1) vote.</p> <p>The shares held by the Bank have no voting rights and that part of the shares is not counted towards the total number of shares with voting rights that is held by shareholders attending the meeting.</p>	<p><b>Article 109</b> A shareholder (including his/her proxy) shall exercise his/her voting rights based on the number of shares with voting rights held. Each share shall have one (1) vote.</p> <p>The shares held by the Bank have no voting rights and that part of the shares is not counted towards the total number of shares with voting rights that is held by shareholders attending the meeting.</p> <p><u>Where material issues considered at a general meeting affect the interests of minority investors, the votes of minority investors shall be counted separately. The results of the separate vote count shall be disclosed publicly in a timely manner.</u></p> <p><u>The Board of Directors, independent directors and shareholders satisfying the relevant requirements and conditions may solicit voting rights from shareholders publicly. Information including the specific voting preference shall be fully provided to the shareholders from whom voting rights are being solicited. Soliciting shareholders' voting rights with consideration or any consideration in disguised form is prohibited. The Bank shall not impose any minimum shareholding limitation for soliciting voting rights.</u></p>	<p>Amendment made in accordance with Article 78 of the Guidance for the Articles of Association of Listed Companies.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 113</b> Connected shareholders shall not participate in voting when matters concerning connected party transactions are considered at a shareholders' general meeting, and the shares with voting rights represented by the connected shareholders shall not be counted into the total number of valid votes.</p> <p>.....</p>	<p><b>Article 114</b> Connected shareholders shall not participate in voting when matters concerning connected party transactions are considered at a shareholders' general meeting, and the shares with voting rights represented by the connected shareholders shall not be counted into the total number of valid votes. <b><u>The voting of the non-connected shareholders shall be fully disclosed in the announcement of the resolutions passed at the shareholders' general meeting.</u></b></p> <p>.....</p>	<p>Amendment made in accordance with Article 79 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 117</b> Unless cumulative polling applies, all proposals shall be voted separately at the shareholders' general meeting. If there are a number of proposals related to the same matter, votes shall be cast in the order of which the proposals were presented. Except where there is force majeure or other special circumstances resulting in the adjournment of the shareholders' general meeting or the failure to pass resolutions, no resolutions proposed shall be set aside or skipped at the shareholders' general meeting.</p>	<p><b>Article 118</b> Unless cumulative polling applies, all proposals shall be voted separately at the shareholders' general meeting. If there are a number of proposals related to the same matter, votes shall be cast in the order of which the proposals were presented. Except where there is force majeure or other special circumstances resulting in the adjournment of the shareholders' general meeting or the failure to pass resolutions, no resolutions proposed shall be set aside or skipped at the shareholders' general meeting.</p> <p><b><u>When reviewing any proposal at a shareholders' general meeting, no amendment shall be made to the proposal. Otherwise, such change shall be deemed as a new proposal and cannot be voted on at the current shareholders' general meeting.</u></b></p>	<p>Amendment made in accordance with Article 84 of the Guidance for the Articles of Association of Listed Companies.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 118</b> Apart from proposals regarding the procedure or administration of the shareholders' general meeting for which resolutions may be made by a show of hands and counted by the chairman of the meeting acting in good faith, all other matters at a shareholders' general meeting shall be decided on by a poll.</p>	<p><b>Article 119</b> Apart from proposals regarding the procedure or administration of the shareholders' general meeting for which resolutions may be made by a show of hands and counted by the chairman of the meeting acting in good faith, all other matters at a shareholders' general meeting shall be decided on by a <del>poll</del> <b>open ballot</b>.</p>	<p>Amendment made in accordance with Article 86 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 119</b></p> <p>.....</p> <p>During the voting process of the shareholders' general meeting, the vote count and examination of the poll shall be conducted together by lawyers, representatives of shareholders and representatives of supervisors. At the same time, the auditors of the Bank, the H Share Registrar or external accountants (who are qualified as auditors) shall be appointed as the scrutineer. The chairman of the meeting shall announce the voting outcome at the meeting and shall declare, according to the voting outcome, whether the resolution has been passed. The voting outcome for each resolution shall be recorded in the meeting minutes.</p>	<p><b>Article 120</b></p> <p>.....</p> <p>During the voting process of the shareholders' general meeting, the vote count and examination of the poll shall be conducted together by lawyers, representatives of shareholders and representatives of supervisors. At the same time, the auditors of the Bank, the H Share Registrar or external accountants (who are qualified as auditors) shall be appointed as the scrutineer. The chairman of the meeting shall announce the voting outcome at the meeting and shall declare, according to the voting outcome, whether the resolution has been passed. The voting outcome for each resolution shall be recorded in the meeting minutes.</p> <p><b><u>Shareholders or their proxies who vote through network or by any other means shall be entitled to check their own voting results via the relevant voting system.</u></b></p>	<p>An addition of Clause 3 in accordance with Article 87 of the Guidance for the Articles of Association of Listed Companies.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 120</b> In the event that the same voting rights have been exercised twice, the result of the first vote shall prevail.</p>	<p><b>Article 121</b> <u>The same voting rights may be exercised through only one means: on site, through network or by other means.</u> In the event that the same voting rights have been exercised twice, the result of the first vote shall prevail.</p>	<p>Amendment made in accordance with Article 85 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 122</b> For every proposal, the chairman of the shareholders' general meeting shall announce the voting circumstances, the voting result, and whether the proposal has been passed based on the voting result.</p> <p>Prior to formally announcing the voting result, all interested parties involved in the on-site voting, including the Bank, the vote counter, the scrutineer and substantial shareholders, etc., have an obligation to keep the voting results confidential.</p>	<p><b>Article 123</b> <u>Any on-site shareholders' general meeting shall not end earlier than the time of the meeting held through network or by other means.</u> For every proposal, the chairman of the shareholders' general meeting shall announce on site the voting circumstances, the voting result, and whether the proposal has been passed based on the voting result. <u>The voting result of any proposal shall be recorded in the meeting minutes.</u></p> <p>Prior to formally announcing the voting outcome, all interested parties involved in the on-site voting <u>or voting through network or otherwise</u>, including the Bank, the vote counter, the scrutineer, substantial shareholders <u>and the network service provider</u>, etc., have an obligation to keep the voting results confidential.</p>	<p>Amendment for improvement made in accordance with Article 88 of the Guidance for the Articles of Association of Listed Companies.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 125</b> Resolutions adopted at the shareholders’ general meeting shall be announced in a timely manner in accordance with the relevant requirements of the regulatory authority. The announcement shall specify the number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and the proportion relative to the total number of shares with voting rights of the Bank, the voting method, the voting result of each proposal and the details of each adopted resolution.</p>	<p><b>Article 126</b> Resolutions adopted at the shareholders’ general meeting shall be announced in a timely manner in accordance with the relevant requirements of the regulatory authority. The announcement shall specify the number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and the proportion relative to the total number of shares with voting rights of the Bank, the voting method, the voting result of each proposal and the details of each adopted resolution.</p> <p><b><u>If any proposal is not passed, or the resolution passed at the preceding shareholders’ general meeting is amended at the current shareholders’ general meeting, a special note shall be made in the announcement relating to the resolutions of the shareholders’ general meeting.</u></b></p>	<p>Amendment made in accordance with Article 92 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 127</b> If the proposal regarding the election of the directors or supervisors is approved at the shareholders’ general meeting, the newly elected director or supervisor’s term of service shall take office on the date on which the resolution is passed, except as otherwise provided by laws, administrative regulations, departmental rules, regulatory documents or otherwise required by relevant regulatory authorities.</p>	<p>Delete this Article</p>	<p>Incorporation of this article into the new Article 326.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p align="center"><b>Section 7 Special Procedures for Voting by a Certain Class of Shareholders</b></p>	<p align="center"><b>Section 7 Special Procedures for Voting by a Certain Class of Shareholders</b></p>	
<p><b>Article 135</b> Aside from other classes of shareholders, the shareholders of domestic shares and overseas-listed shares are deemed to be shareholders of different classes.</p> <p>The special voting procedure at a shareholders' general meeting for class shareholders shall not apply for the following cases:</p> <p>(1) upon the approval by a shareholders' general meeting by way of a special resolution, the Bank separately or concurrently issues domestic shares and/or overseas-listed shares every twelve (12) months, provided that the amount of each class of shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;</p> <p>.....</p>	<p><b>Article 135</b> Aside from other classes of shareholders, the shareholders of <del>domestic shares</del> <b>domestically listed shares</b> and overseas-listed shares are deemed to be shareholders of different classes.</p> <p>The special voting procedure at a shareholders' general meeting for class shareholders shall not apply for the following cases:</p> <p>(1) upon the approval by a shareholders' general meeting by way of a special resolution, the Bank separately or concurrently issues <del>domestic shares</del> <b>domestically listed shares</b> and/or overseas-listed shares every twelve (12) months, provided that the amount of each class of shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;</p> <p>.....</p>	<p>Amendments made in accordance with the actual circumstances of the A Share Offering.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<b>CHAPTER 7 BOARD OF DIRECTORS</b>	<b>CHAPTER 7 BOARD OF DIRECTORS</b>	
<b>Section 1 Directors</b>	<b>Section 1 Directors</b>	
<p><b>Article 137</b> Directors shall be elected or removed from office by shareholders at a general meeting. The term of office of a director shall be three (3) years, and a director may be re-elected and re-appointed upon expiry of their term of office.</p> <p>.....</p>	<p><b>Article 137</b> Directors shall be elected or removed from office by shareholders at a general meeting. The term of office of a director shall be three (3) years, <b><u>and his/her duties may be discharged by the general meeting prior to the expiry of his or her term of office.</u></b> A director may be re-elected and re-appointed upon expiry of their term of office.</p> <p>.....</p>	<p>Addition made in accordance with Article 96 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 138</b> A director may resign before his/her term of office expires. He/she shall submit a written resignation to the Board of Directors. The Board of Directors shall inform the Board of Supervisors of this fact within two (2) days and report it to the most recent shareholders' general meeting.</p> <p>.....</p>	<p><b>Article 138</b> A director may resign before his/her term of office expires. He/she shall submit a written resignation to the Board of Directors. The Board of Directors shall inform the Board of Supervisors of this fact within two (2) days and <b><u>disclose the relevant information according to law</u></b><del>report it to the most recent shareholders' general meeting.</del></p> <p>.....</p>	<p>Amendment made in accordance with Article 100 of the Guidance for the Articles of Association of Listed Companies.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 142</b></p> <p>.....</p> <p>For the purposes of the Articles, the expression “attending in person” refers to the method of attendance where the relevant participant attends meetings in person; and the term “attendance by proxy” refers to the method of attendance where the relevant participant cannot attend a meeting for any reason and appoints in writing another person to attend such meetings on his/her behalf.</p> <p>.....</p>	<p><b>Article 142</b></p> <p>.....</p> <p>For the purposes of the Articles, the expression “attending in person” refers to the method of attendance where the relevant participant attends meetings in person, <b><u>including attending the meeting via video, telephone and other real-time communication methods</u></b>; and the term “attendance by proxy” refers to the method of attendance where the relevant participant cannot attend a meeting for any reason and appoints <del>in writing</del> another person <b><u>by signing a power of attorney</u></b> to attend such meetings on his/her behalf.</p> <p>.....</p>	<p>Corresponding amendment made in accordance with the amendments to the Rules of Procedures of the Board of Directors as considered and approved at the third meeting of the fourth session of the Board of Directors, and wording improvement.</p>
<p><b>Article 164</b> The Board of Directors shall set up a special office, which shall take charge of the daily affairs of the Board of Directors and its relevant special committees, provide support to the Board of Directors and its relevant committees in connection with the exercise of their rights and duties, and assist the secretary to the Board of Directors in carrying out his/her duties.</p> <p>.....</p>	<p><b>Article 164</b> The Board of Directors shall set up a special office <b><u>as a daily administrative body, which shall be responsible for preparing for shareholders’ general meetings, Board meetings and meetings of special committees and relevant documents, taking minutes of such meetings, assisting the Board of Directors in enhancing corporate governance and conducting information disclosure properly, managing investor relations and other routine work of the Board of Directors and its special committees</u></b> , which shall take charge of the daily affairs of the Board of Directors and its relevant special committees, provide support to the Board of Directors and its relevant committees in connection with the exercise of their rights and duties, and assist the secretary to the Board of Directors in carrying out his/her duties.</p> <p>.....</p>	<p>Corresponding amendment made in accordance with the amendments to the Rules of Procedures of the Board of Directors as considered and approved at the third meeting of the fourth session of the Board of Directors.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 172</b> The chairman of the Board of Directors shall convene and preside over an extraordinary meeting within ten (10) days of receiving such a proposal under the following circumstances:</p> <p>.....</p>	<p><b>Article 172</b> The chairman of the Board of Directors shall convene and preside over an extraordinary meeting within ten (10) days of receiving such a proposal <u>or the request from the securities regulatory authority</u> under the following circumstances:</p> <p>.....</p> <p><i>(to add after subparagraph (6))</i>  <b><u>(7) it is required to convene by the securities regulatory;</u></b></p> <p>.....</p>	<p>Amendment made in accordance with Article 5 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange.</p>
<p><b>Article 175</b> The notice of Board meetings shall contain the following contents:</p> <p>(1) the date, time and place of the meeting;</p> <p>(2) the duration of the meeting;</p> <p>(3) the reason for holding the meeting and topics for discussion;</p> <p>(4) the date of issuance of the meeting notice; and</p> <p>(5) the contact persons of the meeting and their contact information.</p>	<p><b>Article 175</b> The notice of Board meetings shall contain the following contents:</p> <p>(1) the date, time and place of the meeting;</p> <p>(2) the duration of the meeting <b><u>and mode of meeting;</u></b></p> <p>(3) the reason for holding the meeting and topics for discussion;</p> <p>(4) the date of issuance of the meeting notice;</p> <p><b><u>(5) meeting convener and president, the person proposing to convene extraordinary Board meetings and his/her written proposals;</u></b></p>	<p>Amendment made with reference to Article 9 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
	<p><u>(6) the requirements for directors to attend in person or appoint other directors to attend the meeting on his/her behalf; and</u></p> <p>(7) the contact persons of the meeting and their contact information.</p>	
<p><b>Article 179</b> Directors shall attend Board meetings in person. If a director cannot attend a meeting due to certain reasons, he may appoint another director in writing to attend on his behalf.</p> <p>The proxy letter shall state the name of the proxy, the relevant matters, the scope of authorization and the validity period, and shall be signed by the appointer or a chop shall be affixed.</p> <p>.....</p>	<p><b>Article 179</b> Directors shall attend Board meetings in person. If a director cannot attend a meeting due to certain reasons, he <u>shall review the meeting materials in advance and form a clear opinion, and</u> may appoint another director <del>in writing</del> <u>by signing a proxy letter</u> to attend on his behalf.</p> <p>The proxy letter shall specify:</p> <p><u>(1) names of the appointer and proxy;</u></p> <p><u>(2) brief comments of the appointer on each proposal;</u></p> <p><u>(3) appointer’s scope of authority and voting intention on the proposal;</u></p> <p><u>(4) appointer’s signature, date of the signature, etc.</u> <del>state the name of the proxy, the relevant matters, the scope of authorization and the validity period, and shall be signed by the appointer or a chop shall be affixed.</del></p> <p>.....</p>	<p>Amendment for improvement made with reference to Article 12 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange and based on the actual circumstances of the Bank.</p>

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Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 180</b> Minutes shall be taken to record the decisions of matters discussed in the meeting (in the form of meeting minutes or meeting resolutions, etc.). Directors attending the meeting and the secretary to the Board of Directors shall sign the minutes. Directors attending the meeting shall have the right to request to have the details of their speeches made in the meeting recorded in the minutes.</p> <p>.....</p>	<p><b>Article 180</b> Minutes shall be taken to record the decisions of matters discussed in the meeting (in the form of meeting minutes or meeting resolutions, etc.). Directors attending the meeting and the secretary to the Board of Directors shall sign <b><u>and confirm</u></b> the minutes. Directors attending the meeting shall have the right to request to have the details of their speeches made in the meeting recorded in the minutes. <b><u>If a director has different opinions on the meeting minutes, he/she can put forward the opinion in writing within 5 working days upon receiving the meeting minutes. Where necessary, the director may report the same to the relevant regulatory authority or make a public declaration. If any director refuses to give confirmation by signature, nor does he/she express opinions or report it to the relevant regulatory authority or make a public declaration, such director shall be deemed to be in total agreement with the contents of the meeting minutes.</u></b></p> <p>.....</p>	<p>Amendment for improvement made to the requirements on meeting minutes with reference to Article 28 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange.</p>

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<b>Provisions in the Articles of Association</b>	<b>Provisions in the Articles of Association (A+H)</b>	<b>Reasons for or basis of amendment</b>
<b>Section 5 Board Committees</b>	<b>Section 5 Board Committees</b>	
<p><b>Article 187</b></p> <p>.....</p> <p>All members of the audit committee shall be non-executive directors (including independent directors) who have professional knowledge and work experience in any field of financial affairs, audit and accounting; moreover, at least one independent director of the audit committee shall be a professional in financial affairs or accounting. The person-in-charge of the risk management committee shall have experience in judging and managing all kinds of risks.</p>	<p><b>Article 187</b></p> <p>.....</p> <p>All members of the audit committee shall be non-executive directors (including independent directors) who have professional knowledge and work experience in any field of financial affairs, audit and accounting; moreover, <del>at least one independent director of the</del> <b>Person-in-charge of the</b> audit committee shall be a professional in financial affairs or accounting. The person-in-charge of the risk management committee shall have experience in judging and managing all kinds of risks.</p>	<p>Amendments for improvement made with reference to clause 2 of Article 107 of the Guidance for the Articles of Association of Listed Companies.</p>
<b>CHAPTER 8 SENIOR MANAGEMENT</b>	<b>CHAPTER 8 SENIOR MANAGEMENT</b>	
<b>Section 1 Senior Management</b>	<b>Section 1 Senior Management</b>	
<p><b>Article 198</b> Persons who have taken up positions other than directorship in the controlling shareholder or de facto controlling entities of the Bank shall not act as senior management members of the Bank.</p>	<p><b>Article 198</b> Persons who have taken up positions other than directorship, <b>and supervisorship</b> in the controlling shareholder or de facto controlling entities of the Bank shall not act as senior management members of the Bank.</p>	<p>Amendment made with reference to Article 126 of the Guidance for the Articles of Association of Listed Companies.</p>

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<b>Provisions in the Articles of Association</b>	<b>Provisions in the Articles of Association (A+H)</b>	<b>Reasons for or basis of amendment</b>
<b>Section 2 The President</b>	<b>Section 2 The President</b>	
<b>Article 213</b> A non-director president shall attend the meetings of the Board of Directors with no voting rights.	<b>Article 213</b> A non-director president <u>and secretary to the Board of Directors shall</u> attend the meetings of the Board of Directors with no voting rights.	Amendment made with reference to subparagraph 2 of Article 11 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange.
<b>CHAPTER 9 BOARD OF SUPERVISORS</b>	<b>CHAPTER 9 BOARD OF SUPERVISORS</b>	
<b>Section 3 Board of Supervisors</b>	<b>Section 3 Board of Supervisors</b>	
<b>Article 244</b> The Board of Supervisors shall have an office equipped with full-time staff, who will be responsible for daily work of the Board of Supervisors.	<b>Article 244</b> The Board of Supervisors shall have an office <del>equipped with full-time staff, who will be responsible for daily work of the Board of Supervisors.</del> <u>as its routine administrative body, responsible for making preparations for meetings of the Board of Supervisors and its special committees and other routine matters, including specifically implementing supervision, making preparations for meetings of the Board of Supervisors and its special committees and preparing documents in relation to such meetings and taking minutes of such meetings.</u>	Corresponding amendments made in accordance with the amendments to the Rules of Procedures of the Board of Supervisors as considered and approved at the fourth meeting of the fourth session of the Board of Supervisors.

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 248</b> An interim meeting of the Board of Supervisors shall be convened and presided over by the chairman of the Board of Supervisors within ten (10) days if any of the following events occurs:</p> <p>.....</p>	<p><b>Article 248</b> An interim meeting of the Board of Supervisors shall be convened and presided over by the chairman of the Board of Supervisors within ten (10) days if any of the following events occurs:</p> <p>.....</p> <p><i>(to add after paragraph (3))</i></p> <p><b><u>(4) a shareholders' general meeting or Board meeting has passed any resolution which violates relevant laws, regulations, rules, provisions and requirements of the regulatory authority, the Articles of the Bank, resolutions of the shareholders' general meeting or any other relevant provisions;</u></b></p> <p><b><u>(5) improper acts of the directors and senior management may possibly give rise to material damages to the Bank or bad impacts on the markets;</u></b></p> <p><b><u>(6) shareholders file a legal action against the Bank, directors, supervisors or senior management;</u></b></p> <p><b><u>(7) the Bank, directors, supervisors or senior management are punished by the securities regulatory authority or condemned in public by a stock exchange;</u></b></p> <p><b><u>(8) the securities regulatory authority requires to hold such meeting;</u></b></p> <p>.....</p>	<p>Amendment for improvement made with reference to Article 3 of the Model Rules of Procedure for the Board of Supervisors of Listed Companies in the Shanghai Stock Exchange.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 249</b> The notice regarding the meeting of the Board of Supervisors shall contain the following contents:</p> <p>.....</p>	<p><b>Article 249</b> The notice regarding the meeting of the Board of Supervisors shall contain the following contents:</p> <p>.....</p> <p><i>(to add after paragraph (4))</i></p> <p><b><u>(5) meeting convener and president, the person proposing to convene interim meetings and his/her written proposals;</u></b></p> <p><b><u>(6) the requirements for supervisors to attend in person or appoint other supervisors to attend the meeting on his/her behalf; and</u></b></p> <p>.....</p>	<p>Amendment made with reference to Article 8 of the Model Rules of Procedure for the Board of Supervisors of Listed Companies in the Shanghai Stock Exchange.</p>
<p><b>Article 256</b> The Board of Supervisors may, in the performance of its duties, adopt a variety of methods, e.g. offsite testing, inspections, attending meetings, conducting interviews, examining reports, conducting research, carrying out surveys, exit audit and engaging third-party professional organizations to offer assistance.</p> <p>The Board of Supervisors shall have the right to use all the operational and management information of the Bank according to the needs for performance of its duties.</p>	<p><b>Article 256</b> The Board of Supervisors may, in the performance of its duties, adopt a variety of methods, e.g. offsite testing <b><u>monitoring</u></b>, inspections, attending meetings, conducting interviews, examining reports, conducting research, carrying out surveys, exit audit and engaging third-party professional organizations to offer assistance.</p> <p>The Board of Supervisors shall have the right to use all the operational and management information of the Bank according to the needs for performance of its duties.</p>	<p>Corresponding amendment made in accordance with the amendments to the Rules of Procedure of the Board of Supervisors as considered and approved at the fourth meeting of the fourth session of the Board of Supervisors.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 258</b> The Board of Supervisors shall be informed in advance of the major decisions made by the Bank, and shall be provided with relevant information regarding operating conditions, financial information, major contracts, major events and cases, audits, changes of important personnel, as well as any other information requested by the supervisors.</p>	<p><b>Article 258</b> The Board of Supervisors shall be informed in advance of the major decisions made by the Bank, and shall be provided with relevant information regarding operating conditions, financial information, major contracts, major events and cases, audits, changes of important personnel, as well as any other information requested by the <b><u>Board of Supervisors</u></b> <del>the supervisors</del>.</p>	<p>Corresponding amendment made in accordance with the amendments to the Rules of Procedure of the Board of Supervisors as considered and approved at the fourth meeting of the fourth session of the Board of Supervisors.</p>
<p><b>Article 259</b> If the Board of Supervisors discovers that the Board of Directors, the senior management and its members have acted in violation of laws, regulations, administrative rules and the Articles of the Bank, it shall require the rectification within a specified period, and suggest that any responsible persons shall be penalized. If there are problems in important financial decision-making and implementation, the Board of Supervisors shall order the rectification. The Board of Supervisors may report to the banking regulatory authorities when necessary.</p>	<p><b>Article 259</b> If the Board of Supervisors discovers that the Board of Directors, the senior management and its members have acted in violation of laws, regulations, administrative rules or the Articles of the Bank, it shall require the rectification within a specified period, and suggest that any responsible persons shall be penalized. If there are problems in important financial decision-making and implementation, the Board of Supervisors shall order the rectification. The Board of Supervisors may report to the banking regulatory authorities, <b><u>domestic securities regulatory authorities and other regulatory authorities</u></b> when necessary.</p>	<p>Amendment for improvement made in accordance with Article 50 of the Code of Corporate Governance for Listed Companies.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 264</b> Minutes shall be taken to record the decisions of matters discussed at the meeting (in the form of meeting minutes or meeting resolutions, etc.). Supervisors attending the meetings shall sign the meeting minutes. Supervisors shall have the right to request explanatory notes regarding any remarks that have been made during the meeting to be placed in the minutes.</p> <p>As the Bank's files, the minutes of the Board of Supervisors' meetings shall be kept by the office of the Board of Supervisors in accordance with the Bank's record management guidelines for a period of not less than ten (10) years.</p>	<p><b>Article 264</b> Minutes shall be taken to record the decisions of matters discussed at the meeting (in the form of meeting minutes or meeting resolutions, etc.). Supervisors attending the meetings shall sign the meeting minutes. Supervisors shall have the right to request explanatory notes regarding any remarks that have been made during the meeting to be placed in the minutes. <b><u>If any supervisor has different opinions on the meeting minutes, he/she may make a written explanation when signing his/her name. Where necessary, the supervisor may report the same to the relevant regulatory authority or make a public declaration. If any supervisor does give confirmation by signature in accordance with the preceding paragraph or express different opinions with written explanation, or report his/her different opinions to the relevant regulatory authority or make a public declaration, such supervisor shall be deemed to be in total agreement with the contents of the meeting minutes.</u></b></p> <p>As the Bank's files, <b><u>meeting notices, meeting materials, attendance lists of the meeting, audio record of the meeting, ballot paper, meeting minutes signed by the attending supervisors for confirmation, announcement of resolutions</u></b> the minutes of the Board of Supervisors shall be kept by the office of the Board of Supervisors in accordance with the Bank's record management guidelines for a period of not less than ten (10) years.</p>	<p>Amendment for improvement made with reference to Article 15 of the Model Rules of Procedure for the Board of Supervisors of Listed Companies in the Shanghai Stock Exchange.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 265</b> The minutes of the Board of Supervisors shall include the following:</p> <p>(1) the meeting date and venue, the name of the convener or president;</p> <p>(2) the names of the supervisors attending the meeting and names of the supervisors (proxies) appointed by others to attend the meeting;</p> <p>(3) the agenda of the meeting;</p> <p>(4) the main points of the speeches made by the supervisors; and</p> <p>(5) the method and results of the voting for each proposal (the voting results shall state the numbers of votes in favour, against and abstained from voting on each proposal).</p>	<p><b>Article 265</b> The minutes of the Board of Supervisors shall include the following:</p> <p>(1) the meeting date and venue, <b><u>mode of convening,</u></b> the name of the convener <del>or</del> <b><u>and</u></b> president;</p> <p><b><u>(2) the delivery of the notice of meeting;</u></b></p> <p><del>(23)</del> the names of the supervisors attending the meeting and names of the supervisors (proxies) appointed by others to attend the meeting;</p> <p><del>(34)</del> the agenda of the meeting;</p> <p><b><u>(45) the proposals considered at the meeting, key summaries and main opinions of supervisors on relevant issues, and voting intentions on the proposals;</u></b></p> <p><del>(56)</del> the method and results of the voting for each proposal (the voting results shall state the numbers of votes in favour, against and abstained from voting on each proposal); <b><u>and</u></b></p> <p><b><u>(7) other issues that the attending supervisors consider necessary.</u></b></p>	<p>Amendment made with reference to Article 14 of the Model Rules of Procedure for the Board of Supervisors of Listed Companies in the Shanghai Stock Exchange.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p align="center"><b>CHAPTER 14 FINANCIAL ACCOUNTING SYSTEM, PROFITS DISTRIBUTION AND AUDIT</b></p>	<p align="center"><b>CHAPTER 14 FINANCIAL ACCOUNTING SYSTEM, PROFITS DISTRIBUTION AND AUDIT</b></p>	
<p align="center"><b>Section 1 Financial Accounting System and Profits Distribution</b></p>	<p align="center"><b>Section 1 Financial Accounting System and Profits Distribution</b></p>	
<p><b>Article 315</b></p> <p>.....</p> <p>The Bank shall prepare an annual financial report within four (4) months after the end of each accounting year and submit it to the relevant regulatory authorities in accordance with the relevant laws.</p> <p>.....</p>	<p><b>Article 315</b></p> <p>.....</p> <p>The Bank shall prepare an annual financial report within four months after the end of each accounting year, <b><u>a semi-annual financial accounting report within two months after the end of the first six months of each accounting year and a quarterly financial accounting report within one month after the end of the first three months and first nine months of each accounting year, respectively,</u></b> and submit them to the relevant regulatory authorities according to law.</p> <p>.....</p>	<p>Amendment made in accordance with Article 150 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 325</b> The Bank may distribute dividends in the form of cash or shares.</p>	<p><b>Article 325</b> <b><u>The profit distribution policy of ordinary shareholders of the Bank is as follows:</u></b></p> <p><b><u>(I) Basic principles of profit distribution: The Bank will implement a sustainable and stable dividend distribution policy. The Bank shall emphasize reasonable investment returns to investors and take its sustainable development into account when distributing dividends. The Bank shall give priority to distribution of dividends in cash subject to compliance with the principle of continuous profitability, regulatory requirements and its normal operation and long-term development. The Bank shall in principle, distribute profits once a year. Where conditions allow, the Bank may distribute an interim dividend.</u></b></p> <p><b><u>(II) Particulars of the profit distribution policy are as follows:</u></b></p>	<p>Addition made in accordance with the Notice on Further Implementing Matters Relevant to the Cash Dividend Distribution by Listed Companies and the Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies issued by the CSRC and based on actual circumstances of the Bank.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
	<p><u>1. Form of profit distribution: The Bank shall distribute profits to shareholders in proportion to their respective shareholdings, and may make dividend distributions in cash, stock or a combination of both.</u></p> <p><u>2. Specific conditions and ratio of cash dividend distribution of the Bank: In principle, no cash dividend shall be paid to shareholders for any year if the Bank's capital adequacy ratio cannot meet the standard required by the relevant regulatory authorities. On the premise of ensuring that the capital adequacy ratio meets the regulatory requirements, the Bank may pay cash dividends if its profits realized in each year, after making up any losses, transferring to statutory reserves and general reserve and paying the dividend for preference shares, remain positive and distributable. Any profit to be distributed to the ordinary shareholders of the Bank in cash each year shall be no less than ten percent of the distributable profits attributable to ordinary shareholders realized by the Bank for that year. The specific ratio of cash dividend distribution each year will be determined by the Board of the Directors of the Bank in accordance with the requirements of the relevant laws, regulations, regulatory documents and the Articles, and based on its business operation when such cash dividend distribution is made, and will be considered and approved at general meetings of the Bank.</u></p> <p><u>3. Conditions for distribution of share dividends by the Bank: Where the operating income of the Bank grows rapidly and the Board considers that the share price of the Bank does not reflect its market capitalization, the Bank may propose and execute a share dividend distribution proposal in addition to payment of the cash dividend distribution above.</u></p>	

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
	<p><u>4. The Bank shall not distribute profits to the ordinary shareholders before ensuring the full satisfaction of annual dividend as agreed to preference shareholders.</u></p> <p><u>(III) Decision-making procedures and mechanism for profit distribution:</u></p> <p><u>1. When determining a profit distribution plan, the Board of the Bank shall seriously study and discuss, among other factors, the timing, conditions and minimum ratio of cash dividend distribution, its conditions for adjustments and the requirements of the procedures for decision-making. The independent directors shall give specific opinions in respect thereof. The independent directors may collect the opinion of the minority shareholders, devise a dividend distribution proposal accordingly and submit the same directly to the Board for consideration. Prior to the consideration of the specific cash dividend distribution plan by the shareholders at a general meeting, the Bank shall communicate and exchange ideas through multiple channels with shareholders (in particular, the minority shareholders), attentively obtain the opinions and requests of the minority shareholders and give timely response to the issues that concern them. The Board of Supervisors of the Bank shall supervise the formulation and decision-making by the Board of the profit distribution plan of the Bank.</u></p>	

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
	<p><u>2. Where the Bank satisfies criteria for cash dividend distribution but has not prepared any cash dividend plan, or the profit distributed to the ordinary shareholders of the Bank in cash is less than ten percent of the distributable profits attributable to ordinary shareholders realized by the Bank for that year, the Board shall explain the specific reasons for not distributing cash dividends, the exact purpose for the retained profits and the estimated investment return, and submit such to the shareholders' general meeting for consideration after independent directors have given their opinions thereon, and disclose the same in the designated media by the Bank. The Bank shall provide access to online voting for shareholders for voting purpose.</u></p>	

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
	<p><u>(IV) Adjustments to the profit distribution policy: If the production and operation of the Bank are materially affected as a result of war, natural disasters and other force majeure, or any change in its external operating environment, or there are any significant changes in its own operating conditions, the Bank may adjust its profit distribution policy. When the Bank makes such adjustment, the Board shall prepare a written report on specific topics containing detailed discussion and verification of the reasons for adjustment, which, after being considered by the independent directors, shall be submitted to the shareholders' general meeting for approval by shareholders representing over two-thirds of the voting rights at such meeting. The Bank shall provide access to online voting for shareholders for voting purpose. In considering such adjustments at a shareholders' general meeting, the opinions of minority shareholders shall be sufficiently considered.</u></p> <p><u>(V) If there is any shareholder illegally taking up the Bank's capital, the Bank shall deduct the cash dividends payable to such shareholder to have such capital recovered.</u></p>	
<p>An article is added as Article 326 with other articles renumbered accordingly.</p>	<p><u>Article 326 The Bank shall implement any plans of cash distribution, issue of bonus shares or increase of share capital by capitalization adopted at a shareholders' general meeting within two (2) months after the conclusion of shareholders' general meeting.</u></p>	<p>Amendment made in accordance with Article 154 of the Guidance for the Articles of Association of Listed Companies and based on Article 127 of the Articles of the Bank.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<b>CHAPTER 15 NOTICES AND ANNOUNCEMENTS</b>	<b>CHAPTER 15 NOTICES AND ANNOUNCEMENTS</b>	
<p><b>Article 343</b> The Bank shall send announcements and disclose information to the shareholders of domestic shares in the newspapers and websites for information disclosure specified by laws, administrative regulations or relevant domestic regulatory authorities. Where announcements are to be sent to the shareholders of H shares in accordance with the Articles, then relevant announcements shall, at the same time, be published in the methods specified by the Hong Kong Listing Rules.</p>	<p><b>Article 344</b> The Bank shall send announcements and disclose information to the shareholders of <del>domestic shares</del> <b>domestically listed shares</b> in the newspapers and websites for information disclosure specified by laws, administrative regulations or relevant domestic regulatory authorities. Where announcements are to be sent to the shareholders of H shares in accordance with the Articles, then relevant announcements shall, at the same time, be published in the methods specified by the Hong Kong Listing Rules.</p>	<p>Amendment made in accordance with the actual circumstances of the A Share Offering.</p>
<b>CHAPTER 20 SUPPLEMENTAL PROVISIONS</b>	<b>CHAPTER 20 SUPPLEMENTAL PROVISIONS</b>	
<p><b>Article 378 Interpretation</b></p> <p>.....</p> <p>(5) “Cumulative voting system” herein means at the shareholders’ general meeting where director(s) or supervisor(s) is/are elected, each share shall have the same number of voting rights as the number of director(s) or supervisor(s) to be elected. Shareholders’ voting rights may be exercised collectively.</p> <p>.....</p>	<p><b>Article 379 Interpretation</b></p> <p>.....</p> <p>(5) “Cumulative voting system” herein means at the shareholders’ general meeting where director(s) or supervisor(s) is/are elected, each <b>ordinary share (including preference shares with restored voting rights)</b> shall have the same number of voting rights as the number of director(s) or supervisor(s) to be elected. Shareholders’ voting rights may be exercised collectively.</p> <p>.....</p>	<p>Amendment made in accordance with Article 32 of the Rules for the General Meetings of Shareholders of Listed Companies.</p>

**APPENDIX XIII COMPARATIVE TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN CONNECTION WITH THE A SHARE OFFERING**

Provisions in the Articles of Association	Provisions in the Articles of Association (A+H)	Reasons for or basis of amendment
<p><b>Article 382</b> The Articles shall become effective from the date of approval by the banking regulatory authority and after consideration and approval by the shareholders' general meeting.</p>	<p><b>Article 383</b> <u>Upon consideration and approval by the shareholders' general meeting and approval by the banking regulatory authority, the</u> <del>The</del> <u>Articles shall become effective from the date on which the domestically listed shares issued by the Bank under the public offering are listed and traded on the Shanghai Stock Exchange.</u></p>	<p><u>Amendment made in accordance with the actual circumstances of the A Share Offering.</u></p>

*Notes:*

1. The above amendment table does not show the corresponding number of cross-reference clauses according to the amendments to the Articles of Association (A+H) based on the existing Articles of Association and the amendment of individual numbers into Chinese characters in order to unify the format of the numbers of the Articles of Association (A+H).
2. The Articles of Association (A+H) are prepared in Chinese, and translated into English. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

APPENDIX XIV

COMPARATIVE TABLE OF AMENDMENTS TO  
THE RULES OF PROCEDURE OF GENERAL MEETINGS  
IN CONNECTION WITH THE A SHARE OFFERING

The table below sets out the material amendments of the Rules of Procedure of General Meetings (A+H) against the Rules of Procedure of General Meetings, and the reasons for or basis of such amendments. After obtaining the approvals from the Shareholders at the AGM, the Rules of Procedure of General Meetings (A+H) will take effect from the A Share Listing Date.

Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<b>CHAPTER 1 GENERAL PROVISIONS</b>	<b>CHAPTER 1 GENERAL PROVISIONS</b>	
<p><b>Article 1</b> These Rules are formulated in accordance with the relevant requirements of laws, administrative regulations, departmental rules and regulatory documents such as the Company Law of the People’s Republic of China (the “Company Law”), the Commercial Banking Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Guiding Opinions of the State Council on the Implementation of Pilot Scheme of Preference Shares, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Guidelines on the Corporate Governance of Commercial Banks and the relevant provisions under the Articles of Association of Huishang Bank Corporation Limited (the “Articles of Association”) and based on the actual circumstances of Huishang Bank Corporation Limited (the “Bank”), for the purpose of regulating the organisation and activities of general meetings of the Bank, enhancing the efficiency and resolution standard of general meetings, protecting the legitimate rights and interests of shareholders, as well as ensuring the exercise by general meetings of powers and functions according to law and the legality and effectiveness of meeting procedures and content of resolutions.</p>	<p><b>Article 1</b> These Rules are formulated in accordance with the relevant requirements of laws, administrative regulations, departmental rules and regulatory documents such as the Company Law of the People’s Republic of China (the “Company Law”), <b><u>the Securities Law of the People’s Republic of China</u></b>, the Commercial Banking Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, <b><u>the Guidance for the Articles of Association of Listed Companies, the Rules for the General Meetings of Shareholders of Listed Companies</u></b>, the Guiding Opinions of the State Council on the Implementation of Pilot Scheme of Preference Shares, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Guidelines on the Corporate Governance of Commercial Banks, <b><u>the Interim Measures for the Equity Management of Commercial Banks</u></b> and the relevant provisions under the Articles of Association of Huishang Bank Corporation Limited (the “Articles of Association”) and based on the actual circumstances of Huishang Bank Corporation Limited (the “Bank”), for the purpose of regulating the organisation and activities of general meetings of the Bank, enhancing the efficiency and resolution standard of general meetings, protecting the legitimate rights and interests of shareholders, as well as ensuring the exercise by general meetings of powers and functions according to law and the legality and effectiveness of meeting procedures and content of resolutions.</p>	<p>Addition made in accordance with the actual circumstances of the A Share Offering and the amendments (see Appendix III of this circular) considered and approved at the third meeting of the fourth session of the Board of Directors.</p>

**COMPARATIVE TABLE OF AMENDMENTS TO  
THE RULES OF PROCEDURE OF GENERAL MEETINGS  
IN CONNECTION WITH THE A SHARE OFFERING**

Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<p><b>Article 4</b> When a shareholders' general meeting is being held, the Bank shall engage lawyers to observe the meeting, give legal opinions as to the matters set out below, and make announcements as to the matters set out below as required by the rules of the jurisdiction in which the shares of the Bank are listed:</p> <p>.....</p> <p>(3) verify the qualifications of shareholders who have put forward new proposals at the shareholders' general meeting;</p> <p>(4) whether the voting procedures and voting result of the shareholders' general meeting are legal and valid;</p> <p>(5) issue legal opinions on other relevant issues at the request of the Bank.</p>	<p><b>Article 4</b> When a shareholders' general meeting is being held, the Bank shall engage lawyers to observe the meeting, give legal opinions as to the matters set out below, and make announcements as to the matters set out below as required by the rules of the jurisdiction in which the shares of the Bank are listed:</p> <p>.....</p> <p><del>(3) verify the qualifications of shareholders who have put forward new proposals at the shareholders' general meeting;</del></p> <p><del>(4)</del><b>(3)</b> whether the voting procedures and voting result of the shareholders' general meeting are legal and valid;</p> <p><del>(5)</del><b>(4)</b> issue legal opinions on other relevant issues at the request of the Bank.</p>	<p>Amendment made in accordance with Article 45 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>CHAPTER 2 GENERAL PROVISIONS ON SHAREHOLDERS' GENERAL MEETINGS</b></p>	<p><b>CHAPTER 2 GENERAL PROVISIONS ON SHAREHOLDERS' GENERAL MEETINGS</b></p>	
<p><b>Article 5</b> The shareholders' general meeting shall exercise the following powers in accordance with law:</p> <p>.....</p>	<p><b>Article 5</b> <u>The shareholders' general meeting shall exercise its powers and functions to the extent prescribed by the Company Law and the Articles of Association.</u></p> <p>The shareholders' general meeting shall exercise the following powers in accordance with law:</p> <p>.....</p>	<p>Amendment made in accordance with Article 3 of the Rules for the General Meetings of Shareholders of Listed Companies.</p>

**COMPARATIVE TABLE OF AMENDMENTS TO  
THE RULES OF PROCEDURE OF GENERAL MEETINGS  
IN CONNECTION WITH THE A SHARE OFFERING**

Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<p><b>Article 9</b> Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year within six (6) months after the end of the previous financial year. If the meeting is postponed due to special circumstances, the Bank shall report it to the banking regulatory authority in a timely manner, stating the reasons for such postponement and making an announcement in respect thereof.</p>	<p><b>Article 9</b> Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year within six (6) months after the end of the previous financial year. If the meeting is postponed due to special circumstances, the Bank shall report it to the banking regulatory authority, <b><u>the local office of the CSRC in the place where the Bank operates, the stock exchanges where the Bank's shares are listed for trading and relevant regulatory authorities</u></b> in a timely manner, stating the reasons for such postponement and making an announcement in respect thereof.</p>	<p>Amendment for improvement made in accordance with Article 4 of the Rules for the General Meetings of Shareholders of Listed Companies.</p>
<p><b>Article 11</b> The Bank shall convene shareholders' general meetings either at the place of its domicile or at any other place specified in the notice of shareholders' general meeting. The Bank shall arrange for the venue such that a physical meeting can be held.</p>	<p><b>Article 11</b> The Bank shall convene shareholders' general meetings either at the place of its domicile or at any other place specified in the notice of shareholders' general meeting.</p> <p>The Bank shall arrange for the venue such that a physical meeting can be held. <b><u>The Bank may facilitate its shareholders to attend shareholders' general meetings through various means and channels, including preferentially using modern communication methods such as internet voting platforms, on the basis that the Bank will ensure the legality and validity of such meetings. Shareholders who attend any shareholders' general meeting using the above means will be deemed to have validly attended such meeting.</u></b></p>	<p>Amendment made in accordance with Article 44 and Article 80 of the Guidance for the Articles of Association of Listed Companies.</p>

**COMPARATIVE TABLE OF AMENDMENTS TO  
THE RULES OF PROCEDURE OF GENERAL MEETINGS  
IN CONNECTION WITH THE A SHARE OFFERING**

Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<b>CHAPTER 3 PROCEDURES FOR CONVENING OF SHAREHOLDERS' GENERAL MEETINGS</b>	<b>CHAPTER 3 PROCEDURES FOR CONVENING OF SHAREHOLDERS' GENERAL MEETINGS</b>	
<b>Section 1 Convening of Shareholders' General Meetings</b>	<b>Section 1 Convening of Shareholders' General Meetings</b>	
<p><b>Article 12</b> Shareholders' general meetings shall be convened by the Board of Directors. The Board of Directors shall determine the time and venue of shareholders' general meetings, matters to be considered thereat and the content of proposals by way of resolution. If the Board of Directors is unable or fails to perform its duty in convening a shareholders' general meeting, the Board of Supervisors shall promptly convene the meeting. If the Board of Supervisors does not convene the meeting, the shareholders who individually or jointly hold 10% or more of the Bank's total number of shares with voting rights for over ninety (90) consecutive days (the "Convening Shareholders") may convene such meeting on their own initiative.</p>	<p><b>Article 12</b> Shareholders' general meetings shall be convened by the Board of Directors. The Board of Directors shall determine the time and venue of shareholders' general meetings, matters to be considered thereat and the content of proposals by way of resolution. <u><b>The Board of Directors shall convene a shareholders' general meeting within the timeframe stipulated in these Rules.</b></u> If the Board of Directors is unable or fails to perform its duty in convening a shareholders' general meeting, the Board of Supervisors shall promptly convene the meeting. If the Board of Supervisors does not convene the meeting, the shareholders who individually or jointly hold 10% or more of the Bank's total number of shares with voting rights for over ninety (90) consecutive days (the "Convening Shareholders") may convene such meeting on their own initiative.</p>	Amendment made in accordance with Article 6 of the Rules for the General Meetings of Shareholders of Listed Companies and Article 75 of the Articles of Association of the Bank and wording amendment.
<b>Section 3 Notice of Shareholders' General Meetings</b>	<b>Section 3 Notice of Shareholders' General Meetings</b>	
<p><b>Article 25</b> Notice of shareholders' general meeting shall meet the following requirements:</p> <p>.....</p>	<p><b>Article 25</b> Notice of shareholders' general meeting shall meet the following requirements:</p> <p>.....</p> <p><i>(added after item (10))</i></p> <p><u><b>(11) In the event that a shareholders' general meeting is held through network or by other means, the notice of such meeting shall explicitly state the time for voting through network or by other means and voting procedures;</b></u></p> <p>.....</p>	Amendment made in accordance with Article 21 of the Rules for the General Meetings of Shareholders of Listed Companies.

**COMPARATIVE TABLE OF AMENDMENTS TO  
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Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<p>An article is added as Article 26, and the sequence numbers of other articles shall be changed accordingly.</p>	<p><b><u>Article 26 Details of all proposals, as well as all information or explanations necessary for shareholders to make reasonable judgment on the matters to be discussed shall be fully and completely disclosed in the notice and supplemental notice of a shareholders' general meeting. Where opinions on any matters to be discussed are required from independent Directors, such opinions and the reasons therefor shall be disclosed when serving the notice or supplemental notice of a shareholders' general meeting.</u></b></p>	<p>Amendment made in accordance with Article 16 of the Rules for the General Meetings of Shareholders of Listed Companies.</p>
<p><b>Article 26</b> The notice of a shareholders' general meeting shall be delivered by hand or prepaid mail to all shareholders entitled to attend (regardless of whether they have voting rights at the shareholders' general meeting). The address of the recipients shall be the address registered in the register of shareholders. For holders of domestic shares, the notice of a shareholders' general meeting may be in form of an announcement.</p> <p>The aforesaid announcement shall be published in one or more newspapers specified by the securities regulatory authority of the State Council between the forty-five to fifty day interval prior to the date the meeting is convened. All holders of domestic shares shall be deemed as having been notified of the shareholders' general meeting once the announcement is published.</p> <p>.....</p>	<p><b>Article 27</b> The notice of a shareholders' general meeting shall be delivered by hand or prepaid mail to all shareholders entitled to attend (regardless of whether they have voting rights at the shareholders' general meeting). The address of the recipients shall be the address registered in the register of shareholders. For holders of <del>domestic</del> shares <b><u>domestically listed shares</u></b>, the notice of a shareholders' general meeting may be in form of an announcement.</p> <p>The aforesaid announcement shall be published in one or more newspapers specified by the securities regulatory authority of the State Council between the forty-five to fifty day interval prior to the date the meeting is convened. All holders of <del>domestic</del> shares <b><u>domestically listed shares</u></b> shall be deemed as having been notified of the shareholders' general meeting once the announcement is published.</p> <p><b><u>The supplementary notice of a shareholders' general meeting may not be subject to the foregoing restriction regarding announcement.</u></b></p> <p>.....</p>	<p>Amendment for improvement made based on the actual circumstance of A Share Offering and amendment made in accordance with the amendments (see Appendix III of this circular) considered and approved at the third meeting of the fourth session of the Board of Directors.</p>

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Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<b>Section 4 Attendance and Registration of Shareholders' General Meetings</b>	<b>Section 4 Attendance and Registration of Shareholders' General Meetings</b>	
<p><b>Article 29</b> Shareholders who wish to attend a shareholders' general meeting shall complete registration for the shareholders' general meeting at the place specified by the Bank within the given time in accordance with the requirements stipulated in an announcement for the notice of shareholders' general meeting. The registration for shareholders' general meeting shall be conducted by way of on-site registration or fax, etc. Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (these persons need not be shareholders) as proxies to attend and vote on his/her/its behalf. A proxy may exercise the following rights under the authorization of such shareholder at a shareholders' general meeting:</p> <p>.....</p>	<p><b>Article 30</b> <u>All ordinary shareholders (including preference shareholders with restored voting rights) recorded in the register of shareholders on the record date or their proxies shall have the right to attend shareholders' general meetings and exercise voting rights in accordance with the relevant laws, regulations and the Articles of Association of the Bank.</u> Shareholders who wish to attend a shareholders' general meeting shall complete registration for the shareholders' general meeting at the place specified by the Bank within the given time in accordance with the requirements stipulated in an announcement for the notice of shareholders' general meeting. The registration for shareholders' general meeting shall be conducted by way of on-site registration or fax, etc. Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (these persons need not be shareholders) as proxies to attend and vote on his/her/its behalf. A proxy may exercise the following rights under the authorization of such shareholder at a shareholders' general meeting:</p> <p>.....</p>	<p>Amendment made in accordance with first paragraph of Article 59 of the Guidance for the Articles of Association of Listed Companies and first paragraph of Article 23 of the Rules for the General Meetings of Shareholders of Listed Companies.</p>
<b>Section 5 Convening of Shareholders' General Meetings</b>	<b>Section 5 Convening of Shareholders' General Meetings</b>	
<p>An article is added as Article 40, and the sequence numbers of other articles shall be changed accordingly.</p>	<p><b>Article 40</b> <u>The starting time for voting online or by other means may not be earlier than 3:00 pm on the day immediately preceding the date on which the shareholders' general meeting is to be held or later than 9:30 am on the day the shareholders' general meeting is held, and its ending time may not be earlier than 3:00 pm on the day when the shareholders' general meeting is concluded.</u></p>	<p>Amendment made in accordance with Article 21 of the Rules for the General Meetings of Shareholders of Listed Companies.</p>

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THE RULES OF PROCEDURE OF GENERAL MEETINGS  
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Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<b>Section 6 Voting Procedures and Resolutions of Shareholders' General Meetings</b>	<b>Section 6 Voting Procedures and Resolutions of Shareholders' General Meetings</b>	
<p><b>Article 45</b> Apart from proposals regarding the procedure or administration of the shareholders' general meeting for which resolutions may be made by a show of hands and counted by the chairman of the meeting acting in good faith, all other matters at a shareholders' general meeting shall be decided on by a poll.</p>	<p><b>Article 47</b> Apart from proposals regarding the procedure or administration of the shareholders' general meeting for which resolutions may be made by a show of hands and counted by the chairman of the meeting acting in good faith, all other matters at a shareholders' general meeting shall be decided on by <b>open ballot</b>.</p>	<p>Amendment made in accordance with Article 86 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 46</b> A shareholder (including his/her proxy) shall exercise his/her voting rights based on the number of shares with voting rights held. Each share shall have one (1) vote, but the shares held by the Bank have no voting rights and that part of the shareholding is not counted towards the total number of shares with voting rights held by shareholders attending the meeting.</p>	<p><b>Article 48</b> A shareholder (including his/her proxy) shall exercise his/her voting rights based on the number of shares with voting rights held. Each share shall have one (1) vote, but the shares held by the Bank have no voting rights and that part of the shareholding is not counted towards the total number of shares with voting rights held by shareholders attending the meeting.</p> <p><b><u>Where material issues considered at a general meeting affect the interests of minority investors, the votes of minority investors shall be counted separately. The results of the separate vote count shall be disclosed publicly in a timely manner.</u></b></p> <p><b><u>The Board of Directors, independent directors and shareholders satisfying the relevant requirements and conditions may solicit voting rights from shareholders publicly. Information including the specific voting preference shall be fully provided to the shareholders from whom voting rights are being solicited. Soliciting shareholders' voting rights with consideration or any consideration in disguised form is prohibited. The Bank shall not impose any minimum shareholding limitation for soliciting voting rights. The Bank shall not impose any limitation related to the minimum shareholding ratio on the solicitation of voting rights.</u></b></p>	<p>Amendment made in accordance with Article 31 of the Rules for the General Meetings of Shareholders of Listed Companies.</p>

**COMPARATIVE TABLE OF AMENDMENTS TO  
THE RULES OF PROCEDURE OF GENERAL MEETINGS  
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Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<p><b>Article 55</b> The special voting procedure at a shareholders' general meeting for class shareholders shall not apply to the following cases:</p> <p>(1) upon the approval by a shareholders' general meeting by way of a special resolution, the Bank separately or concurrently issues domestic shares and/or overseas-listed shares every twelve (12) months, provided that the amount of each class of shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;</p> <p>(2) the Bank's plan on issuing domestic shares and overseas listed shares at the time of incorporation, which is completed within fifteen (15) months upon the date of approval from the securities regulatory authority of the State Council.</p>	<p><b>Article 57</b> The special voting procedure at a shareholders' general meeting for class shareholders shall not apply for the following cases:</p> <p>(1) upon the approval by a shareholders' general meeting by way of a special resolution, the Bank separately or concurrently issues <del>domestic</del> <u>domestically listed shares</u> and/or overseas-listed shares every twelve (12) months, provided that the amount of each class of shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;</p> <p>(2) the Bank's plan on issuing domestic shares and overseas listed shares at the time of incorporation, which is completed within fifteen (15) months upon the date of approval from the securities regulatory authority of the State Council;</p> <p><b><u>(3) the relevant regulatory authorities such as banking regulatory authorities and the securities regulatory authority of the State Council have given approval for unlisted shares held by the shareholders of the Bank to be traded in overseas stock exchanges.</u></b></p>	<p>Amendment for improvement made based on the actual circumstance of A Share Offering and amendment made in accordance with the amendments (see Appendix III of this circular) considered and approved at the third meeting of the fourth session of the Board of Directors.</p>
<p><b>Article 58</b> Connected shareholders shall not participate in voting when matters concerning connected party transactions are considered at a shareholders' general meeting, and the shares with voting rights represented by the connected shareholders shall not count towards the total number of valid votes.</p> <p>.....</p>	<p><b>Article 60</b> Connected shareholders shall not participate in voting when matters concerning connected party transactions are considered at a shareholders' general meeting, and the shares with voting rights represented by the connected shareholders shall not count towards the total number of valid votes; <b><u>The voting of the non-connected shareholders shall be fully disclosed in the announcement of the resolutions passed at the shareholders' general meeting.</u></b></p> <p>.....</p>	<p>Amendment made in accordance with Article 79 of the Guidance for the Articles of Association of Listed Company.</p>

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Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<p><b>Article 59</b> The list of candidates for directors and supervisors shall be put forward by way of proposal to the shareholders' general meeting for voting.</p> <p>Cumulative polling may be used for the election of directors and supervisors in a shareholders' general meeting, where it is in accordance with the provisions of the Articles or a resolution passed in a shareholder's general meeting.</p> <p>The Bank shall ensure the continuity of the Board of Directors, and except for re-elections at expiration of office, the number of directors that shall be replaced and re-elected by the Board of Directors each year shall not exceed one-third of the number of directors on the Board of Directors.</p> <p>The general procedures for nomination and election of directors or supervisors shall be carried out in accordance with the Articles of Association.</p> <p>.....</p>	<p><b>Article 61</b> The list of candidates for directors and supervisors shall be put forward by way of proposal to the shareholders' general meeting for voting.</p> <p>Cumulative polling may be used for the election of directors and supervisors in a shareholders' general meeting, where it is in accordance with the provisions of the Articles or a resolution passed in a shareholder's general meeting.</p> <p><b><u>Cumulative polling mentioned above means a polling whereby each ordinary share (including preference shares with restored voting rights) carries the number of voting rights equivalent to the number of directors or supervisors to be elected when such directors or supervisors are elected at a shareholders' general meeting, and a shareholder may exercise his/her/its voting rights on a collective basis.</u></b></p> <p>The Bank shall ensure the continuity of the Board of Directors, and except for re-elections at expiration of office, the number of directors that shall be replaced and re-elected by the Board of Directors each year shall not exceed one-third of the number of directors on the Board of Directors.</p> <p>The general procedures for nomination and election of directors or supervisors shall be carried out in accordance with the Articles of Association. <b><u>If the proposal regarding the election of directors or supervisors is approved at the shareholders' general meeting, the newly elected directors or supervisors shall be appointed in accordance with the Articles of Association.</u></b></p> <p>.....</p>	<p>Amendment made in accordance with Article 32 and Article 43 of the Rules for the General Meetings of Shareholders of Listed Companies.</p>

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Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<p><b>Article 60</b> Unless the cumulative polling applies, all proposals shall be voted on separately at the shareholders' general meeting. If there are a number of proposals related to the same matter, votes shall be cast in the order of which the proposals were presented. Except where there is <i>force majeure</i> or other special circumstances resulting in the adjournment of the shareholders' general meeting or the failure to pass resolutions, no proposal shall be set aside or skipped.</p>	<p><b>Article 62</b> Unless the cumulative polling applies, all proposals shall be voted on separately at the shareholders' general meeting. If there are a number of proposals related to the same matter, votes shall be cast in the order of which the proposals were presented. <b><u>When reviewing any proposal at a shareholders' general meeting, no amendment shall be made to the proposal. Otherwise, such change shall be deemed as a new proposal and cannot be voted at the current shareholders' general meeting.</u></b> Except where there is <i>force majeure</i> or other special circumstances resulting in the adjournment of the shareholders' general meeting or the failure to pass resolutions, no proposals shall be set aside or skipped.</p>	<p>Amendment made in accordance with Article 84 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 61</b></p> <p>.....</p> <p>During the voting process of the shareholders' general meeting, the vote count and examination of the poll shall be conducted together by lawyers, representatives of shareholders and representatives of supervisors. At the same time, the auditors of the Bank, the H Share Registrar or external accountants (who are qualified as auditors) shall be appointed as the scrutineer. The chairman of the meeting shall announce the voting result at the meeting and shall declare, according to the voting result, whether the resolution has been passed. The voting result for each resolution shall be recorded in the meeting minutes.</p>	<p><b>Article 63</b></p> <p>.....</p> <p>During the voting process of the shareholders' general meeting, the vote count and examination of the poll shall be conducted together by lawyers, representatives of shareholders and representatives of supervisors. At the same time, the auditors of the Bank, the H Share Registrar or external accountants (who are qualified as auditors) shall be appointed as the scrutineer. <del>The chairman of the meeting shall announce the voting result at the meeting and shall declare, according to the voting result, whether the resolution has been passed. The voting result for each resolution shall be recorded in the meeting minutes.</del></p> <p><b><u>Shareholders or their proxies who vote through network or by any other means shall be entitled to check their own voting results via the relevant voting system.</u></b></p>	<p>Amendment made in accordance with paragraph 3, Article 87 of the Guidance for the Articles of Association of Listed Companies and paragraph 3, Article 37 of the Rules for the General Meetings of Shareholders of Listed Companies; The deleted part of this Article has been simplified and combined with Article 66 of the amended Rules.</p>

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Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<p><b>Article 62</b> In the event that the same voting rights have been exercised twice, the result of the first vote shall prevail.</p>	<p><b>Article 64</b> <u>The same voting rights may be exercised through only one means: on-site, through network or by other means.</u> In the event that the same voting rights have been exercised twice, the result of the first vote shall prevail.</p>	<p>Amendment made in accordance with Article 85 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 64</b> For every proposal, the chairman of the shareholders' general meeting shall announce the voting circumstances, the voting results, and whether the proposal has been passed based on the voting results.</p> <p>Prior to formally announcing the voting results, all interested parties attending the meeting in person, including the Bank, the vote counter, the scrutineer and substantial shareholders, etc., have an obligation to keep the voting results confidential.</p>	<p><b>Article 66</b> <u>Any on-site shareholders' general meeting shall not end earlier than the time of the meeting held through network or by other means.</u> For every proposal, the chairman of the shareholders' general meeting shall announce the voting circumstances, the voting results, and whether the proposal has been passed based on the voting results. <u>The voting results of any resolution shall be recorded in the meeting minutes.</u></p> <p>Prior to formally announcing the voting outcome, all interested parties attending the meeting in person, through <u>internet or other means</u>, including the Bank, vote counter, scrutineer, <del>and</del> substantial shareholders, <u>and the network service provider</u>, etc., <u>shall</u> have an obligation to keep the voting results confidential.</p>	<p>Amendment for improvement made in accordance with Article 88 of the Guidance for the Articles of Association of Listed Companies and Article 38 of the Rules for the General Meetings of Shareholders of Listed Companies.</p>

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Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<p><b>Article 66</b> Resolutions adopted at the shareholders' general meeting shall be announced in a timely manner in accordance with the requirements of the relevant regulatory authority. The announcement shall specify the number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and the proportion relative to the total number of shares with voting rights of the Bank, the voting method, the voting results of each proposal and the details of each adopted resolution.</p>	<p><b>Article 68</b> Resolutions adopted at the shareholders' general meeting shall be announced in a timely manner in accordance with the requirements of the relevant regulatory authorities. The announcement shall specify the number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and the percentage of the total number of shares with voting rights of the Bank, the voting method, the voting results of each proposal and the details of each adopted resolution.</p> <p><b><u>If any proposal is not passed, or the resolution passed at the preceding shareholders' general meeting is amended at the current shareholders' general meeting, a special note shall be made in the announcement relating to the resolutions of the shareholders' general meeting.</u></b></p>	<p>Amendment made in accordance with Article 92 of the Guidance for the Articles of Association of Listed Companies.</p>
<p><b>Article 68</b> The convener shall ensure that the minutes are true, accurate and complete. The attending directors, supervisors, secretary to the Board of Directors, convener or their representatives and the chairman of the meeting shall sign on the minutes. The minutes, list of signatures by shareholders in attendance, powers of attorney, and valid information regarding alternative voting methods shall be filed and form part of the Bank's files. The secretary to the Board of Directors shall preserve the files in accordance with the Bank's record management guidelines for at least ten (10) years.</p>	<p><b>Article 70</b> The convener shall ensure that the minutes are true, accurate and complete. The attending directors, supervisors, secretary to the Board of Directors, convener or their representatives and the chairman of the meeting shall sign on the minutes. The minutes, list of signatures by shareholders in attendance, powers of attorney, and valid information regarding <b><u>online and other</u></b> alternative voting methods shall be filed and form part of the Bank's files. The secretary to the Board of Directors shall preserve the files in accordance with the Bank's record management guidelines for at least ten (10) years.</p>	<p>Amendment made in accordance with Article 73 of the Guidance for the Articles of Association of Listed Companies.</p>

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Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
An article is added as Article 71, and the sequence numbers of other articles shall be changed accordingly.	<p><b><u>Article 71 Any resolution of a shareholders' general meeting of the Bank that violates laws or administrative regulations shall be invalid.</u></b></p> <p><b><u>The controlling shareholder and de facto controller of the Bank shall neither restrict or obstruct minority investors to exercise their voting rights according to law, nor damage the legitimate rights and interests of the Bank and such investors.</u></b></p> <p><b><u>If the procedures for convening a shareholders' general meeting or the means of voting violates laws, administrative regulations or the Articles of Association, or the content of a resolution violates the Articles of Association, shareholders may request a people's court to rescind the resolution within sixty (60) days from the date on which the resolution is adopted.</u></b></p>	This article is added in accordance with the provisions of Article 46 of the Rules of the Shareholders' General Meeting of Listed Companies.
<b>Chapter 5 Matters Subsequent to Shareholders' General Meetings</b>	<b>Chapter 5 Matters Subsequent to Shareholders' General Meetings</b>	
<b>Article 73</b> If the proposal regarding the election of the directors or supervisors is approved at the shareholders' general meeting, the newly elected director or supervisor's term of service shall commence on the date on which the resolution is passed.	Delete this article and incorporate into Article 61 of the revised Rules.	

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Existing Provisions of the Rules of Procedure of General Meetings	Provisions of the Rules of Procedure of General Meetings (A+H)	Reasons for or Basis of Amendment
<b>CHAPTER 6 SUPPLEMENTAL PROVISIONS</b>	<b>CHAPTER 6 SUPPLEMENTAL PROVISIONS</b>	
<p><b>Article 80</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules 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 existing Rules of Procedure of General Meetings of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.</p>	<p><b>Article 82</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules shall become effective from the date on which the <u>domestically listed shares</u> <del>H shares</del> publicly offered by the Bank are listed on the <u>Shanghai Stock Exchange</u> <del>on The Stock Exchange of Hong Kong Limited</del> for trading. The existing Rules of Procedure of General Meetings of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.</p>	<p>Amendment made in accordance with the actual circumstances of the A Share Offering.</p>

*Notes:*

- The above amendment table does not show the corresponding adjustment of sequence numbers of cross-reference clauses according to the amendments to the Rules of Procedure of General Meetings (A+H) based on the existing Rules of Procedure of General Meetings and the amendment of individual numbers into Chinese characters in order to unify the format of the numbers of the Rules of Procedure of General Meetings.
- The Rules of Procedure of General Meetings and the Rules of Procedure of General Meetings (A+H) are prepared in Chinese, and translated into English. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.
- If Resolution 11 set out in the circular (namely, the amendments to the Rules of Procedure of General Meetings) is approved at the AGM, the amendments to the Rules of Procedure of General Meetings under such resolution will automatically be a part of the Rules of Procedure of General Meetings (A+H).

**APPENDIX XV COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS IN CONNECTION WITH THE A SHARE OFFERING**

*The table below set out the material amendments of the Rules of Procedure of the Board of Directors (A+H) against the Rules of Procedure of the Board of Directors, and the reasons for or basis of such amendments. After obtaining the approvals from the Shareholders at the AGM, the Rules of Procedure of the Board of Directors (A+H) will take effect from the A Share Listing Date.*

<b>Provisions of the Rules of Procedure of the Board of Directors</b>	<b>Provisions of the Rules of Procedure of the Board of Directors (A+H)</b>	<b>Reason for and Basis of Amendment</b>
<p><b>Article 1</b> These Rules are formulated in accordance with relevant requirements of laws, administrative regulations, departmental rules and regulatory documents such as the Company Law of the People’s Republic of China, the Commercial Banking Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Guidelines for the Corporate Governance of Commercial Banks and the Due Diligence Guidelines for the Board of Directors of Joint-stock Commercial Banks (Trial) and the relevant provisions under the Articles of Association of Huishang Bank Corporation Limited (the “Articles of Association”) and based on the actual circumstances of Huishang Bank Corporation Limited (the “Bank”), for the purpose of improving the corporate governance structure of the Bank, regulating decision-making behavior of the Board of Directors of the Bank, and ensuring the legitimation, scientization and systematization of working and decision-making of the Board of Directors.</p>	<p><b>Article 1</b> These Rules are formulated in accordance with relevant requirements of laws, administrative regulations, departmental rules and regulatory documents such as the Company Law of the People’s Republic of China, the Commercial Banking Law of the People’s Republic of China, <b><u>the Securities Law of the People’s Republic of China</u></b>, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Guidelines for the Corporate Governance of Commercial Banks <del>and the Due Diligence Guidelines for the Board of Directors of Joint-stock Commercial Banks (Trial)</del> and the relevant provisions under the Articles of Association of Huishang Bank Corporation Limited (the “Articles of Association”) and based on the actual circumstances of Huishang Bank Corporation Limited (the “Bank”), for the purpose of improving the corporate governance structure of the Bank, regulating decision-making behavior of the Board of Directors of the Bank, and ensuring the legitimation, scientization and systematization of working and decision-making of the Board of Directors.</p>	<p>Amendment made based on actual circumstances of the A Share offering and in accordance with the amendments approved at the third meeting of the fourth session of the Board of Directors (see Appendix IV to this circular).</p>

**APPENDIX XV COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Directors	Provisions of the Rules of Procedure of the Board of Directors (A+H)	Reason for and Basis of Amendment
<p><b>Article 25</b> The chairman of the Board of Directors shall convene and preside over an extraordinary meeting within ten (10) days of receiving such a proposal under the following circumstances:</p> <p>.....</p> <p>(5) it is proposed by the proposing shareholders;</p> <p>(6) it is proposed by the president;</p> <p>(7) other circumstances as stipulated by laws, administrative regulations, department rules, the regulations of the relevant regulatory authorities and the Articles of Association of the Bank.</p>	<p><b>Article 25</b> The chairman of the Board of Directors shall convene and preside over an extraordinary meeting within ten (10) days of receiving such a proposal <u>or a request from the securities regulatory authority</u> under the following circumstances:</p> <p>.....</p> <p>(5) it is proposed by the shareholders <u>who individually or jointly hold more than 10% of the voting shares of the Bank;</u></p> <p>(6) it is proposed by the president;</p> <p><u>(7) it is required to convene by the securities regulatory authorities;</u></p> <p><del>(7)</del> other circumstances as stipulated by laws, administrative regulations, department rules, the regulations of the relevant regulatory authorities and the Articles of Association of the Bank.</p>	<p>The amendment to subparagraph (5) of this article was considered and approved at the third meeting of the fourth session of the Board of Directors (see Appendix IV to this circular).</p> <p>The subparagraph (5) of this article was amended in accordance with Article 5 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange.</p>
<p><b>Article 26</b> If an extraordinary Board meeting is proposed to be held, a written proposal with the signature of proposer shall be submitted to the chairman of the Board of Directors directly or through the Office of the Board of Directors. A written proposal shall include the following:</p> <p>(1) the names of proposer;</p> <p>(2) the grounds for the proposal;</p> <p>(3) the time or time limit, venue and method of holding the extraordinary meeting;</p> <p>(4) specific and detailed proposals;</p> <p>(5) the contact information of proposer and the date of the proposal, etc.</p>	<p><b>Article 26</b> If an extraordinary Board meeting is proposed to be held <u>according to the preceding article</u>, a written proposal with the signature of proposer shall be submitted to the chairman of the Board of Directors directly or through the Office of the Board of Directors. A written proposal shall include the following:</p> <p>(1) the names of proposer;</p> <p>(2) the grounds for the proposal <u>or objective causes on which the proposal is based;</u></p> <p>(3) the time or time limit, venue and method of holding the extraordinary meeting;</p> <p>(4) specific and detailed proposals;</p> <p>(5) the contact information of proposer and the date of the proposal, etc.</p>	<p>Amendment for improvement made in accordance with Article 6 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange and the amendments considered and approved at the third meeting of the fourth session of the Board of Directors (see Appendix IV to this circular).</p>

**APPENDIX XV COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Directors	Provisions of the Rules of Procedure of the Board of Directors (A+H)	Reason for and Basis of Amendment
<p>The Office of the Board of Directors shall, within 3 days after it or the chairman of the Board of Directors receives the proposer' written proposal, issue a notice of an extraordinary meeting.</p>	<p><u>Matters proposed to be resolved shall not violate the requirements of laws, regulations, and departmental rules, and shall be within the scope of the duties of the Board as specified in the Articles of Association. Materials relating to the proposal shall be submitted together with the proposal itself. Any matters that fail to meet the above requirements shall not be submitted to the Board for discussion. The pre-procedure (if any) required by the relevant laws and regulations, departmental rules and the Articles of Association in respect of a matter shall be performed before such matter is submitted and reported to the Board.</u> <del>The Office of the Board of Directors shall, within 3 days after it or the chairman receive the proposer' written proposal, issue a notice of an extraordinary meeting.</del></p>	
<p><b>Article 33</b> Notices of regular Board meetings shall be sent to all directors and supervisors in writing at least fourteen (14) days before the meeting, and the meeting documents shall be sent to all directors and supervisors at least five (5) days before the meeting.</p> <p>The notice of an extraordinary Board meeting shall be served on all directors and supervisors in writing five (5) days before the meeting, and the meeting documents shall be served on all directors and supervisors three (3) days before the meeting.</p>	<p><b>Article 332</b> Notices of regular Board meetings shall be sent to all directors and supervisors <u>as well as the president and secretary to the Board of Directors</u> in writing at least fourteen (14) days before the meeting, and the meeting <del>documents</del> <u>materials</u> shall be sent to all directors and supervisors <u>as well as the president and secretary to the Board of Directors</u> at least five (5) days before the meeting.</p> <p>The notice of an extraordinary Board meeting shall be served on all directors and supervisors <u>as well as the president and secretary to the Board of Directors</u> in writing five (5) days before the meeting, and the meeting <del>documents</del> <u>materials</u> shall be served on all directors and supervisors <u>as well as the president and secretary to the Board of Directors</u> three (3) days before the meeting.</p>	<p>Amendment for improvement made with reference to Article 8 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange and the amendments considered and approved at the third meeting of the fourth session of the Board of Directors (see Appendix IV to this circular).</p>

**APPENDIX XV COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Directors	Provisions of the Rules of Procedure of the Board of Directors (A+H)	Reason for and Basis of Amendment
In case of emergency, the service of notices and meeting documents for an extraordinary Board meeting shall not be subject to the time-limit stated in the preceding paragraph, but shall be effectively served on the directors and supervisors before the meeting.	In case of emergency, the service of notices and meeting <del>documents</del> <u>materials</u> for an extraordinary Board meeting shall not be subject to the time-limit stated in the preceding paragraph, but shall be effectively served on the directors and supervisors <b>as well as the president and secretary to the Board of Directors</b> before the meeting <b>and the meeting convener shall make an explanation at the meeting.</b>	
<p><b>Article 34</b> The notice of Board meetings shall contain the following contents:</p> <p>(1) the date, time and place of the meeting;</p> <p>(2) the duration of the meeting;</p> <p>(3) the reason for holding the meeting and topics for discussion;</p> <p>(4) the date of issuance of the meeting notice; and</p> <p>(5) the contact persons of the meeting and their contact information.</p>	<p><b>Article 33</b> The notice of Board meetings shall contain the following contents:</p> <p>(1) the date, time and place of the meeting;</p> <p>(2) the duration of the meeting <b>and mode of meeting;</b></p> <p>(3) the reason for holding the meeting and topics for discussion;</p> <p>(4) the date of issuance of the meeting notice;</p> <p><b>(5) meeting convener and presider, the person proposing to convene extraordinary Board meetings and his/her written proposals;</b></p> <p><b>(6) the requirements for directors to attend in person or appoint other directors to attend the meeting on his/her behalf; and</b></p> <p>(5) the contact persons of the meeting and their contact information.</p>	Amendment made with reference to Article 9 and subparagraph 1 of Article 8 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange.

**APPENDIX XV COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Directors	Provisions of the Rules of Procedure of the Board of Directors (A+H)	Reason for and Basis of Amendment
<p>The notice convening a meeting of the Board of Directors shall be issued in any of the following ways: by hand, by fax, by mail/post, by e-mail. Provisions on delivery date of notices shall be implemented in accordance with Article 331 of the Articles of Association of the Bank.</p>	<p>The notice of convening a meeting of the Board of Directors shall be issued in any of the following ways: by hand, by fax, by mail/post, by e-mail. Provisions on delivery date of notices shall be implemented in accordance with <del>the Article 331</del> of the Articles of Association of the Bank. <b><u>Where the notice is not served directly, telephone acknowledgement and records shall be made accordingly.</u></b></p>	
<p><b>Article 38</b> Where two (2) or more independent directors consider that such meeting materials are insufficient or that the arguments are ambiguous, they may jointly submit a written request to the Board of Directors proposing to postpone the convening of the Board meeting or postpone the discussion of such matter, and the Board of Directors shall comply with such requests.</p>	<p><b>Article 37</b> Where <b><u>more than half of attending directors or</u></b> two (2) or more independent directors consider <b><u>the proposal to be indefinite and unspecific, or an informed judgement cannot be made due to</u></b> insufficient meeting materials or ambiguous arguments, they may jointly submit a written request to the Board of Directors proposing to postpone the convening of the Board meeting or postpone the discussion of such matter, and the Board of Directors shall comply with such requests.</p> <p><b><u>Directors who suggest suspending the voting shall put forward specific requirements necessary for the resubmission of a proposal.</u></b></p>	<p>Amendment made with reference to Article 24 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange.</p>

**APPENDIX XV COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Directors	Provisions of the Rules of Procedure of the Board of Directors (A+H)	Reason for and Basis of Amendment
<p><b>Article 39</b> Board meetings shall only be held when more than half of the directors attend the meeting. Directors who have material interest in the matters to be discussed by the Board of Directors shall abstain 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 related party transactions of the Board of Directors shall be adopted by more than half of the directors without material interest in the matter to be resolved. Where less than three (3) directors with no material interest in the matter are present at the Board meeting, such proposals shall be submitted to the shareholders for approval.</p> <p>.....</p>	<p><b>Article 398</b> Board meetings shall only be held when more than half of the directors attend the meeting. <b><u>If relevant directors refuse to attend the meeting or are negligent in not attending the meeting, which causes the number of attendees fail to meet the requirement for the minimum number of attendees for the convening of the meeting, the chairman of the Board of Directors and secretary of the Board shall report to relevant regulatory authorities in time. The number of directors who express opinions by way of video or telephone and directors who cast valid votes within prescribed period at a meeting convened through circulation of written proposal shall be counted in the number of directors present at such meeting.</u></b></p> <p>Directors who have material interest in the matters to be discussed by the Board of Directors shall abstain and shall not exercise their voting rights on such proposal, nor can he/she exercise any voting rights on behalf of others <b><u>when relevant matters are considered by the Board of Directors. The number of such directors shall not be counted in the quorum while considering the resolution, unless otherwise specified in laws, administrative regulations, rules and relevant regulations of the securities regulatory authorities in the place where the shares of the Bank are listed.</u></b> The Board meeting <b><u>for considering above specific matters</u></b> shall only be held if more than half of the directors who do not have any material interest are present. Resolutions approving related party transactions of the Board of Directors shall be adopted by more than half of the directors without material interest in the matter to be resolved.</p> <p>Where less than three (3) directors with no material interest in the matter are present at the Board meeting, such proposals shall be submitted to the shareholders for approval.</p> <p>.....</p>	<p>Amendment for improvement made in accordance with the requirements of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange and the Implementation Guidance Relating to the Related Party Transactions of the Companies Listed on the Shanghai Stock Exchange, the amendments considered and approved at the third meeting of the fourth session of the Board of Directors (see Appendix IV to this circular) and with reference to the rules in the banking industry.</p>

**APPENDIX XV COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Directors	Provisions of the Rules of Procedure of the Board of Directors (A+H)	Reason for and Basis of Amendment
<p><b>Article 40</b></p> <p>.....</p> <p>A non-director president attending the meetings of the Board of Directors shall have no voting rights at the Board meeting. When necessary, other senior management personnel of the Bank may attend the Board meetings.</p>	<p><b>Article 39</b></p> <p>.....</p> <p>A non-director president <b>and the secretary of the Board of Directors shall attend</b> the meetings of the Board of Directors, but have no voting rights at the Board meeting. When <del>necessary</del>, <del>other senior management personnel of the Bank may</del> <b>the meeting presider deems it necessary, other relevant personnel may be notified to</b> attend the Board meetings.</p>	<p>Amendment made with reference to subparagraph 2 of Article 11 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange.</p>
<p><b>Article 41</b> Directors shall attend Board meetings in person. If a director cannot attend a meeting due to certain reasons, he may appoint another director in writing to attend on his behalf.</p> <p>The proxy letter shall state the name of the proxy, the relevant matters, the scope of authorization and the validity period, and shall be signed by the appointer or a chop shall be affixed.</p>	<p><b>Article 41</b> Directors shall attend Board meetings in person. If a director cannot attend a meeting due to certain reasons, he <b>shall review the meeting materials in advance and form a clear opinion,</b> and may appoint another director <del>in writing</del> <b>by signing a proxy letter</b> to attend on his behalf.</p> <p>The proxy letter shall specify:</p> <p><b>(1) names of the appointer and proxy;</b></p> <p><b>(2) brief comments of the appointer on each proposal;</b></p>	<p>Amendment for improvement made in accordance with Article 12 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange and based on the actual circumstances of the Bank.</p>

**APPENDIX XV      COMPARATIVE TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE OF THE BOARD OF DIRECTORS  
IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Directors	Provisions of the Rules of Procedure of the Board of Directors (A+H)	Reason for and Basis of Amendment
<p>A director attending a meeting on another director's behalf shall exercise the director's rights within the scope of authorization. If a director does not attend the Board meeting and fails to appoint a proxy to attend the meeting, it shall be deemed as a waiver of his voting right at such a meeting.</p>	<p><b><u>(3) appointer's scope of authority and voting intention on the proposal;</u></b></p> <p><b><u>(4) appointer's signature, date of the signature, etc. state the name of the proxy, the relevant matters, the scope of authorization and the validity period, and shall be signed by the appointer or a chop shall be affixed.</u></b></p> <p><b><u>The scope of authorization shall at least include that: the proxy is authorized to vote on appointer's behalf under the voting instruction; the proxy is authorized to sign the meeting documents such as resolutions and meeting minutes.</u></b></p> <p><b><u>The appointing director who authorizes another director to sign the written opinions for confirmation of the regular report shall make a special authorization in the proxy letter.</u></b></p> <p><b><u>The proxy director shall present the proxy letter to the presider of the meeting and state the details regarding the appointment of proxy in the attendance record.</u></b></p> <p>A director attending a meeting on another director's behalf shall exercise the director's rights within the scope of authorization. If a director does not attend the Board meeting and fails to appoint a proxy to attend the meeting, it shall be deemed as a waiver of his voting right at such a meeting.</p>	

**APPENDIX XV COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS IN CONNECTION WITH THE A SHARE OFFERING**

<b>Provisions of the Rules of Procedure of the Board of Directors</b>	<b>Provisions of the Rules of Procedure of the Board of Directors (A+H)</b>	<b>Reason for and Basis of Amendment</b>
<p><b>Article 56</b> Resolutions adopted at the Board meeting must be approved by more than half of the directors. If directors have material interest in the matters to be discussed by the Board of Directors, the resolutions shall be adopted by more than half of the directors without material interest in the matter to be resolved.</p> <p>The following matters shall be approved by more than two-thirds of all directors and the Board meeting shall not be convened by the adoption of written resolutions:</p> <p>(1) formulating the annual budget plan and final account plan of the Bank;</p> <p>.....</p> <p>(11) other matters required by the relevant laws, administrative regulations, departmental rules or the Articles of Association, or considered significant to the Bank by more than half of all directors that shall be approved and adopted by more than two-thirds of all directors.</p>	<p><b>Article 55</b> Resolutions adopted at the Board meeting must be approved by more than half of the directors. If directors have material interest in the matters to be discussed by the Board of Directors, the resolutions shall be adopted by more than half of the directors without material interest in the matter to be resolved.</p> <p>The following matters shall be approved by more than two-thirds of all directors and the Board meeting shall not be convened by the adoption of written resolutions:</p> <p>(1) formulating the annual budget plan and final account plan of the Bank;</p> <p>.....</p> <p>(11) other matters required by the relevant laws, administrative regulations, departmental rules or the Articles of Association, or considered significant to the Bank by more than half of all directors that shall be approved and adopted by more than two-thirds of all directors.</p> <p><b><u>If different resolutions conflict with each other in contents and meanings, the resolutions formed later in time shall prevail.</u></b></p>	<p>Amendment made with reference to Article 19 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange.</p>
<p>An article is added as Article 56, and the sequence numbers of other articles shall be changed accordingly.</p>	<p><b><u>Article 56 Where a proposal fails to be passed at a Board meeting, any proposal with the same contents shall not be considered again before the period of one month has lapsed in the absence of any significant changes in the relevant conditions and factors.</u></b></p>	<p>Amendment made with reference to Article 23 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange.</p>

**APPENDIX XV COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Directors	Provisions of the Rules of Procedure of the Board of Directors (A+H)	Reason for and Basis of Amendment
<p><b>Article 57</b> Minutes shall be taken to record the decisions of matters discussed in the meeting (in the form of meeting minutes or meeting resolutions, etc.). Directors attending the meeting and the secretary to the Board of Directors shall sign the minutes. Directors attending the meeting shall have the right to request to have the details of their speeches made in the meeting recorded in the minutes.</p> <p>.....</p>	<p><b>Article 57</b> Minutes shall be taken to record the decisions of matters discussed in the meeting (in the form of meeting minutes or meeting resolutions, etc.). Directors attending the meeting and the secretary to the Board of Directors shall sign <u>and confirm</u> the minutes. Directors attending the meeting shall have the right to request to have the details of their speeches made in the meeting recorded in the minutes. <u><b>If a director has different opinions on the meeting minutes, he/she can put forward the opinion in writing within 5 working days upon receiving the meeting minutes. Where necessary, the director may report the same to the regulatory authority or make a public declaration. If any director does not give confirmation by signature, nor does he/she express opinions or report his/her opinions to the regulatory authority or deliver a public declaration, such director shall be deemed to be in total agreement with the contents of the meeting minutes.</b></u></p> <p>.....</p>	<p>Amendment for improvement made to requirements on meeting minutes with reference to Article 28 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange and the amendments considered and approved at the third meeting of the fourth session of the Board of Directors (see Appendix IV to this circular).</p>
<p><b>Article 60</b> For confidential matters of Board meetings, the attendees and other persons who have knowledge of the matters shall ensure confidentiality and shall not make any disclosure. The Bank reserves its rights to take necessary action against the disclosure of such information.</p>	<p><b>Article 60</b> For <del>confidential matters</del> <u><b>Before the disclosure of an announcement of resolutions</b></u> of Board meetings, <del>the attendees and other persons who have knowledge of the matters shall ensure confidentiality</del> <u><b>the attending directors, the persons attending the meeting as non-voting delegates, the personnel for recording and other services, etc. shall be obliged to keep the resolutions confidential</b></u> and shall not make any disclosure. The Bank reserves its rights to take necessary action against the disclosure of such information.</p>	<p>Amendment made with reference to Article 29 of the Model Rules of Procedure for the Board of Directors of Listed Companies in the Shanghai Stock Exchange.</p>

**APPENDIX XV COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Directors	Provisions of the Rules of Procedure of the Board of Directors (A+H)	Reason for and Basis of Amendment
<p><b>Article 61</b> The Office of the Board of Directors shall send materials and information such as the resolutions of the Board of Directors to the department in charge of information disclosure according to the relevant requirements of information disclosure in a timely manner, and make disclosure according to the requirements of regulatory authorities on information disclosure.</p>	<p><b>Article 61</b> The Office of the Board of Directors shall send materials and information such as the resolutions of the Board of Directors to the department in charge of information disclosure according to the relevant requirements of information disclosure in a timely manner, and make disclosure <b>and filing</b> according to the requirements of regulatory authorities on the information disclosure.</p> <p><u>When the securities regulatory authority of the jurisdiction in which the Bank's shares are listed requires for the minutes of the Board meeting, the Bank shall provide such minutes as required.</u></p>	<p>To improve the relevant content of the announcement of Board resolutions in accordance with Article 8.1.1 of the Listing Rules of the Shanghai Stock Exchange.</p>
<p>An article is added as Article 62, and the sequence numbers of other articles shall be changed accordingly.</p>	<p><b>Article 62</b> <u>If a resolution of the Board of Directors relates to any matter that is subject to voting by the shareholders' general meeting or to any major matter that should be disclosed pursuant to the rules of the jurisdiction in which the shares of the Bank are listed, the Bank shall make timely disclosure thereof; if the resolution relates to other matters which the securities regulatory authority in the jurisdiction in which the shares of the Bank are listed deems necessary to be disclosed, the Bank shall also timely disclose them as required.</u></p> <p><u>If a resolution of the Board relates to a major matter that should be disclosed pursuant to the rules of the jurisdiction in which the shares of the Bank are listed, and an announcement thereof is required to comply with relevant provisions of the securities regulatory authority of the jurisdiction in which the shares of the Bank are listed or the guidelines on announcement format, the Bank shall separately disclose the announcement of resolution of the Board of Directors and that of relevant major matters.</u></p>	<p>To add relevant content of the announcement of Board resolutions in accordance with Articles 8.1.2 and 8.1.3 of the Listing Rules of the Shanghai Stock Exchange.</p>

**APPENDIX XV      COMPARATIVE TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE OF THE BOARD OF DIRECTORS  
IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Directors	Provisions of the Rules of Procedure of the Board of Directors (A+H)	Reason for and Basis of Amendment
An article is added as Article 63, and the sequence numbers of other articles shall be changed accordingly.	<p><b><u>Article 63 The announcement of a resolution of the Board of Directors shall include the following contents:</u></b></p> <p><b><u>(1) time and method of delivering the meeting notice;</u></b></p> <p><b><u>(2) time, venue and form of the meeting, and the description of compliance/non-compliance with relevant laws, administrative rules, departmental regulations, regulatory documents and the Articles of Association of the Bank;</u></b></p> <p><b><u>(3) number and name of directors absent and appointing others as proxies, reasons for absence, and the name of directors as proxies;</u></b></p> <p><b><u>(4) number of votes in favor of, against and abstain from voting on each proposal, and directors' reasons for casting against or abstention;</u></b></p> <p><b><u>(5) in case of a related party transaction, name of the directors who shall abstain from voting and reasons and details for abstention;</u></b></p> <p><b><u>(6) the independent directors' prior confirmation or opinions if prior confirmation or opinion by independent shareholders is needed;</u></b></p> <p><b><u>(7) specific contents of the matters reviewed and the resolutions adopted at the meeting.</u></b></p>	To add relevant content of the announcement of Board resolutions in accordance with Article 8.1.4 of the Listing Rules of the Shanghai Stock Exchange.

**APPENDIX XV COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Directors	Provisions of the Rules of Procedure of the Board of Directors (A+H)	Reason for and Basis of Amendment
<p><b>Article 69</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules 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 existing Rules of Procedure of the Board of Directors of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.</p>	<p><b>Article 71</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules shall become effective from the date on which the <del>domestically listed shares</del> H shares publicly offered by the Bank are listed on <u>the Shanghai Stock Exchange</u> <del>The Stock Exchange of Hong Kong Limited</del> for trading. The existing Rules of Procedure of Board of Directors of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.</p>	<p>Amendment for improvement made based on the actual circumstances of the Bank.</p>

*Notes:*

1. The above amendment table does not show the corresponding adjustment of sequence numbers of cross-reference clauses according to the amendments to the Rules of Procedure of the Board of Directors (A+H) based on the existing Rules of Procedure of the Board of Directors and the amendment of individual numbers into Chinese characters in order to unify the format of the numbers of the Rules of Procedure of the Board of Directors.
2. The Rules of Procedure of the Board of Directors and the Rules of Procedure of the Board of Directors (A+H) are prepared in Chinese, and translated into English. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.
3. If Resolution 12 set out in the circular (namely, the amendments to the Rules of Procedure of the Board of Directors) is approved at the AGM, the amendments to the Rules of Procedure of the Board of Directors under such resolution will automatically be a part of the Rules of Procedure of the Board of Directors (A+H).

**APPENDIX XVI COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF SUPERVISORS IN CONNECTION WITH THE A SHARE OFFERING**

*The table below set out the material amendments of the Rules of Procedure of the Board of Supervisors (A+H) against the Rules of Procedure of the Board of Supervisors, and the reasons for or basis of such amendments. After obtaining the approvals from the Shareholders at the AGM, the Rules of Procedure of the Board of Supervisors (A+H) will take effect from the A Share Listing Date.*

<b>Provisions of the Rules of Procedure of the Board of Supervisors</b>	<b>Provisions of the Rules of Procedure of the Board of Supervisors (A+H)</b>	<b>Reason for or Basis of Amendment</b>
<b>CHAPTER 1 GENERAL PROVISIONS</b>	<b>CHAPTER 1 GENERAL PROVISIONS</b>	
<p><b>Article 1</b> These Rules are formulated in accordance with relevant requirements of laws, administrative regulations, departmental rules and regulatory documents such as the Company Law of the People’s Republic of China, the Commercial Banking Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Guidelines for the Corporate Governance of Commercial Banks and the Working Guidelines of the Board of Supervisors of Commercial Banks and the relevant provisions under the Articles of Association of Huishang Bank Corporation Limited (the “Articles of Association”) and based on the actual circumstances of Huishang Bank Corporation Limited (the “Bank”), for the purpose of improving the corporate governance structure of Huishang Bank Corporation Limited (the “Bank”), and ensuring the Board of Supervisors exercising the supervising rights legally and independently.</p>	<p><b>Article 1</b> These Rules are formulated in accordance with relevant requirements of laws, administrative regulations, departmental rules and regulatory documents such as the Company Law of the People’s Republic of China, <u>the Securities Law of the People’s Republic of China</u>, the Commercial Banking Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, <u>the Code of Corporate Governance for Listed Companies</u>, the Guidelines for the Corporate Governance of Commercial Banks and the Working Guidelines of the Board of Supervisors of Commercial Banks and the relevant provisions under the Articles of Association of Huishang Bank Corporation Limited (the “Articles of Association”) and based on the actual circumstances of Huishang Bank Corporation Limited (the “Bank”), for the purpose of improving the corporate governance structure of Huishang Bank Corporation Limited (the “Bank”), and ensuring the Board of Supervisors exercising the supervising rights legally and independently.</p>	<p>Amendment made based on the actual circumstance of the A Share Offering.</p>

**APPENDIX XVI COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF SUPERVISORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Supervisors	Provisions of the Rules of Procedure of the Board of Supervisors (A+H)	Reason for or Basis of Amendment
<p><b>Article 25</b> If the Board of Supervisors discovers that the Board of Directors, and its members senior management have acted in violation of laws, administrative regulations, departmental rules and the Articles of the Association etc., it shall make proposals to punish the responsible persons and promptly issue a notice stipulating correctional measures to be undertaken within a specified period. The Board of Directors or the senior management shall promptly undertake the specified punishment or correctional measures and make a written report to the Board of Supervisors.</p> <p>If the Board of Directors and the senior management refuse or delay to adopt the punishment and correctional measures, the Board of Supervisors shall have the right to report it to the shareholders' general meeting or propose the convening of an extraordinary general meeting. When necessary, the Board of Supervisors may report the conduct to the banking regulatory authority.</p>	<p><del>Article 25</del> <b>Article 24</b> If the Board of Supervisors discovers that the Board of Directors, the senior management and its members have acted in violation of laws, regulations, administrative rules or the Articles of Association, it shall <u><b>require the rectification within a specified period, and suggest that any responsible persons shall be penalized. If there are problems in important financial decision-making and implementation, the Board of Supervisors shall order the rectification. The Board of Supervisors may report to the banking regulatory authorities, domestic securities regulatory authority and other relevant regulatory authorities when necessary.</b></u> Make proposals to punish the responsible persons and promptly issue a notice stipulating correctional measures to be undertaken within a specified period. The Board of Directors or the senior management shall promptly undertake the specified punishment or correctional measures and make a written report to the Board of Supervisors.</p> <p><del>If the Board of Directors and the members of senior management refuse or delay to adopt the punishment and correctional measures, the Board of Supervisors shall have the right to report it to the shareholders' general meeting or propose the convening of an extraordinary general meeting. When necessary, the Board of Supervisors may report the conduct to the banking regulatory authority.</del></p>	<p>Amendment for improvement made in accordance with Article 50 of the Code of Corporate Governance for Listed Companies and the amendments considered and approved at the fourth meeting of the fourth session of the Board of Supervisors (see Appendix V to this circular).</p>

**APPENDIX XVI COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF SUPERVISORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Supervisors	Provisions of the Rules of Procedure of the Board of Supervisors (A+H)	Reason for or Basis of Amendment
<p><b>Article 34</b> An interim meeting of the Board of Supervisors shall be convened and presided over by the chairman of the Board of Supervisors within ten (10) days if any of the following events occurs:</p> <p>(1) the chairman of the Board of Supervisors deems the meeting to be necessary;</p> <p>(2) more than (1/3) one-third of the supervisors have made a proposal requesting the meeting;</p> <p>(3) all external supervisors have made a proposal requesting the meeting; or</p> <p>(4) any other situations specified by laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles of Association.</p>	<p><del>Article 34</del> <b>Article 33</b> An interim meeting of the Board of Supervisors shall be convened and presided over by the chairman of the Board of Supervisors within <u>ten</u> (<del>10</del>) days if any of the following events occurs:</p> <p>(1) the chairman of the Board of Supervisors deems the meeting to be necessary;</p> <p>(2) more than (<del>1/3</del>) <b>one-third</b> of the supervisors have made a proposal requesting the meeting;</p> <p>(3) all external supervisors have made a proposal requesting the meeting;</p> <p><b><u>(4) a shareholders' general meeting or a Board meeting has passed any resolution which violates relevant laws, regulations, rules, provisions and requirements of the relevant regulatory authority, the Articles of Association of the Bank, resolutions of the shareholders' general meeting or any other relevant provisions;</u></b></p> <p><b><u>(5) improper acts of the directors and senior management may possibly give rise to material damages to the Bank or bad impacts on the markets;</u></b></p> <p><b><u>(6) shareholders file a legal action against the Bank, directors, supervisors or senior management;</u></b></p> <p><b><u>(7) the Bank, directors, supervisors or senior management are punished by the securities regulatory authority or condemned in public by a stock exchange;</u></b></p> <p><b><u>(8) the securities regulatory authority requires to hold such meeting;</u></b></p> <p>(<del>9</del>) any other situations specified by laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles of Association.</p>	<p>Amendment for improvement made with reference to Article 3 of the Model Rules of Procedure for the Board of Supervisors of Listed Companies in the Shanghai Stock Exchange.</p>

**APPENDIX XVI COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF SUPERVISORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Supervisors	Provisions of the Rules of Procedure of the Board of Supervisors (A+H)	Reason for or Basis of Amendment
<p><b>Article 38</b> The notice regarding the regular meeting for the Board of Supervisors shall be served to all supervisors 10 days before the meeting date, and the documents to be used in the meeting shall be served on all supervisors 5 days before the meeting date.</p> <p>The notice regarding the interim meeting for the Board of Supervisors shall be in writing and served to all supervisors 5 days before the meeting date, and the documents to be used in the meeting shall be served on all supervisors 3 days before the meeting date.</p> <p>Where there are emergency situations, the interim meeting shall be held as soon as possible, and the service of the notice regarding the meeting and documents to be used in the meeting shall not be subject to the time-limits of the preceding paragraph but nonetheless it must guarantee that such notice and documents will be served on the supervisors before the meeting.</p>	<p><b>Article 38</b> The notice regarding the regular meeting for the Board of Supervisors shall be served to all supervisors <del>10</del> <b>ten</b> days before the meeting date, and the <del>documents</del> <b>materials</b> to be used in the meeting shall be served on all supervisors <del>5</del> <b>five</b> days before the meeting date.</p> <p>The notice regarding the interim meeting for the Board of Supervisors shall be in writing and served to all supervisors <del>5</del> <b>five</b> days before the meeting date, and the <del>documents</del> <b>materials</b> to be used in the meeting shall be served on all supervisors <del>3</del> <b>three</b> days before the meeting date.</p> <p>Where there are emergency situations, the interim meeting shall be held as soon as possible, and the service of the notice regarding the meeting and <del>documents</del> <b>materials</b> to be used in the meeting shall not be subject to the time-limits of the preceding paragraph but nonetheless it must guarantee that such notice and <del>documents</del> <b>materials</b> will be served on the supervisors before the meeting, <b>and the meeting convener shall make an explanation at the meeting.</b></p>	<p>Amendment for improvement made with reference to subparagraph 2 of Article 7 of the Model Rules of Procedure for the Board of Supervisors of Listed Companies in the Shanghai Stock Exchange and the amendments considered and approved at the fourth meeting of the fourth session of the Board of Supervisors (see Appendix V to this circular).</p>

**APPENDIX XVI COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF SUPERVISORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Supervisors	Provisions of the Rules of Procedure of the Board of Supervisors (A+H)	Reason for or Basis of Amendment
<p><b>Article 39</b> The notice regarding the meeting of the Board of Supervisors shall contain the following contents:</p> <p>(1) the date, time and place of the meeting;</p> <p>(2) the duration of the meeting;</p> <p>(3) the reason for holding the meeting and topics for discussion;</p> <p>(4) the date of issuance of the meeting notice; and</p> <p>(5) the contact persons of the meeting and their contact information.</p> <p>The notice of convening a meeting of the Board of Supervisors shall be issued in any of the following ways: by hand, by fax, by mail/post, by e-mail. Provisions on delivery date of notices shall be implemented in accordance with Article 331 of the Articles of Association of the Bank.</p>	<p><b>Article 39</b> The notice regarding the meeting of the Board of Supervisors shall contain the following contents:</p> <p>(1) the date, time and place of the meeting;</p> <p>(2) the duration of the meeting;</p> <p>(3) the reason for holding the meeting and topics for discussion;</p> <p>(4) the date of issuance of the meeting notice;</p> <p><b><u>(5) meeting convener and president, the person proposing to convene interim Board meetings and his/her written proposals;</u></b></p> <p><b><u>(6) the requirements for supervisors to attend in person or appoint other supervisors to attend the meeting on his/her behalf; and</u></b></p> <p>(7) the contact persons of the meeting and their contact information.</p> <p>The notice of convening a meeting of the Board of Supervisors shall be issued in any of the following ways: by hand, by fax, by mail/post, by e-mail. Provisions on delivery date of notices shall be implemented in accordance with the <del>Article 331</del> <b>relevant provisions</b> of the Articles of Association of the Bank. <b><u>Where the notice is not served directly, telephone acknowledgement and records shall be made accordingly.</u></b></p>	<p>Amendment made with reference to Article 8 and subparagraph 1 of Article 7 of the Model Rules of Procedure for the Board of Supervisors of Listed Companies in the Shanghai Stock Exchange and to keep consistent with the amendments to the Rules of Procedure of the Board of Directors.</p>

**APPENDIX XVI COMPARATIVE TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE OF THE BOARD OF SUPERVISORS  
IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Supervisors	Provisions of the Rules of Procedure of the Board of Supervisors (A+H)	Reason for or Basis of Amendment
<p><b>Article 43</b> Where all external supervisors consider that such meeting resolution materials of the Board of Supervisors are insufficient or that the arguments are ambiguous, they may jointly submit a written request to postpone the convening of meeting of the Board of Supervisors or postpone the discussion of such proposal, and the Board of Supervisors shall comply with such requests.</p>	<p><b>Article 43</b> Where all external supervisors consider that such meeting resolution materials of the Board of Supervisors are insufficient or that the arguments are ambiguous, they may jointly submit a written request to postpone the convening of meeting of the Board of Supervisors or postpone the discussion of such proposal, and the Board of Supervisors shall comply with such requests.</p> <p><u>Supervisors who suggest postponement shall put forward specific requirements necessary for the resubmission of a proposal.</u></p>	<p>Amendment for improvement.</p>
<p><b>Article 45</b> The meeting of the Board of Supervisors shall only be held if more than half of all the supervisors are present at the meeting.</p>	<p><b>Article 45</b> The meeting of the Board of Supervisors shall only be held if more than half of all the supervisors are present at the meeting. <u>If relevant supervisors refuse to attend the meeting or are negligent in not attending the meeting, which causes the number of attendees fail to meet the requirement for the minimum number of attendees for the convening of the meeting, the other supervisors shall report to the regulatory authorities in time.</u></p> <p><u>The secretary to the Board of Directors shall attend the meeting of the Board of Supervisors.</u></p>	<p>Amendment made with reference to Article 10 of the Model Rules of Procedure for the Board of Supervisors of Listed Companies in the Shanghai Stock Exchange.</p>

**APPENDIX XVI COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF SUPERVISORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Supervisors	Provisions of the Rules of Procedure of the Board of Supervisors (A+H)	Reason for or Basis of Amendment
<p><b>Article 61</b> Minutes shall be taken to record the decisions of matters discussed at the meeting (in the form of meeting minutes or meeting resolutions, etc.). Supervisors attending the meetings shall sign the meeting minutes. Supervisors shall have the right to request explanatory notes regarding any remarks that have been made during the meeting to be placed in the minutes.</p> <p>As the Bank’s files, the minutes of the Board of Supervisors’ meetings shall be kept by the Office of the Board of Supervisors in accordance with the Bank’s record management guidelines for a period of not less than ten (10) years.</p>	<p><b>Article 61</b> Minutes shall be taken to record the decisions of matters discussed at the meeting (in the form of meeting minutes or meeting resolutions, etc.). Supervisors attending the meetings shall sign the meeting minutes. Supervisors shall have the right to request explanatory notes regarding any remarks that have been made during the meeting to be placed in the minutes. <b><u>If any supervisor has different opinions on the meeting minutes, he/she may make a written explanation when signing his/her name. Where necessary, the supervisor may report the same to the regulatory authority or make a public declaration. If any supervisor does not give confirmation by signature in accordance with the preceding paragraph, nor does he/she express different opinions with written explanation, or report his/her different opinions to the regulatory authority or deliver a public declaration, such supervisor shall be deemed to be in total agreement with the contents of the meeting minutes.</u></b></p> <p>As the Bank’s files, <b><u>meeting notices, meeting materials, attendance lists of the meeting, audio record of the meeting, ballot paper, meeting minutes signed by the attending supervisors for confirmation, announcement of resolutions</u></b> the minutes of the Board of Supervisors’ meetings shall be kept by the Office of the Board of Supervisors in accordance with the Bank’s record management guidelines for a period of not less than ten (10) years.</p>	<p>Amendment for improvement made with reference to Article 14 and Article 18 of Model Rules of Procedure for the Board of Supervisors of Listed Companies in the Shanghai Stock Exchange.</p>

**APPENDIX XVI COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF SUPERVISORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Supervisors	Provisions of the Rules of Procedure of the Board of Supervisors (A+H)	Reason for or Basis of Amendment
<p><b>Article 62</b> The minutes of the Board of Supervisors shall include the following:</p> <p>(1) the meeting date and venue, the name of the convener or president;</p> <p>(2) the names of the supervisors attending the meeting and names of the supervisors (proxies) appointed by others to attend the meeting;</p> <p>(3) the agenda of the meeting;</p> <p>(4) the main points of the speeches made by the supervisors; and</p> <p>(5) the method and results of the voting for each proposal (the voting results shall state the numbers of votes voting in the affirmative, negative, or in abstention).</p>	<p><b>Article 62</b> The minutes of the Board of Supervisors shall include the following:</p> <p>(1) the meeting date and venue, <b><u>mode of convening</u></b>, the name of the convener <del>or</del> <b><u>and</u></b> president;</p> <p><b><u>(2) the delivery of the notice of meeting;</u></b></p> <p><del>(23)</del> the names of the supervisors attending the meeting and names of the supervisors (proxies) appointed by others to attend the meeting;</p> <p><del>(34)</del> the agenda of the meeting;</p> <p><b><u>(45) the proposals considered at the meeting, key summaries and main opinions of supervisors on relevant issues, and voting intentions on the proposals;</u></b> <del>the main points of the speeches made by the supervisors; and</del></p> <p><del>(56)</del> the method and results of the voting for each proposal (the voting results shall state the numbers of votes voting in the affirmative, negative, or in abstention);</p> <p><b><u>(7) other issues that the attending supervisors consider necessary.</u></b></p>	<p>Amendment made with reference to Article 14 of the Model Rules of Procedure for the Board of Supervisors of Listed Companies in the Shanghai Stock Exchange.</p>

**APPENDIX XVI COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF SUPERVISORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Supervisors	Provisions of the Rules of Procedure of the Board of Supervisors (A+H)	Reason for or Basis of Amendment
<p><b>Article 64</b> The Office of the Board of Supervisors shall send materials and information such as the resolutions of the Board of Supervisors to the department in charge of information disclosure according to the relevant requirements of information disclosures in a timely manner, and make disclosure according to the requirements of regulatory authorities on information disclosure.</p>	<p><b>Article 64</b> The Office of the Board of Supervisors shall send materials and information such as the resolutions of the Board of Supervisors to the department in charge of information disclosure according to the relevant requirements of information disclosures in a timely manner, and make disclosure <b>and filing</b> according to the requirements of regulatory authorities on the information disclosure.</p> <p><u>The resolutions of the Board of Supervisors shall be confirmed through signature by the supervisors attending the meeting. Supervisors shall guarantee the truthfulness, accuracy, completeness of the contents of the announcement of the resolution of the Board of Supervisors, and no false, misleading statements or material omissions are present.</u></p>	<p>To improve the relevant content of the announcement of Board of Supervisors' resolutions in accordance with Article 8.1.5 of the Listing Rules of the Shanghai Stock Exchange.</p>
<p>A new article is added as Article 65, the other articles shall be re-numbered in sequence.</p>	<p><b>Article 65</b> <u>The announcement of a resolution of the Board of Supervisors shall include the following contents:</u></p> <p><u>(1) time, venue and form of the meeting, and the description of compliance/non-compliance with relevant laws, administrative rules, regulations, regulatory documents and the Articles of Association of the Bank;</u></p> <p><u>(2) number and name of supervisors absent and present, reasons for absence, and the name of supervisors as proxies;</u></p> <p><u>(3) number of votes in favor of, against and abstention from voting on each proposal, and supervisors' reasons for casting against or abstention;</u></p> <p><u>(4) specific contents of the matters reviewed and the resolutions adopted at the meeting.</u></p>	<p>To improve the relevant content of the announcement of Board of Supervisors' resolutions in accordance with Article 8.1.6 of the Listing Rules of the Shanghai Stock Exchange.</p>

**APPENDIX XVI COMPARATIVE TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF SUPERVISORS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the Rules of Procedure of the Board of Supervisors	Provisions of the Rules of Procedure of the Board of Supervisors (A+H)	Reason for or Basis of Amendment
<p><b>Article 74</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules 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 existing Rules of Procedure of the Board of Supervisors of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.</p>	<p><b>Article 74</b> Upon approval at a shareholders' general meeting by way of ordinary resolution, these Rules shall become effective from the date on which <b><u>the domestically listed shares publicly offered by the Bank are listed on the Shanghai Stock Exchange</u></b><del>the H shares publicly offered by the Bank are listed on The Stock Exchange of Hong Kong Limited for trading.</del> The existing Rules of Procedure of the Board of Supervisors of the Bank shall automatically cease to have any force from the effective date of these Rules. Any amendments to these Rules shall be implemented upon approval at the shareholders' general meeting by way of ordinary resolution.</p>	<p>Amendment made in accordance with the actual circumstances of the A Share Offering.</p>

*Notes:*

1. The above amendment table does not show the corresponding adjustment of sequence numbers of cross-reference clauses according to the amendments to the Rules of Procedure of the Board of Supervisors (A+H) based on the existing Rules of Procedure of the Board of Supervisors and the amendment of individual numbers into Chinese characters in order to unify the format of the numbers of the Rules of Procedure of the Board of Supervisors.
2. The Rules of Procedure of the Board of Supervisors and the Rules of Procedure of the Board of Supervisors (A+H) are prepared in Chinese, and translated into English. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.
3. If Resolution 13 set out in the circular (namely, the amendments to the Rules of Procedure of the Board of Supervisors) is approved at the AGM, the amendments to the Rules of Procedure of the Board of Supervisors under such resolution will automatically be a part of the Rules of Procedure of the Board of Supervisors (A+H).

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

The table below sets out the material amendments to the Administrative Measures for the Control of Related Party Transactions (A+H) against the Administrative Measures for the Control of Related Party Transactions, and the reasons for or basis of such amendments. After obtaining the approvals from the Shareholders at the AGM, the Administrative Measures for the Control of Related Party Transactions (A+H) will take effect from the A Share Listing Date.

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<b>Chapter 1 General Provisions</b>	<b>Chapter 1 General Provisions</b>	
<p><b>Article 1</b> 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 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><b>Article 1</b> 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 Related Party Transactions”) issued by the China Banking and Insurance Regulatory Commission (hereinafter referred to as the “CBIRC”) <u>the Interim Measures for the Equity Management of Commercial Banks, the Administration Measures for Information Disclosure of Listed Companies issued by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), the Implementation Guidance Relating to the Related Party Transactions of the Companies Listed on the Shanghai Stock Exchange (hereinafter referred to as the “Implementation Guidance of Related Party Transactions”) and the Listing Rules of the Shanghai Stock Exchange (hereinafter referred to as the “Listing Rules of Shanghai Stock Exchange”) issued by the Shanghai Stock Exchange (hereinafter referred to as the “Shanghai Stock Exchange”),</u> the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules of the Hong Kong Stock Exchange”) 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>Amendment made pursuant to the actual circumstance of the A Share Offering of the Bank.</p>

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<p><b>Article 2</b> The Bank shall follow the following general principles in relation to its related party transactions:</p> <p>(1) Fair pricing, compliance with decision-making procedures and standards of information disclosure;</p> <p>(2) compliance with applicable laws, administrative regulations, the Listing Rules, the national unified accounting standards and relevant regulatory requirements;</p> <p>(3) in accordance with commercial principles, whereby the terms should be no more favorable than similar non-related party transactions.</p>	<p><b>Article 2</b> The Bank shall follow the following general principles in relation to its related party transactions:</p> <p>(1) Fair pricing, compliance with decision-making procedures and standards of information disclosure;</p> <p>(2) compliance with applicable laws, administrative regulations, <b><u>the Listing Rules of the Shanghai Stock Exchange, the Implementation Guidance of Related Party Transactions</u></b>, the Listing Rules <b><u>of the Hong Kong Stock Exchange</u></b>, the national unified accounting standards and relevant regulatory requirements;</p> <p>(3) in accordance with commercial principles, whereby the terms should be no more favorable than similar non-related party transactions.</p>	<p>Amendment made pursuant to the actual circumstance of the A Share Offering of the Bank.</p>
<p>A new article is added as Article 4, the other articles shall be re-numbered in sequence.</p>	<p><b><u>Article 4 In respect of the disclosure of related parties and related party transactions in the non-financial sections of the interim and periodic reports, the Bank shall comply with the Listing Rules of the Shanghai Stock Exchange, the Contents and Form of the Information Disclosure of the Companies Offering Securities to Public No. 2 – the Contents and Form of Annual Report, the Implementation Guidance of Related Party Transactions and the Listing Rules of the Hong Kong Stock Exchange.</u></b></p> <p><b><u>In respect of the disclosure of related parties and related parties transactions in the financial sections of the periodic report, the Bank shall comply with the Enterprise Accounting Standard No. 36 – Disclosure of Related Party and the International Financial Reporting Standards.</u></b></p>	<p>Addition made pursuant to Article 4 of the the Implementation Guidance of Related Party Transactions and based on the fact that the Bank has already issued H Shares.</p>

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<b>Chapter 2 Identification and Classification of Related Parties</b>	<b>Chapter 2 Identification and Classification of Related Parties</b>	
<p><b>Article 5</b> 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 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><b>Article 56</b> The Bank’s related parties include those defined by the CBIRC, <b><u>domestic securities regulatory authorities (including the CSRC, the Shanghai Stock Exchange, same as below)</u></b>, the Hong Kong Stock Exchange, 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 the Administrative Measures for Related Party Transactions <b><u>and Interim Measures for the Equity Management of Commercial Banks.</u></b></p> <p><b><u>The term “Related Party” as defined by the domestic securities regulatory authorities refers to the definition used in the Administration Measures for Information Disclosure of Listed Companies, the Listing Rules of the Shanghai Stock Exchange and the Implementation Guidance of Related Party Transactions.</u></b></p> <p>The term “Related Party” as defined by the Hong Kong Stock Exchange refers to the definition used in the Listing Rules <b><u>of the Hong Kong Stock Exchange.</u></b></p> <p>Please refer to Appendix 1 of the Measures for the above-defined Related Party.</p>	Amendment made pursuant to the actual circumstance of the A Share Offering of the Bank.
<b>Chapter 3 Reporting and Management of Information Relating to Related Party</b>	<b>Chapter 3 Reporting and Management of Information Relating to Related Party</b>	
A new article is added as Article 13, the other articles shall be re-numbered in sequence.	<b><u>Article 13</u></b> <b><u>The Bank shall promptly complete and update online the list of the Bank’s related parties (as defined by domestic securities regulatory authorities) and relevant information on the website of the Shanghai Stock Exchange.</u></b>	Amendment made pursuant to Article 15 of the Implementation Guidance of Related Party Transactions.

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<p><b>Article 14</b> The Bank shall disclose the related relationship between the related persons and the Bank and state:</p> <p>(1) full name and organization code (if any) of the controllers or stake holders;</p> <p>(2) full name and organization code (if any) of the controlled parties or the invested parties;</p> <p>(3) the percentage of the total share capital of the controlled parties or invested parties held by the controllers or investors, etc.</p>	<p><b>Article 146</b> The Bank shall disclose the related relationship between the related <del>persons</del><u>parties</u> and the Bank and state:</p> <p>(1) full name and organization code (if any) of the controllers or stake holders;</p> <p>(2) full name and organization code (if any) of the controlled parties or the invested parties;</p> <p>(3) the percentage of the total share capital of the controlled parties or invested parties held by the controllers or investors, etc.</p>	Amendments for improvement.
<p><b>Article 15</b> 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>	Delete this article	Deleted as it is overlapped with Article 14 (existing Article 12) of the Measures.
<b>Chapter 4 Definition and Classification of Related Party Transactions</b>	<b>Chapter 4 Definition and Classification of Related Party Transactions</b>	
<p><b>Article 17</b> 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><b>Article 178</b> 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>related party transactions defined by domestic securities regulatory authorities</u>, related party transactions defined by the Hong Kong Stock Exchange, and the related party transactions with the 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>	Amendment made pursuant to the actual circumstance of the A Share Offering of the Bank.

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<p><b>Article 18</b> 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>.....</p>	<p><b>Article 189</b> The related party transactions with related parties defined by the CRIBR 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 CRIBR 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 CRIBR 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>.....</p>	<p>Amendments for improvement</p>
<p>A new article is added as Article 20, the other articles shall be re-numbered in sequence.</p>	<p><b><u>Article 20 The related party transactions of the Bank as defined by domestic securities regulatory authorities are classified into the following categories: those should be disclosed; those should be submitted to the board of directors and shareholders’ general meeting for consideration and approval and disclosed; and other types of related party transactions.</u></b></p>	<p>Conclusion and amendment made pursuant to Articles 18, 19 and 20 of the Implementation Guidance of Related Party Transactions.</p>

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<p><b>Article 19</b> 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 (5) 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(3)(1)(A)(ii) of Appendix 2 conducted on normal commercial terms or better in the Bank’s ordinary and usual course of business;</p> <p>(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><b>Article 1921</b> The Hong Kong Stock Exchange classifies the related party transactions by percentage ratios and nature into <b><u>the following categories: transactions fully exempt from shareholders’ approval, annual review and all relevant disclosure requirements (hereinafter referred to as “fully-exempt related party transactions”); related party transactions exempt from shareholders’ approval (hereinafter referred to as “partially-exempt related party transactions”); and related party transactions that should comply with shareholders’ approval, annual review and all relevant disclosure requirements (hereinafter referred to as “non-exempt related party transactions”).</u></b> Calculation of the percentage ratios are set out in paragraph (5) of this Article.</p> <p>(I) Fully exempt related party transactions</p> <p>(1) <b><u>related party transactions (other than an issue of new securities) between the Bank and a related party conducted on normal commercial terms or better will be fully exempt if all the percentage ratios (other than the profits ratio) meet one of the following requirements:</u></b></p> <p><b><u>(A) less than 0.1%</u></b></p> <p><b><u>(B) less than 1% and the transaction is a related party transaction only because it involves related person(s) at the subsidiary level; or</u></b></p> <p><b><u>(C) less than 5% and the total consideration (or in the case of any financial assistance, the total value of the financial assistance plus any monetary advantage to the related persons or commonly held entity) is less than HK\$3,000,000</u></b></p>	<p>Simplified, supplemented and optimized the original expressions pursuant to Chapter 14A of the Listing Rules.</p>

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<p>(3) Provision of financial assistance for the interest of related companies described in Article 2 (3)(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(3)(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><b><u>(2) Fully exempt financial assistances, which include:</u></b></p> <p><b><u>(A) provision of financial assistance for the interest of the related persons or related companies described in Article 3(3) of Appendix 2 conducted on normal commercial terms or better in the Bank's ordinary and usual course of business;</u></b></p> <p><b><u>(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:</u></b></p> <p><b><u>(i) all the percentage ratios of the financial assistance are less than 0.1% (other than the profits ratio); or</u></b></p> <p><b><u>(ii) all the percentage ratios of the financial assistance are less than 1% (other than the profits ratio), and the transaction is a related party transaction only because it involves related person(s) at the subsidiary level; or</u></b></p> <p><b><u>(iii) all the percentage ratios (other than the profits ratio) are equal to or above 0.1% but less than 5% and the total value of the financial assistance plus any monetary advantage to the related person is less than HK\$3,000,000.</u></b></p> <p><b><u>(C) provision of financial assistance to the related companies described in Article 3(3) of Appendix 2 conducted not on normal commercial terms described in the Bank's ordinary and usual course of business and meet the following requirements:</u></b></p> <p><b><u>(i) all the percentage ratios of the financial assistance are less than 0.1% (other than the profits ratio);</u></b></p> <p><b><u>(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 monetary advantage to the related person is less than HK\$3,000,000.</u></b></p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<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(3)(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(3)(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><b><u>(D) provision of financial assistance to the related companies described in Article 3(3) of Appendix 2 on normal commercial terms or better not in the Bank's ordinary and usual course of business and meet the following requirements:</u></b></p> <p><b><u>(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;</u></b></p> <p><b><u>(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 monetary advantage to the related person is less than HK\$3,000,000; and</u></b></p> <p><b><u>(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.</u></b></p> <p><b><u>(3) Other instances of fully exempt transactions under Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange, including but not limited to:</u></b></p> <p><b><u>(A) issuance of new securities to related parties by the Bank or its subsidiaries pursuant to Rule 14A.92 of the Listing Rules of the Hong Kong Stock Exchange.</u></b></p> <p><b><u>(B) dealing in securities of the target company via a stock exchange by the Bank pursuant to Rule 14A.93 of the Listing Rules of the Hong Kong Stock Exchange.</u></b></p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<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(3)(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><u>(C) repurchase of securities from related parties by the Bank and its subsidiaries pursuant to Rule 14A.94 of the Listing Rules of the Hong Kong Stock Exchange.</u></p> <p><u>(D) entering into service contracts with the Bank's directors or related parties, or purchase of insurance and arrangement of renewal by the Bank or its subsidiaries pursuant to Rules 14A.95 and 14A.96 of the Listing Rules of the Hong Kong Stock Exchange.</u></p> <p><u>(E) buying or selling of consumer goods or services by the Bank or its subsidiaries as a customer from or to the related persons pursuant to Rule 14A.97 of the Listing Rules of the Hong Kong Stock Exchange.</u></p> <p><u>(F) sharing of administrative services by the Bank and its subsidiaries with the related persons pursuant to Rule 14A.98 of the Listing Rules of the Hong Kong Stock Exchange.</u></p> <p><u>(G) conducting transactions with associates of passive investors by the Bank and its subsidiaries pursuant to Rules 14A.99 and 14A.100 of the Listing Rules of the Hong Kong Stock Exchange.</u></p> <p><u>(H) entering into transactions with the related persons at a subsidiary level by the Bank and its subsidiaries pursuant to Rule 14A.101 of the Listing Rules of the Hong Kong Stock Exchange.</u></p> <p>.....</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>.....</p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<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>(3) financial assistances provided for the interest of related parties or <del>connected</del><u>related</u> companies <b>described in Article 3 (3) of Appendix 2</b> 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 <del>connected</del><u>related</u> companies <b>described in Article 3 (3) of Appendix 2</b> conducted 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 <del>preferential interest</del><u>monetary advantage</u> given to the related parties <b>or related companies described in Article 3(3) of Appendix 2</b> 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. <b><u>If the aggregation of a series of related party transactions constitutes a reverse takeover, the aggregation period will be 24 months.</u></b></p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<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 <b>of Hong Kong Stock Exchange</b>)</p> <p>(2) Profits ratio is calculated as profit on assets of related transactions divided by profits <b>of the Bank</b>. (see Article 14.13 and Article 14.17 of the Listing Rules <b>of Hong Kong Stock Exchange</b>)</p> <p>(3) Revenue ratio is calculated as <del>profit</del> <b>revenue</b> on assets of related transactions divided by the revenue of the Bank. (see Article 14.14 and Article 14.17 of the Listing Rules <b>of Hong Kong Stock Exchange</b>)</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 <b>of Hong Kong Stock Exchange</b>)</p> <p>(5) Equity capital ratio is calculated as the <del>nominal value</del> <b>number</b> of the Bank’s equity capital issued as consideration divided by the <del>nominal value</del> <b>total number</b> of the Bank’s issued <del>equity capital</del> <b>shares</b> 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>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<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>(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>		

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<b>Chapter 5 Approval of Related Party Transactions and Disclosure Standards</b>	<b>Chapter 5 Approval of Related Party Transactions and Disclosure Standards</b>	
A new article is added as Article 23, the other articles shall be re-numbered in sequence.	<b><u>Article 23 The transaction constituting a related party transaction under different rules and standards simultaneously shall meet different approval and disclosure standards pertaining to such transaction.</u></b>	Amendment made pursuant to Article 5 of the Implementation Guidance of Related Party Transactions and the actual circumstance of listing (A+H).
<p><b>Article 21</b> In relation to related party transactions with related parties defined by the CBRC:</p> <p>.....</p> <p>(2) Major related party transactions shall be reviewed by related party transaction control committee of Board of Directors, and form written comments. Major related party transactions passed by related party transaction control committee shall be submitted to Board of Directors and shareholders' general meeting for consideration, and reported to Board of Supervisors. Major related party transactions rejected by related party transaction control committee shall be submitted to Board of Directors for filing. Each major related party transaction shall be disclosed in the accounting statement.</p> <p>.....</p> <p>(8) The Bank accepts the comments of CBRC on reducing the proportion of the credit balance of one related party or all related parties in net equity of the Bank based on the risk profile of related party transactions.</p>	<p><b>Article 214</b> In relation to related party transactions with related parties defined by the CBIRC:</p> <p>.....</p> <p>(2) <b><u>other than daily related party transactions within the estimated limit,</u></b> <del>Major</del> related party transactions shall be reviewed by related party transaction control committee of Board of Directors, and <del>form</del> written comments <b><u>shall be made.</u></b> <del>Major related party transactions passed by related party transaction control committee shall be submitted to Board of Directors and shareholders' general meeting for consideration, and reported to Board of Supervisors. Major related party transactions rejected by related party transaction control committee shall be submitted to Board of Directors for filing. Each major related party transaction shall be disclosed in the accounting statement.</del></p> <p>.....</p> <p>(8) The Bank accepts the comments of <del>CBRC</del> on reducing the proportion of the credit balance of one related party or all related parties in net equity of the Bank based on the risk profile of related party transactions.</p>	As the review authority, process and regulatory requirements of major related party transactions stipulated in these measures are in conflict with the requirements of Articles of Association, rules of procedure of the Board of Directors, the Guidelines on Operating Procedures of Related Party Transaction, amendments was made pursuant to the regulatory requirements of Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders and Shareholders and Articles of Association of the Bank.

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<p>A new article is added as Article 25, the other articles shall be re-numbered in sequence.</p>	<p><b><u>Article 25 In relation to related party transactions with a related party defined by domestic securities regulatory authorities:</u></b></p> <p><b><u>(1) The Bank shall promptly disclose those proposed related party transactions of a value of more than RMB300,000 between the Bank and a related natural person.</u></b></p> <p><b><u>(2) The Bank shall promptly disclose those transactions of a value of more than RMB3 million between the Bank and a related legal person, and where the value of the transaction accounts for more than 0.5% of the absolute value of the Bank's latest audited net assets.</u></b></p> <p><b><u>(3) If a proposed related party transaction between the Bank and a related person meets one of the following criteria, in addition to making timely disclosure, the proposed transaction shall be submitted to the board of directors or the shareholders' general meeting for consideration and approval:</u></b></p> <p><b><u>(i) transactions (other than donated cash assets, and debt relief) of a value of more than RMB30 million, and accounting for more than 1% of the absolute value of the Bank's latest audited net assets, shall be submitted to a Board meeting for consideration and promptly disclosed.</u></b></p> <p><b><u>(ii) transactions (other than donated cash assets, and debt relief) of a value of more than RMB30 million, and accounting for more than 5% of the absolute value of the Bank's last audited net assets, shall be submitted to the shareholders' general meeting for consideration and promptly disclosed. For proposed above-mentioned related party transactions, the Bank shall provide audit or evaluation reports issued by qualified securities and futures service institutions pursuant to relevant regulations. However, it is not necessary to proceed with audit or evaluation for related party transactions relating to the Bank's daily operation;</u></b></p>	<p>Conclusion and amendment made pursuant to Articles 19 to 24 and Articles 53 to 57 of the Implementation Guidance of Related Party Transactions and Articles 10.2.3-10.2.7, 10.2.10, 10.2.11, 10.2.15 and 10.2.16 of Listing Rules of Shanghai Stock Exchange with reference to industrial situations.</p>

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>(iii) non-commercial banking guarantees (regardless of the monetary amount) provided for the related parties of the Bank shall be disclosed after adoption on a Board meeting, and shall be submitted to shareholders' meeting for consideration. Non-commercial banking guarantees (regardless of the monetary amount) provided for shareholders holding less than 5% interest of the Bank shall be disclosed after adoption on the Board meetings, and shall be submitted to shareholders' meeting for consideration, while relevant shareholders shall not take part in the voting.</u></p> <p><u>(4) For a joint venture set up by the Bank and its related party, the Bank's capital contribution shall be taken as the transaction value, and paragraphs (1), (2) and (3)-1, -2 of this Article shall apply.</u></p> <p><u>(5) If the Bank intends to waive the right of capital increase proportionate to its equity interest and pre-emptive rights in a joint venture set up by the Bank and its related party, the amount equivalent to the right of capital increase or pre-emptive rights that the Bank intends to waive shall be taken as the transaction value, and paragraphs (1), (2) and (3)-1, -2 of this Article shall apply.</u></p> <p><u>If there are any changes in the scope of consolidated statements due to the Bank's waiver of the right of capital increase or preemptive rights, the amount equivalent to the right of capital increase or preemptive rights corresponding to the latest total net assets of the Bank shall be taken as the transaction amount, and paragraph (1), (2), (3)-1, -2 of this Article shall apply.</u></p>	

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	<p><u>(6) When the Bank conducts related party transactions such as “provision of financial assistance” and “entrusting of asset management”, the amount incurred shall be adopted as the basis of calculation, and shall be calculated in aggregate by transaction type for 12 consecutive months. Where the cumulative calculated amount reaches the standards specified in paragraphs (1), (2) and (3) -1, -2 of this article, these provisions shall be applied respectively. If the relevant obligations have been fulfilled in accordance with paragraphs (1), (2) and (3) -1, -2 of this article, the transaction will no longer be included in the relevant cumulative calculation range.</u></p> <p><u>(7) If the Bank carries out related party transactions other than those set out in paragraph (6), based on the cumulative value of the transactions that have occurred within the consecutive 12 months, paragraph (1), (2), and (3) -1, -2 of this Article shall be respectively applied, in accordance with the below standard:</u></p> <p><u>(i) transaction with the same related person;</u></p> <p><u>(ii) transaction with different related persons involving the same transaction subject.</u></p> <p><u>The above-mentioned same related person includes the legal persons or other entities that are under the direct or indirect control with such related person by the same legal person, other entities or natural person; or controlled by or controlling such related person; or of which the same related natural person acts as a director or senior management.</u></p>	

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	<p><u>If the amount based on the requirements of paragraph (1), (2), and (3) -1, -2 of this article has been approved in accordance with the relevant procedures, such amount shall no longer be included in the cumulative calculation.</u></p> <p><u>(8) According to the relevant rules, for those transactions satisfying relevant requirements, an application may be made to the CSRC and Shanghai Stock Exchange for a waiver from the applicable requirement of submission to the shareholders' general meeting for consideration and the requirements of consideration and disclosure in the form of related party transactions.</u></p>	
<p><b>Article 22</b> In relation to related party transactions with related parties defined by the Hong Kong Stock Exchange:</p> <p>The Bank shall meet the reporting, announcement and approval requirements under the Listing Rules in respect of various types of related party transactions defined by the Hong Kong Stock Exchange, namely, fully exempt related party transactions, partially exempt related party transactions or nonexempt related party transactions.</p> <p>(1) Fully exempt related party transactions are subject to relevant annual audit requirements as prescribed in Article 23.</p>	<p><b>Article 22<del>6</del></b> In relation to related party transactions with related parties defined by the Hong Kong Stock Exchange:</p> <p>The Bank shall meet the reporting, announcement and approval requirements under the Listing Rules <b>of the Hong Kong Stock Exchange</b> in respect of various types of related party transactions defined by the Hong Kong Stock Exchange, namely, fully exempt related party transactions, partially exempt related party transactions or nonexempt related party transactions.</p> <p><del>(1) Fully exempt related party transactions are subject to relevant annual audit requirements as prescribed in Article 23.</del></p>	<p>Amendment made pursuant to Rule 14A.35, Rule 14A.46 and Rule 19A. 39A of the Listing Rules of the Hong Kong Stock Exchange and the actual circumstance of the A Share Offering.</p>

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<p>(2) Partially exempt one-off related party transactions are subject to announcement requirement as prescribed in paragraph (3)(1)(A) of this article and reporting requirement as prescribed in paragraph (3)(1)(F) of this article. Partially exempt continuing related party transactions are subject to relevant principles as prescribed in paragraph (3)(2)(A) of this article. Financial assistance for partially exempt related party transactions are subject to relevant principles for partially exempt one-off related party transactions or partially exempt continuing related party transactions, depending on the nature of one-off or continuing.</p> <p>(3) Non-exempt related party transactions must comply with the reporting, announcement and independent shareholders' approval requirements.</p> <p>(i) One-off non-exempt related party transactions must be reported, announced, and approved by independent shareholders, and shall be dealt with in accordance with the following principles:</p> <p>(A) Must be first approved by the Board of Directors and an announcement must be made on the next day after the approval is obtained from the Board of Directors.</p>	<p>(21) Partially exempt one-off related party transactions are subject to announcement requirement as prescribed in paragraph (32)(1)(A) of this article and reporting requirement as prescribed in paragraph (32)(1)(F) of this article. Partially exempt continuing related party transactions are subject to relevant principles as prescribed in paragraph (32)(ii)(A) <b>and (B)</b> of this article. Financial assistance for partially exempt related party transactions are subject to relevant principles for partially exempt one-off related party transactions or partially exempt continuing related party transactions, depending on the nature of one-off or continuing.</p> <p>(32) Non-exempt related party transactions must comply with the reporting, announcement and independent shareholders' approval requirements</p> <p>(i) One-off non-exempt related party transactions must be reported, announced and approved by independent shareholders, and shall be dealt with in accordance with the following principles:</p> <p>(A) Must be first approved by the Board of Directors and <del>an announcement must be made on the next day after the approval is obtained from the Board of Directors</del> <b><u>announced as soon as possible after the terms of related party transactions are determined.</u></b></p>	

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<p>(B) After being approved and published by the Board of Directors, the independent financial advisers shall confirm that the related party transactions are fair and reasonable, and in the interest of the Bank and the shareholders as a whole, and submit the comments to independent directors for review. The independent directors shall convene a separate meeting to confirm that the transactions are fair and reasonable, and in the interest of the Bank and the shareholders as a whole. In case of any inconsistency of opinions between independent directors, minority opinions and minority opinions shall be listed. The above-mentioned opinions of independent financial advisers and independent directors shall be included in circulars which will be dispatched to shareholders.</p> <p>(C) A circular must be delivered to shareholders within 15 days after the publication of the announcement. Prior to the dispatch of the circular to its shareholders, the Bank must submit the final draft of the circular to the Hong Kong Stock Exchange for review, and then send the circular recognized by the Hong Kong Stock Exchange to be in line with the Listing Rules to its shareholders. The circular shall have both English and Chinese versions. Any amending or supplemental circular and/or any relevant information to be provided must be sent to the shareholders within 10 working days prior to the date of shareholders' general meeting (or such earlier period as required by the Articles of Association).</p>	<p>(B) After being approved and published by the Board of Directors, the independent financial advisers shall confirm that the related party transactions are fair and reasonable, and in the interest of the Bank and the shareholders as a whole, and submit the comments to independent directors for review. The independent directors shall convene a separate meeting to confirm that the transactions are fair and reasonable, and in the interest of the Bank and the shareholders as a whole. In case of any inconsistency of opinions between independent directors, minority opinions and minority opinions shall be listed. The above-mentioned opinions of independent financial advisers and independent directors shall be included in circulars which will be dispatched to shareholders.</p> <p>(C) A circular must be delivered to shareholders within <del>15 days after the publication of the announcement</del> <b><u>the timeframe specified in the Listing Rules of the Hong Kong Stock Exchange, the Company Law of the PRC and the Articles of Association.</u></b> Prior to the dispatch of the circular to its shareholders, the Bank must submit the final draft of the circular to the Hong Kong Stock Exchange for review, and then send the circular recognized by the Hong Kong Stock Exchange to be in line with the Listing Rules <b><u>of the Hong Kong Stock Exchange</u></b> to its shareholders. The circular shall have both English and Chinese versions. Any amending or supplemental circular and/or any relevant information to be provided must be sent to the shareholders within 10 working days prior to the date of shareholders' general meeting (or such earlier period as required by the Articles of Association).</p>	

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<p>(D) Related party transactions shall be submitted to shareholders' general meetings for consideration and examination. No related party transaction shall proceed unless with the approval of the shareholders' general meeting. Any related party having a material interest in such related party transactions will abstain from voting at such shareholders' general meeting. Independent shareholders' approval shall be taken by poll. The Bank shall make an announcement to publish the results of voting in newspapers on the first business day following the shareholders' general meeting. For those related party transactions that are exempted from holding any shareholders' general meeting, independent shareholders may give their approval in writing.</p> <p>(E) Approved related party transactions shall be reported to related party transaction control committee of the Board of Directors for filings.</p> <p>(F) Prepare report. Handling principle is disclose transaction date, connected party relationship among parties of transaction, transaction and purpose, consideration and terms (including interest rate, repayment term and pledge), and interest nature and degree of related party in the transaction in the first annual report and accounts after the related party transaction.</p>	<p>(D) Related party transactions shall be submitted to shareholders' general meetings for consideration and examination. No related party transaction shall proceed unless with the approval of the shareholders' general meeting. Any related party having a material interest in such related party transactions will abstain from voting at the shareholders' general meeting. Independent shareholders' approval shall be taken by poll. The Bank shall make an announcement to publish the results of voting <del>in newspapers on the first business day following the shareholders' general meeting</del> <b><u>within the timeframe stipulated by the Listing Rules of the Hong Kong Stock Exchange</u></b>. For those related party transactions that are exempted from holding any shareholders' general meeting, independent shareholders may give their approval in writing.</p> <p>(E) Approved related party transactions should be reported to the related party transactions control committee under the Board of Directors for filings.</p> <p>(F) Prepare report. Handling principle is disclose transaction date, <del>connected</del><b><u>related</u></b> party relationship among parties of transaction, transaction and purpose, consideration and terms (including interest rate, repayment term and pledge), and interest nature and degree of related party in the transaction in the first annual report and accounts after the related party transaction.</p> <p>.....</p> <p>(D) Such transactions are subject to the relevant requirements regarding the annual audit of continuing related transactions described in Article <b><u>237 of these measures</u></b>.</p>	

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<p>(2) Non-exempt continuing related transactions shall be conducted on the following principles:</p> <p>(A) A maximum annual cap shall be set in respect of each of the related transactions and the calculation basis of which shall be disclosed.</p> <p>(B) Written agreement(s) shall be entered into with related parties in respect of each related transaction. The agreement shall reflect normal commercial terms and set out the basis of the calculation of the payments to be made. The duration of the agreement shall be fixed and shall not exceed 3 years. Where the nature of the transaction requires the agreement to have a duration longer than 3 years, it is required to obtain a confirmation in writing from the financial adviser.</p> <p>(C) such transactions are subject to the requirements of reporting, announcement and independent shareholders' approval, relevant approval procedures under the Bank's internal authorization and filing with the related party transaction control committee of the Board at the same time.</p> <p>(D) Such transactions are subject to the relevant requirements regarding the annual audit of continuing related transactions described in Article 23.</p> <p>(iii) Where a non-exempt related transaction of financial assistance is a one-off related transaction, it shall be dealt with in accordance with paragraph (3)(i) of this article. Where a non-exempt related transaction of financial assistance is a continuing related transaction, it shall be dealt with in accordance with paragraph (3)(ii) of this article</p>	<p>(iii) Where a non-exempt related transaction of financial assistance is a one-off related transaction, it shall be dealt with in accordance with paragraph (32)(i) of this article. Where a non-exempt related transaction of financial assistance is a continuing related transaction, it shall be dealt with in accordance with paragraph (32)(ii) of this article</p>	

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<p><b>Article 23</b> The annual review requirements for related party transactions defined by Hong Kong Stock Exchange are as follows:</p> <p>.....</p> <p>(II) Each year the auditors of the Bank shall provide a letter to the Board of Directors (with a copy provided to the Stock Exchange of Hong Kong at least 10 business days prior to the bulk printing of the annual report), confirming that the continuing connected transactions:</p> <p>(1) have received the approval of the Bank's Board of Directors;</p> <p>(2) are in accordance with the Bank's pricing policies if the transactions involve provision of goods or services by the Bank;</p> <p>(3) have been entered into in accordance with the relevant agreement governing the transactions; and</p> <p>(4) have not exceeded the cap disclosed in previous announcement(s).</p>	<p><b>Article 27</b> The annual review requirements for related party transactions defined by Hong Kong Stock Exchange are as follows:</p> <p>.....</p> <p>(II) Each year the auditors of the Bank shall provide a letter to the Board of Directors (with a copy provided to the Stock Exchange of Hong Kong at least 10 business days prior to the bulk printing of the annual report), confirming that the continuing <del>connected</del> <b>related party</b> transactions:</p> <p>(1) have received the approval of the Bank's Board of Directors;</p> <p>(2) are in accordance with the Bank's pricing policies if the transactions involve provision of goods or services by the Bank;</p> <p>(3) have been entered into in accordance with the relevant agreement governing the transactions; and</p> <p>(4) have not exceeded the cap disclosed in previous announcement(s).</p>	<p>Amendments for improvement.</p>

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<p>(III) the Bank shall allow, and shall procure the relevant counter-parties to the continuing connected transactions shall allow, the auditors sufficient access to their records for the purpose of the reporting on these transactions according to these Rules. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (2) above.</p> <p>(IV) The Bank shall promptly notify the Hong Kong Stock Exchange and publish an announcement if it knows or has reason to believe that the independent directors and/or the auditors will not be able to confirm the matters set out in paragraph (I) or (II) above respectively. The Bank may have to re-comply with the requirements under Article 22 and any other conditions the Hong Kong Stock Exchange considers appropriate.</p> <p>(V) Where the Bank has entered into an agreement involving continuing transactions and such transactions subsequently become continuing connected transactions for whatever reason (e.g. due to a party becoming a director of the Bank), the Bank must, upon it becoming aware of any variation or renewal, fully comply with all applicable reporting, annual review and disclosure requirements. In case of any amendment to or update of the agreement, the Bank must comply with all applicable reporting, annual review, disclosure and independent shareholders' approval requirements applicable hereunder for all the continuing connected transactions upon such amendment or update takes effect.</p>	<p>(III) the Bank shall allow, and shall procure the relevant counter-parties to the continuing <del>connected</del><b>related party</b> transactions shall allow, the auditors sufficient access to their records for the purpose of the reporting on these transactions according to these Rules. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (2) above.</p> <p>(IV) The Bank shall promptly notify the Hong Kong Stock Exchange and publish an announcement if it knows or has reason to believe that the independent directors and/or the auditors will not be able to confirm the matters set out in paragraph (I) or (II) above respectively. The Bank may have to re-comply with the requirements under Article 22<del>6</del> and any other conditions the Hong Kong Stock Exchange considers appropriate.</p> <p>(V) Where the Bank has entered into an agreement involving continuing transactions and such transactions subsequently become continuing <del>connected</del><b>related party</b> transactions for whatever reason (e.g. due to a party becoming a director of the Bank), the Bank must, upon it becoming aware of any variation or renewal, fully comply with all applicable reporting, annual review and disclosure requirements. In case of any amendment to or update of the agreement, the Bank must comply with all applicable reporting, annual review, disclosure and independent shareholders' approval requirements applicable hereunder for all the continuing <del>connected</del><b>related party</b> transactions upon such amendment or update takes effect.</p>	

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<p>A new article is added as Article 36, the other articles shall be re-numbered in sequence.</p>	<p><b><u>Article 36 The Bank imposes the daily restrictions on the amount of related party transactions and implements the hierarchical approval system. The Bank may make reasonable estimation by type on the daily amount for such related party transactions which are expected to occur in the current year before making disclosure in the annual report for the previous year and then submit the transactions to the Board of Directors or shareholders' meeting for consideration and make disclosure based on such estimation results. With respect to the ordinary related party transactions that fall within the scope of such estimation, the Bank shall classify and disclose them in its annual reports and interim reports. With respect to the related party transactions of which the total transaction amount exceeds such estimation, the Bank shall re-submit them to the Board of Directors or shareholders' meeting for consideration and make disclosure according to the exceeded amount.</u></b></p> <p><b><u>For the ordinary related party transaction conducted for the first time, the Bank shall enter into a written agreement with the related party and make prompt disclosure, and submit the agreement to the Board or the shareholders' general meeting for consideration based on the total transaction amount involved. In the absence of such total transaction amount, the agreement shall be submitted to the shareholders' general meeting for consideration.</u></b></p>	<p>Addition made pursuant to Article 44 of the Implementation Guidance of Related Party Transactions and Articles 10.2.12 and 10.2.14 of Listing Rules of Shanghai Stock Exchange.</p>

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	<p><u>If an ordinary related party transaction agreement does not undergo major changes in its major terms during implementation or requires renewal after expiration, the Bank shall disclose the practical performance status of the various agreements according to requirements in the annual reports and interim reports, and explain whether in compliance with the requirements of the agreements. If an ordinary related party transaction agreement undergoes major changes in its major terms during implementation or requires renewal after expiration, the Bank shall submit the amended or renewed agreement to the board of directors or shareholders' meeting for consideration and make prompt disclosure according to the total transaction amount under the agreement. In the absence of such total transaction amount, such agreement shall be submitted to the shareholders' meeting for consideration and prompt disclosure shall be made.</u></p> <p><u>If the term of an ordinary related party transaction agreement entered into by the Bank and the related party exceeds three years, the Bank shall preform the relevant decision-making procedures and duty of disclosure once again based on requirements of these measures every three years.</u></p>	
<p><b>Article 32</b> The Bank shall determine the content of related party transactions for disclosure pursuant to the relevant regulatory requirements and the requirements of the Enterprises Accounting Standards and the International Financial Reporting Standards, and shall provide the relevant materials to regulatory authorities in a timely manner as required.</p>	<p>Delete this article</p>	<p>Deleted as it is overlapped with the existing Article 26 (Article 30 after amendments).</p>

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<b>Chapter 6 Pricing of Related Party Transactions</b>	<b>Chapter 6 Pricing of Related Party Transactions</b>	
<p><b>Article 33</b> 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>.....</p> <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><b>Article 337</b> 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>.....</p> <p>(III) In respect of related party transactions for purchasing assets of the related <del>persons</del><b>party</b>, 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. <b><u>If, during the implementation of related party transactions, there is any significant change in the key terms of agreements, such as the transaction price, the Bank shall carry out the examination and approval procedures again in respect of the revised transaction amounts.</u></b></p>	<p>Amendment made pursuant to Article 30 of the Implementation Guidance of Related Party Transactions.</p>

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<b>Chapter 7 Supervision and Reporting of Related Party Transactions</b>	<b>Chapter 7 Supervision and Reporting of Related Party Transactions</b>	
<p><b>Article 42</b> 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><b>Article 426</b> The Bank shall submit a report on related party transactions to the <del>CBRC</del> <b>CBIRC</b> 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, <b>the Shanghai Stock Exchange and the Hong Kong Stock Exchange</b>.</p>	Amendment made pursuant to the actual circumstance of the A Share Offering of the Bank.
<b>Chapter 9 Supplementary Provisions</b>	<b>Chapter 9 Supplementary Provisions</b>	
<p><b>Article 49</b> 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 Co Ltd. (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.</p>	<p><del><b>Article 49</b></del> <del>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 Co Ltd. (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.</del></p> <p><b>Article 4953</b> <del>These Measures shall become effective from the date of passing at a shareholders' general meeting. In particular, the content related to regulatory requirements for A Shares formulated pursuant to the requirements of CSRC, Listing Rules of the Hong Kong Shanghai Stock Exchange</del> <b>Upon approval at a shareholders' general meeting by way of ordinary resolution, these Measures shall become effective from the date on which the H shares domestic listed shares publicly offered by the Bank are listed on The Shanghai Stock Exchange of Hong Kong Limited for trading. The Administrative Measures for the Control of Related Party Transactions of Huishang Bank Co Ltd. (Revised Draft) issued and promulgated by the Bank on November 12, 2013 will cease to have any effect from the effective date of these Measures.</b></p>	Amendment made pursuant to the actual circumstance of the A Share Offering of the Bank.
<b>Appendix 1 Related parties defined by relevant regulatory requirements</b>	<b>Appendix 1 Related parties defined by relevant regulatory requirements</b>	
<p><b>I. Related parties defined by Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders and Shareholders issued by the CBRC</b></p>	<p><b>I. Related parties defined by Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders and Shareholders and Interim Measures for the Equity Management of Commercial Banks issued by the CBIRC</b></p>	Addition made pursuant to requirements of CBIRC.

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Add the heading	<u>Related parties defined by Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders and Shareholders issued by the CBIRC</u>	Amendments for improvement
	<p><u>Related parties defined by Interim Measures for the Equity Management of Commercial Banks issued by the CBIRC</u></p> <p><u>Article 32 Commercial banks shall strengthen the management of related party transactions, by identifying the related party accurately, strictly implementing the approval and information disclosure systems for related party transactions, and making timely reports to the CBRC or its delegated authority on the conditions of related party transactions.</u></p> <p><u>Commercial banks shall manage the substantial shareholders and their controlling shareholders, de facto controllers, related parties, parties acting in concert and ultimate beneficiaries as their own related party.</u></p> <p><u>Article 40 CBRC and its delegated authorities shall strengthen the comprehensive regulatory on shareholders of commercial banks, and strengthen the review, identification and acknowledgement for substantial shareholders and its controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries. Commercial bank's substantial shareholders and its controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries are defined by CBRC and its delegated authorities.</u></p>	Inclusion of the definition in Interim Measures for the Equity Management of Commercial Banks
	<u>II. Related parties defined by domestic securities regulatory authorities</u>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>Related parties defined by Administrative Measures for Information Disclosure of Listed Companies</u></p> <p><u>Article 71 The meanings of the following terms mentioned in these measures are explained as follows:</u></p> <p><u>(3) Related parties shall include related legal persons and related natural persons.</u></p> <p><u>Legal persons that meet any of the following conditions shall be regarded as the related legal persons of the listed company:</u></p> <p><u>(i). The legal person that controls the listed company directly or indirectly;</u></p> <p><u>(ii). The legal person under the direct or indirect control of the legal person described in the preceding subparagraph, except the listed company and its holding subsidiaries;</u></p> <p><u>(iii). The legal person under the direct or indirect control of the related natural person, or where the aforementioned related natural person act as director(s) or senior management personnel, except the listed company and its subsidiaries;</u></p> <p><u>(iv). The legal person as well as their persons acting in concert that hold more than 5% of the listed company's shares;</u></p> <p><u>(v). The legal person that meets any of the above conditions in past 12 months or in the next 12 months pursuant to relevant arrangements;</u></p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>(vi). The legal person as identified by CSRC, the stock exchange or the listed company based on the principle of substance over form, to whom the listed company's interest may be or has been in their favour due to their special relationships with the listed company.</u></p> <p><u>The natural person that meets any of the following conditions shall be regarded as the related natural person of the listed company:</u></p> <p><u>(i). The natural person that directly or indirectly holds more than 5% of the listed company's shares;</u></p> <p><u>(ii). The director, supervisor and senior management personnel of the listed company;</u></p> <p><u>(iii). The directors, supervisors and senior management of the legal person that controls the listed company directly or indirectly;</u></p> <p><u>(iv). Family members who have close relationship with the persons as specified in the paragraphs (i) and (ii) above, including their spouses, parents; children aged over 18 and their spouses; siblings and their spouses; parents, siblings of their spouses and parents of their children's spouses;</u></p> <p><u>(v). The person that meets any of the above conditions in past 12 months or in the next 12 months pursuant to relevant arrangements;</u></p> <p><u>(vi). Natural persons as identified by CSRC, the stock exchange or the listed company based on the principle of substance over form, to whom the listed company's interest may be or has been in their favour due to their special relationships with the listed company.</u></p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>Article 48 Directors, supervisors, senior management, shareholders who hold more than 5% interest and their persons acting in concert and de facto controllers of the listed company shall promptly declare the list of related parties and relevant information.</u></p> <p>.....</p> <p><u>Related parties defined by Listing Rules of Shanghai Stock Exchange</u></p> <p><u>10.1.2 Related parties of the listed company shall include related legal persons and related natural persons.</u></p> <p><u>10.1.3 The legal person or other organizations that meets any of the following conditions shall be regarded as the related legal person of the listed company:</u></p> <p><u>(1) The legal person or other organizations that control the listed company directly or indirectly;</u></p> <p><u>(2) The legal person or other organizations under the direct or indirect control of the legal person described in paragraph (1) above, except the listed company and its holding subsidiaries;</u></p> <p><u>(3) The legal person or other organizations under the direct or indirect control of the related natural person of the listed company set out in article 10.1.5, or where the aforementioned related natural person act as director(s) or senior management personnel, except the listed company and its subsidiaries;</u></p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>(4) The legal person or other organizations that holds more than 5% of the listed company’s shares;</u></p> <p><u>(5) The legal person or other organizations as identified by CSRC, the stock exchange or the listed company based on the principle of substance over form, to whom the listed company’s interest may be in their favour due to their special relationships with the listed company.</u></p> <p><u>10.1.4 Where the listed company and the legal persons as stated in paragraph (2) of preceding article are subject to the same control of a state-owned assets administrative agency, no related party relationship is created thereby, except for the circumstances under which the legal representative, general manager or more than half of the directors of the legal persons concurrently act as the director, supervisor or senior management of the listed company.</u></p> <p><u>10.1.5 The natural person that meets any of the following conditions shall be regarded as the related natural person of the listed company:</u></p> <p><u>(1) The natural person that directly or indirectly holds more than 5% of the listed company’s shares;</u></p> <p><u>(2) The director, supervisor and senior management personnel of the listed company;</u></p> <p><u>(3) The directors, supervisors and senior management of related legal persons set out in paragraph (1) of article 10.1.3;</u></p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>(4) Family members who have close relationship with the persons as specified in paragraphs (1) and (2) of this article, including their spouses; children aged over 18 and their spouses; parents and parents of their spouses; siblings and their spouses; siblings of their spouses and parents of their children’s spouses;</u></p> <p><u>(5) Natural persons as identified by CSRC, the stock exchange or the listed company based on the principle of substance over form, to whom the listed company’s interest may be in their favour due to their special relationships with the listed company.</u></p> <p><u>10.1.6 Legal persons or other organizations or natural persons that meet any of the following conditions shall be regarded as the related parties of the listed company:</u></p> <p><u>(1) A party who or which will fall within one of the categories specified under Article 10.1.3 or Article 10.1.5 pursuant to an agreement or arrangement entered into with a listed company or its related persons upon the agreement or the arrangement becoming effective or within the next 12 months;</u></p> <p><u>(2) A party who or which fell within one of the categories specified under Article 10.1.3 or Article 10.1.5 during the preceding 12 month period.</u></p> <p><u>10.1.7 The directors, supervisors, senior management, shareholders holding more than 5% of shares and parties acting in concert with them and the ultimate controller of a listed company shall timely inform their relationship with the listed company to the company, and the company shall report it to the stock exchange for record.</u></p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>Related parties defined by Implementation Guidance of Related Party Transactions</u></p> <p><u>Article 7 Related parties shall include related legal persons and related natural persons.</u></p> <p><u>Article 8 The legal person or other organizations that meet any of the following conditions shall be regarded as the related party legal person of the listed company:</u></p> <p><u>(1) The legal person or other organizations that control the listed company directly or indirectly;</u></p> <p><u>(2) The legal person or other organizations under the direct or indirect control of the subjects described in paragraph (1), except the listed company and its holding subsidiaries;</u></p> <p><u>(3) The legal person or other organizations under the direct or indirect control of the related natural person of the listed company set out in article 10, or where the aforementioned related natural person act as director(s) or senior management, except the listed company and its subsidiaries;</u></p> <p><u>(4) The legal person or other organizations that hold more than 5% of the listed company's shares;</u></p> <p><u>(5) The legal person or other organizations as identified by the stock exchange based on the principle of substance over form, to whom the listed company's interest may be in their favour due to their special relationships with the listed company, including legal persons or other organizations holding more than 10% interests of the significant subsidiary.</u></p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>Article 9 Where the listed company and any entity as listed in paragraph (2) in the preceding article are under the common control of a state-owned asset regulatory institution, the related relationship shall not be established thereby, unless the legal representative, general manager or more than half of the directors of that entity act as the directors, supervisors or senior management officers of the listed company.</u></p> <p><u>Article 10 The natural person that meets any of the following conditions shall be regarded as the related natural person of the listed company:</u></p> <p><u>(1) The natural person that directly or indirectly holds more than 5% of the listed company’s shares;</u></p> <p><u>(2) The director, supervisor and senior management of the listed company;</u></p> <p><u>(3) The directors, supervisors and senior management of related legal persons set out in paragraph (1) of Article 8;</u></p> <p><u>(4) Family members who have close relationship with the persons as specified in paragraphs (1) and (2) of this article;</u></p> <p><u>(5) The natural persons as identified by the stock exchange based on the principle of substance over form, to whom the listed company’s interest may be in their favour due to their special relationships with the listed company, including natural persons holding more than 10% interests of the significant subsidiary.</u></p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>Article 11 Legal persons or other organizations or natural persons that meet any of the following conditions shall be regarded as the related parties of the listed company:</u></p> <p><u>(1) A party who or which will fall within one of the categories specified under Article 8 or Article 10 pursuant to an agreement or arrangement entered into with a listed company or its related persons upon the agreement or the arrangement becoming effective or within the next 12 months;</u></p> <p><u>(2) A party who or which fell within one of the categories specified under Article 8 or Article 10 during the preceding 12 month period.</u></p>	
<b>II. Definition of “Related Party” under the Listing Rules of the Hong Kong Stock Exchange</b>	<b>III. Definition of “Related Party” under the Listing Rules of the Hong Kong Stock Exchange</b>	Amendment for improvement
<p>(1) Subject to item (2), related parties defined by the Hong Kong Stock Exchange include the following:</p> <p>(i) directors (including persons who were directors of the Bank in the past 12 months), supervisors, the chief executive and substantial shareholders of the Bank or/and its subsidiaries. The aforementioned substantial shareholders are those shareholders who own 10% or above of the Bank’s shares;</p>	<p>(1) Subject to item (II), related parties defined <u>under by the Listing Rules of Hong Kong Stock Exchange (in which the term “connected person” is used)</u> include the following:</p> <p>(1) directors (including persons who were directors of the Bank in the past 12 months), supervisors, the chief executive and substantial shareholders of the Bank or/and its subsidiaries. The aforementioned substantial shareholders are those shareholders who own 10% or above of the Bank’s shares;</p>	Amendment made pursuant to Articles 14A.07 and 14A.12 of the Listing Rules of the Hong Kong Stock Exchange

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<p>(ii) an associate of any of the persons set out in (i) above. An “associate” refers to any individuals defined herein;</p> <p>(iii) a non-wholly owned subsidiary of the Bank, where any related party of the Bank (except for those at subsidiary company level), individually or together, can exercise (or control the exercise) of ten per cent (10%) or more of the voting rights at any general meeting of the non-wholly owned subsidiary;</p> <p>(iv) any subsidiary company of a non-wholly owned subsidiary company referred to in (iii) above;</p> <p>(v) any person or entity who has entered into or proposes to enter into an agreement, arrangement, understanding or undertaking (whether formal or informal, and whether express or implied) with the directors (including those who were a director of the member company of the Group in the past 12 months), chief executives, substantial shareholders or supervisors of the Bank or its subsidiaries, and who in the opinion of the Hong Kong Stock Exchange, should be considered a connected person in relation to such transaction;</p> <p>(vi) any person cohabiting as a spouse with a director (including a person who has served as a director of a member company of the Group in the past 12 months), chief executive, substantial shareholder or supervisor of a member company of the Group;</p>	<p>(2) an associate of any of the persons set out in (1) above; <del>An “associate” refers to any individuals defined herein;</del></p> <p>(3) a non-wholly owned subsidiary of the Bank, where any related party of the Bank (except for those at subsidiary company level), individually or together, can exercise (or control the exercise) of ten per cent (10%) or more of the voting rights at any general meeting of the non-wholly owned subsidiary;</p> <p>(4) any subsidiary company of a non-wholly owned subsidiary company referred to in (3) above;</p> <p><b><u>(5) a deemed connected person considered by the Hong Kong Stock Exchange, for example,</u></b> any person or entity who has entered into or proposes to enter into an agreement, arrangement, understanding or undertaking (whether formal or informal, and whether express or implied) with the directors (including those who were a director of the member company of the Group in the past 12 months), chief executives, substantial shareholders or supervisors of the Bank or its subsidiaries, and who in the opinion of the Hong Kong Stock Exchange, should be considered a connected person in relation to such transaction;</p> <p><del>(6) any person cohabiting as a spouse with a director (including a person who has served as a director of a member company of the Group in the past 12 months), chief executive, substantial shareholder or supervisor of a member company of the Group;</del></p>	

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<p>(vii) any child, step-child, parent, step-parent, brother, sister, step-brother and step-sister of the director (including a person who has served as a director of a member company of the Bank in the past 12 months), chief executive, substantial shareholder or supervisor of a member company of the Bank;</p> <p>(viii) the following relatives of a director (including a person who has served as a director of a member company of the Bank in the past 12 months), chief executive, substantial shareholder or supervisor of a member company of the Bank: the parents-in-law, son-in-law, daughter-in-law, grandparents, grandchildren, sibling of parents, spouse of parents' brothers and sisters, cousin and his/her spouse, brothers and sisters of spouse and children of brothers and sisters, whose association with that director, chief executive, substantial shareholder or supervisor is such that, in the opinion of the Hong Kong Stock Exchange, the proposed transaction should be subject to the provisions of Chapter 14A; and</p> <p>(xi) a company controlled by the persons referred to in (5) and (6) above whereby the person in question can exercise or control the right to exercise 50% or above of the voting rights in its shareholders' meeting, or control its majority of the board of director. The Hong Kong Stock Exchange will aggregate the interests owned by the directors (including those who had been a director of any member company of the Bank in the past 12 months), chief executive or substantial shareholders and their relatives to decide whether they jointly own the majority voting rights of such company.</p>	<p><del>(7) any child, step-child, parent, step-parent, brother, sister, step-brother and step-sister of the director (including a person who has served as a director of a member company of the Bank in the past 12 months), chief executive, substantial shareholder or supervisor of a member company of the Bank;</del></p> <p><del>(8) the following relatives of a director (including a person who has served as a director of a member company of the Bank in the past 12 months), chief executive, substantial shareholder or supervisor of a member company of the Bank: the parents-in-law, son-in-law, daughter-in-law, grandparents, grandchildren, sibling of parents, spouse of parents' brothers and sisters, cousin and his/her spouse, brothers and sisters of spouse and children of brothers and sisters, whose association with that director, chief executive, substantial shareholder or supervisor is such that, in the opinion of the Hong Kong Stock Exchange, the proposed transaction should be subject to the provisions of Chapter 14A; and</del></p> <p><del>(9) a company controlled by the persons referred to in (5) and (6) above whereby the person in question can exercise or control the right to exercise 50% or above of the voting rights in its shareholders' meeting, or control its majority of the board of director. The Hong Kong Stock Exchange will aggregate the interests owned by the directors (including those who had been a director of any member company of the Bank in the past 12 months), chief executive or substantial shareholders and their relatives to decide whether they jointly own the majority voting rights of such company.</del></p>	

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Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<p>(2) A company will not be considered a connected person if it becomes an associate of a director, chief executive, substantial shareholder or supervisor of a member company of the Bank merely due to the indirect interests in such company owned by such a director, chief executive, substantial shareholder through their interests in the Bank.</p> <p>(3) In this section, “associate” refers to:</p> <p>(i) in relation to an individual:</p> <p>(A) his/her spouse;</p> <p>(B) his/her or his/her spouse’s (natural or adopted) children or step children under 18 years ((A) and (B), collectively called “family equity”);</p> <p>(C) the trustees, acting in his capacity as trustee of any trust of which the individual or his family equity is a beneficiary (or, in the case of a discretionary trust, is (to his knowledge) a discretionary object);</p>	<p>(II) A company will not be considered a connected person if it becomes an associate of a director, chief executive, substantial shareholder or supervisor of a member company of the Bank merely due to the indirect interests in such company owned by such a director (<b><u>including a person who has served as a director at any time during the last 12 months</u></b>), chief executive, substantial shareholder through their interests in the Bank.</p> <p>(III) In this section, “associate” refers to:</p> <p>(I) in relation to an individual:</p> <p>(A) his/her spouse;</p> <p>(B) his/her or his/her spouse’s (natural or adopted) children or step children under 18 years ((A) and (B), collectively called “<del>family</del>—<del>equity</del> <b><u>immediate family members</u></b>”);</p> <p>(C) the trustees, acting in <del>his</del><b><u>their</u></b> capacity as trustee of any trust of which the individual or his <b><u>immediate family member family equity</u></b> is a beneficiary (or; in the case of a discretionary trust, is (to his knowledge) a discretionary object) (<b><u>such trust does not include employee share scheme or occupational retirement schemes established for a wide scope of participants and the connected person’s aggregate interests in such scheme(s) are less than 30%</u></b>) (“Trustee”);</p>	

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<p>(D) any other company (including an equity joint venture established under PRC law) in the equity capital of which the individual, his family equity and/or any of the trustees referred to in (i)(C) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other percentage as may from time to time be specified in applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more of the voting power at general meetings of such company, or to control the composition of a majority of the board of directors of such company and any other company which is its subsidiary; and</p> <p>(E) any company with which or any individual with whom the individual, his family equity and/or any of the trustees referred to in (i)(C) above, acting in their capacity as such trustees, taken together are directly or indirectly interested in a cooperative or contractual joint venture (whether or not constituting a separate legal person) under the PRC law where the individual, his family equity and/or any of the trustees referred to in (i)(C) above, acting in their capacity as such trustees, taken together directly or indirectly have 30% (or such other percentage as may from time to time be specified in applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more interest either in the capital and/or assets contributions to such joint venture or in the contractual share of profits or other income from such joint venture;</p>	<p>(D) any other company (including an equity joint venture established under PRC law) in the equity capital of which the individual, his <b>immediate</b> family members <del>family equity</del> and/or any of the trustees referred to in (i)(C) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other percentage as may from time to time be specified in applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more of the voting power at general meetings of such company, or to control the composition of a majority of the board of directors of such company and any other company which is its subsidiary; and</p> <p><b><u>(E) a person cohabiting with him as a spouse, or his child, step-child, parent, step-parent, brother, step-brother, sister or step-sister (each a “family member”); or</u></b></p> <p><b><u>(F) a majority-controlled company held, directly or indirectly, by the family members (individually or together), or held by the family member together with the individual, his immediate family members and/or the Trustees, or any of its subsidiaries;</u></b></p>	

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<p>(ii) in relation to any company, shall refer to:</p> <p>(A) any other companies, for which such companies being the subsidiaries or holding companies or the subsidiaries of its holding companies;</p> <p>(B) the trustees, acting in their capacity as such trustees, of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is a discretionary object;</p> <p>(C) any other company (including an equity joint venture established under PRC law) in the equity capital of which the company, such other companies referred to in (ii)(A) above, and/or any of the trustees referred to in (ii)(B) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other percentage as may from time to time be specified in applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary; and</p>	<p>(EG) any company with which or any individual with whom the individual, his <b>immediate</b> family members <del>family equity</del> and/or any of the trustees referred to in (i)(C) above, acting in their capacity as such trustees, taken together are directly or indirectly interested in a cooperative or contractual joint venture (whether or not constituting a separate legal person) under the PRC law where the individual, his <b>immediate</b> family members <del>family equity</del> and/or any of the trustees referred to in (i)(C) above, acting in their capacity as such trustees, taken together directly or indirectly have 30% (or such other percentage as may from time to time be specified in applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more interest either in the capital and/or assets contributions to such joint venture or in the contractual share of profits or other income from such joint venture;</p> <p>.....</p> <p>(C) This company, other companies referred above in (2)(A) and/or trustees referred above in (2)(B) (acting in their capacity as trustees), any other companies directly or indirectly hold equity interests (including joint ventures established according to China laws), and total equity interests held by them enable them to exercise or control the exercise of thirty percent (30%) (or other percentage as may from time to time be specified in the applicable China laws as being the level for triggering a mandatory open offer or necessary for ensuring control over of an enterprise in terms of laws or management) or more of the voting power at general meetings, or to control the composition of a majority of the Board and any other company which is its subsidiary; and</p>	

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<p>(D) any other company with which or any individual with whom the company, such other companies referred to in (ii)(A) above, and/or any of the trustees referred to in (ii)(B) above, acting in their capacity as such trustees, taken together are directly or indirectly interested in a cooperative or contractual joint venture (whether or not constituting a separate legal person) under the PRC law where it, such other companies referred to in (ii)(A) above, and/or any of the trustees referred to in (ii)(B) above, acting in their capacity as such trustees, taken together directly or indirectly have 30% (or such other percentage as may from time to time be specified in applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more interest either in the capital and/or assets contributions to such joint venture or in the contractual share of profits or other income from such joint venture.</p> <p>(4) The subsidiaries in this article include</p> <p>(i) any entity in which the Bank directly or indirectly holds more than 50% of the voting rights or issued share capital or otherwise control the composition of its board of directors;</p> <p>(ii) any entity which is accounted for and consolidated in the audited consolidated accounts of another subsidiary as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards; and</p> <p>(iii) any entity which will, as a result of acquisition of its equity interest by another subsidiary, as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards.</p>	<p>(D) Together with this company, other companies referred above in (2)(A) and/or trustees referred above in (2)(B) (acting in their capacity as trustees), any other companies or individuals in their capacity as trustees hold interests in a cooperative or contractual joint venture established according to China laws (whether it is independent legal entity or not), and this company, other companies referred above in (2)(A) and/or trustees referred above in (2)(B) in their capacity as trustees directly or indirectly hold contributed capital and/or contributed asset of the joint venture, or account for thirty percent (30%) of earnings or other revenue of the joint venture (or other percentage as may from time to time be specified in the applicable China laws as being the level for triggering a mandatory open offer or necessary for ensuring control over of an enterprise in terms of laws or management) or more of the voting power.</p> <p>(IV) The subsidiaries in this article include</p> <p>.....</p> <p>(3) any entity which will, as a result of acquisition of its equity interest by another subsidiary, <b><u>be accounted for and consolidated in the next audited consolidated accounts of such company</u></b> as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards.</p>	

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III. Definition of Related Party Transactions under Enterprise Accounting Standard No. 36 – Disclosure of Related Party	HHIV. Definition of Related Party Transactions under Enterprise Accounting Standard No. 36 – Disclosure of Related Party	Adjustment to the sequence number
VI. Definition of Related Party Transactions under IAS 24 – Related party disclosures	IVV. Definition of Related Party Transactions under IAS 24 – Related party disclosures	Adjustment to the sequence number
Appendix 2 Related party transactions defined by related regulatory requirements	Appendix 2 Related party transactions defined by related regulatory requirements	
I. Related Party Transactions defined by Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders and Shareholders issued by the CBRC	I. Related party transactions defined by Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders and Shareholders and Interim Measures for the Equity Management of Commercial Banks issued by the CBIRC	Addition made pursuant to regulatory requirement of CBIRC.
Add the heading	<u>Related party transactions defined by Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders and Shareholders issued by the CBIRC</u>	
	<u>Related party transactions defined by Interim Measures for the Equity Management of Commercial Banks issued by the CBIRC</u>  <u>Article 33 The credit balance granted by commercial bank to an individual entity such as a substantial shareholder, controlling shareholder, de facto controller, related party, party acting in concert or ultimate beneficiary shall not exceed 10% of the net capital of the commercial bank. The total credit balance granted by the commercial bank to an individual substantial shareholder and controlling shareholder, de facto controller, related party, party acting in concert and ultimate beneficiary shall not exceed 15% of the net capital of the commercial bank.</u>	

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>The credits in the preceding paragraph include loans (including trade finances), bill acceptances and discounts, overdrafts, bond investments, special purpose vehicle investments, issuance of letter of credit, factoring, guarantees, loan commitments, and other businesses of which credit risks are essentially borne by the commercial bank or the wealth management products issued by the commercial bank. The commercial bank shall identify the ultimate debtors according to the principle of penetration.</u></p> <p><u>When conducting businesses with substantial shareholders, controlling shareholders, de facto controllers, related parties, parties acting in concert or ultimate beneficiaries who are financial institutions, the commercial bank shall comply with the laws and regulations and relevant requirements on interbank businesses of regulators.</u></p> <p><u>Article 34 When entering into the sale or purchase or lease of the commercial bank’s own movable or immovable properties; the purchase and sale of credit assets; the receipt and disposal of repossessed assets; transactions relating to services such as credit enhancement, credit assessment, assets assessment, law, information, technology and infrastructure; commissioned or entrusted sales and other transactions with its substantial shareholders, controlling shareholders, actual controllers, related parties, parties acting in concert or ultimate beneficiaries, the Bank shall comply with laws and regulations and the relevant requirements of CBRC, and shall conduct such transactions in accordance with commercial principles which shall be no more favorable than the conditions offered to non-related parties regarding the similar transactions, so as to prevent risk contagion and tunneling.</u></p>	

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<u>II. Related party transactions defined by domestic securities regulatory authorities</u>	Addition made pursuant to the actual circumstance of the A Share Offering of the Bank.
	<p><u>Related party transactions defined by Administration Measures for Information Disclosure of Listed Companies</u></p> <p><u>Article 71 The meanings of the following terms mentioned in these measures are explained as follows:</u></p> <p><u>(III) the related party transactions of the listed company means a transaction which involves the exchange of resources or obligations between the listed company or its subsidiaries and its related parties of the listed company.</u></p> <p><u>Related party transactions defined by Listing Rules of Shanghai Stock Exchange</u></p> <p><u>10.1.1 the related party transactions of the listed company means a transaction which involves the exchange of resources or obligations between the listed company or its subsidiaries and its related parties of the listed company, including the followings:</u></p> <p><u>(i) transactions stipulated in article 9.1;</u></p> <p><u>(ii) the purchase of raw materials, fuel and energy;</u></p> <p><u>(iii) the sale of products and merchandise;</u></p> <p><u>(iv) the provision or receipt of labour services;</u></p>	

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>(v) entrusting or entrusted sales;</u></p> <p><u>(vi) the placement of deposits with or the taking of loans from the financial companies of related parties;</u></p> <p><u>(vii) joint investments with related persons;</u></p> <p><u>(viii) such other matters as may lead to the transfer of resources or obligations through agreement.</u></p> <p><u>9.1 transactions stipulated in this chapter include:</u></p> <p><u>(i) the acquisition or disposal of assets;</u></p> <p><u>(ii) external investments, including entrusted financing, entrusted loans etc.;</u></p> <p><u>(iii) the provision of financial assistance;</u></p> <p><u>(iv) the provision of guarantee;</u></p> <p><u>(v) the lease of assets as lessor or lessee;</u></p> <p><u>(vi) entrusting or being entrusted with asset and business management;</u></p> <p><u>(vii) giving or receiving assets as a gift;</u></p> <p><u>(viii) restructuring of creditor's rights or debts;</u></p> <p><u>(ix) entering into licensing agreements;</u></p> <p><u>(x) transferring or being transferred research and development projects;</u></p> <p><u>(xi) Other transactions approved by the stock exchange.</u></p>	

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>The acquisition or disposal of assets mentioned above excludes the purchase of raw materials, fuel and energy, and acquisition or disposal of assets related to products and goods in the course of daily operations, but includes the acquisition or disposal of assets involved in the exchange of assets.</u></p> <p><u>Related party transactions defined by The Implementation Guidance of Related Party Transactions.</u></p> <p><u>Article 12 the related party transactions of the listed company means a transaction which involves the exchange of resources or obligations between the listed company or its subsidiaries and its related parties of the listed company, including the followings:</u></p> <p><u>(i) the acquisition or disposal of assets;</u></p> <p><u>(ii) external investments, including entrusted financing, entrusted loans etc.;</u></p> <p><u>(iii) the provision of financial assistance;</u></p> <p><u>(iv) the provision of guarantee;</u></p> <p><u>(v) the lease of assets as lessor or lessee;</u></p> <p><u>(vi) entrusting or being entrusted with asset and business management;</u></p> <p><u>(vii) giving or receiving assets as a gift;</u></p> <p><u>(viii) restructuring of creditor's rights or debts;</u></p>	

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>(ix) entering into licensing agreements;</u></p> <p><u>(x) transferring or receiving transfer of research and development projects;</u></p> <p><u>(xi) the purchase of raw materials, fuel and energy;</u></p> <p><u>(xii) the sale of products and merchandise;</u></p> <p><u>(xiii) the provision or receipt of labour services;</u></p> <p><u>(xiv) entrusting or being entrusted sales;</u></p> <p><u>(xv) the placement of deposits with or the taking of loans from the financial companies of related parties;</u></p> <p><u>(xvi) joint investments with related parties;</u></p> <p><u>(xvii) Any other transactions that may lead to a transfer of resources or obligations through agreement, as determined in accordance with the substance over form principle, include providing financial assistance or guarantees to a company jointly invested with a related party that exceeds its shareholding or proportion of contribution, or waiving the right of first refusal or the right to proportionally increase its shareholding in such jointly invested company.</u></p>	

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<b>II. Definition of Related Party Transactions under the Listing Rules of the Hong Kong Stock Exchange</b>	<b>IIII. Definition of Related Party Transactions under the Listing Rules of the Hong Kong Stock Exchange (defined as “Connected Transaction” in the Listing Rules of the Hong Kong Stock Exchange)</b>	
<p>(I) Any transactions between the Bank’s member companies and their connected persons (including one-off connected transactions and continuous connected transactions). In this section, continuous connected transactions are usually transactions in the ordinary and usual course of business of the Bank’s member companies involving the provision of goods and services, which are carried out on a continuing or recurring basis and are expected to extend over a period of time;</p> <p>(II) The following transactions with the non-connected person:</p> <p>(1) any acquisition or disposal of interest in a company</p> <p>(A) any transaction between a member company of the Bank and a person who is not a connected person where the transaction involves the member company of the Bank acquiring or disposing of an interest in a company where a substantial shareholder of that company is, or is proposed to be, a controller or (or will become as a result of the transaction) an associate of a controller; or</p>	<p><del>(I) Any transactions between the Bank’s member companies and their connected persons (including one-off connected transactions and continuous connected transactions). In this section, continuous connected transactions are usually transactions in the ordinary and usual course of business of the Bank’s member companies involving the provision of goods and services, which are carried out on a continuing or recurring basis and are expected to extend over a period of time;</del></p> <p><del>(II) The following transactions with the non-connected person:</del></p> <p><del>(1) any acquisition or disposal of interest in a company</del></p> <p><del>(A) any transaction between a member company of the Bank and a person who is not a connected person where the transaction involves the member company of the Bank acquiring or disposing of an interest in a company where a substantial shareholder of that company is, or is proposed to be, a controller or (or will become as a result of the transaction) an associate of a controller; or</del></p>	Amendment made pursuant to Rules 14A.23, 14A.24, 14A.28 and 14A.30 of the Listing Rules of the Hong Kong Stock Exchange.

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<p>(B) any transaction between a member company of the Bank and a person who is not a connected person and the transaction involves the member company of the Bank acquiring an interest in a company (or an option to acquire such interest) of which a controller (or an associate of a controller) is, or will become, a shareholder where the interest being acquired is:</p> <p>(i) of fixed income nature;</p> <p>(ii) shares to be acquired on less favourable terms than those granted to the controller or its associate; or</p> <p>(iii) shares which are of a different class from those held by, or to be granted to, the controller or its associate;</p> <p>(2) Subscription on favourable terms Any transactions between a member company of the Bank and a person who is not a connected person where the transaction involves a controller (or an associate of a controller) subscribing on especially favourable terms shares in a company in which the member company of the Bank is a shareholder;</p> <p>(3) Subscription of different class of shares</p> <p>Any transaction between a member company of the Bank and a person who is not a connected person and the transaction involves a controller (or an associate of a controller) subscribing shares in a company in which the member company of the Bank is a shareholder but which are of a different class from those held by the member company of the Bank;</p>	<p><del>(B) any transaction between a member company of the Bank and a person who is not a connected person and the transaction involves the member company of the Bank acquiring an interest in a company (or an option to acquire such interest) of which a controller (or an associate of a controller) is, or will become, a shareholder where the interest being acquired is:</del></p> <p><del>(i) of fixed income nature;</del></p> <p><del>(ii) shares to be acquired on less favourable terms than those granted to the controller or its associate; or</del></p> <p><del>(iii) shares which are of a different class from those held by, or to be granted to, the controller or its associate;</del></p> <p><del>(2) Subscription on favourable terms</del></p> <p><del>Any transactions between a member company of the Bank and a person who is not a connected person where the transaction involves a controller (or an associate of a controller) subscribing on especially favourable terms shares in a company in which the member company of the Bank is a shareholder;</del></p> <p><del>(3) Subscription of different class of shares</del></p> <p><del>Any transaction between a member company of the Bank and a person who is not a connected person and the transaction involves a controller (or an associate of a controller) subscribing shares in a company in which the member company of the Bank is a shareholder but which are of a different class from those held by the member company of the Bank;</del></p>	

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<p>(III) The following transactions in relation to the provision of financial assistance, options and joint venture enterprises:</p> <p>(1) the provision of financial assistance:</p> <p>(A) by a member company of the Bank to:</p> <p>(i) a connected person; or</p> <p>(ii) a company in which both a member company of the Bank and a connected person are shareholders and where any connected person(s) (other than at the level of its subsidiaries) is/are (individually or together) entitled to exercise, or control the exercise of, 10% or more of the voting rights at any general meeting of such company;</p> <p>(B) to a member company of the Bank by:</p> <p>(i) a connected person; or</p> <p>(ii) a company in which both a member company of the Bank and a connected person are shareholders and where any connected person(s) (other than at the level of its subsidiaries) is/are (individually or together) entitled to exercise, or control the exercise of, 10% or more of the voting rights at any general meeting of such company;</p> <p>(C) A member company of the Bank granting an indemnity or guarantee or providing financial assistance to a connected person or any company falling under (III)(1)(A)(ii) above;</p>	<p><del>(III) The following transactions in relation to the provision of financial assistance, options and joint venture enterprises:</del></p> <p><del>(1) the provision of financial assistance:</del></p> <p><del>(A) by a member company of the Bank to:</del></p> <p><del>(i) a connected person; or</del></p> <p><del>(ii) a company in which both a member company of the Bank and a connected person are shareholders and where any connected person(s) (other than at the level of its subsidiaries) is/are (individually or together) entitled to exercise, or control the exercise of, 10% or more of the voting rights at any general meeting of such company;</del></p> <p><del>(B) to a member company of the Bank by:</del></p> <p><del>(i) a connected person; or</del></p> <p><del>(ii) a company in which both a member company of the Bank and a connected person are shareholders and where any connected person(s) (other than at the level of its subsidiaries) is/are (individually or together) entitled to exercise, or control the exercise of, 10% or more of the voting rights at any general meeting of such company;</del></p> <p><del>(C) A member company of the Bank granting an indemnity or guarantee or providing financial assistance to a connected person or any company falling under (III)(1)(A)(ii) above;</del></p>	

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<p>(D) the granting of security over the assets of a member company of the Bank in respect of any financial assistance provided by a connected person or any company falling under (III)(1)(B)(ii) above;</p> <p>(2) Options</p> <p>The writing, acceptance, transfer, exercise or non-exercise of an option involving a member company of the Bank and a connected person; or</p> <p>(3) Joint Ventures</p> <p>The entering into of any arrangement or agreement involving the formation of a joint venture entity in any form, such as a partnership or a company, or any other form of joint arrangement by a member company of the Bank and a connected person.</p>	<p><del>(D) the granting of security over the assets of a member company of the Bank in respect of any financial assistance provided by a connected person or any company falling under (III)(1)(B)(ii) above;</del></p> <p>(2) Options</p> <p>The writing, acceptance, transfer, exercise or nonexercise of an option involving a member company of the Bank and a connected person; or</p> <p>(3) Joint Ventures</p> <p>The entering into of any arrangement or agreement involving the formation of a joint venture entity in any form, such as a partnership or a company, or any other form of joint arrangement by a member company of the Bank and a connected person.</p> <p><b><u>1. “Connected transactions” are transactions between the listed issuer or its subsidiaries (i.e., listed group company) and related parties, and specified categories of transactions with third parties that may confer benefits on connected persons through their interests in the entities involved in the transactions. They may be one-off transactions or continuing transactions.</u></b></p> <p><b><u>2. “Transaction” includes both capital and revenue nature transactions, whether or not conducted in the ordinary and usual course of business of the listed issuer’s group. This includes the following types of transactions:</u></b></p> <p><b><u>(a) any acquisition or disposal of assets by a listed issuer’s group including a deemed disposal;</u></b></p> <p><b><u>(b) (i) a listed issuer’s group granting, accepting, exercising, transferring or terminating an option to acquire or dispose of assets or to subscribe for securities; or</u></b></p>	

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>Note: Terminating an option is not a transaction if it is made under the terms of the original agreement and the listed issuer’s group has no discretion over the termination.</u></p> <p><u>(ii) a listed issuer’s group deciding not to exercise an option to acquire or dispose of assets or to subscribe for securities;</u></p> <p><u>(c) entering into or terminating finance leases or operating leases or sub-leases;</u></p> <p><u>(d) granting an indemnity or providing or receiving financial assistance. “Financial assistance” includes granting credit, lending money, or providing an indemnity against obligations under a loan, or guaranteeing or providing security for a loan;</u></p> <p><u>(e) entering into an agreement or arrangement to set up a joint venture in any form (e.g. a partnership or a company), or any other form of joint arrangement;</u></p> <p><u>(f) issuing new securities of the listed issuer;</u></p> <p><u>(g) providing, receiving or sharing services; or</u></p> <p><u>(h) acquiring or providing raw materials, intermediate products and/or finished goods.</u></p>	

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
	<p><u>3. The “specified categories of transactions” between the listed group company and a third party includes the following:</u></p> <p><u>(a) financial assistance provided by a listed group company to, or received by a listed group company from, a commonly held entity. A “commonly held entity” is a company whose shareholders include:</u></p> <p><u>(i) a listed group company; and</u></p> <p><u>(ii) any connected person(s) at the issuer level who, individually or together, can exercise or control the exercise of 10% or more of the voting rights at the company’s general meeting. This 10% excludes any indirect interest held by the person(s) through the listed issuer; and</u></p> <p><u>(b) a listed group company acquiring an interest in a company (the “target company”) from a person who is not a connected person if the target company’s substantial shareholder:</u></p> <p><u>(i) is, or is proposed to be, a controller; or</u></p> <p><u>(ii) is, or will, as a result of the transaction, become, an associate of a controller or proposed controller.</u></p> <p><u>Note: Acquiring the target company’s assets is also a connected transaction if these assets account for 90% or more of the target company’s net assets or total assets.</u></p> <p><u>Paragraph (b) does not apply to a listed issuer’s proposed acquisition if the controller or his or its associate(s) is or are together the target company’s substantial shareholders only because of their indirect shareholdings in the target company held through the listed issuer’s group.</u></p>	

**APPENDIX XVII COMPARATIVE TABLE OF AMENDMENTS TO THE ADMINISTRATIVE MEASURES FOR THE CONTROL OF RELATED PARTY TRANSACTIONS IN CONNECTION WITH THE A SHARE OFFERING**

Provisions of the administrative measures for the control of related party transactions	Provisions of the administrative measures for the control of related party transactions (A+H)	Reasons for or Basis of Amendment
<b>III. Definition of Related Party Transactions under Enterprise Accounting Standard No. 36 – Disclosure of Related Party and</b>	<b>HHIV. Definition of Related Party Transactions under Enterprise Accounting Standard No. 36 – Disclosure of Related Party and</b>	Adjustment to the sequence number
<b>IV. Definition of Related Party Transactions under IAS 24 – Related party disclosures</b>	<b>IVV. Definition of Related Party Transactions under IAS 24 – Related party disclosures</b>	Adjustment to the sequence number

*Notes:*

- The above amendment table does not show the corresponding adjustment of sequence numbers of cross-reference clauses according to the Administrative Measures for the Control of Related Party Transactions (A+H) based on the Administrative Measures for the Control of Related Party Transactions. In addition, the first clause of the Administrative Measures for the Control of Related Party Transactions (A+H) has changed the definition of the Listing Rules to “Listing Rules of the Hong Kong Stock Exchange”, the use of relevant terms are adjusted accordingly.
- The Administrative Measures for the Control of Related Party Transactions and the Administrative Measures for the Control of Related Party Transactions (A+H) are prepared in Chinese, and translated into English. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

Pursuant to the requirements of the Management of Related Party Transactions between Commercial Banks and Their Insiders and Shareholders, the Interim Measures for the Equity Management of Commercial Banks and the relevant guidelines of the Bank, the details of the related party transactions of the Bank in 2018 are as follows:

## I. RECENT RELATED PARTY TRANSACTIONS

The related party transactions of the Bank mainly involve ordinary on-and off-balance sheet bank businesses such as loans, acceptances and check-discounting. As at the end of 2018, the balance of the related party transactions of the Bank amounted to RMB20,303,000,000.

(1) **Related party transactions with related legal persons.** As at the end of 2018, the related legal persons involved in related party transactions mainly included Anhui Energy Group Co., Ltd., Anhui Guoyuan Holding (Group) Co., Ltd., Anhui Transportation Holding Group Co., Ltd., Anhui Credit Guaranty Group Co., Ltd., Sunshine Insurance Group Corporation Limited, China Vanke Co., Ltd., Chery Huiyin Motor Finance Service Co., Ltd., Huishang Bank Financial Leasing Co., Ltd., Hefei Xingtai Financial Holdings (Group) Co., Ltd., Wuhu Construction Investment Co., Ltd. and Anhui Shuyi Construction (Group) Co., Ltd. (安徽舒怡建設集團有限公司), with an aggregated balance of RMB19,864,000,000.

a. **Anhui Energy Group Co., Ltd.** Anhui Energy Group Co., Ltd. is a related party of the Shareholders of the Bank. The members of the related parties who have outstanding related party transactions with the Bank include Anhui Xinneng Electric Technology Co., Ltd. (安徽省新能電氣科技有限公司), Shucheng Wanneng Natural Gas Co., Ltd. (舒城皖能天然氣有限公司), Wanneng Hefei Power Generation Co., Ltd. (皖能合肥發電有限公司) and Anhui Electricity and Fuel Co., Ltd. (安徽電力燃料有限責任公司). The Bank considered the abovementioned companies as related parties and managed the transactions with them as related party transactions in accordance with the relevant provisions. As at the end of 2018, Anhui Xinneng Electric Technology Co., Ltd. (安徽省新能電氣科技有限公司) had a balance of domestic guarantees of RMB1,041,700 and a balance of acceptance bills of RMB500,000; Shucheng Wanneng Natural Gas Co., Ltd. (舒城皖能天然氣有限公司) had a balance of acceptance bills of RMB912,200; Wanneng Hefei Power Generation Co., Ltd. (皖能合肥發電有限公司) had a balance of domestic letter of credit of RMB125,000,000. Anhui Electricity and Fuel Co., Ltd. (安徽電力燃料有限責任公司) had a balance of domestic letter of credit forfeiting of RMB125,000,000. The aforementioned related party transactions were categorized as normal in the five-category system.

- b. Anhui Guoyuan Holding (Group) Co., Ltd.** Anhui Guoyuan Holding (Group) Co., Ltd. is a related party of the Shareholders of the Bank. The members of the related parties who have outstanding related party transactions with the Bank include Anhui Micro-Refinancing Co., Ltd., Anhui Wanwei Updated High-tech Material Industry Co., Ltd., Hefei Guoyuan Micro-credit Co., Ltd. (合肥國元小額貸款股份有限公司), Guoyuan Securities Company Ltd., Changsheng Fund Management Company Limited, Anhui Guoyuan Trust Company Ltd., Guoyuan Agricultural Insurance Co., Ltd. and Jian'an Investment Holdings Group. The Bank considered the abovementioned companies as related parties and managed the transactions with them as related party transactions in accordance with the relevant provisions. As at the end of 2018, Anhui Micro-Refinancing Co., Ltd. had a balance of working capital loans of RMB300,000,000; Anhui Wanwei Updated High-tech Material Industry Co., Ltd. had a balance of working capital loans of RMB150,000,000; Hefei Guoyuan Micro-credit Co., Ltd. (合肥國元小額貸款股份有限公司) had a balance of working capital loans of RMB30,000,000. The aforementioned related party transactions were categorized as normal in the five-category system. The Bank invested in the bonds of RMB660,000,000 issued by Jian'an Investment Holdings Group; received custodian fees of RMB10,236,300 from Guoyuan Securities Company Ltd., Anhui Guoyuan Trust Company Ltd. and Changsheng Fund Management Company Limited. Fees for agency sales services for funds of RMB6,600 have been received from Changsheng Fund Management Company Limited. The Bank received insurance brokerage fees of RMB23,800 from Guoyuan Agricultural Insurance Co., Ltd. A management fee of RMB4,373,200 for the asset management plans has been paid to Guoyuan Securities Company Ltd. The Bank paid management fees of RMB3,097,200 for the asset management plans and trustee fees of RMB2,000,000 to Anhui Guoyuan Trust Company Ltd. Guoyuan Securities Company Ltd. subscribed for interbank deposit receipts amounting to RMB60,000,000 of the Bank through the collective asset management plans. The Bank entered into bonds reverse repo transactions with Changsheng Fund Management Company Limited, receiving interest of RMB663,700.
- c. Anhui Transportation Holding Group Co., Ltd.** Anhui Transportation Holding Group Co., Ltd. is a related party of the Directors of the Bank. The members of the related parties who have outstanding related party transactions with the Bank include Anhui Transportation Holding Group Co., Ltd., Anhui Xunjie Logistics Co., Ltd. (安徽迅捷物流有限責任公司), Anhui Expressway Finance Lease Co., Ltd. (安徽高速融資租賃有限公司), Anhui Transportation Group Automobile Sales Co., Ltd. (安徽交運集團汽車銷售有限公司), Anhui Transport Consulting & Design Institute Co., Ltd. (安徽省交通規劃設計研究總院股份有限公司), Anhui Zhongxing Engineering Supervision Co., Ltd. (安徽省中興工程監理有限公司), Anhui Highway Construction Co., Ltd. and Anhui Expressway Media Co., Ltd. The Bank considered the abovementioned companies as related parties and managed the transactions with them as related party transactions in accordance with the relevant provisions. As at the end of 2018, Anhui Transportation Holding Group Co., Ltd. had a balance of

fixed-asset loans of RMB319,375,000. Anhui Xunjie Logistics Co., Ltd. (安徽迅捷物流有限責任公司) had a balance of working capital loans of RMB30,000,000; Anhui Expressway Finance Lease Co., Ltd. (安徽高速融資租賃有限公司) had a balance of working capital loan of RMB97,000,000. Anhui Transportation Group Automobile Sales Co., Ltd. (安徽交運集團汽車銷售有限公司) had a balance of acceptance bills of RMB9,291,700. Anhui Transport Consulting & Design Institute Co., Ltd. (安徽省交通規劃設計研究總院股份有限公司) had a balance of domestic guarantees of RMB9,727,200; Anhui Zhongxing Engineering Supervision Co., Ltd (安徽省中興工程監理有限公司) had a balance of domestic guarantees of RMB11,307,100. Anhui Highway Construction Co., Ltd. had a balance of working capital loans of RMB30,000,000. The Bank paid advertising fees of RMB230,000 to Anhui Expressway Media Co., Ltd. In addition, the Bank holds some bonds issued by Anhui Transportation Holding Group Co., Ltd. with an aggregated nominal value of RMB270,000,000.

- d. **Anhui Credit Guaranty Holdings Group Company Ltd.** Anhui Credit Guaranty Holdings Group Company Ltd. is a related party of the Shareholders of the Bank. The members of the related parties who have outstanding related party transactions with the Bank include Anhui Guaranteed Asset Management Co., Ltd. (安徽擔保資產管理有限公司) and Anhui Development Investment Co., Ltd. (安徽省開發投資有限公司). As at the end of 2018, Anhui Guaranteed Asset Management Co., Ltd. (安徽擔保資產管理有限公司) had a balance of working capital loans of RMB196,000,000; Anhui Development Investment Co., Ltd. (安徽省開發投資有限公司) had a balance of working capital loans of RMB1,200,000,000. The aforementioned related party transactions were categorized as normal in the five-category system.
- e. **Sunshine Insurance Group Corporation Limited.** Sunshine Insurance Group Corporation Limited is a related party of the Directors of the Bank. The members of the related parties who have outstanding balance of related party transactions with the Bank include Sunshine Life Insurance Corporation Limited, the Anhui branch of Sunshine Life Insurance Limited, Chengtay Financial Leasing (Shanghai) Co., Ltd. (誠泰融資租賃(上海)有限公司) and Sunshine Property Insurance Co., Ltd. (陽光財產保險股份有限公司). The Bank considered the abovementioned companies as related parties and managed the transactions with them as related party transactions in accordance with the relevant provisions. As at the end of 2018, the Anhui branch of Sunshine Life Insurance Limited has contracted the Bank's staff insurance project with an amount of RMB35,859,300. Chengtay Financial Leasing (Shanghai) Co., Ltd. (誠泰融資租賃(上海)有限公司) had a balance of domestic factoring of RMB451,490,000. The Bank collected from Sunshine Life Insurance Corporation Limited an insurance brokerage fee of RMB681,700, and collected from Sunshine Property Insurance Co., Ltd. (陽光財產保險股份有限公司) an insurance brokerage fee of RMB9,300. The Bank had a claim for credit guarantee insurances of RMB51,500.

- f. **China Vanke Co., Ltd.** China Vanke Co., Ltd. is a related party of the Shareholders of the Bank. The Bank has deemed it as a related party and the transactions with it are managed as related party transactions in accordance with the relevant provisions. As at the end of 2018, the Bank invested in Vanke's supply chain financial asset support special plans, with a balance of RMB2,800,000,000, and invested in Vanke's housing purchase last payment asset support special plans, with a balance of RMB1,341,000,000. In addition, China Vanke Co., Ltd. had a balance of RMB989,529,000 under the indirect credit facilities with the Bank.
- g. **Chery Huiyin Motor Finance Service Co., Ltd.** Chery Huiyin Motor Finance Service Co., Ltd. is an associate of the Bank. The Bank has considered the company as a related party and managed the transactions with it as related party transactions in accordance with the relevant provisions. As at the end of 2018, Chery Huiyin Motor Finance Service Co., Ltd. had a balance of inter-bank borrowings of RMB1,100,000,000, and paid the Bank an underwriting fee for financial bonds of RMB5,150,000. The Bank invested in the senior asset-backed securities (backed by personal auto pledged loans) issued by Chery Huiyin Motor Finance Service Co., Ltd. as a promotor, with a balance of RMB62,154,000.
- h. **Huishang Bank Financial Leasing Co., Ltd.** Huishang Bank Financial Leasing Co., Ltd. is an associate of the Bank. The Bank has considered the company as a related party and managed the transactions with it as related party transactions in accordance with the relevant provisions. As at the end of 2018, Huishang Bank Financial Leasing Co., Ltd. had a balance of inter-bank borrowings of RMB1,300,000,000.
- i. **Hefei Xingtai Financial Holdings (Group) Co., Ltd.** Hefei Xingtai Financial Holdings (Group) Co., Ltd. is a related party of the supervisors of the Bank. The members of the related parties who have outstanding related party transactions with the Bank include Hefei Xingtai Financial Holdings (Group) Co., Ltd., Hefei Xingtai Micro-credit Co., Ltd. (合肥市興泰小額貸款有限公司), Anhui Xingtai Financial Leasing Co., Ltd., CCB Trust Co., Ltd., Harfor Fund Management Co., Ltd., CCB Principal Asset Management Co., Ltd. and CCB Life Insurance Company Limited. The Bank considered the abovementioned companies as related parties and managed the transactions with them as related party transactions in accordance with the relevant provisions. As at the end of 2018, Hefei Xingtai Financial Holdings (Group) Co., Ltd. had a balance of working capital loans of RMB100,000,000; Hefei Xingtai Micro-credit Co., Ltd. (合肥市興泰小額貸款有限公司) had a balance of working capital loans of RMB100,000,000; Anhui Xingtai Financial Leasing Co., Ltd. had a balance of working capital loans of RMB640,000,000; CCB Trust Co., Ltd. had a balance of RMB642,000,000 for the collective trust plans. The Bank paid a management fee of RMB1,501,400 for the trust plans to, and

received a custody fee of RMB1,235,900 from, CCB Trust Co., Ltd. The Bank entered into bonds reverse repo transactions with Harfor Fund Management Co., Ltd., receiving interest of RMB786,700. The Bank entered into bonds reverse repo transactions with CCB Principal Asset Management Co., Ltd., receiving interest of RMB1,034,100. The Bank entered into bonds reverse repo transactions with CCB Life Insurance Company Limited, receiving interest of RMB132,600.

- j. Wuhu Construction Investment Co., Ltd.** Wuhu Construction Investment Co., Ltd. is a related party of the supervisors of the Bank. The members of the related parties who have outstanding related party transactions with the Bank include Wuhu Construction Investment Co., Ltd., Anhui Jiangbei Development Co., Ltd. (安徽省江北開發有限責任公司), Chery New Energy Co., Ltd., EFORT Intelligent Equipment Co., Ltd., Chery Automobile Co., Ltd., Wuhu Hua Yan Water Co., Ltd. (蕪湖華衍水務有限公司), Wuhu Power Tech Co., Ltd., Wuhu Jin'an Shiteng Automobile Safety System Co., Ltd. (蕪湖金安世騰汽車安全系統有限公司), Wuhu Yongda Tech Co., Ltd., Wuhu Honhu Materials Technology Co., Ltd. and Wanjiang Financial Leasing Co., Ltd. (皖江金融租賃股份有限公司). The Bank considered the abovementioned companies as related parties and managed the transactions with them as related party transactions in accordance with the relevant provisions. As at the end of 2018, Wuhu Construction Investment Co., Ltd. had a balance of M&A loans of RMB599,000,000, and the Bank invested in the bonds of RMB400,000,000 issued by Wuhu Construction Investment Co., Ltd. Anhui Jiangbei Development Co., Ltd. (安徽省江北開發有限責任公司) had a balance of working capital loans of RMB200,000,000. Chery New Energy Co., Ltd. had a balance of working capital loans of RMB170,000,000, and a balance of acceptance bills of RMB30,000,000. EFORT Intelligent Equipment Co., Ltd. had a balance of working capital loans of RMB29,500,000, and a balance of domestic letter of credit of RMB1,000,000. Chery Automobile Co., Ltd. had a balance of domestic letter of credit of RMB3,410,000, and had a balance of letter of credit forfeiting of RMB650,000,000. The Bank invested in the bonds of RMB500,000,000 issued by Chery Automobile Co., Ltd. Wuhu Hua Yan Water Co., Ltd. (蕪湖華衍水務有限公司) had a balance of working capital loans of RMB60,000,000; Wuhu Power Tech Co., Ltd. had a balance of acceptance bills of RMB5,591,000; Wuhu Jin'an Shiteng Automobile Safety System Co., Ltd. (蕪湖金安世騰汽車安全系統有限公司) had a balance of working capital loans of RMB3,300,000, a balance of domestic letter of credit of RMB2,000,000 and a balance of acceptance bills of RMB8,300,000. Wuhu Yongda Tech Co., Ltd. had a balance of acceptance bills of RMB50,000,000; Wuhu Honhu Materials Technology Co., Ltd. had a balance of acceptance bills of RMB20,000,000; Wanjiang Financial Leasing Co., Ltd. (皖江金融租賃股份有限公司) had a balance of inter-bank borrowings of RMB500,000,000, and a balance of domestic factoring of RMB940,000,000. The Bank invested in the bonds of RMB1,063,110,400 issued by Wanjiang Financial Leasing Co., Ltd.

(皖江金融租賃股份有限公司)。In addition, the Bank invested in Wanjiang Mingzhu No. 1 Urban Development Fund Single Capital Trust Plan (皖江明珠一號城市發展基金單一資金信託計劃) with a balance of RMB1,200,000,000, the de facto borrower of which is Wuhu Construction Investment Co., Ltd.

- k. **Anhui Shuyi Construction (Group) Co., Ltd.** (安徽舒怡建設集團有限公司). Anhui Shuyi Construction (Group) Co., Ltd. (安徽舒怡建設集團有限公司) is a related party of Xu Xia, a former employee of the Bank, and the transactions with it were managed as related party transactions. As at the end of 2018, Anhui Shuyi Construction (Group) Co., Ltd. (安徽舒怡建設集團有限公司) had a balance of working capital loans of RMB169,000,000, acceptance bills of RMB10,000,000 and domestic letter of credit of RMB5,550,000. Its member of the related parties, Hefei Shuyi Construction Engineering Co., Ltd. (合肥市舒怡建設工程有限公司) had a balance of working capital loans of RMB26,000,000.

- (2) **Related party transactions with related natural persons.** According to the statistics of the Bank's related party transaction management system, the balance of the related party transactions entered into with related natural persons of the Bank was RMB438,446,700 as at the end of 2018, which were mainly related to the operations of personal residential loans, comprehensive revolving consumer loans and the credit cards overdraft. All of these transactions were related party transactions in the ordinary course of business of the Bank, which were categorized as normal in the five-category system.
- (3) **Benchmark for the extent of related party transactions.** Transactions between the Bank and the legal persons or other institutions of related legal persons of the Bank, who constitute group customers, and with the close relatives of related natural persons of the Bank were managed as related party transactions and aggregated in accordance with the relevant provisions and in strict compliance with the regulatory requirements. As at the end of 2018, the unaudited net capital of the Bank amounted to RMB83,883 million. The balance with China Vanke Co., Ltd., the largest single related party, amounted to RMB5,131 million, accounting for 6.12% of the net capital. The balance with Wuhu Construction Investment Co., Ltd., the largest single group related party, and its associates amounted to RMB6,435 million, accounting for 7.67% of the net capital. The balance of all the related parties amounted to RMB20,303 million, accounting for 24.2% of the net capital. The percentages were controlled within the regulatory limits.
- (4) **Pricing for related party transactions.** The related party transactions between the Bank and related parties are conducted under normal commercial terms and conditions, which are not more favorable than the terms of similar transactions with non-related parties, thus ensuring the legitimacy and fairness of the pricing of related party transactions. The prices of credit-extension related party transactions are determined in accordance with the relevant credit pricing management measures

of the Bank, which correspond to the credit rating and risk exposure of the related party customers. The prices of bill discounting related party transactions are negotiated between the Bank and the related parties based on factors such as discounted amounts, bill structure, maturity structure and transaction timeliness, and with reference to the quotations of similar bills from other counterparties in the bills market. The prices of bond-investment related party transactions are primarily negotiated between the Bank and the related parties with reference to the weighted average trading price in the market. The insurance brokerage fees and custodian fees charged to related parties are mainly negotiated between the Bank and the related parties with reference to the rate charged by other banks for similar services.

## II. CHANGES OF RELATED PARTY TRANSACTIONS

- (1) **Changes of related party transactions with related parties.** As at the end of 2018, related party transactions with related legal persons increased by RMB14,783,504,300 as compared with the end of 2017. Specifically, related party transactions with Anhui Energy Group Co., Ltd. and its related parties increased by RMB242,605,000; transactions with Anhui Guoyuan Holding (Group) Co., Ltd. and its related parties increased by RMB1,137,692,900; transactions with Sunshine Insurance Group Corporation Limited and its related parties increased by RMB201,838,100; transactions with Chery Huiyin Motor Finance Service Co., Ltd. increased by RMB535,943,000; transactions with Huishang Bank Financial Leasing Co., Ltd. increased by RMB1,300 million. Related party transactions with Hefei Xingtai Financial Holdings (Group) Co., Ltd. and its related parties increased by RMB1,486,690,700; transactions with Wuhu Construction Investment Co., Ltd. and its related parties increased by RMB6,435,211,400; transactions with China Vanke Co., Ltd. and its related parties increased by RMB4,673,473,000; and transactions with Anhui Shuyi Construction (Group) Co., Ltd. (安徽舒怡建設集團有限公司) increased by RMB10,550,000. Related party transactions with Anhui Transportation Holding Group Co., Ltd. and its related parties decreased by RMB254,499,800, and transactions with Anhui Credit Guaranty Group Co., Ltd. and its related parties decreased by RMB986,000,000.
- (2) **Changes of related party transaction with related natural persons.** As at the end of 2018, the shareholding of natural person Shareholders of the Bank was far less than 5%, and therefore, the Bank's related natural persons were all insiders and their close family members. The related party transactions with the Bank's related natural persons were all general related party transactions, and compared with the end of 2017, there were some new related party transactions, with some of these transactions expiring or repaying loan as per agreement. The balance of such related party transactions increased by RMB97,840,000.

### III. MANAGEMENT OF THE RELATED PARTY TRANSACTIONS

Under the leadership of the Related Party Transaction Control Committee, the Bank strictly complied with the regulatory requirements of related party transactions and continued to enhance its related party transaction management system during the reporting period. Firstly, the Bank earnestly implemented the Interim Measures for the Equity Management of Commercial Banks and strengthened the collection of information on the related parties. On top of regular reporting arrangements, the Bank enhanced its efforts in inquiring and consulting with its related parties by sending A Letter Urging Substantial Shareholders to Submit Information According to Regulations to each of substantial Shareholders who hold Shares. The Bank also presented the basic information on the related parties collected by it to the committee for confirmation, ensuring effective identification of related party transactions. Secondly, the Bank provided multi-level training on related party transactions, enhanced employees' understanding of laws, regulations, regulatory rules and internal control systems of the related party transactions, and improved the initiative of insiders for reporting and updating information on the related parties. Thirdly, the Bank tightened the control of the related party transactions, and implemented approval of significant related party transactions and registration of general related party transactions. The Bank strengthened the early warning and analysis of related party transactions to monitor and effectively control risks from different perspectives such as relevance concentration and credit quality. Fourthly, the Bank improved the system functions for related party transactions. To meet the need for managing related party transactions, the Bank formulated system development requirements, organized system design, function development and business testing, striving to improve the informatization level of the related party transactions management. Fifthly, the Bank carefully fulfilled its obligations in relation to the disclosure of related party transactions, collected and disclosed the relevant information on related party transactions in accordance with the requirements on the Bank's preparation of regular reports, with an aim to give a full and accurate picture of the related party transactions of the Bank and safeguard the rights of the Shareholders to be informed of such transactions.

The Board of Supervisors launched the appraisal work on the duty performance of the Board of Directors and the directors for the year 2018 in accordance with the regulatory provisions of the “Guidelines for Corporate Governance of Commercial Banks” (Yin Jian Fa [2013] No. 34, “Measures for Performance Appraisal of Directors of Commercial Banks” (Trial) (Yin Jian Hui Ling [2010] No.7) and the requirements of the Articles of Association of the Bank. The subjects of this appraisal were the Board of the Bank and the incumbent directors of the Bank as of 31 December 2018. The Board of Supervisors has successively convened seminars of shareholders representatives, seminars of branch presidents and seminars of main responsible persons of some offices and departments of the headquarters and affiliates to solicit their opinions and suggestions extensively and collected other comments. The preliminary appraisal result was formed on basis of above opinions and suggestions. The details of the appraisal work are reported as follows:

## I. BRIEF APPRAISAL

The appraisal concluded that in 2018, faced with complex and challenging economic and financial situation and increasingly fierce market competition, the Board strictly observed the laws and regulations and the provisions of the Articles of Association, faithfully performed its duties with diligence and responsibility, earnestly implemented the resolutions adopted by the Shareholders’ general meeting, actively exercised its decision-making functions, strengthened the strategic guidance, constantly improved corporate governance, focused on enhancing risk management and control, promoted capital supplement through various channels, led the Bank to work hard to conquer difficulties; strove to build a modern bank with high-quality development to realize the expected development goal in steady progress and improvement and the shareholder value increased continuously, which led the Bank to take a new step into building a modern bank with high-quality development.

All directors have diligently performed their duties, actively participated in meetings, carefully deliberated on various proposals, expressed their opinions independently, professionally, objectively and impartially, which played an important role in making correct decisions and standardizing the effective operation.

### (I) Preliminary construction of overall strategic framework in relation to “One Body, Two Wings (一體兩翼)”

In order to proactively adapt to the complex and volatile macro environment and the requirements of new situation that calls for enhanced and more stringent supervision, on the base of comprehensive summary on the implementation of the five-year strategic plan from 2015 to 2019, the Board considered the situation with a long-term perspective; centered on the strategic objective to comprehensively build a modern bank with high-quality development; took the initiative to serve the local economic and social development; actively planned to build a new overall strategic layout of “One Body, Two Wings (一體兩翼)””; committed to the construction of the six finance categories including people’s livelihood finance, industry finance, science and technology finance, inclusive finance, and poverty alleviation finance; put

forth effort into building the six business systems, including investment bank, transaction bank, private bank and wealth management, asset management, mobile finance and digital bank; focused on the six management systems, including corporate governance, comprehensive risk management, internal control, internal supervision, technology management, remuneration and expense management. It has initially identified the strategic path and three-year action plan for the Bank's development in the future which further enhanced the strategic leadership, laid a solid strategic foundation for long-term sustainable development and effectively gave play to its role as the market mainstream bank within the province and matched the intrinsic need for sustained and steady development.

### **(II) Continuous improvement of corporate governance**

The Board conscientiously implemented the relevant requirements of the provincial Party committee, provincial government and regulatory authorities; organized and completed the two amendments to the Articles of Association; incorporated the requirements for Party construction and new regulations on equity management into the Articles of Association, which clarified the legal status of Party organization in corporate governance, standardized the decision-making process of major issues and shareholders' behavior and improved the corporate governance system. By putting more emphasis on promoting the re-election work in corporate governance, taking various measures, overcoming difficulties and challenges and carefully planning, the re-election of the third session of the Board of Directors was successfully completed with a new chairman of the Board of Directors, members and chairmen of special committees elected and members of new senior management appointed, which created a sound corporate governance environment for the reform and development of the Bank. The Board attached great importance to strengthening the construction of information disclosure management system and made continuous efforts in it, and strictly implemented the information reporting and filing system to gradually improve the standardization level of information disclosure. The Board faithfully and diligently performed its duties in accordance with the laws. In 2018, the Bank held 2 Shareholders' general meetings, at which 26 proposals were considered and reviewed; 13 Board meetings, at which 88 proposals were considered and reviewed; and 23 special committee meetings, at which 101 proposals were considered and reviewed.

### **(III) Steady promotion of risk management**

Faced with all sorts of challenges such as increasingly severe credit risk, market risk and operational risk, the Board of Directors continuously adopted prudent, rational, healthy risk concept, focused on five elements and nine risks of comprehensive risk management system, studied and formulated a development plan for comprehensive risk management system, and timely determined the requirements of guiding opinion on annual risk management policy, statement of risk appetite, and the management of provision for impairment of financial assets to effectively strengthen the guidance on risk policy of the Bank. The Board and relevant special committees paid close attention to various risk factors, timely supervised and guided the Bank to strictly implement various policies and regulations and supervision requirements

in relation to risk management, directly faced up to the risk control difficulties in key areas such as small enterprises and non-credit sectors, guided the formulation of work plans for strengthening risk management of small enterprises and interim measures for maturity management of non-credit business, coordinated the prevention and control of risks in key areas, industries and customers. It guided the establishment of a regular reporting and inspection system for the implementation of credit granting policies, and a post-loan inspection working mechanism to facilitate the establishment of a risk coordination network pattern. It guided and urged relevant departments to further strengthen the management and assessment of market risk, operational risk, liquidity risk and reputation risk, and achieved quality asset with controllable risk as a whole.

**(IV) Gradual standardization of internal control and other basic management systems**

The Board of Directors adhered to the value orientation of internal control priority; guided and urged further to carry out special activities such as the Quality Improvement Year, “Three Basics and Four In-place (三基四到位)” activities and deepening the rectification of the chaos in the banking market; vigorously strengthened basic internal control management, and constantly enhanced the compliance awareness. It guided and strengthened the construction of internal control compliance system, timely revised and improved the rules and regulations such as management measures for employees’ abnormal behaviors and work guidance on compliance management which further improved the standardized level of internal control management. The Board attached great importance to enhancing the management of related party transactions and made continuous efforts in it, reviewed major related party transactions proposals in accordance with relevant regulations, further expanded management scope and statistical channels, and significantly improved the management level of related party transactions. It strengthened internal audit work leadership, promoted internal audit and discipline inspection, compliance, risk and other supervision linkage, with internal audit management system gradually straightened out. The Board of Directors always focuses on business risks, personnel management, branch compliance and other areas where problems are prone to occur and further enforced strict governance, and strove to create a good compliance culture atmosphere of the liability exemption for diligence, accountability for dereliction of duty and accountability for violations.

**(V) Capital adequacy indicators generally met regulatory requirements**

The Board took the initiative to adapt to the rapid growth of assets, as well as the situation of dual management and control of capital and MPA, and expanded the capital replenishment channels through multiple channels. On one hand, the Board made good use of endogenous capital supplements to maintain the core capital adequacy ratio. On the other hand, it actively planned to push forward the resumption of the listing of A share, private placement and other work, studied, formulated and organized the review of proposals to launch private issuance of H share, initial public offering and listing of A shares, and focused on expanding the channels of external capital replenishment through the capital market. At present, the Bank’s core Tier 1 capital adequacy ratio, Tier 1 capital adequacy ratio and capital adequacy ratio was 8.37%, 9.18% and 11.65%, respectively, which generally met the regulatory requirements.

**II. EVALUATION RESULTS**

After appraisal, the results of the performance appraisals of the Board of Directors and each Director for 2018 were that they were competent.

**III. RECOMMENDATIONS****(I) Recommendation on strategic management**

The Board should launch a new round of development strategy layout as soon as possible, in order to better adapt to the current profound changes in the economic and financial environment and regulatory policies, and accelerate the strategic transformation and development of the Bank. It should review and approve the related strategic plans such as “One Body, Two Wings” as early as possible, comprehensively build the overall strategic layout of “One Body, Two Wings”, formulate the overall development strategy of the Bank for the next three years, and supervise the senior management to organize and implement the strategic plans, step up strategic publicity and implementation, and ensure the implementation of the relevant strategic plans is effective. The Board should comprehensively summarize the implementation of the five-year strategic plan from 2015 to 2019, systematically evaluate the implementation effect of the strategy, deeply analyze the problems existing in the implementation process of the strategy, make revisions and improvements in the new round of strategic layout, and give full play to the leading role of the strategy. It should pay attention to the continuity of strategy, timely summarize and reflect on the inclusive finance strategy, strengthen the construction of smart branches, give full play to the role of science and technology in supporting finance, give full play to the synergistic effect of parent-subsidiary companies, and achieve long-term sustainable development through strategic guidance.

**(II) Recommendation on corporate governance**

The Board shall, in accordance with the laws and regulations such as the Company Law, the Guidelines on the Corporate Governance of Commercial Banks and the requirements of the Articles of Association of the Bank, faithfully and diligently perform its duties, and convene meetings and review proposals with the authorization of the shareholders’ general meeting in accordance with the law, so as to effectively play the core role in strategic decision-making. It shall further clarify the boundary between the responsibilities of the Board and senior management, focus more on overall and strategic issues concerning the development of the Bank, and continue to guide the Bank to achieve steady, long-term and high-quality development. It shall further standardize the operation of the Board and complete the personnel adjustment during the session and further improve the process how independent directors are nominated, strengthen the evaluation of the effectiveness of their performance, and give full play to the role of independent directors. On basis of fully drawing lessons from the pilot experience of relevant enterprises in the province, it should accelerate the improvement of the professional manager system of the Bank to explore and improve the long-term incentive and

restraint mechanism. In accordance with relevant legal provisions and regulatory requirements, the shareholders who pledge the equity of the Bank in excess of the prescribed proportion shall be subject to certain restrictions on their voting rights at the shareholders' general meeting and the board meeting attended by their directors. It shall establish a platform for shareholders to exchange information, respond to their concerns in a timely manner, and increase the right of minority shareholders to know in accordance with the laws and regulations.

### **(III) Recommendation on risk management**

The Board shall attach great importance to potential risks in the fields of corporate governance, business development, internal control and management, reputation, etc., further guide and reinforce risk monitoring and forecasting, formulate scientific response plans, effectively deal with and control various risks, and ensure the long-term sustainable and steady development of the Bank. It should strengthen corporate governance risk prevention and control, attach importance to and improve the shareholders equity and relationship management, carry out the ultimate responsibility of the Board to assume equity transaction management and the entity responsibility of shareholders' equity management, establish and improve an equity information management system and equity management system, enhance the shareholder qualification review, carry out assessment for major shareholders qualifications and regulatory requirements implementation, and promptly report the assessment to the regulatory agencies. The Board should enhance the prevention and control of development risks, conduct in-depth research on the development path when asset exceeds RMB1 trillion, co-ordinate the relationships among speed, scale, efficiency and quality, further optimize the asset allocation and liability structure, and coordinate the development of various businesses to ensure long-term and steady development. It should continue to strengthen comprehensive risk management and control, intensify and improve the management of "people", strictly follow the regulations on the behavior management of employees in banking financial institutions, and strengthen the behavior management of employees, so that they can maintain good professional ethics, be honest and trustworthy, be diligent and responsible, carry out businesses in accordance with the laws and in compliance with regulations. The Board shall strengthen reputation risk management, closely monitor public opinions, and continue to improve the mechanism for prevention in advance, response in course and resolution afterwards in relation to reputation risk.

### **(IV) Recommendation on capital management**

The Board shall, in accordance with the requirements of the Guidelines on the Corporate Governance of Commercial Banks and the Articles of Association of the Bank, proceed from the sustainable development of Huishang Bank and safeguard the long-term interests of shareholders when it makes a scientific capital plan, explore the establishment of a long-term capital supplement mechanism, and earnestly fulfill the ultimate responsibility of capital management. It should correctly handle the relationship among business growth, profit generation and capital replenishment, establish a sound balance and restriction mechanism

between capital occupation and risk assets, reasonably plan profit distribution, moderately control annual dividend distribution, strengthen the endogenous capital replenishment, and ensure that the capital adequacy ratio meets the regulatory requirements in the case of insufficient exogenous capital replenishment. It shall study and formulate a long-term capital replenishment plan, dissolve the capital bottleneck restriction in the process of development by comprehensively using listing application, rights issues, control of dividends, issuing new capital instruments and other measures, especially attaching great importance to expanding the capital market channels, start the A-share listing application process as soon as possible and actively capitalize on the window of current policies, take the initiative to strengthen communication and coordination in all aspects with supervisory departments, shareholders, strive to realize the A-share listing as soon as possible. The Board should attach great importance to and thrash out the problem of insufficient public ownership of H shares.

**(V) Recommendation on information disclosure and related party transactions**

The Board shall continue to carry out information disclosure strictly in accordance with laws and regulations, accounting systems and regulatory requirements, and ensure that information disclosure is true, accurate, complete, timely and fair. It continued to enhance inside information management and further improve the inside information confidentiality management mechanism. It shall further strengthen the management of related party transactions, establish a systematic and hierarchical management structure for related party transactions, sort out the list of related parties and update it in a timely manner, continue to improve the management system for related party transactions, closely monitor potential risks, and effectively prevent the risks of related party transactions.

**(VI) Recommendation on improvement of quality of directors' participation in meetings**

The Board shall, in accordance with the regulations such as the Guidelines on the Corporate Governance of Commercial Banks and the Articles of Association of the Bank, require and supervise the directors to attend more than two-thirds of the Board meetings every year in person. If a director is unable to attend a Board meeting in person, he/she may appoint another director in writing to vote at his/her discretion and the appointing director shall independently assume legal responsibility. It shall further improve the ways for directors to participate in the meeting. Directors should be able to meet the basic requirements on the number of meetings attended as required by the regulatory authorities and the annual performance appraisal standards as "competent" of the Bank. The directors who participate in a Board meeting through telephone, video and other channels shall ensure full online participation.

Annex: Appraisal on the Performance of Duties of the Board and Directors for 2018

## Annex 1: Appraisal on the Performance of Duties of the Board and Directors for 2018

<b>Subject of appraisal</b>		<b>Appraisal Results</b>
Appraisal on the Board:		Competent
Appraisal on directors:		
Wu Xuemin	Executive Director, Chairman	Competent
Ci Yaping	Executive Director	Competent
Zhang Feifei	Non-executive Director	Competent
Zhu Jiusheng	Non-executive Director	Competent
Qian Li	Non-executive Director	Competent
Lu Hui	Non-executive Director	Competent
Zhao Zongren	Non-executive Director	Competent
Qiao Chuanfu	Non-executive Director	Competent
Gao Yang	Non-executive Director	Competent
Dai Genyou	Independent Director	Competent
Wang Shihao	Independent Director	Competent
Zhang Shenghuai	Independent Director	Competent
Au Ngai Daniel	Independent Director	Competent
Zhu Hongjun	Independent Director	Competent
Zhou Yana	Independent Director	Competent

The Board of Supervisors appraised the duty performance of the Supervisors for the year 2018 through Supervisors' self-evaluation and mutual evaluation in accordance with the regulatory provisions of the Guidelines for the Corporate Governance of Commercial Banks (Yin Jian Fa [2013] No. 34), the Work Guidelines for the Board of Supervisors of Commercial Banks (Yin Jian Fa [2012] No. 44) and the requirements of the Articles of Association of the Bank and relevant rules of the Board of Supervisors. The subjects of this appraisal were the incumbent Supervisors as at December 31, 2018. The details of the appraisal work are reported as follows:

## **I. PERFORMANCE OF FIDUCIARY DUTIES BY THE SUPERVISORS**

In 2018, the Board of Supervisors of the Bank did not discover any improper behavior by the Supervisors such as violating the relevant laws, regulations and regulatory rules and the Articles of Association of the Bank, exercising powers that are out of their scope of duties, treating the Shareholders unfairly, receiving improper interests in the performance of their duties, gaining advantages for themselves through their positions as Supervisors of the Bank, jeopardizing the interests of the Bank for Shareholders' interests, or disclosing secrets of the Bank.

According to the appraisal, all Supervisors have performed their fiduciary duties faithfully in 2018.

## **II. DILIGENT PERFORMANCE OF DUTIES BY THE SUPERVISORS**

### **(1) Attendance at meetings of the Board of Supervisors**

In 2018, the Board of Supervisors of the Bank convened 31 meetings in total, including 13 meetings of the Board of Supervisors, 10 meetings of the Nomination Committee and 8 meetings of the Supervisory Committee. The Supervisors performed their obligations with due diligence, participated in the meetings in compliance with the laws and where a Supervisor was unable to attend a meeting for any reason, he/she had by a written power of attorney appointed another Supervisor to attend the meeting and vote on his/her behalf. The Supervisors were able to actively take part in the discussions, consider matters from the perspective of the Shareholders, employees, customers and other stakeholders of the Bank, express their opinions prudently and fulfill the responsibilities in accordance with the laws.

**(2) Attendance at the general meetings**

Certain Supervisors have attended the 2017 annual general meeting and the extraordinary general meeting of the Bank, and when voting on proposals, counted and scrutinized the votes jointly with lawyers and Shareholders' representatives, ensuring the legal compliance of the voting process. In accordance with the requirements of the Bank's Articles of Association, the Board of Supervisors presented its annual work report and a written report on the results of performance appraisal of Supervisors to the 2017 annual general meeting, which were approved at the 2017 annual general meeting.

**(3) Attendance at the meetings of the Board and the senior management**

In 2018, the Board of Supervisors designated representatives to attend meetings of the Board and the senior management, and to supervise the procedures of decision-making of the Board and the implementation of resolutions of the general meeting. The Supervisors attended the relevant meetings of the senior management, and supervised the implementation of the Board's resolutions by the senior management and the carrying out of operational management activities in accordance with the Articles of Association and the authorization by the Board, with independent opinions and suggestions put forward, so as to further strengthen the duties of the Board of Supervisors for increasing the quality and effectiveness of supervision.

**(4) Valuation of strategic management and supervision**

The Board of Supervisors continuously enhanced supervision over the strategic management of the Bank, and considered the Report on Strategy Implementation Assessment of Huishang Bank for 2017, tracking the implementation process of the strategies, fully evaluating the completion of the quantitative objectives of strategic development. It issued opinions on continuing with achievement of the established strategic goals, the upgrade of strategic thinking and the ability to cope with complex situations, the exploration and building of a comprehensive strategic management system, and timely adjustment to some strategies, and the same was reported to the Board. Meantime, aiming to better adapt to the current economic and financial environment and regulatory policies for accelerating the Bank's strategic transformation, the Board of Supervisors suggested the Board speed up the overall strategic layout of "One Body, Two Wings (一體兩翼)", launch and implement a new round of strategies as soon as possible, strengthen the interconnection of strategies, and lead the Bank's sustained and healthy development, based on the actual development needs of the Bank.

**(5) Review of annual reports, interim reports and profit distribution plan**

The Board of Supervisors reviewed annual reports and interim reports timely, scrutinized the authenticity, accuracy and completeness of supervision reports, and the compliance of the reporting procedures, and expressed an audit opinion objectively and fairly. Especially when reviewing the Bank's 2018 semi-annual and annual reports, it raised out opinions specifically on four aspects, i.e. ROA and ROE profitability indicators, total non-performing loans and public float. The Board of Supervisors made eight suggestions for work, from capital supplement planning in advance, pass-through management of underlying assets of investment business, to awareness of liquidity risks of investment business. Some of the opinions and suggestions have been adopted by the Board and the senior management and implemented in financial management practices. The Board of Supervisors enhanced communication with external auditors, listening to the preparation of annual reports and audit reports, to effectively supervise the satisfaction of information disclosure regulatory requirements.

The Board of Supervisors carefully reviewed the Bank's 2017 profit distribution plan, focusing on the compliance and rationality of the plan, and made audit suggestions based on the Bank's profitability, shareholder return requirements, regulatory capital adequacy assessment and management's development requirements, and gave feedback of the same to the Board.

**(6) Supervision over internal control and risk management**

The Board of Supervisors regularly analyzed special reports such as asset quality, risk screening, supervision and evaluation, execution of authorization, case prevention and control, timely grasping the latest developments of various credit risks, market risks, and operational risks, and closely monitoring and supervising the formulation and implementation of risk management related policies. The Board of Supervisors considered and reviewed the "Measures for the Management of Large-Scale Risk Exposure", "Measures for the Management of Risk and Capital Consolidated Financial Statements" and other reports, and put forward tailor-made suggestions. The Board of Supervisors established a major public opinions and risk events monitoring mechanism, with monitoring records set up for classified tracking analysis. For risk events involving huge amount and gravity, it timely launched special investigation and risk warning and followed the feedback results. Sixteen major public opinions and risk events were tracked and monitored on an accumulated basis. And on the issue of collective complaints for credit cards of Huinong branch, specific opinions and suggestions were put forward from the aspect of strengthening the management of operating credit card business, and troubleshooting third-party guarantee business, urging the rectification and implementation thereof.

**(7) Supervision and inspection**

- A. Carrying out special checks for remuneration management.** In order to further optimize the Bank's remuneration management mechanism and improve the incentive and restrictive mechanism, according to the regulatory requirements, the Board of Supervisors set up an inspection team from May to July to conduct special checks on the Bank's remuneration management. Employing on-site interviews and data access, the inspection team focused on on-site inspections of relevant departments the head office and some branches, systematically understanding the profiles of the remuneration management of the Bank. Focuses were also put on the investigations and analysis of the construction of remuneration management system, performance appraisal, management responsibilities, forming a special inspection report. The Board of Supervisors put forward opinions and suggestions from the perspective of improving the setting of performance appraisal indicators of branches, optimizing the salary and benefit system, and tightening the control of staffing of the Bank. The report was considered and voted by the Board of Supervisors for approval, and submitted to the Board and the senior management to promote further standardization of the remuneration management, and improve the incentive and restrictive mechanism.
- B. Carrying out supervision and inspection of affiliates.** For the purpose of enhancing the management of affiliates of the Bank and safeguarding the Bank's foreign investment interests effectively, the Board of Supervisors has drawn up special supervision and inspection programs. Through establishing a special working group and by means of on-site inspections plus off-site monitoring, the Board of Supervisors organized the first comprehensive systematic supervision and inspection of Jinzhai Huiyin Rural Bank Co., Ltd., primarily in eight areas including Party construction, corporate governance, capital management, internal control and risk management, financial management and information technology management. The operation and management and the ability of sustainable development of, and the Bank's effectiveness in managing, Jinzhai Huiyin, were evaluated by the Board of Supervisors, which pointed out specific problems in six aspects in respect of the operation and management of Jinzhai Huiyin and the Bank's management of affiliates. From the point of further exploring and establishing appropriate affiliate management support models, enhancing brand influence and social image, building and improving corporate governance system, opinions and suggestions were put forward with a special report formed. After review by the Board of Supervisors, the report was submitted to the senior management of the Bank. At present, relevant departments of the Bank and Jinzhai Huiyin Rural Bank are undergoing rectification and implementation.

**(8) Audit for departure of senior executives**

In accordance with the Bank's Articles of Association and regulatory requirements, the Board of Supervisors organized the audit of the economic liabilities of the three senior executives, namely Mr. Wu Xuemin, former president, Mr. Zhang Youqi, former vice president and Mr. Sheng Hongqing, former assistant to the president, of the Bank, objectively evaluating their performance of economic liabilities during their respective tenure. Combined with the actual work and job requirements, it put forward specific audit recommendations and formed an audit report. The audit report was reviewed by the Board of Supervisors, and then submitted to the Board and the senior management, respectively, and filed with the regulatory authorities. At present, the Board of Supervisors has commissioned external auditors, which have completed the on-site audit to the departure of the former chief information officer of the Bank, Mr. Chen Hao. The next step is to issue an audit report according to procedures and submit the same to the Board of Supervisors for consideration.

**(9) Expressing an independent opinion during the intersessional period.**

In order to further strengthen intersessional supervisory responsibilities of the Board of Supervisors, based on the regulatory guidelines and the actual needs of duty performance, some Supervisors presented at the meetings of the Board and its special committees and the senior management, with independent opinions and suggestions issued concerning the re-election of Board and the Board of Supervisors, performance appraisal, asset quality, liability optimization, elimination of non-performing loans, strict governance, etc. As such, the channels for the duty performance and due diligence of the Board of Supervisors were further broadened, the breadth and depth of supervision were expanded, and the functions of the Board of Supervisors were materialized.

**(10) External Supervisors' work**

In 2018, through strict compliance with the regulatory requirements of the Guidelines for the Corporate Governance of Commercial Banks of the CBRC and the Corporate Governance Code of the Hong Kong Stock Exchange, and according to the responsibilities and rights conferred by the Articles of Association of Huishang Bank, external Supervisors of the Bank proactively attended relevant meetings and considered all resolutions with deliberation, fairly and objectively expressed an independent opinion on relevant matters from the perspective of facilitating Huishang Bank to develop and protecting the interests of the Shareholders and other stakeholders. They performed their duties faithfully, seriously and diligently, actively promoted and improved the corporate governance of the Bank, and safeguarded the interests of the Bank as a whole and the legitimate interests of the its minority shareholders. In 2018, all external Supervisors of the Bank fulfilled their duties effectively, and none of the external Supervisors performed the duties in a manner that affected the independence as prescribed by the domestic and overseas regulatory authorities, such as the PBOC, the CBRC, the CSRC and the Hong Kong Stock Exchange.

**III. APPRAISAL RESULTS**

Based on the information above and with reference to the results of Supervisors' self-appraisals and mutual appraisals, the appraisal concluded that all Supervisors have committed sufficient time to work for the Bank, actively attended the meetings of the Board of Supervisors, carefully reviewed various proposals, and duly performed their supervisory duties in 2018, and their appraisal results are all competent.

## Annex: Appraisal on the Performance of Duties of Supervisor for 2018

<b>Capacity</b>	<b>Position</b>	<b>Results</b>
Zhang Youqi	Chairman of the Board of Supervisor	Competent
Tang Chuan	Employee representative Supervisor	Competent
Zhong Qiushi	Employee representative Supervisor	Competent
Pan Shujuan	External Supervisor	Competent
Yang Mianzhi	External Supervisor	Competent
Dong Xiaolin	External Supervisor	Competent
Chen Rui	Shareholder representative Supervisor	Competent
Li Ruifeng	Shareholder representative Supervisor	Competent
Hu Jing	Shareholder representative Supervisor	Competent

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The Board of Supervisors launched the appraisal work on the duty performance of the senior management and its members for the year 2018 in accordance with the regulatory provisions of the “Guidelines for Corporate Governance of Commercial Banks” (Yin Jian Fa [2013] No. 34), “Work Guidelines for the Board of Supervisors of Commercial Banks” (Yin Jian Fa [2012] No. 44) and the requirements of the Articles of Association of the Bank. The subjects of this appraisal were the senior management of the Bank and its members who have performed their duties as at December 31, 2018. The Board of Supervisors has successively convened seminars of branch presidents, the main responsible persons of some offices and departments of the headquarters and affiliates to solicit their opinions and suggestions extensively. The preliminary performance appraisal results were formed with reference to individual duty report of the members of the senior management, the completion of annual operation tasks of the respective offices and departments, combining with other comments and suggestions. The details of the appraisal work are reported as follows:

**I. BRIEF APPRAISAL**

It was considered in the appraisal that in 2018, the senior management diligently implemented the decisions and arrangements made by the Party Committee and the annual operation plan determined by the Board; stuck to seeking improvement in a prudent manner; strove for progress to consolidate the stability, made concerted effort to conquer difficulties and make achievements; fully completed the annual plan put forth by the Board, the assessment requirements of regulatory authorities on the Bank and the new lending task assigned by the provincial government. The Bank’s main operation indicators were beyond expectation and remained a leading position in the banking industry. The Bank has successfully been included in the list of city commercial banks with over RMB1 trillion in assets scale. With further improvement in its comprehensive strength, innovative development, management ability, brand image and social influence, the Bank ranked 162nd in “Top 1000 World Banks” by The Banker, a UK magazine, which was 6 places up from the previous year, achieving a balanced development of speed, efficiency and quality.

All senior management personnel were able to dedicate to their duties diligently, perform their duties conscientiously, implement all resolutions of the Board fully, and complete their respective annual tasks more effectively, which have made positive contributions to the smooth achievement of the operation plan indicators put forth by the Board at the beginning of the year.

**(I) Further improvement of quality and efficiency of servicing the real economy**

The senior management insisted on returning to the origin by actively serving the overall situation of local economic and social development, which realized a better organic integration of financial and economic development while complementing each other. The new loans in the province reached RMB54.18 billion, exceeding the annual plan put forth by the provincial government. According to the new situation and changes and development needs, the senior management focused on the six financial sectors, including livelihood, industry, science and

technology, green, inclusive finance and poverty alleviation; created several products and services, such as Bid-winning Loan (中標貸), Environmental Protection Loan (環保貸), Livelihood Loan (民生貸), Rural Revitalization Loan (鄉村振興貸), debt financing plan, investment and loan linkage, supply chain financing. They spared no effort to support the construction of local major infrastructure projects, the reform of state-owned enterprises, the development of “the rural areas, the agriculture industry and peasants “and small and micro enterprises, social progress, critical livelihood improvement; completed the tasks of “two increases, two controls (兩增兩控)” and “inclusive interest rate cut”. The small loans for targeted poverty alleviation amounted to RMB947 million in total, benefiting 24,000 registered poverty-stricken households, which positively demonstrated the proper responsibility and role of the Bank as a local mainstream bank.

## **(II) Sustainable and balanced development of various businesses**

The senior management gave full play to its own advantages, coordinated business development of the corporate business, retail business and inter-bank business and strove to form a pattern with multi-direction efforts and multi-point support. They continued to consolidate and enhance the leading position in the provincial market for the corporate business. Through comprehensive financial services such as PPP loan, urbanization fund continuation, Shantytown Loan (棚改貸), debt-to-equity swap and industrial fund, the market of corporate business was constantly expanded, the new corporate deposit amounted to RMB30.2 billion, which ranked first in the province for 11 years consecutively. The senior management adhered to the market segmentation, classified implementation of policy, expanded retail market space through multiple channels such as direct banking, credit card, personal wealth management, wealth management, mobile finance, and realized new breakthrough in business development. The individual customer base and personal financial assets exceeded 7 million and RMB250 billion respectively, the share in the retail market steadily improving. The senior management developed inter-bank business actively in a prudent manner, promoted the reform of the inter-bank monopoly system. The proportion of inter-bank assets in the industry exceeded 50% for the first time. The Bank underwrote RMB31.2 billion of bonds issued by China Development Bank and local governments, recording a new high, and realised a custody balance of nearly RMB700 billion.

## **(III) Positive results achieved through transformation and upgrading**

The senior management adhered to the transformation and upgrading development driven by innovation. The innovative achievements emerged, which effectively improved the technical system, product structure, business model, and level of development. The new generation of core system “826” has been successfully launched, which reached an advanced level in China and a leading level among city commercial banks. They constantly promoted product and service innovation, and the first financial bond, the first private enterprise bond financing instrument, the first housing balance payment ABS, the first cross-border Renminbi inter-bank borrowing business were launched in the province. The first overseas bond for credit

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enhancement of city commercial banks in China was successfully issued, and the first NRA account financing external guarantee business was launched in China. The senior management seized the policy opportunities to actively promote the establishment of wealth management subsidiaries and regular issuance of net-worth wealth management products. The balance of non-principal guaranteed wealth management increased by 17.6%. In line with the new trend of the development of technology finance, the senior management accelerated the development of digital banking business and small-micro digital finance, continued to optimize and gradually promoted various online businesses. The 4.0 version of personal mobile financial portal has been successfully launched, the accounts of “Hui Chang You Cai (徽常有財)” exceeded 15 million, which comprehensively ranked top in China.

**(IV) Continuous improvement of comprehensive risk management capability**

In accordance with the risk appetite and risk policy determined by the Board, the senior management adhered to the classified implementation of policy, addressed both the symptoms and root causes, further strengthened overall risk management and effectively defended the bottom line of risks. As for credit risk control, they strictly abode by credit access, moved risk threshold forward, continuously strengthened risk identification, measurement and monitoring, laid emphasis on enhancing risk management and control in key areas such as real estate loans, P2P lending business and non-credit assets, and carried out on-site examination and off-site surveillance comprehensively, optimizing risk alert management and discreetly defusing and managing risks. As for liquidity risk management and control, they actively expanded the sources of liabilities, strictly implemented gap management and stress tests, reasonably arranged and maintained liquidity level to ensure that major liquidity indicators meet regulatory requirements. As for market risk management and control, they strengthened quota management, built valuation model, improved monitoring mechanism and continuously improved risk prevention and control ability. As for operation risk management and control, the senior management optimized the management system, improved the evaluation system, strengthened the fine management of collaterals, carried out the audit and audit supervision of branch president during his/her term of office, further expanding the depth and breadth of risk prevention and control. They comprehensively coordinated the risk management and control in respect of legal risks, IT risks and reputation risks. There were no major cases or major liability accidents throughout the year, with all kinds of risks generally controllable.

**(V) Steady progress of basic management such as internal control compliance**

The senior management faced up to the shortcoming of basic management, centered on crucial points and difficulties by tackling the key taches, and continuously intensified the effectiveness of basic management. In line with regulatory requirements such as MPA assessment, they reasonably guided the investment direction of credit, proactively increased high-quality deposits, and made overall plans to optimize the asset and liability management structure. They put the financial general ledger system into operation, orderly promoted the transformation of counter personnel, and continuously pushed forward the standardization and

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refinement of financial budget, accounting and analysis. In accordance with the regulatory requirements and the actual developments of the Bank, the senior management carried out special activities such as the Year of Improving Quality, the Year of Improving Internal Control, Strengthening the Three Bases and Attaining the Four Adequacies (三基四到位) and deepened rectification of irregularities in the banking sector, and thus the management of internal control compliance continued to be strengthened. They carried out anti-money laundering activities in depth by establishing and improving related party transaction management mechanism, and strengthening case prevention and other work. The Bank became the only corporate financial institution in the province that has been rated A grade of anti-money laundering supervision, and was successively recognised as a case prevention institution with “Green Plate”. The senior management paid attention to strengthen team building by selecting six senior executives in the Bank, promoting, adjusting and introducing 128 middle management in total. They carried out three sessions of special training for middle and senior management, completed inter-department rotation of second-level team leaders of the departments and offices and two-way selection of non-management sequence employees, further optimizing the allocation of human resources. The senior management strengthened and improved the management of controlled or managed institutions, and further clarified and standardized the relationship between rights and responsibilities.

## **II. EVALUATION RESULTS**

Upon assessment, the senior management and its members were all rated as competent for the 2018 annual performance evaluation.

## **III. RECOMMENDATIONS**

### **(I) Recommendation on strategy implementation**

The senior management should commit to building a modern bank with high-quality development in all respects, creatively implement the strategic planning according to the new situation and changes and the actual development needs of the Bank, give full play to the directing and guiding role of the strategic planning, ensuring the continual, steady and sustainable development of the Bank. They shall continue to advance and implement the three-year action plan of “One Body, Two Wings (一體兩翼)”, formulate specific implementation plans for the six categories of finance and twelve systems, decomposing tasks and clarifying progress, responsibility subject and safeguard measures, so as to follow up and implement the strategic layouts item by item in a nail spirit. The senior management should intensify the urge, inspection, and evaluation for rewards and punishments for the implementation of the strategic planning, carry out regular supervision and inspection to identify problems in time, so that formulate improvement measures to reward the advanced staff and spur on the underachievers, thus improving the completion rate of implementing the strategic planning to ensure effectiveness of each strategic measure.

**(II) Recommendation on basic management**

The senior management should enhance the improvement in the standardization and refinement level of basic management, taking the implementation of responsibilities as the key point, continue to comprehensively strengthen the management of assets and liabilities, human resources, information technology, operation and performance appraisal, so as to further improve the quality and efficiency of internal management. Based on integrated, comprehensive and professional financial services, the senior management should improve the internal coordination mechanism, integrate and optimize resources, intensify the overall management of strategic customers and group customers, enhancing comprehensive customer service capacity. They shall increase the management of information technology by promoting the construction of big data management system and intelligent application system in an orderly manner, to effectively enhance the support of information technology for high-quality development. The senior management shall further strengthen the planning and management of outlets by adjusting, removing and merging relevant outlets in a rational way on basis of actual needs as well as operational transformation. They shall set performance appraisal goals in a scientific way, continue to promote the remuneration management system reform, further optimize the incentive and restraint mechanism, fully mobilizing and stimulating the enthusiasm, initiative and creativity of all lines, branches and sub-branches. The senior management shall optimize the allocation of human resources, strengthen the building of talent team, broaden the scope of personnel selection, and accelerate the training of young cadres, so as to build a scientific and reasonable, pragmatic and capable, professional and efficient talent team. Maintaining the prominent position of work style construction in the basic management, the senior management shall incorporate the work style construction into the compliance culture construction, strive to carry out the theme education of “remaining true to its original aspiration and keeping the mission firmly in mind” and the special action of “tightening rules, intensifying supervision and changing work style” that concentrates on stamping out formalism and bureaucracy. With that, they shall further develop severe disciplines and rules, standardize operation flows, increase the efficiency of the Bank and operate business prudently in legal compliance.

**(III) Recommendation on internal management**

The senior management should grasp the key point of strengthening the management of “people”, further improving the system, enhance accountability, and continuously improve the effectiveness of internal control management. By adhering to strict governance of the Bank, they shall continue to strengthen the fine-tuned management of employees, incorporate the concept of compliance with the law into the daily operation and management, improving positive guidance and intensifying professional ethics to develop compliance and discipline consciousness. The senior management shall continue to carry out special governance such as “Strengthening the Three Bases and Attaining the Four Adequacies”, with more efforts on internal control inspection and implementation of rectification, and resolutely curb violation of laws and disciplines. The senior management shall further review the current internal control system, promptly revise, improve and implement it, ensuring the management of people, power

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and affairs by employing systems. They shall enhance accountability, focus on the outstanding incessant problems that are checked repeatedly but with repeated offenders, increase the intensity of accountability and punishment, further establish an atmosphere of strict disciplines through distinctive accountability orientation, intensify internal audit supervision and continuously improve supervision efficiency.

**(IV) Recommendation on risk management and control**

The senior management should put more importance on the risk prevention and control in operation and development of the Bank. Based on the risk appetite and risk management policies determined by the Board, the senior management should adhere to the risk concept of prudence, rationality and soundness, intensify the internal management, identify the key point of risk control, implement entity responsibility, improve the comprehensive risk management system, firmly defend the bottom line of risk. The senior management should take strict precautions against credit risk, strengthen risk identification, measurement, monitoring, mitigation and control, focus on the risk prevention and control in key areas such as non-credit assets. They shall conscientiously strengthen the post-investment management of cross-line clients, including affiliates, cross-branch large group clients and off-site clients, improve total values control and centralized management, strengthen unified credit granting and pass-through credit granting, continue to carry out risk screening and on-site inspections, strengthen accountability and management of writing off transferred assets, prudently defusing and disposing of risks. They shall attach great importance to liquidity risk, strengthen the assessment of the ratio of assets to liabilities of branches, vigorously increase deposits, optimise the structure of liabilities and the management of liquidity indicators. Regular liquidity stress tests shall be carried out to strengthen the construction of pre-warning systems and emergency drills, and to effectively improve liquidity management level. The senior management should actively forecast the market risks with effective response, applying big data and modern information technology to improve operational risk prevention and control level. Public opinion analysis and response to it shall be enhanced to effectively prevent and control reputational risk.

**(V) Recommendation on financial management**

The senior management should attach great importance to and continue to enhance financial management, further optimize strategy-oriented allocation of financial resources, and intensify the refined and scientific management of cost budget. They should regularly summarize and analyze the budget implementation and deviation, truly achieving the allocation with standards, operation with procedures, management with efficiency. They should strictly implement various accounting policies and systems, standardize accounting and various expenses, focusing on compliance review of expense reimbursement, and improve financial accounting and management. The senior management shall strengthen the linkage between budget and assessment, strengthen the cost-income ratio assessment, reasonably allocate and effectively use financial resources, giving full play to the guidance and leverage effect of financial resources.

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**(VI) Recommendation on affiliates management**

The senior management should further enhance and improve the effective management of affiliates, adopt customized branch management mode by focusing on the management in respect of the Party construction, legal person, senior management, capital, risk, assessment, to improve the management level of consolidated financial statements, gradually exploring an effective management mode that is suitable for the development of affiliates controlled or managed, has better strategic business synergies, and is able to meet the needs of the Bank's quality development. They shall strengthen the guidance and assistance of affiliates. On the premise of full respect for the independent legal person status of affiliates, the senior management should provide support for affiliates' payment settlement, core system and financial system construction, operation and management, product innovation, personnel training, for the purpose of helping them continuously improve business management, risk management, capital management, and promoting sustainable development of affiliates.

Annex: Appraisal on the Performance of Duties of the Senior Management and  
its Members for 2018

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**APPENDIX XXI THE SUPERVISORY AND APPRAISAL REPORT BY THE BOARD  
OF SUPERVISORS ON THE PERFORMANCE OF DUTIES BY THE  
SENIOR MANAGEMENT AND ITS MEMBERS FOR 2018**

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**Annex: Appraisal on the Performance of Duties of the Senior Management and  
its Members for 2018**

<b>Subject of appraisal</b>		<b>Appraisal results</b>
Appraisal on the senior management:		Competent
Appraisal on the senior management member:		
Zhang Renfu	President	Competent
Ci Yaping	Vice president	Competent
Gao Guangcheng	Vice president	Competent
Yi Feng	Assistant to president	Competent
Xia Min	Assistant to president	Competent
Ni Jianxiang	Chief officer	Competent
Tang Chuan	Chairman of the labor union	Competent
Huang Xiaoyan	Chief officer	Competent
Zhou Tong	Chief officer	Competent
Li Dawei	Chief officer	Competent
Gao Chunming	Chief officer	Competent
Lian Baohua	Secretary to the Board	Competent

**2020-2022 STRATEGIC DEVELOPMENT PLAN OF HUIZHANG BANK**

In 2018, the assets scale of Huishang Bank exceeded RMB1 trillion in a steady pace and joined the ranks of medium-sized banks. In terms of new direction of development, Huishang Bank has established a new position of building itself into a modern bank with high quality development in an all-round manner, and proposed the overall development framework of “One Body, Two Wings (一體兩翼)”, which pointed out the direction, identified the path and developed drivers for building a modern bank with high quality development. With current complex and ever-changing macroeconomic situation, and the increasing challenges and uncertainties confronted by the banking industry, this plan is hereby formulated by Huishang Bank to clarify the development objectives, strategies and paths in the next three years, effectively respond to changes in the economic and financial situation and achieve sustained and steady development.

**CHAPTER 1 BACKGROUND FOR THE STRATEGIC DEVELOPMENT PLAN OF  
HUIZHANG BANK**

2019 is the final year of the fourth round of strategic planning of Huishang Bank. With overall smooth progress and strong implementation in strategies, various strategic measures have been gradually implemented, and key strategic indicators have been achieved. Up to now, the main strategic indicators such as total assets, deposits, loans and operating revenue, have exceeded the planned amount under an aggressive pattern. The Bank has realized the strategic objective of “building a mainstream bank serving the local economy and social development in all respects and becoming a first-tier city commercial bank”.

**Section 1 Challenges Faced by Huishang Bank*****I. A shift of macro economy to high quality development from rapid growth***

The macro economy is currently in a critical stage of structural adjustment and transformation and upgrading, facing a stable developing landscape with changes and worries mixed. These not only include the problems of the shifting pace of internal economic growth, essential structural adjustment and the replacement of old drivers with new ones, but also involve other uncertain factors such as external intense competition among the great powers and turbulences in emerging financial markets. Although the macro policy emphasizes countercyclical adjustment, it is difficult to change the downward trend in economic growth rate in the short term. In the past few years, soaring macro leverage rate required time and space to mitigate various risks, and the differentiation, adjustment and integration among different industries, different regions, entities and finance, traditional finance and new finance are still continuing. As China’s economy has shifted to high quality development from rapid growth, the operating environment of banking industry has also undergone material changes. The previous operation mode of acting swiftly in rapid expansion of scales has been abandoned, and is replaced by the new operation normal of narrower interest spread and higher fluctuations in prosperity of the industry. Pestered by the slowdown in profit growth rate and

the rise of non-performing assets, the traditional business model of banking industry is in urgent need of change. In future, the banking industry needs gradually to get rid of the previous business model based on scale expansion, speed up its structural adjustment, accelerate reform and innovation, and establish a corporate culture and measurement system centering on the creation of shareholder value.

## *II. Gradual promotion of financial supply-side structural reform*

In this year, the study seminars for members of the Political Bureau of the Central Committee stated for the first time that it is necessary to deepen the financial supply-side structural reform, and required to build a multi-level, wide-coverage and differentiated banking system, with market demand-oriented, to actively develop individualized, differentiated and customized financial products to increase the number and the proportion of business of small and medium-sized financial institutions, improving financial services for small and micro enterprises and “Three Dimensional Rural Issues”. The supply-side reform of the financial industry focused on “adjusting structure”, and based on the financial services needs of the real economy to increase the effective financial supply, remove the inefficient financial supply, and improve the quality and efficiency of financial supply. In addition, the expansion of high standards and bilateral opening of finance introduced more foreign financial institutions into the Chinese market and strengthened market competition in the financial industry, which imposed greater pressure on the transformation of small and medium-sized banks. The future policy orientation will support institutions with strong capabilities for serving real economy, eliminate institutions with weak capabilities, thus intensifying the differentiation of financial institutions. The banking industry is required to adapt to the requirements of supply-side structural reform, and strengthen its capacities and means of serving the real economy. It shall focus on regional markets and form competitive advantages as soon as possible, so as to provide differentiated and characterized financial services for major market participants in different economic groups, economic levels, different industries and different sectors, especially in the sectors of micro and small enterprises, private enterprises, “Three Dimensional Rural Issues” and green causes.

## *III. Remained high pressure on asset quality management and control*

As affected by continuous adjustment of the real economy, increased default in the bond market, fluctuations of real estate and exposure to internet financial risks, the asset quality management and control of the banking industry remained severe, and the risks of the financial industry were intertwined and cross-contagious. In the environment of strict regulation and structural de-leverage, the probability of non-credit business risks rose. The non-credit business is featured with a single large amount, high concentration and difficulty to dispose of, which would have a great impact on asset quality once problems arise. Small and micro enterprises are weak in resisting risks and generally facing different degrees of operating difficulties and financial pressure, with exposure to prominent risk of credit default. The trend of real estate, especially in third-and fourth-tier cities, was under greater uncertainty, which may lead to risks in housing loans and real estate-related industries, and relevant assets with properties as collaterals.

**Section 2 Future Development Opportunities of Huishang Bank*****I. A strong resilience of regional economy in Anhui***

In 2018, the GDP of Anhui province exceeded RMB3 trillion, the overall economic operation in the province was stable, and the increases of key indicators such as industry, consumption and investment were higher than the national average, showing a strong resilience. Since the beginning of this year, with the implementation of New 30 Policies for the promotion of sustained and healthy economic development by the Provincial Party Committee and Government of Anhui, the combined effects of a number of policies have continued to reveal, with the economy in the province continuing its momentum of steady progress last year. The growth rate of industrial production reached a new high in the same period of the past four years, and continued to grow steadily and rapidly on the basis of the higher base last year, which was 0.3 percentage point higher than the same period of last year, and 3.6 percentage points higher than the national average, ranking 5th nationwide, which was 4 places up from the previous year. The growth of high-tech industries has accelerated with higher increases in the output of optical cables, new energy vehicles and liquid crystal displays. The development of the private economy has accelerated, and the private investment, value-added output of private industries above the designated scale, and export of private enterprises have maintained better growth. The growth momentum of investment in infrastructure was strong, and the funding condition for the development of the real economy was favourable. The integrative development of the Yangtze River Delta upgraded to a national strategy will inject more new drivers into regional economic development. In future, Huishang Bank shall firmly seize the opportunities and establish early presence to seize quality customers and underlying assets.

***II. Greater potential in small and micro enterprise and rural financial markets in the province***

Anhui is located in the hinterland of the Yangtze River Delta and has the advantage of accepting the transfer of industries. In addition, Anhui is still in the stage of industrialization with numerous newly established enterprises, most of which are small and micro enterprises with urgent demand for financial services. With the construction of an innovative province, various types of technologically innovative small and micro enterprises continued to emerge, but most of them had difficulty to obtain financing through traditional methods. In 2018, the urbanization rate of Anhui province was 54.7%, with a still greater increase potential. Under the background of implementing the rural revitalization strategy, various financial demands such as mass wealth management, mobile payment and consumer credit will be generated from the “new farmers” and “new citizens” in the course of beautiful village construction and urbanization, and all of such sectors have greater business growth potential. Huishang Bank shall seize the opportunity, on one hand, to enhance the coverage of credit services for small and micro enterprises through innovating products and service models; on the other hand, to meet the needs of target customers in terms of consumption upgrade and wealth preservation

and enhancement by focusing on key customer bases, including urban residents, small and micro entrepreneurs, workers and new citizens arising from the course of urbanization and getting through the “last mile” of financial services emphasizing on the construction of online products and mobile channels.

### *III. New development potential brought by the application of financial technology*

With the rapid development of financial technology, digital technology plays an increasingly important role in the transformation of traditional banking into smart banking. Internet and cloud computing make services more “available”, artificial intelligence technology makes banks more “smart”, big data technology makes risks more “controllable”, blockchain technology makes business more “credible”. The digital development of the banking industry is characterized by “service intelligence, business scenario, channel integration and in-depth integration”. Huishang Bank began to explore and practise digital applications earlier among the city commercial banks, and currently, it has achieved positive results in data and asset integration, digital product development, internet channel construction and digital risk control. Benefiting from vigorously promoting the application of financial technology and strengthening cooperation with leading internet companies and financial technology companies, Huishang Bank can break through the limit in geographical and business scope to a certain extent, and change the traditional model of customer attraction through marketing, bringing new development potential for future business.

## **Section 3 Advantages and Deficiencies of Huishang Bank**

### *I. Advantages of Huishang Bank*

**(I) Comprehensive strength ranking top.** As at the end of 2018, the total assets of Huishang Bank reached RMB1,050.5 billion, 2.18 times of that in 2014, representing a CAGR of 21.5%; the realized net profit was RMB8.75 billion, 1.56 times of that in 2014, representing a CAGR of 11.5%. The deposit market share was 14.1%, ranking first in the province; the corporate deposit ranked first in the province for the consecutive eleventh year; the capital adequacy ratio was 11.65%, the return on net assets was 15.1%, the return on total assets was 0.9% such key indicators ranking top among the city commercial banks. The non-performing loan ratio was 1.04%, and provision coverage ratio was 302.2%. The overall asset quality was generally stable and the risk compensation ability was maintained at a higher level. The Bank ranked No. 162 in “Top 1000 World Banks” by The Banker, a UK magazine. It has become a first-tier city commercial bank and a regional commercial bank that is more well-known and has considerable influence in the banking industry across China.

**(II) Gradual close integration with local economy.** As the only provincial-level local corporate bank in Anhui, and after years of establishing strong foundation, Huishang Bank has close relationship with local governments at all levels, with advantages of proximity to the market, geographical and manpower, and has a more thorough and comprehensive understanding of the financial needs of local governments and related institutions. It is often the first among peers to launch the products and financial service solutions that meet the needs of local governments and enterprises. It has certain leading advantages in supporting local economic development and serving small and micro enterprises, which was fully recognized by all sectors of society. Huishang Bank has an efficient decision-making process, flexible operations and fast market response as compared with state-owned large banks and joint stock banks. It has the advantages of comprehensive service networks and strong risk control capacity as compared with rural commercial banks and other small and medium-sized financial institutions. All of these advantages will help to further consolidate the status of Huishang Bank as a local mainstream bank.

**(III) Constant improvement of customer service system.** Huishang Bank has established a more comprehensive product, channel and service system covering both online and offline sectors. In recent years, it has more than 300 innovative financial products with over 20 business qualifications obtained, and has always ranked in the first-tier of city commercial banks for its innovation capability. In terms of corporate business, the Bank initially established the business product system covering “commercial bank + investment bank + transaction bank” and the comprehensive service capability was significantly improved. In terms of retail business, it accelerated the online and offline integration development of inclusive financial business, promoted the mobile finance and intelligent finance of individual financial business, continuously advanced the outlet capacity improvement and standardization and regulation establishment of services, and kept enlarging the content of value-added services, so as to form a distinctive and multi-level customer service system to continuously improved the retail business product system and service means. The coverage of outlets in the province constantly expanded and the intelligence standards of outlets continued to increase. The Bank had 424 outlets in operation, achieving full coverage of counties in Anhui province; had 171 inclusive financial outlets, with county coverage ratio exceeding 75%.

## ***II. Deficiencies of Huishang Bank***

**(I) Client structure to be optimized.** The Bank has limited number of clients, with the increase in the number of corporate client base lower than that of assets and liabilities business. The client structure of the Bank is not good, with a not high proportion of real enterprise clients, low expansion of large and medium-sized high-quality enterprises clients and relatively high concentration of corporate deposit clients. The Bank’s client quality needs to be improved, with a relatively high proportion of low-value clients and a not strong stability of high-end customers.

**(II) Deficiency in the building of a professional team.** From the team level, the structure and ability of the Bank's employees are still insufficient. The age distribution and knowledge structure of managers need to be optimized, and the construction of reserve talents echelon still needs to be strengthened; the incentive mechanism of talent introduction, use and evaluation is not sound enough, and experts, interdisciplinary talents and talents in emerging business fields are relatively scarce; the talent training mechanism is not effective enough, the tracking management of performance process is insufficient, and the staff career management is not systematic.

**(III) The management level to be improved.** After exceeding RMB1 trillion in assets scale, the contradiction of unconformity and mismatch between the basic management level and business development is gradually emerging. In the process of expansion of business scale, the Bank continuously extends its management radius, with the original flexible and efficient business model faced with challenges, and the advantages of short decision-making process and efficient management gradually weaken. The coordination and linkage between the head office and all lines of business department are not enough, and basic management capabilities such as risk control, internal control, science and technology need to be further improved.

## CHAPTER 2 PLANNING GUIDING THOUGHT AND DEVELOPMENT POSITIONING

### *I. Guiding thought*

Under the guidance of “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era”, the Bank will continue to comprehensively implement the spirit of the 19th CPC National Congress, the economic work conferences held by the CPC Central Committee and the provincial CPC committee and the work conferences held by PBOC and banking regulators. Through grasping important opportunities of the upgrading of integrative development of the Yangtze River Delta to be a national strategy and favourable regional economy in the long-term, focusing on the overall development framework of “One Body, Two Wings (一體兩翼)”, it will take the development as priorities, adhere to return to its fundamental purposes and serve the real economy, strictly adhere to the risk bottom-line, and continue to advance transformation and upgrading and structural adjustment, so as to accelerate the modernization of the governance system and governance capacity, move towards higher quality, better structure and better benefits, achieving a new leap-forward in starting point of Huishang Bank for medium-sized banks.

### *II. Developing Strategic Positioning*

With high-quality development as the main line, the Bank has comprehensively promoted the implementation of the “One Body, Two Wings (一體兩翼)” action plan, and vigorously developed six financial service strategies, namely “people’s livelihood finance, industrial finance, green finance, technology finance, inclusive finance and poverty alleviation finance” as the main drivers to serve the real economy and cultivate new growth point. The Bank has

established six business systems, namely investment banking, trading banking, private banking and wealth management, asset management, mobile finance and digital banking, to provide comprehensive and integrated financial services for clients. The Bank focuses on its six management systems of corporate governance, comprehensive risk management, internal control, internal supervision, scientific and technological management, remuneration and expenses management, to consolidate the management foundation. On the basis of maintaining a reasonable scale and appropriate growth rate, the Bank has promoted the high-quality transformation of development mode, profit mode, marketing mode, management mode and risk control mode by taking improving efficiency and quality as the core, realized the coordinated development of assets scale, structure, quality, efficiency, customers and services, and initially built a modern bank with high-quality development.

To achieve the strategic targets above, the following six measures must be implemented:

*(I) Stabilizing growth to promote high-quality development*

As a bank with over RMB1 trillion in assets scale, Huishang Bank should firmly stick to its fundamental purpose of stable growth, abandon the development mode of scale-driven and extensive operation in the past, adhere to the transformation from extension-oriented expansion to connotative development, unswervingly take the sustainable development path of capital-saving, innovation-driven and connotation-based growth, and realize the organic unity of speed, quality and efficiency. The development mode of the Bank has changed from extension-oriented expansion and high capital consumption to connotative development and low capital consumption; the profit mode has changed from interest margin to the combination of interest margin and intermediate business income and realized income diversification; the marketing mode has changed from single product provider to comprehensive financial service provider; and the management mode has changed from extensive management to refined management to improve management level and operational efficiency. The Bank should properly deal with the relationships between immediate interests and long-term interests, scale and benefits, form internal development advantages, and enhance the comprehensive competitiveness.

*(II) Stabilizing customer to effectively serve the real economy*

In order to facilitate the supply-side structural reform and support the five major development action plans in Anhui Province, the Bank will adhere to serving the real economy to consolidate its customer base. The Bank will significantly increase financial services for its work plans in Anhui Province to stabilize investment with focuses on transportation, water conservation, energy, ecological environment protection, agriculture and rural areas, new urbanization, and modern logistics. The Bank will actively promote advanced manufacturing industry cluster in 24 new industrial bases in Anhui Province, support the intelligence, Internet, green, clean, low-carbon transformation of traditional industries, and improve the marketing with respect to technology service, modern

logistics and e-commerce customers. The Bank will actively participate in the building of provincial multi-level and market innovation system and promote technology enterprises. The Bank will focus on key fields, projects and customers, and deeply serve the green economic development of Anhui Province and Jiangsu Province. The Bank will comprehensively implement those 30 opinions that support the development of the private sector, support “road, water, electricity, gas and communication” integrated construction of urban and rural infrastructure, and get through the “last mile” of financial services. The Bank will take the industrial poverty alleviation mode of “led by industrial parks, leading enterprises, farmers’ cooperatives and family farms as well as self-adjustment of planting or breeding structure” (四帶一自) to support industrial poverty alleviation.

*(III) Stabilizing liabilities to achieve balanced development*

The Bank will promote a balanced liability structure in accordance with the cost, stability and maturity, as well as the need for liquidity management. Firstly, the Bank will focus on expanding corporate deposits. The Bank will promote a cash management platform intertwined with the financial and government platforms to become a “wealth management bank” of the local government. The Bank will seize opportunities of the placement of government and industry-based assets to increase the retained project funds. The Bank will vigorously expand security deposits from enterprises by making comprehensive use of traditional off-balance sheet businesses, such as letters of credit, letters of guarantee, and banker’s acceptance bill. The Bank will intervene in customer payment and settlement, supply chain, treasury management and other links via trading banks to secure stable cash flow and form the precipitation of funds. Secondly, the Bank will compete over savings deposits. The Bank will focus on absorbing deposits via online channels, and improve the frequency of customers using mobile banking, direct banking and other products to accelerate the precipitation of funds. The Bank will also pay attention to absorb deposits through wealth management products, and serve medium-to-high end customers. Thirdly, the Bank will create liability products. The Bank will make good use of the qualifications of derivatives trading to strengthen the marketing of individual and corporate structured deposits, and be well prepared for issuing certificates of deposits to achieve a stable growth of deposits.

*(IV) Stabilizing quality to promote healthy and sound development*

With a risk appetite featuring “prudence, rationality and soundness”, the Bank will improve a multi-level, interlinking and well-balanced risk management system, establish a risk appetite and risk limit management framework suitable to the development strategy and optimize risk management procedures to basically establish a comprehensive risk management system covering all lines of business, all branches and subsidiaries, all types of risks, and the management process such as decision making, implementation and supervision. The Bank will effectively control risks in major areas to ensure the quality of assets at a good level in the industry. The Bank will improve the technology and means of market risk management and control, and make forward-looking arrangements such as

market pricing and risk hedging. The Bank will firmly establish the concept of risk control to increase benefits, strengthen the management of key personnel, and enhance the awareness of risk control of all staff. The Bank will strengthen employee conduct management, establish and improve the daily management, risk spot checks, conduct monitoring, and accountability of employees.

*(V) Stabilizing foundation to achieve sustainable development*

The Bank will adapt to the requirements for modern banking development and continuously improve the basic management ability and level by implementing responsibility, improving efficiency and controlling risks. The Bank will strengthen the construction of talents team, improve the mechanism of selecting and hiring employees, speed up the introduction and training of professional talents, optimize the allocation of human resources, make a good preparation for the career planning, education and training of employees, and establish a staff team adapted to the requirements of strategic development and management of the Bank. The Bank will continuously optimize and improve the incentive and restraint system, fully stimulate the working enthusiasm of branch offices and staff, and build an internal supervision mechanism with overall linkage and efficient collaboration to achieve effective incentives and strong constraints. The Bank will establish a financial management system with comprehensive budget, scientific allocation, refined management and standardized accounting, highlight the strategic orientation of financial resources allocation, invest financial resources to key business sectors, improve the efficiency of financial resources allocation, and promote the transformation of value-creating financial management.

*(VI) Supporting the transformation development led by strong technology strength*

The Bank will conduct traditional business online and strengthen cross-channel collaboration between online and offline and the integration of service resources by taking mobile finance as a breakthrough point, to actively carry out cross-border cooperation with an open and win-win attitude. The Bank will expand cooperation channels for third-party payment and online payment merchants such as UnionPay, UnionPay and Payment Gateway, and increase the payment penetration into key industries and customer scenarios. The Bank will coordinate the integrated development of online and offline of retail products and services, attach mobile value-added services and business models with online functions, and improve Huiyin e + non-financial service platform with the characteristics of Huishang Bank. Taking data-driven as the main line, the Bank will closely meet business needs, achieve the digital coverage of the whole customer base, the whole channel, the whole product and the whole process, making full use of big data technology, giving full play to the data advantages, and fully promote the digital transformation of all businesses.

**CHAPTER 3 CORE BUSINESS STRATEGY OF HUISHANG BANK****Section 1 Corporate Business Strategy**

The corporate business is the traditional business strengths of Huishang Bank, and the largest profit contributor of the Bank. The corporate business will still be the core business of Huishang Bank in the next three years. Through combination and application of various business product systems, it provided integrated financial services to government and enterprise customers, so as to further enhance customer value and stability.

***I. Customer Positioning Analysis***

Huishang Bank has stronger competitiveness in government customers and medium-sized enterprise customers, while the large enterprise customers are relatively underdeveloped. The future business positioning of the Company is: on the basis of consolidating government customers, focusing on regional pillar industries, strategic emerging industries, high-tech development zones and industrial bases to vigorously expand targeted customers such as various quality industrial customers, provincial large and medium-sized state-owned enterprises, private enterprises, listed companies and technology-based enterprises. Through focusing on the supply chains of core enterprises and major projects, marketing and expanding upstream and downstream quality small-sized enterprise customers, the Bank will pay close attention to the underlying corporate deposit customers with daily deposits of more than RMB1 million for constantly consolidating the customer base.

***II. Product and Service Strategy***

On the basis of consolidating traditional deposit, loan and foreign exchange businesses, the Bank will actively adapt to new sectors, new customers and new needs, and promote product and service model innovation. Through accelerating the innovation and application of investment banking and transaction banking product systems, and playing the synergy between traditional business and emerging business, the Bank will provide customers with integrated financial services of “share, loan, bond and fund” in an all-round way from the equity and debt, assets-end and liabilities-end. Guided by enhancing efficiency, simplifying workflows and improving risk control, the Bank will continue to innovate and optimize online financing products and promote online of traditional business, so as to meet the needs of private enterprise customers from multiple channels.

*III. Major Development Measures**(I) Accelerating the structural adjustment and steadily developing the underlying corporate customers*

The Bank will seize the opportunities for customer expansion brought about by the transformation and upgrading of traditional industries and the development of emerging industries, implement policies according to diversification by focusing on the marketing, innovate and design financial products, and provide integrated financial services of “financing + financial wisdom” to effectively expand the underlying customer base. Focusing on large and medium-sized enterprises and listed companies with core technologies, brand advantages and strong core business, the Bank will treat the investment banking business as breakthrough points, and use financial resources such as credit, investment banking, bonds, wealth management and trusts to serve the financial needs of large and medium-sized enterprises. Concentrating on eliminating gaps in cooperation, increasing daily settlement volume, increasing the number of active deposit accounts, expanding the placement of quality assets and strengthening the marketing of corporate customers, the Bank will deepen and go through the state-owned enterprises, and make the private enterprises to grow bigger and stronger. It will strengthen the expansion of quality customers outside the province in a moderate manner to expand the Beijing-Tianjin-Hebei and Yangtze River Delta markets relying on the strategy department I, strategy department II of head office and Huishang Bank Financial Leasing. Via PPP, bid-winning loan (中標貸) and other product as link, the Bank will market its products to the state-owned enterprises and quality private enterprise outside the province. It will follow up the marketing of quality real estate group companies relying on the real estate projects within the jurisdiction, and prefer marketing to the parent company with strong strengths relying on the major investment projects in the region.

*(II) Keeping abreast of policy orientation and vigorously developing people’s livelihood finance*

The Bank will keep abreast of the structural opportunities in combination of a series of policies to accelerate the reserve of quality assets projects for pursuing the market share from aspects of infrastructure construction, health care, education, culture, tourism and rural revitalization, so as to make new breakthroughs in asset placement, fund precipitation and underlying customer base, and lay a solid foundation for development. The Bank will enhance comprehensive income by fully paring various deployment in stabilizing the regional investment, increase the support for making up shortcoming in infrastructure and pursue quality assets in the infrastructure construction sector. Through deepening the financial services in the sector of people’s livelihood protection, supporting the financing for construction of social security housing, promoting the construction model of social security housing project that directly repurchased by government and exploring business opportunities in the housing leasing market, the Bank will provide integrated financial services for the construction, purchase and operation of housing

leasing projects. The Bank will focus on promotion of rural revitalization and finance to meet the needs of rural public facilities and new consumption and property preservation and value-added of rural residents, and explore rural revitalization and financial business models covering Anhui and Jiangsu provinces by centering on the addition-tied-to subtraction policy on urban and rural construction land use in poverty-stricken counties. The Bank will continue to develop health care, education and tourism finance and study the industry trends and government supporting policies to actively deploy new consumption areas, and pursue a group of key customers in the education, health care and cultural tourism industries in Anhui and Jiangsu provinces, with a view to achieve full coverage of key regional customers by increasing the placement of assets and enhancing the overall service level.

*(III) Focusing on key areas and serving green economy development in an in-depth manner*

Focusing on key areas, key industries, key projects and key customers, the Bank will devote greater efforts to innovate the green financial product from both credit and non-credit, enhance the competitiveness of green financial markets, promote transformation and adjust structure with green to make green finance become the new support for business development of the Bank. Guiding by the establishment of the ecological civilization demonstration of “Three Rivers, One Lake, One Park and One Zone (三河一湖一園一區)” and comprehensively taking into account of abundance of regional resources and environmental bearing capacity, the Bank will determine the key support areas of green finance in various regions, and choose green urbanization, new energy, water treatment, low carbon recycle economy and solid waste treatment industry as key industries of green finance. The Bank will focus on the annual key project libraries and environmental protection project libraries of government, and actively participate in the 14 key projects of the green development action implementation plan in Anhui province to strengthen the marketing of key demonstration projects. The Bank will also implement green financial customer list-based management, and listed the construction entity of key projects and potential customers with environmental upgrading needs as key support customers.

*(IV) Accelerating the industry application and achieving new breakthroughs in transaction banking business*

With the supply chain finance, cash management and cross-border finance as the main lines, the Bank will strengthen the construction of transaction banking product systems and industry applications, and generate scale effects and brand influence in some areas. In terms of supply chain finance, through focusing on six major industry customers, namely government agencies, medical, mineral resources, trade logistics, vehicles manufacturing and sales and real estate, the Bank will targetedly develop core customers and expand upstream and downstream customers in the industry chain in batch to form a replicable and marketable industry service model. In terms of cash management, the Bank

will target at public resource trade centers, financial management departments and people's courts at all levels, real estate management departments, large and medium-sized group finance companies, emerging internet and small and medium-sized private enterprises to increase the contribution of deposits and facilitate the sound development of liability business. In terms of trade finance and cross-border settlement, the Bank will focus on large-scale import and export enterprises, local government financing platforms and customers in the banking industry, and flexibly use domestic and overseas markets to optimize asset structure, increase intermediate business income and profitability. In terms of the bill business, the Bank will give full play to the role of bill reservoir to accelerate the development of traditional off-balance sheet business such as bank acceptance and commercial bills discounting, increase the source of intermediate business income and stabilize the pledged deposits held as collateral. In terms of internet finance, the Bank will explore the methods of information credit approval and risk control of transaction banking, and launch internet financial products such as "medical insurance loan (醫保貸)", "e-commerce loan (電商貸)" and "invoice loan (發票貸)" as soon as possible.

*(V) Improving the service system and supporting the development of technology-based enterprise*

Through following up with the technology-based enterprises in strategic emerging industrial bases, high-tech development zones and industrial bases in the province, as well as "major industrial bases, major emerging industrial projects, major emerging industries and innovative modern industrial systems" to effectively meet the needs of enterprises and accelerate asset placement focused on the key enterprises. On the basis of optimizing traditional loan products, the Bank will design technology credit loan products for quality technology-based enterprises at the growth and maturity stages, and apply government guide funds and risk-sharing funds to carry out risk-sharing loans for technology-based enterprises. The Bank will carry out investment-loan linkage business to expand the cooperation scope of investment institutions in models of loan after investment and investment after loan, and carry out call option service on loan customers of technology-based enterprise. It will carry out special technology equity investment business, set up a direct investment fund for wealth management and try to provide equity investment for technology-based enterprises. Through accelerating the construction of technology finance sub-branches, improving the technology financial service system and establishing technology and innovative enterprises club, the Bank will provide diversified and full-cycle financial services for technology-based enterprises, and actively build various external corporation platforms of technology finance to jointly promote the development of technology-based enterprises.

## Section 2 Retail Business Strategy

### *I. Customer Positioning Analysis*

From the perspective of the internal competitiveness and development of the banking industry in Anhui province, subject to scale, business qualification and geographic location, Huishang Bank is still lagging behind the state-owned banks and advanced joint stock banks in terms of product and customer service methods, especially in terms of retail banking and high-end wealth management. However, in terms of the mid-end wealth management, it has a certain foundation and with constant improvement in its market influence, and its service capacity to the mass customers has been significantly enhanced with the establishment of inclusive financial outlets and mobile channels. The future retail customers of Huishang Bank shall be positioned on the basis of consolidation of mid-end retail customers and wealth management customers, to cover high-net-worth customers and private banking customers, and to set up a foothold in two major markets of cities and counties so as to continuously improve the coverage of urban residents, owners of small and micro enterprises, mass customers and new citizens from the course of urbanization.

### *II. Product and Service Strategy*

Currently, the retail customers have put forward higher demands for banks in the whole channel experience, customization and convenient services. The service model of customer service is transformed from the traditional outlet-driven to the online-offline integration model supported by mobile and internet. Huishang Bank shall continue to improve the retail products lines according to the principle of “mobilization, online and intelligence”, and develop a diversified value-added service system that meets the needs of customers at different levels. Focusing on online and offline channels, the Bank will accelerate the innovation of liabilities products, wealth management, consumer credit, personal business loans and microloan products to promote the growth of the scale of retail deposits and loans and number of customer in a steady pace.

### *III. Major Development Measures*

#### *(I) Accelerating the market expansion of retail liability business*

The Bank will accelerate the development of core retail liabilities, carry out retail marketing and brand promotion activities to attract saving deposits, speed up the online mobile transformation of products, promote the research and development and promotion of core liabilities and payment products, and actively explore new modes of external cooperation and development. The Bank will broaden deposit sources by means of product, public-private linkage, marketing activities, non-financial services, wealth management and asset business, to strengthen the maintenance and expansion of existing

customers, stabilize high-value customers, stimulate the continuous growth of basic customers and core liabilities, and constantly improve the proportions of retail deposits in banks and in the province in terms of market share.

*(II) Improving wealth management and retail banking systems*

The Bank has initially established a business foundation that meets the needs of wealth management and retail banking business development mainly by means of professional wealth management and integrated services, develop a service brand of “Huishang Bank Wealth (徽銀財富)” to form a good brand image among mid-to-high end customers. Through independent development and cooperation with external organizations, the Bank will provide customers with products and services such as fixed income management, liquid asset management, currency management, insurance and private asset management to realize the transformation of product-driven to investment consulting-driven. The Bank will open up asset management and wealth management channels to provide customers with complete investment solutions and integrated financial services solutions. It will also meet the needs of non-financial services such as customer travel, going abroad, medical education, foreign exchange services, property inheritance and tax planning through developing five value-added service systems of “healthy and happiness, convenient commuting, quality life, children’s education and comprehensive services”.

*(III) Promoting online and offline integrative development of retail business*

The Bank will accelerate the establishment of online service platform, build a new model of retail business relying on Huishang Bank e+ non-financial service platform, and provide online support for business development through building an open banking system with personal mobile financial portals as the core. The Bank will strengthen the conversion and cross-selling of online and offline customers, improve the conversion rate of offline retail customers to online direct banking and mobile financial customers, and exploit the advantages of low cost of online channels to meet the customer needs in a low cost and high efficient manner through standardized products such as deposit, loan, remittance and wealth management. It will also continue to enrich the special wealth products of direct banking, upgrade internet credit capabilities and accelerate the conversion of internet users to our customers. The Bank will integrate online and offline channel resources, strengthen the process interaction between personal mobile financial portals and customer manager marketing platforms and optimize the building and layout of inclusive financial physical channel to develop qualified physical outlets into offline experience stores of online platform and integrated service outlets.

*(IV) Continuously expanding consumer credit and business loan businesses*

The Bank will apply the online consumer products based on big data of smart city to accelerate the online establishment of credit card business and the development of consumer credit business. Focusing on various application scenarios, the Bank will promote the innovation of personal non-housing consumer loans, and further explore the existing retail customer base and vehicle consumer groups to make breakthroughs in business. It will strengthen its cooperation with the third party quality platforms such as consumer companies and platform companies, and develop consumer credit business through multiple channels. The Bank will enhance the overall contribution of customers with housing loans through developing personal housing loans in a steady pace and enhancing the pricing and cross-selling capabilities of housing loan business. It also provide more convenient and efficient business financing services for customers by improving the business process and approval model of business loan and microloan.

**Section 3 Interbank Business Strategy*****I. Market trend analysis***

In terms of the series of regulatory measures in recent years, in future, the regulatory governance on interbank business by the regulator will reflect the principle of “providing customers with convenience in purchasing” and “blocking suspected dealers”, so as to guide the transformation of interbank business of commercial banks. The “blocking suspected dealers” refers to the regulatory requirements on reduction of channel businesses and risk prevention, including “Resolving Three Acts of Arbitrage, Three Acts of Violations, Four Inappropriate Practices and Ten Irregularities”, new liquidity regulations and new regulations for asset management, under which, the practice of other banks such as off-balance sheet expansion, over-leverage and idling nesting have gradually lost the flexibility. While supporting non-standard back to balance sheet, establishing asset management subsidiaries and other measures reflect “providing customers with convenience in purchasing”, the commercial banks could directly pair off-balance sheet wealth management with the asset management products issued by asset management subsidiaries without in business models such as channel and outsourcing investment, and guide the interbank business to clear up the sources and get to the bottom of problems, and recover the functions of liquidity management and credit management. In addition, as for the entity enterprises that could not be covered by traditional credit and have real financial needs, such as strategic emerging industries supported by national policies, green development and other major projects, as well as the sector of people’s livelihood protection, the interbank business still has a larger innovation potentials and could be better played the role in the serving real economy.

## *II. Product and Service Strategy*

In terms of financial interbank products and services, the Bank will expand the accounts receivable ABS, PRE-debt-to-equity swap, green development trust plan, corporate asset securitization and other businesses by focusing on the needs of major project financing of national and regional development and asset securitization, so as to meet the financial need of customers. It will expand the full life cycle businesses such as direct bill discounting, trans-discounting, re-discounting, collection and asset management by leveraging on receipt center and commercial paper exchange platform, so as to enlarge comprehensive income. In terms of products and services in the financial market, the Bank will optimize the asset allocation structure to maintain a reasonable bond size, and will support regional economic development through giving priority to the urban investment bonds in the region and leading industrial bonds in the industry, and focusing on the allocation of quality enterprise ABS and ABN. In terms of asset management products and services, the Bank will accelerate the net worth transformation of product to develop special product segment, lay equal stress on investment and creation of asset end by establishing an open net-value product system, and enhance business profitability by establishing asset allocation system covering fixed-income, equity, and non-standard categories. In terms of fund custody products and services, the Bank will focus on mutual funds and wealth management product custody, extend its service areas and enlarge service scope based on the securities, trusts, fund companies and city commercial banks and rural commercial banks without qualification of custody.

## *III. Major Development Measures*

The interbank business line shall closely focus on the Bank's business strategy, give full play to the role of interbank business in promoting the operation transformation of the Bank and deepening the comprehensive services for customers by strengthening management, emphasizing innovation and controlling risk, and increase the quality assets placement inside and outside of the Bank to enhance the comprehensive contribution and achieve safe and sound transformation and development of interbank business.

### *(I) Enhancing the profitability of interbank business*

With the slowdown in the deleveraging process, interbank business is still an important source of profit-making for the Bank, and it is an important support for integrated operation and transformation and development. Therefore, it is required to further enhance the profitability of interbank business under the new normal regulation. As for the asset end, the Bank will strengthen overall management and intensive operation, give priority to comprehensively assess allocation values of various asset based on risk adjusted returns, establish a business development orientation with capital light and high integration benefits, balance the relationships among capital, scale, risks and returns, and play the auxiliary role of interbank business in the distribution of assets

in the Bank. As for liability end, the Bank will strengthen the building of active liability capability, expand the “friend circle” of the industry, and enhance the capacity to absorb low-cost deposits from multi-channel.

*(II) Further developing the assets of the Bank and local customers*

As the mainstream bank in the province, Huishang Bank has the local advantages of familiar with the customer and asset status in the region. It shall fully explore the needs of customers, coordinate the resources of all parties inside and outside of the Bank, and develop personalized products to promote the sustainable development of the business. The asset creation department shall closely follow the policy orientation, actively support the key point of policy and key market areas, and actively create assets in investment banking thinking to meet the diversified financial needs of customers. The investment department shall give full play to the role in supporting the Bank’s business, invest in medium-term notes, short-term commercial papers and other debt instruments lead-underwritten by the Bank, give priority to support the needs of quality corporate customers of the Bank, and increase the ratio of investments in the Bank’s business lines to the extent permitted by rules and regulations. The Bank will establish and improve the comprehensive marketing model with integration of investment, undertaking and custody, and exert the synergistic effect to expand the scale of custody.

*(III) Accelerating the corporatization transformation of asset management*

The Bank will establish a governance system with sound system, flexible mechanism, clear responsibilities, and effective checks and balances, and establish and improve corporate governance and operation mechanism by focusing on the systems including connected transactions, risk isolation and assessment and award. The Bank will straighten out its linkage mechanism, enhance its cooperation with its internal business departments, branches and other subsidiaries. The Bank will change the investment management and product research and development models. As for the investment management, it will change from traditional “independent investment + passive outsourcing investment” to “independent investment + active outsourcing investment”; as for the product system, it will establish the asset system including equity, commodities, derivatives and alternative assets, and carry out targeted investment in various assets, with a view to provide customers with diverse asset management and investment services.

*(IV) Strengthening the development and enhancement of professional ability*

The Bank will develop professional teams according to asset categories, and strengthen industry research to enhance the professional investment capacity of existing personnel. It will attract professional researchers and strengthen exchanges in trading strategies and investment analysis with other banks, so as to enhance professional investment research and analysis capabilities. Through strengthening macro research and market analysis and promoting the change of bond investment to “holding + trading”

mode, the Bank will take initiatives to carry out band trades for better investment income. It will also carry out pre-investment due diligence and post-investment management by regulating the counterparty access, investment quota, term and process, establishing a risk management information platform and investment monitoring system to prevent and control investment risks.

#### **Section 4 Development Strategy of Digital Banking Business**

##### ***I. Positioning of digital transformation***

With the rapid growth of mobile Internet and the fast popularization of smart devices, the financial consumption behavior pattern of customers has undergone significant changes. The intelligent transformation of banking outlets has become an inevitable trend and the banking services offering have been constantly refined, increased, become frontline oriented and extended to the user side. According to the research conducted by Deloitte, more than 20% of well-established banks have launched emerging technology such as big data, cloud computing, blockchain and artificial intelligence, and are actively preparing for large-scale digital transformation. According to the research conducted by McKinsey, the all-round digital transformation is a key for banks to participate in the next stage competition of digital banking. According to the report from Ernst & Young, 85% of banks regard the implementation of the digital transformation plan as their key tasks in the future and it is the only way for the digital transformation of the banking industry to establish the big data-based financial system, enhance financial multimedia data processing and understanding capabilities, innovate in the intelligent-empowered financial products and services, reshape financial value chains and financial eco-system and expand the coverage of financial services.

In implementing the digital transformation, Huishang Bank should strive to achieve full digital coverage of all customers, channels, products and processes. In accordance with the principle of “unified management, unified structure and unified platform”, the Bank should establish a coordinated work mechanism across departments of the Bank, make a good plan in line with the future development path of Huishang Bank, and advance the construction of the digital banking system in an orderly manner. The Bank will make full use of its data and analysis technology, reconstruct business model, optimize business processes, empower business in marketing, risk control, operation and management, and enhance customer experience.

##### ***II. Major development initiatives***

###### ***(1) Constructing data application infrastructure***

In the implementation of the infrastructure digitalization project, we need expand the channels of data source, coordinate and accumulate the data resource base and continuously integrate and expand the data assets inside and outside the Bank. Focusing on real-time, intelligent target and based on the requirements of the unified technology

architecture, we strive to establish a unified data center and build an enterprise-level platform for data intelligence, data management and data security and achieve the data application in an intelligent, self-reliant and standardized manner driven by technology. We promote basic data management and data governance, strengthen systematic management of data standard, build data security prevention and control capabilities to improve the level of refined data governance.

*(2) Reshaping the digital service process*

In the implementation of the process digitalization project, we realize the online and offline integrated services of the omni-channel, promote the intelligent transformation of the outlets, gradually increase the replacement rate of the technology-enabled outlets service machines and business volume conducted off the counter to meet the diversified needs of customers; we reshape end-to-end business process and coordinated development of different financial services, form a dynamic and reasonable business structure, accelerate the digital upgrading of counter business and improve the efficiency of counter business processing; we upgrade the business functions of self-service terminal machine to meet the needs of customers for safe, convenient, high-quality and efficient financial services. We integrate the application resources of small businesses, inclusive finance, retailing banking and credit cards segments, enrich the mobile business acceptance scenarios and realize the two-way collaboration of offline docking for online business and online self-service channel diversion for offline customers.

*(3) Innovating in the smart application of data assets*

In the implementation of the application digitalization project, we strive to build an open bank by connecting with the external ecology to realize the wide connection of Huishang Bank's financial services and penetrate the "Internet +" scene of enterprises and the public; we implement the digital operation and management, such as smart customers acquisition, smart marketing, smart investment and advising and smart risk control. In terms of customer group positioning, we use big data analysis tools such as predictive models, customer profiling and thermodynamic diagram to accurately identify the targeted customers. In terms of marketing management, we combine digital brand marketing and precise marketing, and implement a customer-centric and proactive marketing plan to analyze the marketing effect to form a closed-loop marketing system. In terms of product innovation, we focus on several business sectors including inclusive finance, small business loans and supply chain finance, strengthen data integration and in-depth application and diversify online product lines; we restructure traditional credit access, pricing and risk control systems to gradually establish online, automated and intelligent new bank credit granting system.

#### CHAPTER 4 CONSTRUCTION OF CORE SUPPORT SYSTEM

In order to ensure the achievement of the strategic objectives, Huishang Bank needs to strengthen strategic management and control in the aspects of key capabilities and basic management that support strategic objectives and development strategies, formulate practical and feasible safeguard measures and continue to promote implementation of the measure with aims to improve the level of refined management in an all-round way.

### **Section I Asset and Liability Management**

In response to the challenges brought about by the downward pressure on the economy in the future, the structural reform of the financial supply side and the stricter regulatory requirements, we need to strengthen the overall management of assets and liabilities, establish a sound, forward-looking and scientific asset-liability management system and guide the transformation and development of the Bank's business. We take initiatives in implementing asset-liability portfolio management, strengthen forward-looking research and judgment based on key strategic indicators and restructuring targets, establish a resource allocation system with capital restriction as the core, analyze and evaluate the business development on a regular basis, optimize and adjust resource allocation in a dynamic way and strengthen liquidity management. At the business level, we focus on supporting the acquisition of core liabilities with high stability, increasing the sedimentary money in the payment and settlement and increasing the deposit generation brought by the business expansion on the asset side. In terms of management methods, we increase efforts in the mismatch management of liquidity maturity, take dynamic regulation and active intervention, pay attention to the central bank's open market operations and changes in funds outstanding for foreign exchange, take response measures in advance at critical time and take forward-looking management of liquidity. We enhance the pricing mechanism, continuously optimize the pricing model, strengthen internal and external pricing management, further refine the product pricing management mechanism and enhance pricing capability and standards. We strengthen capital management, under the limited constraints of capital, coordinate and plan transferable and easy-to-transfer assets in advance, use tools such as transfer of income rights and asset securitization to increase the frequency of asset transfer, maximize the expansion of asset and minimize capital occupation. As to the additional capital and leverage requirements on the systemically important banks imposed by the regulatory body, we take intensive management and use of capital to achieve the sustainability of capital replenishment through profit retention, perpetual bonds and A-share IPO.

### **Section II Risk and Internal Control Management**

Focusing on risks in key aspects and key areas, we strengthen risk identification, early warning, investigation, monitoring and evaluation, optimize the overall risk management structure and promote the use of risk tools and system construction so as to ensure that credit risk is controllable, market risk is acceptable and operational risk are continuously reduced and basically establish a comprehensive risk management system covering all business lines, branches and management processes. We apply the achievements in the big data technology and financial technology development, accelerate the construction of various risk information systems and risk measurement tools and boost the efficiency and system level of risk management and control. The Bank's subsidiaries are integrated into the comprehensive risk management system, by focusing on the development of non-credit business and the risk exposure features of new channels and emerging business, we continuously optimize the risk governance structure and risk control model. We will establish and optimize the Bank's risk appetite management mechanism, refine the risk appetite indicator system, and establish a

dynamic management mechanism for risk appetite formation, transmission, re-examination and adjustment. We will also strengthen the risk policy support system, improve the risk system, refine the relevant rules of various risk areas, optimize the asset quality assessment system and remedy the system defect.

Following the problem-oriented, risk-based and responsibility-driven principles, we deeply integrate internal control and compliance management, conduct targeted management, highlight work priorities and enhance the operation effect of internal control with aims to establish a strong internal control system with effective checks and balances. The Bank will improve the organizational structure of internal control, strengthen the construction of three lines of defense for internal control of business operation agencies, compliance departments and audit departments, and reinforce the internal control resultant force. The Bank will strengthen the responsibility and management capacity of internal control entities, and strictly perform their responsibilities and duties. The Bank will improve the internal control system, regularly comb the internal control rules and regulations, and strictly review the compliance of the system to ensure the scientificity and rationality of the internal control system. The Bank will strengthen the post-evaluation of the internal control system, continuously optimize, dynamically improve and consolidate the institutional basis of compliance management. The Bank will improve the management system of employees' conduct, clarify the management responsibility of employees' conduct, highlight the key points of employees' conduct control, and improve the monitoring effect of abnormal conduct of employees, to standardize employees' conduct. The Bank will reinforce the implementation effect of internal control system, organize and carry out internal control combing, improve internal control evaluation standard system and internal control evaluation mechanism of subsidiaries, and improve self-correction mechanism of internal control. The Bank will establish a sound accountability management system, enhance the cost of violations, strictly inspect, supervise and rectify tracking management system, and strictly implement rigid constraint and process control of the system to comprehensively improve the operation effect of internal control.

### **Section III Human Resource Management**

The human resources system of Huishang Bank basically meets the past business needs. However, in the context of profound changes in the internal and external business environment, strengthening human resources management and staff team building has become the development consensus. We deepen the reform of the employee selection and employment mechanism, establish and improve the talent competition mechanism in line with the requirements of market competition, refine the selection, appointment and withdrawal mechanism; by focusing on the strategic needs of the long-term development of Huishang Bank, we vigorously strengthen the young management talent team building, increase efforts in building the pool of reserve talents and enhance the quality improvement and ability training of front-line staff team at the grassroots level. We promote the reform of the compensation management system, improve the salary distribution mechanism, optimize the performance appraisal mechanism, establish a market-oriented and performance-linked assessment and distribution system and highlight the contribution of the post and the degree of market

matching. We optimize the allocation of human resources, boost the construction of the position sequence system and enhance the matching of people with their positions. We innovate in talent training mechanism, put greater efforts on employee career planning and training, establish talent pools by classification and accelerate talent growth through education, training and position practice in a targeted manner; put greater efforts on introduction of professional talents and talents in emerging business areas, improve rotation and personnel mobility mechanisms to cultivate versatile talents. We deepen the market-oriented personnel management mechanism and strive to build a professional and high-cadre talent team.

#### **Section IV Financial Management**

By adhering to the three major directions of management, efficiency and risk, we establish a financial management system with comprehensive budget, scientific allocation, fine management, regulated accounting and strong supervision. We highlight the strategic orientation of financial resource allocation to ensure that while carrying out business operations, more financial resources are allocated to key business segments for accelerating transformation and upgrading and facilitating the implementation of strategy. We strengthen refined financial management. By adhering to the principle of unified allocation, pay-as-you-go and giving priority to efficiency, we establish a flexible allocation mechanism for financial resources and build a unified cost-sharing system to boost the effectiveness of financial resource allocation. We accelerate the transformation process of the Bank from financial accounting to management accounting, promote shifting of financial management from traditional accounting to equal weighting of accounting and management, change the phenomenon of “more accounting and less management” in financial management and promote transformation of financial management to value-creating model. We promote the construction of the financial accounting evaluation system in an all-round way. Guided by the strategic efficiency objectives, we objectively evaluate the financial management and improve the efficiency of financial management through the establishment of a multi-dimensional indicator system.

#### **Section V Operation Management**

With the overall requirements of improving quality, efficiency and safety, we deepen business operation model and process innovation in business processing, accounting management, risk management and operational services to achieve enhanced customer experience, optimized resource allocation and deep outlets transformation. We establish an operational service process targeting all customers, supporting full-service and covering all channels with an aim to promote the interconnection of online and offline business processes and create competitive advantages in the process. We promote the transformation and upgrading of outlets and centralized operation models, and make full use of the comprehensive advantages of multiple outlets and centralized back-end operation of Huishang Bank to provide supports for outlets customer and online business. We deepen the reform of the intensive operation system, enhance the level of intensive business operations, enrich the content and extension of centralized operation services and provide quality and efficient back-end support for business innovation, marketing and business development of the Bank. We accelerate the

reform and innovation of the operation management and control system, enhance the construction of the internal accounting management system, fully implement the seal management of electronic operation, facilitate the application of innovative technologies in the operation field and build management tools and means such as intelligent processing, intelligent prediction, intelligent reminder and intelligent review to promote the exploration of the potential value and efficiency improvement in basic accounting, operational processes and parameter management.

### **Section VI Information Technology Management**

By adhering to the principle of “equal weighting of technology and management, integration of advancement and practicability and combination of uniformity and differentiation”, we adopt the strategy of overall planning, active exploration and step-by-step implementation to promote the overall coordinated development of IT construction. We promote IT innovation, facilitate the integration of business and IT, and strive to meet the needs of multi-level and diversified financial services. We strengthen the construction of infrastructure and application systems, promote the construction of data centers and disaster recovery systems, boost the construction of network infrastructure, support the rapid deployment of new business and supporting application systems, ensure the security, stability and efficiency of data transmission; we optimize the application structure, strengthen application integration capabilities, achieve internal product standardization and external product differentiation, respond rapidly to business demands, use platform-based ideas to promote the construction of application system and build Internet core system in due course; we standardize data structure, improve data quality, expand traditional data architecture and extend the application of big data analysis in the business field; we adjust the technical architecture, gradually establish the centralized and distributed technical architecture system to provide infrastructure support for the construction of different types of business systems. We optimize the IT governance system, establish IT work processes, management systems and standards systems, and continuously improve IT management capabilities; we establish IT system assessment and improvement mechanisms, refine and improve management system of information security, operation and maintenance, project development, outsourcing services and business continuity management; we strengthen standard research and formulation, promote the use of various standards in infrastructure construction, software development, production operations, data management and IT process management; and we establish IT organizational structure and decision-making and supervision mechanism which are suitable for development objectives, so as to improve the level of IT governance. We strengthen IT risk management, establish the mechanisms for IT risk identification, measurement, monitoring and control, focus on information security, development, operation and maintenance, outsourcing and emergency management and improve the level of IT risk management on an on-going basis.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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### **Huishang Bank Corporation Limited\*** **徽商银行股份有限公司\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 3698 and 4608 (Preference Shares))**

#### **NOTICE OF THE 2018 ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 2018 annual general meeting (the “AGM”) of Huishang Bank Corporation Limited\* (the “Bank”) will be held at 9:00 a.m. on Sunday, June 30, 2019 at the Hall, 11/F of the Bank, Block A, Tianhui Building, 79 Anqing Road, Hefei, Anhui Province, the PRC. Details are as follows:

#### **RESOLUTIONS**

- (1) To consider and approve the final financial accounts for 2018;
- (2) To consider and approve the financial budget for 2019;
- (3) To consider and approve the profit distribution plan for 2018;
- (4) To consider and approve the appointment of external auditors of the Bank for 2019;
- (5) To consider and approve the Work Report of the Board of Directors for 2018;
- (6) To consider and approve the Work Report of the Board of Supervisors for 2018;
- (7) To determine the remuneration standard for executive Directors for 2016;
- (8) To determine the remuneration standard for executive Directors for 2017;
- (9) To determine the remuneration standard for the former chairman of the Board of Supervisors for 2016;
- (10) To determine the remuneration standard for the former chairman of the Board of Supervisors for 2017;
- (11) To consider and approve the amendments to the Rules of Procedure of General Meetings of Huishang Bank Corporation Limited;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (12) To consider and approve the amendments to the Rules of Procedure of the Board of Directors of Huishang Bank Corporation Limited;
- (13) To consider and approve the amendments to the Rules of Procedure of the Board of Supervisors of Huishang Bank Corporation Limited;
- (14) To consider and approve the election of Mr. He Jiehua as an executive Director of the fourth session of the Board of Directors of the Bank;
- (15) To consider and approve the election of Mr. Yan Chen as a non-executive Director of the fourth session of the Board of Directors of the Bank;
- (16) To consider and approve the general mandate for the issuance of Shares;
- (17) To consider and approve the plan on the initial public offering and listing of A Shares (“**A Share Offering**”) of the Bank:
  - (a) Class of shares
  - (b) Nominal value per share
  - (c) Proposed stock exchange for the listing
  - (d) Offering size
  - (e) Target subscribers
  - (f) Strategic placing
  - (g) Mode of offering
  - (h) Pricing methodology
  - (i) Form of underwriting
  - (j) Conversion into a joint stock company with limited liability with domestic and overseas listed shares
  - (k) Term of the offering plan
- (18) To consider and approve the resolution on the authorization of the Board to deal with specific matters in respect of the A Share Offering;
- (19) To consider and approve the resolution on the use of proceeds from the A Share Offering;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (20) To consider and approve the resolution on the accumulated profit distribution plan before the A Share Offering;
- (21) To consider and approve the resolution on the three-year dividend plan after the A Share Offering;
- (22) To consider and approve the resolution on the price stabilization plan of A Shares within three years after the A Share Offering;
- (23) To consider and approve the resolution on the undertakings on the disclosure of information in the prospectus published in connection with the A Share Offering;
- (24) To consider and approve the resolution on the dilution of current returns as a result of the A Share Offering and remedial measures;
- (25) To consider and approve the resolution on the status report on the use of previously raised proceeds;
- (26) To consider and approve the resolution on the amendments to the Articles of Association of Huishang Bank Corporation Limited in connection with the A Share Offering;
- (27) To consider and approve the resolution on the amendments to the Rules of Procedure of General Meetings of Huishang Bank Corporation Limited in connection with the A Share Offering;
- (28) To consider and approve the resolution on the amendments to the Rules of Procedure of the Board of Directors of Huishang Bank Corporation Limited in connection with the A Share Offering;
- (29) To consider and approve the resolution on the amendments to the Rules of Procedure of the Board of Supervisors of Huishang Bank Corporation Limited in connection with the A Share Offering;
- (30) To consider and approve the resolution on the amendments to the Administrative Measures for the Control of Related Party Transactions of Huishang Bank Corporation Limited in connection with the A Share Offering;

**For the above resolutions, the resolutions numbered from (1) to (15) and (27) to (30) are ordinary resolutions and the resolutions numbered from (16) to (26) are special resolutions, among which each item under the A Share Offering Plan in Resolution (17) shall be individually approved.**

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## NOTICE OF THE ANNUAL GENERAL MEETING

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### Other Matters

- (31) To receive the Report on Related Party Transactions for 2018;
- (32) To receive the Duty Report by the Independent Non-executive Directors for 2018;
- (33) To receive the Supervisory and Appraisal Report by the Board of Supervisors on the Performance of Duties by the Board of Directors and Directors for 2018;
- (34) To receive the Appraisal Report by the Board of Supervisors on the Performance of Duties by the Supervisors for 2018;
- (35) To receive the Supervisory and Appraisal Report by the Board of Supervisors on the Performance of Duties by the senior management and its members for 2018; and
- (36) Strategic Development Plan of the Bank for 2020-2022.

By order of the Board  
**Huishang Bank Corporation Limited\***  
**Wu Xuemin**  
*Chairman*

Hefei, Anhui Province, the PRC  
May 15, 2019

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## NOTICE OF THE ANNUAL GENERAL MEETING

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*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](http://www.hkexnews.hk)) and the Bank ([www.hsbank.com.cn](http://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**

H Shareholders of the Bank are advised that the register of members of the Bank will be closed from Friday, May 31, 2019 to Sunday, June 30, 2019 (both days inclusive), during which time no transfer of H Shares of the Bank will be effected and registered. 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, Wanchai, Hong Kong, by 4:30 p.m. on Thursday, May 30, 2019.

Shareholders of the Bank whose names appear on the register of members of the Bank at the close of business on Thursday, May 30, 2019 are entitled to attend and vote at the AGM.

3. **Cash dividend payment arrangement**

According to the Bank’s profit distribution plan for the year ended December 31, 2018, the Board of Directors recommends a cash dividend of RMB0.56 (including tax) for every 10 shares in an aggregate amount of RMB681 million (including tax) to all shareholders. Subject to approval by the AGM, the cash dividend will be paid to Domestic Shareholders and H Shareholders whose names appear on the register of members on Wednesday, July 10, 2019. The proposed cash dividends payable are denominated in Renminbi, and will be paid to Domestic Shareholders in Renminbi and H Shareholders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars will be based on the central parity rate of the average exchange rate of Renminbi to Hong Kong dollars as announced by the People’s Bank of China on the five working days preceding the date of declaration of the dividend at the AGM (June 24, 2019 inclusive). The cash dividends are expected to be distributed by the end of August 2019. The Bank will make further announcements after convening of the AGM in relation to details of the cash dividend distribution arrangements, including closure of share register and expected payment date.

- (1) **Domestic Shareholders**

According to the relevant requirements of the Individual Income Tax Law of the People’s Republic of China, the Bank will withhold an individual income tax at the rate of 20% for natural person Shareholders whose names appear on the register of members for Domestic Shareholders on Wednesday, July 10, 2019.

The dividend for Domestic Shareholders without affirmed ownership will be kept temporarily by the Bank and distributed upon the confirmation of the ownership.

- (2) **H Shareholders**

The register of members in respect of the H Shares of the Bank will be closed from Friday, July 5, 2019 to Wednesday, July 10, 2019 (both days inclusive). In order to be entitled to the final dividend, H Shareholders of the Bank who have not registered the relevant transfer documents are required to lodge the transfer documents, together with the relevant share certificates, 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, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, July 4, 2019.

Matters in relation to the proposed final dividend and income tax withheld in respect of dividends to be received by overseas non-resident individual/enterprise Shareholders as follows:

Pursuant to the Notice on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (國稅函[2011]348號)) of the State Administration of Taxation dated June 28, 2011, the dividends received by overseas resident individual Shareholders from the shares issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax, which shall be withheld and paid by the withholding agents according to the relevant laws. However, the overseas resident individual Shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China as well as the tax arrangements between Mainland China and Hong Kong (Macau).

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Based on the above regulation, the Bank will withhold an individual income tax at tax rate of 10% for the individual H Shareholders. However, when other relevant tax regulations and tax arrangements have different requirements, the Bank will follow the requirement of the tax bureau.

The Bank will withhold an enterprise income tax at a tax rate of 10% for those non-resident corporate H Shareholders pursuant to the Law of the People's Republic of China on Enterprise Income Tax and relevant implementation rules which took effect from January 1, 2008.

For the purpose of payment of the dividend, "non-resident corporate Shareholders" refers to any Shareholders holding the Shares of the Bank in the name of non-individual Shareholders, which include but are not limited to the H Shareholders whose Shares are registered in the name of HKSCC Nominees Limited, other nominees or trustees, or other groups and organizations. Shareholders should read the above information carefully. If anyone would like to change the identity of the Shareholder, please enquire about the relevant procedures with the nominees or trustees. The Bank is neither obligated nor responsible for ascertaining the identity of the Shareholders. In addition, the Bank will withhold the enterprise income tax and the individual income tax in strict compliance with the relevant laws or regulations and the registered information on the H Shares register of members of the Bank as of the record date. The Bank will not entertain, or take any responsibilities for, any requests or claims in relation to any delay or inaccuracies in ascertaining the identity of the Shareholders or any disputes over the mechanism of withholding of the enterprise income tax and the individual income tax.

#### 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 address of the registered office and principal place of business in the PRC (for Domestic Shareholders) of the Bank on or before Monday, June 10, 2019. 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 address of 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.

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 Saturday, June 29, 2019) 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 should you so wish.

#### 6. Other businesses

- (i) 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.

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(ii) The address of Computershare Hong Kong Investor Services Limited is:

17M Floor, Hopewell Centre,  
183 Queen's Road East,  
Wanchai, 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:

The Board Office  
Block A, Tianhui Building  
79 Anqing Road  
Hefei  
Anhui Province  
the PRC  
Tel No.: (86) 0551 6266 7787  
Fax No.: (86) 0551 6266 7787

*As of the date of this notice, the Board of Directors of the Bank comprises of Wu Xuemin, Zhang Renfu and Ci Yaping as executive Directors; Zhu Yicun, Wu Tian, Qian Dongsheng, Gao Yang, Wang Wenjin and Zhao Zongren as non-executive Directors; Dai Peikun, Zhou Yana, Liu Zhiqiang, Yin Jianfeng, Huang Aiming and Hu Jun 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.*