

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

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

**If you have sold or transferred** all your shares in **Bank of Gansu Co., Ltd.\***, you should at once pass this circular, together with the proxy form and reply slip that have been despatched to you, to the purchaser, the transferee, the bank, the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



### **BANK OF GANSU CO., LTD.\*** **甘肅銀行股份有限公司\***

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

**(Stock Code: 2139)**

## **PROPOSED NON-PUBLIC ISSUANCE OF OFFSHORE PREFERENCE SHARES PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE BANK NOTICE OF 2018 AGM AND NOTICE OF THE 2019 FIRST H SHAREHOLDERS CLASS MEETING**

---

The 2018 AGM of Bank of Gansu Co., Ltd.\* will be held at 9:00 a.m. on Monday, June 3, 2019, the 2019 First Domestic Shareholders Class Meeting will be held at 10:30 a.m. or immediately after the conclusion of the 2018 AGM (whichever is the later), and the 2019 First H Shareholders Class Meeting will be held at 11:00 a.m. or immediately after the conclusion of the 2019 First Domestic Shareholders Class Meeting (whichever is the later) at No.3 conference room at 24/F of Bank of Gansu Tower, No.525 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC. Notices of the 2018 AGM and the 2019 First H Shareholders Class Meeting are set out on pages 8 to 13 and pages 14 to 18 of this circular, respectively. For notice of convening the First Domestic Shareholders Class Meeting, please refer to the notice separately published by the Bank.

Whether or not you are able to attend the AGM or the Class Meetings, you are advised to read the notice of the AGM and the notices of the Class Meetings carefully and to complete the proxy forms that has been dispatched to you in accordance with the instructions printed thereon. H Shareholders must return the proxy forms to the H share registrar of the Bank, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, while Domestic Shareholders must return the proxy forms to the registered office and the principal place of business in the PRC at Bank of Gansu Tower, No.525 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC, by hand or by post no later than 24 hours before the time appointed for convening the AGM and the Class Meetings or any adjourned meeting thereof. Completion and return of the proxy forms will not preclude you from attending and voting at the AGM and/or the Class Meetings and any adjourned meeting(s) thereof in person if you so wish.

The reply slips and the proxy forms of the AGM and the Class Meetings have been despatched on Thursday, April 18, 2019. If you intend to attend the AGM and/or the Class Meetings either in person or by proxy, you are required to complete and return the reply slips for the meetings to the H share registrar of the Bank (for H Shareholders), Computershare Hong Kong Investor Services Limited or the registered office and the principal place of business of the Bank in the PRC (for Domestic Shareholders) on or before Tuesday, May 14, 2019.

April 18, 2019

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

---

# CONTENTS

---

	<i>Page</i>
<b>Definitions . . . . .</b>	ii
<b>Letter from the Board . . . . .</b>	1
<b>Notice of 2018 AGM . . . . .</b>	8
<b>Notice of 2019 First H Shareholders Class Meeting. . . . .</b>	14
<b>APPENDIX I Businesses of the AGM and the 2019 First H Shareholders Class Meeting .</b>	19
<b>Annex 1 Work Report of the Board of Directors for 2018 . . . . .</b>	46
<b>Annex 2 Work Report of Independent Directors for 2018 . . . . .</b>	55
<b>Annex 3 Remuneration Distribution and Settlement Plan for Directors and Supervisors for 2018. . . . .</b>	64
<b>Annex 4 Remuneration Distribution and Settlement Plan for Senior Management for 2018 . . . . .</b>	68
<b>Annex 5 Report on Material Related-party Transactions. . . . .</b>	70
<b>Annex 6 Estimated Cap of Related Party Transactions for 2019 . . . . .</b>	86
<b>Annex 7 General Mandates to Issue Shares. . . . .</b>	97
<b>Annex 8 Plan on Authorization of the Shareholders' General Meeting to the Board . . . . .</b>	100
<b>Annex 9 Measures on Equity Management . . . . .</b>	106
<b>Annex 10 Plan for Issuance of Offshore Preference Shares . . . . .</b>	119
<b>Annex 11 Proposed Amendments to Articles of Association. . . . .</b>	113
<b>Annex 12 Proposed Amendments to Rules of Procedure for Shareholders' General Meeting. . . . .</b>	194

---

## DEFINITIONS

---

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

“2019 First Domestic Shareholders Class Meeting”	the first class meeting of the Domestic Shareholders of the Bank in 2019 to be held at 10:30 a.m. on Monday, June 3, 2019 or immediately after the conclusion of the AGM (whichever is the later) at No.3 conference room at 24/F of Bank of Gansu Tower, No.525 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC
“2019 First H Shareholders Class Meeting”	the first class meeting of the H Shareholders of the Bank in 2019 to be held at 11:00 a.m. on Monday, June 3, 2019 or immediately after the conclusion of the First Domestic Shareholders Class Meeting (whichever is the later) at No.3 conference room at 24/F of Bank of Gansu Tower, No.525 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC
“Additional Tier One Capital”	as defined in The Capital Rules for Commercial Banks (Provisional) promulgated by CBRC on June 7, 2012 for implementation as of January 1, 2013
“Administrative Measures”	the Administrative Measures on the Pilot Program for Preference Shares (優先股試點管理辦法) issued by the CSRC on March 21, 2014
“AGM” or “2018 AGM”	the annual general meeting of the Bank to be held at 9:00 a.m. on Monday, June 3, 2019
“Articles of Association”	the articles of association of the Bank, as amended, modified or otherwise supplemented from time to time
“Bank”	Bank of Gansu Co., Ltd.*, a joint stock company incorporated in the PRC with limited liability and whose H Shares are listed on the Main Board of the 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”	China Banking and Insurance Regulatory Commission
“CBRC”	the former China Banking Regulatory Commission (原中國銀行業監督管理委員會)

---

## DEFINITIONS

---

“Class Meeting(s)”	the 2019 First Domestic Shareholders Class Meeting and the 2019 First H Shareholders Class Meeting
“Company Law”	the PRC Company Law
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Bank
“Domestic Share(s)”	ordinary shares in the ordinary share capital of the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi
“Exchange Rate”	RMB1.00 to HK\$1.1707, as quoted by China Foreign Exchange Trading System for the one trading day immediately preceding the announcement date of the Board resolution on the Plan for Offshore Preference Share Issuance (i.e. March 26, 2019)
“H Share(s)”	the overseas listed foreign shares with a nominal value of RMB1.00 each in the ordinary share capital of the Bank which are listed on the Stock Exchange and traded in Hong Kong in Hong Kong dollars (stock code: 2139)
“H Shareholder(s)”	holders of H Share(s)
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	the International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
“Independent Director(s)” or “Independent Non-executive Director(s)”	the independent non-executive director(s) of the Bank
“Joint Guidelines”	the Guidelines on Commercial Banks’ Replenishment of Tier One Capital through Issuance of Preference Shares jointly promulgated by CBRC and CSRC on April 3, 2014

---

## DEFINITIONS

---

“Latest Practicable Date”	April 12, 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Offshore Preference Shares”	the preference shares of an aggregate amount of not more than RMB100 million or its equivalent, proposed to be issued by the Bank in the offshore market pursuant to the Plan for Offshore Preference Shares Issuance as set out in Annex 10 to this circular
“Offshore Preference Shareholder(s)”	holders of Offshore Preference Shares
“Offshore Preference Shares Issuance”	the proposed issuance of preference shares in an aggregate amount of not more than RMB10 billion or its equivalent by the Bank in the offshore market pursuant to the Plan for Issuance of Offshore Preference Shares as set out in Annex 10 to this circular
“Our Group” or “Group”	the Bank and its consolidated subsidiaries
“Plan for Offshore Preference Shares Issuance”	the Plan for Non-public Issuance of Offshore Preference Shares by Bank of Gansu Co., Ltd.* (甘肅銀行股份有限公司境外非公開發行優先股方案) as set out in Annex 10 to this circular
“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“PRC GAAP”	the PRC Accounting Standards for Business Enterprises (中國企業會計準則) promulgated by Ministry of Finance of the PRC on February 15, 2006 and its supplementary regulations, as amended, supplemented or otherwise modified from time to time
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Rules of Procedures for Shareholders’ General Meetings”	the Rules of Procedures for Shareholders’ General Meetings of Bank of Gansu Co., Ltd.

---

## DEFINITIONS

---

“Share(s)”	shares of the Bank, including Domestic Shares and H Shares
“Shareholder(s)”	Shareholder(s) of the Bank
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Bank
“Securities Law”	the PRC Securities Law
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“State Council Guidance Opinion”	the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme (國務院關於開展優先股試點的指導意見) issued by the State Council of the PRC on November 30, 2013

---

## LETTER FROM THE BOARD

---



### **BANK OF GANSU CO., LTD.\*** **甘肅銀行股份有限公司\***

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

**(Stock Code: 2139)**

***Executive Directors:***

Mr. Liu Qing (*Chairman*)

Mr. Wang Wenyong

***Non-executive Directors:***

Ms. Wu Changhong

Ms. Zhang Hongxia

Mr. Guo Jirong

Mr. Zhang Youda

Mr. Liu Wanxiang\*\*

***Independent Non-executive Directors:***

Ms. Tang Xiuli

Ms. Luo Mei

Mr. Wong Sincere

Mr. Dong Ximiao

***Registered office:***

No.122, Gannan Road

Chengguan District

Lanzhou

Gansu Province, the PRC

***Principal place of business in the PRC:***

Bank of Gansu Tower

No.525 Donggang West Road

Chengguan District

Lanzhou

Gansu Province, the PRC

***Place of business in Hong Kong:***

40th Floor

Sunlight Tower

No 248 Queen's Road East

Wanchai

Hong Kong

**PROPOSED NON-PUBLIC ISSUANCE OF OFFSHORE PREFERENCE SHARES  
PROPOSED AMENDMENTS TO THE ARTICLES OF  
ASSOCIATION OF THE BANK  
NOTICE OF 2018 AGM  
AND  
NOTICE OF THE 2019 FIRST H SHAREHOLDERS CLASS MEETING**

---

## LETTER FROM THE BOARD

---

*Dear Sir or Madam,*

### **1. INTRODUCTION**

On behalf of the Board, I would like to invite you to attend the AGM to be held at 9:00 a.m. on Monday, June 3, 2019 and the Class Meetings thereafter at No.3 conference room at 24/F of Bank of Gansu Tower, No. 525 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC.

The purpose of this circular is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM and the Class Meetings.

### **2. BUSINESSES TO BE CONSIDERED AT THE AGM AND THE CLASS MEETINGS**

In order to enable you to have a better understanding of the resolutions to be proposed at the AGM and the Class Meetings and to make an informed decision thereon, we have provided detailed information to the Shareholders in Appendix I to this circular, which includes the information and explanation on the resolutions proposed to be passed at the AGM and the Class Meetings.

The resolutions to be considered at the AGM include:

- (1) To consider and approve the proposal regarding the Work Report of the Board of Directors for 2018;
- (2) To consider and approve the proposal regarding the financial audit report for 2018;
- (3) To consider and approve the proposal regarding the final financial report for 2018;
- (4) To consider and approve the proposal regarding the profit distribution proposal for 2018;
- (5) To consider and approve the proposal regarding the annual financial budget for 2019;
- (6) To consider and approve the proposal regarding the annual report for 2018;
- (7) To consider and approve the proposal regarding the engagement of external auditing firms for 2019;



---

## LETTER FROM THE BOARD

---

- (8) To consider and approve the proposal regarding the work report of Independent Directors for 2018;
- (9) To consider and approve the proposal regarding the remuneration distribution and settlement plan for Directors and Supervisors in 2018;
- (10) To consider and approve the proposal regarding the remuneration distribution and settlement plan for senior management in 2018;
- (11) To consider and approve the proposal regarding the work report of the Board of Supervisors for 2018;
- (12) To consider and approve the proposal regarding the report on material related-party transactions;
- (13) To consider and approve the proposal regarding the estimated cap of related-party transactions for 2019;
- (14) To consider and approve the proposal regarding the general mandates to issue Shares;
- (15) To consider and approve the proposal regarding the plan on authorization of the shareholders' general meeting to the Board;
- (16) To consider and approve the proposal regarding the formulation of Measures on Equity Management;
- (17) To consider and approve the proposal regarding the election of Mr. Zeng Lehu as a Supervisor;
- (18) To consider and approve the proposal regarding the promotion and establishment of wealth management subsidiary;
- (19) To consider and approve the proposal regarding the promotion and establishment of financial asset investment company;
- (20) To consider and approve the proposal regarding the public issuance of capital bonds with no fixed term;
- (21) To consider and individually approve the proposal regarding the Plan for Offshore Preference Shares Issuance;

---

## LETTER FROM THE BOARD

---

- (22) To consider and approve the proposal regarding the authorization to the Board to deal with specific matters in respect of the Offshore Preference Shares Issuance;
- (23) To consider and approve the proposal regarding the formulation of the Articles of Association (draft) (to be effective upon completion of the Offshore Preference Shares Issuance); and
- (24) To consider and approve the proposal regarding the formulation of the Rules of Procedures for Shareholders' General Meeting (draft) (to be effective upon completion of the Offshore Preference Shares Issuance).

Proposals to be presented at the 2019 First H Shareholders Class Meeting and the 2019 First Domestic Shareholders Class Meeting include:

- (1) To consider and individually approve the proposal regarding the Plan for Offshore Preference Shares Issuance;
- (2) To consider and approve the proposal regarding authorization to the Board to deal with specific matters in respect of the Offshore Preference Shares Issuance;

Details of the proposals are set out in Appendix I to this circular.

### **3. THE PROPOSALS REGARDING OFFSHORE PREFERENCE SHARE ISSUANCE**

In order to further expand the capital replenishment channel and enhance the core competitiveness of the Bank, the Bank proposes to conduct a non-public issuance of not more than 100 million Offshore Preference Shares to raise proceeds up to RMB10 billion or its equivalent to replenish the Bank's Additional Tier One Capital. Details of the Plan for Offshore Preference Share Issuance and the related proposals are set out on pages 36 to 46 in and Annexes 10 to 12 to this circular.

Pursuant to the Company Law, the Measures for the Administration of the Pilot Program of Preference Shares (優先股試點管理辦法) issued by the CSRC, the Guiding Opinions on Commercial Banks Offering Preference Shares to Replenish Tier 1 Capital (關於商業銀行發行優先股補充一級資本的指導意見) jointly issued by the CBRC and CSRC and the Articles of Association, the Offshore Preference Shares Issuance is subject to the following conditions precedents:

---

## LETTER FROM THE BOARD

---

- (1) obtaining the approvals of the Board, the AGM and the Class Meetings;
- (2) obtaining the approvals from the competent PRC regulatory authorities, including the CBIRC and the CSRC;
- (3) completing the requisite filing and registration with the National Development and Reform Commission; and
- (4) obtaining the listing approval of the Offshore Preference Shares from the Stock Exchange.

The approval of Board was obtained on March 27, 2019, and the Bank will proceed with the application filings as mentioned in (2) to (4) above, after Offshore Preference Shares Issuance being approved by the AGM and the Class Meetings and as and when appropriate.

**Shareholders and potential investors should be aware that the Offshore Preference Shares Issuance is still subject to all necessary approvals being obtained and various other factors including market conditions, and consequently the proposed Offshore Preference Shares Issuance may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Bank.**

#### 4. THE AGM AND THE CLASS MEETINGS

The AGM and the Class Meetings will be held from 9 a.m. on Monday, June 3, 2019 at No.3 conference room at 24/F of Bank of Gansu Tower, No.525 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC. The notices of 2018 AGM and the notice of the 2019 First H Shareholders Class Meeting are set out on pages 8 to 13 and pages 14 to 18 of this circular. For details of the First Domestic Shareholders Class Meeting of 2019, please refer to the notice separately published by the Bank.

The reply slips and the proxy forms of the AGM and the 2019 First H Shareholders Class Meeting have been despatched on Thursday, April 18, 2019 and have been published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). If you intend to attend the AGM and/or the 2019 First H Shareholders Class Meeting either in person or by proxy, you are required to complete and return the reply slips for the meetings to the H share registrar of the Bank, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Telephone: (852)28628555), on or before Tuesday, May 14, 2019.

---

## LETTER FROM THE BOARD

---

Whether or not you are able to attend the AGM or the Class Meetings, you are advised to read the notice of the AGM and the notices of the Class Meetings carefully and to complete the proxy forms that has been despatched to you in accordance with the instructions printed thereon. H Shareholders must return the proxy form to the H share registrar of the Bank, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, while Domestic Shareholders must return the proxy forms to the registered office and the principal place of business in the PRC at Bank of Gansu Tower, No.525 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC, by hand or by post no later than 24 hours before the time appointed for convening the AGM and the Class Meetings or any adjourned meeting thereof. Completion and return of the proxy forms will not preclude you from attending and voting at the AGM, the Class Meetings or any adjourned meeting(s) thereof in person if you so wish.

### **5. VOTING BY POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of shareholders at the AGM and the Class Meetings must be taken by poll other than resolutions related to procedural or administrative matter as may be permitted by the chairman of the meetings to be voted by a show of hand. Therefore, all resolutions as set out in the notice of 2018 AGM and the Class Meetings will be voted by poll. The poll results will be published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Bank at [www.gsbankchina.com](http://www.gsbankchina.com) upon the conclusion of the AGM and the Class Meetings.

To the best knowledge of the Bank, no Shareholder or its associate is deemed to have a material interest in any of the resolutions to be proposed at the AGM or the Class Meetings, and therefore no Shareholder is required to abstain from voting on any resolutions.

---

## LETTER FROM THE BOARD

---

### 6. RECOMMENDATION

The Directors (including the Independent Non-executive Directors) consider that the resolutions set out in the notice of 2018 AGM and the notices of the Class Meetings are in the interests of the Bank and its Shareholders as a whole. Therefore, the Board recommends you to vote in favor of the proposed resolutions mentioned above.

By Order of the Board  
**Bank of Gansu Co., Ltd.\***  
**LIU Qing**  
*Chairman*

Lanzhou, Gansu Province

April 18, 2019

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

\*\* *The qualification of Mr. Liu Wanxiang as a Director is still subject to the approval of regulatory authorities.*



**BANK OF GANSU CO., LTD.\***  
**甘肅銀行股份有限公司\***

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

**(Stock Code: 2139)**

**NOTICE OF ANNUAL GENERAL MEETING FOR 2018**

**Notice is hereby given that** the annual general meeting (“AGM”) of Bank of Gansu Co., Ltd. (“**the Bank**”) for 2018 will be held at No.3 conference room at 24/F of Bank of Gansu Tower, No.525 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC at 9:00 a.m. on Monday, June 3, 2019, to consider and, if thought fit, pass the following resolutions:

1. To consider and approve the proposal regarding the Work Report of the Board of Directors for 2018;
2. To consider and approve the proposal regarding the financial audit report for 2018;
3. To consider and approve the proposal regarding the final financial report for 2018;
4. To consider and approve the proposal regarding the profit distribution proposal for 2018;
5. To consider and approve the proposal regarding the annual financial budget for 2019;
6. To consider and approve the proposal regarding the annual report for 2018;
7. To consider and approve the proposal regarding the engagement of external auditing firms for 2019;
8. To consider and approve the proposal regarding the work report of Independent Directors for 2018;
9. To consider and approve the proposal regarding the remuneration distribution and settlement plan for Directors and Supervisors in 2018;
10. To consider and approve the proposal regarding the remuneration distribution and settlement plan for senior management in 2018;
11. To consider and approve the proposal regarding the work report of the Board of Supervisors for 2018;

---

## NOTICE OF 2018 AGM

---

12. To consider and approve the proposal regarding the report on material related-party transactions;
13. To consider and approve the proposal regarding the estimated cap of related-party transactions for 2019;
14. To consider and approve the proposal regarding the general mandates to issue Shares;
15. To consider and approve the proposal regarding the plan on authorization of the shareholders' general meeting to the Board;
16. To consider and approve the proposal regarding the formulation of Measures on Equity Management;
17. To consider and approve the proposal regarding the election of Mr. Zeng Lehu as a Supervisor;
18. To consider and approve the proposal regarding the promotion and establishment of wealth management subsidiary;
19. To consider and approve the proposal regarding the promotion and establishment of financial asset investment company;
20. To consider and approve the proposal regarding the public issuance of capital bonds with no fixed term;
21. To consider and individually approve the proposal regarding the Plan for Offshore Preference Shares Issuance:
  - (1) Type of preference shares to be issued
  - (2) Number of preference shares to be issued and issue size
  - (3) Par value and issue price
  - (4) Maturity
  - (5) Method of issuance and target investors
  - (6) Lock-up period
  - (7) Dividend distribution terms
  - (8) Terms of mandatory conversion

---

## NOTICE OF 2018 AGM

---

- (9) Terms of conditional redemption
  - (10) Restrictions on voting rights and terms of restoration of voting rights
  - (11) Order of distribution on liquidation and procedures of liquidation
  - (12) Security
  - (13) Use of proceeds
  - (14) Rating arrangements
  - (15) Listing/trading arrangements
  - (16) Validity period of the resolution for the issuance
- 
- 22. To consider and approve the proposal regarding the authorization to the Board to deal with specific matters in respect of the Offshore Preference Shares Issuance;
  - 23. To consider and approve the proposal regarding the formulation of the Articles of Association (draft) (to be effective upon completion of the Offshore Preference Shares Issuance); and
  - 24. To consider and approve the proposal regarding the formulation of the Rules of Procedures for Shareholders' General Meeting (draft) (to be effective upon completion of the Offshore Preference Shares Issuance).



---

## NOTICE OF 2018 AGM

---

**Resolutions Nos. 1–13, 15–19 and 24 will be considered and approved by way of ordinary resolutions. Resolutions No. 14 and Nos. 20–23 will be considered and approved by way of special resolutions, of which, the items set out under the Resolution No. 21 shall be voted item by item.**

By order of the Board  
**Bank of Gansu Co., Ltd.\***  
**Liu Qing**  
Chairman

Lanzhou, Gansu Province  
April 18, 2019

*As of the date of this notice, the Board of Directors comprises Mr. LIU Qing and Mr. WANG Wenyong as executive Directors; Ms. WU Changhong, Ms. ZHANG Hongxia, Mr. GUO Jirong, Mr. ZHANG Youda and Mr. LIU Wanxiang\*\* as non-executive Directors; and Ms. TANG Xiuli, Ms. LUO Mei, Mr. WONG Sincere and Mr. DONG Ximiao as independent non-executive Directors.*

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

\*\* *The qualification of Mr. Liu Wanxiang as Director is subject to approval of the competent regulatory authority.*

Notes:

1. Voting by poll

Pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), all resolutions will be voted by poll on the AGM (except where the chairman decides to allow a resolution which relates 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 website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.gsbankchina.com](http://www.gsbankchina.com)) in accordance with the Listing Rules.

2. Eligibility for attending the AGM and closure of register of holders of H shares

In order to determine the holders of H shares who are eligible to attend the AGM, the register of holders of H shares of the Bank will be closed from Friday, May 3, 2019 to Monday, June 3, 2019 (both days inclusive), during which period no transfer of H shares will be registered.

In order to qualify for attending the AGM, share certificates accompanied by instruments of transfer 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 not later than 4:30 p.m. on Thursday, May 2, 2019. Holders of H shares of the Bank whose names appear on the register of members of the Bank on Monday, June 3, 2019 are entitled to attend the AGM.

---

## NOTICE OF 2018 AGM

---

A shareholder or his/her proxy should present proof of identity when attending the AGM. If a shareholder is a legal person, its legal representative or other person authorised by the board of directors or other governing body of such shareholder may attend the AGM by providing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.

### 3. Reply slip

Holders of H shares who intend to attend and vote (in person or by proxy) at the AGM must complete and lodge the accompanying reply slip and return it to the Bank's H share registrar on or before Tuesday, May 14, 2019. For holders of H shares, 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 at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Completing and lodging the reply slip would not affect the right of a shareholder to attend and vote at the AGM. However, if the shareholders fail to return the reply slip and the number of shares carrying the right to vote 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 the right to vote at the AGM, the Bank shall within five days notify the shareholders again, by way of public announcement, of the matters to be considered and the date and venue of the meeting. The Bank may then proceed to hold the AGM after publishing such announcement.

### 4. Proxy

- (1) Each shareholder who has the right to attend and vote at the AGM convened by the above notice is entitled to appoint one or more proxies in writing to attend and vote on his/her behalf at the AGM. A proxy needs not be a shareholder of the Bank.
- (2) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.

Holders of H shares shall lodge the proxy form, together with the notarized power of attorney or other authority, to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time specified for holding the AGM.

- (3) Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the AGM or any adjournment thereof should he/she so wish.
- (4) In the case of joint shareholders and more than one of the shareholders attending the meeting, whether in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the share register of the Bank in respect of the joint shareholding.

### 5. Miscellaneous

- (1) The AGM is expected to last for no more than half a working day. Shareholders and their proxies attending the meeting are responsible for their own traveling and accommodation expenses.

---

## NOTICE OF 2018 AGM

---

(2) For details of the proposals submitted to the AGM for consideration and approval, please refer to the relevant content in the circular of the AGM to be despatched by the Bank in due course.

(3) None of the directors, supervisors, presidents and other senior management of the Bank has material interests in matters to be considered.

(4) Address of Computershare Hong Kong Investor Services Limited:

17M Floor, Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong  
Telephone: (852) 2862 8628  
Facsimile: (852) 2865 0990

(5) Registered Office of the Bank in the PRC:

No.122, Gannan Road, Chengguan District  
Lanzhou, Gansu Province  
The PRC

Principal Place of Business of the Bank in the PRC:

Bank of Gansu Tower  
No.525 Donggang West Road, Chengguan District  
Lanzhou, Gansu Province  
The PRC

Contact department: the Office of the Board  
Telephone: 86 (931) 877 0491  
Facsimile: 86 (931) 877 1877  
Contact person: Mr. Zhang Kuixi (張奎喜)



**BANK OF GANSU CO., LTD.\***  
**甘肅銀行股份有限公司\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 2139)**

**NOTICE OF THE FIRST H SHAREHOLDERS CLASS MEETING FOR 2019**

**Notice is hereby given that** the First H Shareholders Class Meeting for 2019 (“**2019 First H Shareholders Class Meeting**”) of Bank of Gansu Co., Ltd. (“**the Bank**”) will be held at No.3 conference room at 24/F of Bank of Gansu Tower, No.525 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, the PRC at 11:00 a.m., immediately following the conclusion of the 2019 First Class Meeting for Domestic Shareholders, whichever is later, on Monday, June 3, 2019, to consider and, if thought fit, pass the following resolutions:

**SPECIAL RESOLUTIONS**

1. To consider and individually approve the following items in respect of the proposal regarding the Plan for Offshore Preference Shares Issuance:
  - (1) Type of preference shares to be issued
  - (2) Number of preference shares to be issued and issue size
  - (3) Par value and issue price
  - (4) Maturity
  - (5) Method of issuance and target investors
  - (6) Lock-up period
  - (7) Dividend distribution terms
  - (8) Terms of mandatory conversion
  - (9) Terms of conditional redemption

---

## NOTICE OF THE FIRST H SHAREHOLDERS CLASS MEETING FOR 2019

---

- (10) Restrictions on voting rights and terms of restoration of voting rights
  - (11) Order of distribution on liquidation and procedures of liquidation
  - (12) Security
  - (13) Use of proceeds
  - (14) Rating arrangements
  - (15) Listing/trading arrangements
  - (16) Validity period of the resolution for the issuance of offshore preference shares
2. To consider and approve the proposal regarding the authorization to the Board to deal with specific matters in respect of the Offshore Preference Shares Issuance.

By order of the Board  
**Bank of Gansu Co., Ltd.\***  
**Liu Qing**  
*Chairman*

Lanzhou, Gansu Province  
April 18, 2019

*As of the date of this notice, the Board of Directors comprises Mr. LIU Qing and Mr. WANG Wenyong as executive Directors; Ms. WU Changhong, Ms. ZHANG Hongxia, Mr. GUO Jirong, Mr. ZHANG Youda and Mr. LIU Wanxiang\*\* as non-executive Directors; and Ms. TANG Xiuli, Ms. LUO Mei, Mr. WONG Sincere and Mr. DONG Ximiao as independent non-executive Directors.*

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

\*\* *The qualification of Mr. Liu Wanxiang as Director is subject to approval of the competent regulatory authority.*

---

## NOTICE OF THE FIRST H SHAREHOLDERS CLASS MEETING FOR 2019

---

*Notes:*

1. Voting by poll

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), all resolutions to be proposed at the H Shareholders Class Meeting will be voted by poll except where the chairman decides to allow a resolution which relates 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 website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.gsbankchina.com](http://www.gsbankchina.com)) in accordance with the Listing Rules.

2. Eligibility for attending the 2019 First H Shareholders Class Meeting and closure of register of H Shareholders

In order to determine the H Shareholders who are eligible to attend the 2019 First H Shareholders Class Meeting, the register of H Shareholders of the Bank will be closed from Friday, May 3, 2019 to Monday, June 3, 2019 (both days inclusive), during which period no transfer of H shares will be registered.

In order to qualify for attending the 2019 First H Shareholders Class Meeting, share certificates accompanied by instruments of transfer 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 not later than 4:30 p.m. on Thursday, May 2, 2019. H Shareholders of the Bank who are registered with Computershare Hong Kong Investor Services Limited on Monday, June 3, 2019 are entitled to attend the 2019 First H Shareholders Class Meeting.

A shareholder or his/her proxy should present proof of identity when attending the 2019 First H Shareholders Class Meeting. If a shareholder is a legal person, its legal representative or other person authorised by the board of directors or other governing body of such shareholder may attend the 2019 First H Shareholders Class Meeting by providing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.

3. Reply slip

Shareholders who intend to attend and vote (in person or by proxy) at the 2019 First H Shareholders Class Meeting must complete and lodge the accompanying reply slip and return it to the Bank’s H share registrar on or before Tuesday, May 14, 2019. For H Shareholders of the Bank, 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 at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Completing and lodging the reply slip would not affect the right of a shareholder to attend and vote at the 2019 First H Shareholders Class Meeting. However, if the shareholders fail to return the reply slip and the number of shares carrying the right to vote represented by the shareholders proposing to attend the 2019 First H Shareholders Class Meeting by reply slip does not reach more than half of the total number of shares of the Bank carrying the right to vote at the 2019 First H Shareholders Class Meeting, the Bank shall within five days notify the shareholders again, by way of public announcement, of the matters to be considered and the date and venue of the meeting. The Bank may hold the 2019 First H Shareholders Class Meeting after publishing such notice.

---

## NOTICE OF THE FIRST H SHAREHOLDERS CLASS MEETING FOR 2019

---

### 4. Proxy

- (1) Each shareholder who has the right to attend and vote at the 2019 First H Shareholders Class Meeting convened by the above notice is entitled to appoint one or more proxies in writing to attend and vote on his/her behalf at the meeting. A proxy needs not be a shareholder of the Bank.
- (2) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.

H Shareholders shall lodge the proxy form, together with the notarized power of attorney or other authority, to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time specified for holding the 2019 First H Shareholders Class Meeting.

- (3) Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the 2019 First H Shareholders Class Meeting or any adjournment thereof should he/she so wish.
- (4) In the case of joint shareholders and more than one of the shareholders attending the meeting, whether in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the share register of the Bank in respect of the joint shareholding.

### 5. Miscellaneous

- (1) The 2019 First H Shareholders Class Meeting is expected to last for no more than half a working day. Shareholders and their proxies attending the meeting are responsible for their own traveling and accommodation expenses.
- (2) For details of the proposals submitted to the 2019 First H Shareholders Class Meeting for consideration and approval, please refer to the relevant content in the circular of the 2019 First H Shareholders Class Meeting to be despatched by the Bank in due course.
- (3) None of the directors, supervisors, presidents and other senior management of the Bank has material interests in matters to be considered.

---

## NOTICE OF THE FIRST H SHAREHOLDERS CLASS MEETING FOR 2019

---

- (4) Address of Computershare Hong Kong Investor Services Limited:

17M Floor, Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong  
Telephone: (852) 2862 8628  
Facsimile: (852) 2865 0990

- (5) Registered Office of the Bank in the PRC:

No.122, Gannan Road, Chengguan District  
Lanzhou, Gansu Province  
The PRC

Principal Place of Business of the Bank in the PRC:

Bank of Gansu Tower  
No.525 Donggang West Road, Chengguan District  
Lanzhou, Gansu Province  
The PRC

Contact department: Office of the Board  
Telephone: 86 (931) 877 0491  
Facsimile: 86 (931) 877 1877  
Contact person: Mr. Zhang Kuixi (張奎喜)



**I. CONVENTIONAL BUSINESSES TO BE CONSIDERED AT THE AGM****1. Work Report of the Board of Directors for 2018**

According to the Company Law and the Articles of Association, it is the authority and duty of the Shareholders' general meeting of the Bank to consider and approve the work report of the Board. The Work Report of the Board of Directors of Bank of Gansu Co., Ltd. for 2018 (《甘肅銀行股份有限公司2018年度董事會工作報告》) was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

The full text of the Work Report of the Board of Directors is set out in Annex 1 to this circular.

**2. Financial Audit Report for 2018**

According to the Articles of the Association, Shinewing Certified Public Accountants LLP (“**Shinewing**”) was engaged by the Bank to conduct 2018 annual financial audit for the Bank and issued the Financial Audit Report of Bank of Gansu Co., Ltd. for 2018. According to their audit opinion, the financial statements of Gansu Bank are prepared in accordance with the PRC GAAP in all material respects and give a true and fair view of the financial position of Gansu Bank as at December 31, 2018 and its operating results and cash flows for 2018. According to the audit results, as at December 31, 2018, total assets, total liabilities, balance of loans and advances, and net profit for the year of Gansu Bank were RMB328,622 million, RMB303,375 million, RMB160,885 million and RMB3,440 million, respectively. The aforesaid financial audit report was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

For particulars of financial information for the year ended December 31, 2018 of the Group as audited under IFRS, please refer to the financial statements in the 2018 annual report of the Bank published on April 18, 2019.

**3. Final Financial Report for 2018**

The Final Financial Report for 2018 of Bank of Gansu Co., Ltd. (《甘肅銀行股份有限公司2018年度決算報告》) was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution, details of which are set forth as follows:

The Final Financial Accounts for 2018 were completed by the Bank in accordance with applicable regulations. In accordance with audited financial statements for the year ended December 31, 2018 prepared under the IFRS, the final financial accounts for 2018 of the Bank are set out below:

As at the end of 2018, the total assets of the Bank amounted to RMB328,622 million, and the total assets of parent company amounted to RMB327,602 million; the total liabilities of the Bank amounted to RMB303,375 million, and the total liabilities of parent company amounted to RMB302,409 million; the balance of equity interest of the Shareholders of the Bank and parent company amounted to RMB25,248 million and RMB25,193 million, respectively. The operating revenue of the Bank and parent company amounted to RMB8,872 million and RMB8,840 million, respectively. Profit before tax of the Bank and parent company amounted to RMB4,638 million and RMB4,628 million, respectively. Net profit of the Bank and parent company amounted to RMB3,440 million and RMB3,431 million, respectively.

**4. Profit Distribution Proposal for 2018**

According to the Profit Distribution Proposal for 2018 of Bank of Gansu Co., Ltd. (《甘肅銀行股份有限公司2018年度利潤分配方案》) considered and approved by the Board on March 27, 2019, the Profit Distribution Proposal for 2018 is set forth as follows:

Considering the shareholders' interests, the Bank's future development and other factors and in accordance with the requirements of relevant laws and regulations and the Articles of Association, the Board proposed the Profit Distribution Proposal for 2018 as follows:

- (1) to appropriate 10% of net profit realized this year of RMB343.1 million to statutory surplus reserve;
- (2) to appropriate 10% of net profit realized this year of RMB343.1 million to discretionary surplus reserve;
- (3) to appropriate 1.5% of the risk-bearing assets of RMB785.4 million to the general risk reserve according to the Administrative Measures for the Provisioning for Reserves of Financial Institutions [2012] No. 20 (《金融企業準備金計提管理辦法》([2012]20號)) promulgated by the Ministry of Finance of the People's Republic of China;
- (4) to distribute 30% of the net profit in the amount of RMB3,431,211,702.42 as cash dividend, namely, a total of RMB1,029,363,510.73 (tax inclusive) will be distributed at a cash dividend of RMB0.1022 (tax inclusive) per share; and
- (5) the remaining retained earnings of the parent company of RMB2,925.9 million will be carried forward to the next year.

The Profit Distribution Proposal for 2018 was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

**5. Annual Financial Budget for 2019**

According to the Annual Financial Budget for 2019 of Bank of Gansu Co., Ltd. (《甘肅銀行股份有限公司2019年度預算方案》) considered and approved by the Board on March 27, 2019, the Annual Financial Budget for 2019 is set forth as follows:

Based on demand of strategic development and business expansion of the Bank, the Bank will control its total operating expenses budget within RMB2.5 billion, representing an increase of RMB281 million as compared with the actual operating expenses in 2018. In addition, the Bank will control its cost-to-income ratio within 28%. The increase in operating expenses is primarily due to the increase of manpower, additional investment in technology, and increase in assets depreciation and amortization.

In 2019, the Bank intends to arrange capital expenditure of approximately RMB1,224 million, which primarily include:

- (1) approximately RMB631 million will be used for operating buildings and decoration therefor;
- (2) approximately RMB413 million will be used for technology projects;
- (3) approximately RMB35 million will be used for office furniture and transportation equipment;
- (4) approximately RMB78 million will be used for decoration of the leased properties; and
- (5) approximately RMB67 million will be used for project investment.

The Annual Financial Budget for 2019 was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

**6. Annual Report for 2018**

The Annual Report for 2018 was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution. The Annual Report for 2018 of the Bank was published on the HKExnews website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Bank (<http://www.gsbankchina.com>) on April 18, 2019, and dispatch to the Shareholders on April 18, 2019.

**7. Engagement of External Auditing Firms for 2019**

In order to maintain the continuity and completeness of audit work of the Bank, the Board proposed to re-appoint (1) Shinewing Certified Public Accountants LLP as the external PRC auditors of the Bank for 2019 to provide auditing services in the PRC in accordance with the PRC GAAP, and (2) SHINEWING (HK) CPA Limited as the external international auditors of the Bank for 2019 to provide auditing and review services overseas in accordance with the IFRS.

The terms of engagement of the above external auditors shall commence from the date of approval of this proposal by the AGM and shall expire at the convening of the annual general meeting for 2019 of the Bank. Audit fees for the 2019 interim financial report and the 2019 annual financial report shall not exceed RMB4.70 million; and other relevant consultation fees for 2019 shall be determined based on the prevailing market rates.

The Proposal Regarding the Engagement of External Auditing Firms for 2019 of Bank of Gansu Co., Ltd. (《甘肅銀行股份有限公司關於聘請2019年度外部審計機構的議案》) was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

**8. Work Report of Independent Directors for 2018**

The Work Report of Independent Directors for 2018 was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

Particulars of the aforesaid Work Report of Independent Directors for 2018 are set out in Annex 2 to this circular.

**9. Remuneration Distribution and Settlement Plan for Directors and Supervisors for 2018**

The Remuneration Distribution and Settlement Plan for Directors and Supervisors for 2018 was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

The aforesaid Remuneration Distribution and Settlement Plan for Directors and Supervisors for 2018 is set out in Annex 3 to this circular.

**10. Remuneration Distribution and Settlement Plan for the Senior Management for 2018**

The Remuneration Distribution and Settlement Plan for the Senior Management for 2018 was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

The aforesaid Remuneration Distribution and Settlement Plan for the Senior Management for 2018 is set out in Annex 4 to this circular.

**11. Work Report of the Board of Supervisors for 2018**

The Work Report of the Board of Supervisors for 2018 was considered and approved by the Board of Supervisors on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

The aforesaid Work Report of the Board of Supervisors is set out in pages from 96 to 99 of the 2018 annual report of the Bank.

**12. Report on Material Related-party Transactions**

The Report on Material Related-party Transactions for 2018 was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

The aforesaid Report on Material Related-party Transactions is set out in Annex 5 to this circular.

**13. Estimated Cap of Related-party/Connected Transactions for 2019**

Pursuant to relevant regulations of CBIRC and the Measures on Management of Related-party/Connected Transactions of Bank of Gansu Co., Ltd., the Bank has determined the estimated cap of ordinary related-party transactions for 2019 with four associated legal persons and their controlled subsidiaries and natural person associates. In order to further improve the scientific nature and flexibility in management of related-party transactions and improve the approval efficiency of related-party transactions, while ensuring the compliance operation of related-party transactions, the Bank proposes that the management be authorized by the Shareholders' general meeting to make adjustments to the estimated amount for associated single (or group) legal person and natural person associates within the scope estimated cap of related-party transactions regarding credit facilities with reference to the best practice in the industry under the premise of compliance with the requirement in relation to the prescribed limit under regulatory rules, and file the same with the related-party transactions and risk management committee. The aforesaid estimated cap of related-party/connected transactions for 2019 was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

The Bank confirms that the transactions between the Bank and the four associated legal persons and their controlled subsidiaries and natural person associates, in relation to which, the transaction amount is subject to approval, are all conducted by the Bank in its ordinary course of business and on normal commercial terms. In case of any transaction subject to Chapter 14A of the Listing Rules, the Bank will fully comply with the relevant announcement, reporting and/or independent Shareholders' approval requirements thereunder.

The aforesaid proposal regarding the estimated cap of related-party/connected transactions is set out in Annex 6 to this circular.

#### **14. General Mandate to Issue Shares**

The Proposal Regarding the General Mandate to Issue Shares of Bank of Gansu Co., Ltd. (《甘肅銀行股份有限公司發行股份的一般性授權的議案》) was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as a special resolution. The particulars of such proposal are set out in Annex 7 to this circular.



**II. CONSIDERING AND APPROVING THE PROPOSAL REGARDING CORPORATE GOVERNANCE****15. Plan on Authorization of the Shareholders' General Meeting to the Board**

The proposal regarding the Plan on Authorization of the Shareholders' General Meeting to the Board was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

The aforesaid Plan on Authorization of the Shareholders' General Meeting to the Board is set out in Annex 8 to this circular.

**16. Formulation of Measures on Equity Management**

In order to strengthen equity management of the Bank, regulate the acts of Shareholders of the Bank, and safeguard the lawful interests of the Bank, the depositors and the Shareholders, the Bank, after taking into account its actualities of equity management, formulated the Measures on Equity Management of Bank of Gansu Co., Ltd., pursuant to relevant requirements under such laws, regulations, rules and normative documents as the Interim Measures for the Equity Management of Commercial Banks, the Notice of China Banking Regulatory Commission on Enhancement of Management in Equity Pledge of Commercial Banks (《中國銀監會關於加強商業銀行股權質押管理的通知》), the Guiding Opinions of People's Bank of China, China Banking and Insurance Regulatory Commission and China Securities Regulatory Commission on Enhancing Regulations over Investment in Financial Organisations Made by Non-financial Enterprises (《中國人民銀行、中國銀行保險監督管理委員會、中國證監會關於加強非金融企業投資金融機構監管的指導意見》), and the Notice of the Office of China Banking Regulatory Commission on Standardising Matters to Report to Shareholders of Commercial Banks (《中國銀監會辦公廳關於規範商業銀行股東報告事項的通知》). The Measures on Equity Management have prescribed responsibilities and obligations of the Shareholders, enterprises and other parties and worked out standards on matters such as equity information management and disclosure, equity pledge, etc.

The aforesaid Measures on Equity Management was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval in the form of an ordinary resolution. The aforesaid Measures on Equity Management is set out in Annex 9 to this circular.

**17. Election of Mr. Zeng Lehu as a Supervisor**

Reference is made to the Bank's announcement on resignation and appointment of Supervisor dated March 27, 2019. As disclose in that announcement, Mr. Liu Xiaoyu (劉曉宇), a shareholder representative Supervisor tendered his resignation to the Board of Supervisors as a shareholder representative Supervisor and a member of the audit committee under the Board of Supervisors on March 27, 2019 due to work rearrangement. The resignation of Mr. Liu will take effect from the date when the new shareholder representative Supervisor formally assumes his role. Upon consideration, the Board of Supervisors proposes to appoint Mr. Zeng Lehu (曾樂虎) as a shareholder representative Supervisor.

The biography of Mr. Zeng Lehu is as follows:

Mr. Zeng Lehu (曾樂虎), aged 48, worked at the finance division of Gansu People's Publishing House and was engaged in accounting work for cashier, costing, taxation, auditing, general ledger and other posts in succession from July 1993 to June 2006. He worked at the finance department of Readers Publishing Group Limited ("**Readers Group**") from June 2006 to December 2009, during which, he organised and implemented a number of accounting computerization initiatives, and served as the accountant in charge in several professional presses under Readers Group as well as the local area network administrator of the finance department. He served as the director of capital center of the finance department of Readers Group from April 2008 to April 2010; and as the deputy head of audit department of Readers Group and Duzhe Publishing and Media Corp. (讀者出版傳媒股份有限公司) ("**Duzhe Media**"), the deputy director of the discipline inspection and supervision office of Readers Group from April 2010 to June 2014; and a supervisor, the head of audit department, and the director of the office of the supervisory committee of Duzhe Media, and concurrently as the supervisor of seven professional presses and the chairman of the supervisory committee of three controlled subsidiaries (Gansu Cultural Assets and Equity Exchange Limited, Duzhe Culture and Tourists Co., Ltd. (讀者文化旅遊股份有限公司) and Duzhe Cultural Promotion LLC (讀者文化傳播發展有限責任公司)) under Duzhe Media from July 2014 to May 2018. He has been serving as a member of the professional committee under the Supervisory Commission of China Association for Public Companies since June 2017; and served concurrently as a director of Beijing Wangcai Media and Advertising Co., Ltd (北京旺財傳媒廣告有限公司) from August 2017 to December 2018; a director of Duzhe Digital Technology (Gansu) Co., Ltd (甘肅讀者數碼科技有限公司) from April to December in 2018; and the head of the finance department of Duzhe Media from May to December in 2018. He has been the head of the finance department of Readers Group, as well as serving concurrently as the vice chairman to the board of director of Gansu Cultural Assets and Equity Exchange Limited and a director of Duzhe Culture and Tourists Co., Ltd. since December 2018.

Mr. Zeng obtained a bachelor's degree in accounting from Lanzhou Branch of Central Radio and TV University (中央廣播電視大學) in July 2007 and was rated as a senior accountant by the Gansu Professional Title and Reform Work Office in December 2009.

To the knowledge of the Directors of the Bank, Mr. Zeng did not hold any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the date of this circular, nor has he held any other position with the subsidiary of the Bank. Mr. Zeng does not have any relationship with any Directors, Supervisors, senior management or substantial Shareholders of the Bank. As at the Latest Practicable Date, Mr. Zeng does not have any interests in the shares of the Bank within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there are no other matters concerning the appointment of Mr. Zeng that are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any matters which should be brought to the attention of the shareholders of the Bank.

As at the Latest Practicable Date, the Bank has not entered into a service contract with Mr. Zeng. Unless adjustment is required by the relevant applicable laws and regulations, the term of office of Mr. Zeng shall be the same as this session of the Board of Supervisors. During his term of office as a shareholder Supervisor, Mr. Zeng will not receive remuneration from the Bank.

The proposal regarding the election of Mr. Zeng Lehu as a Supervisor of the Bank is hereby submitted to the AGM for consideration and approval.

**III. CONSIDERING AND APPROVING THE PROPOSALS REGARDING BUSINESS AND  
FINANCING ACTIVITIES OF THE COMPANY****18. Promotion and Establishment of Wealth Management Subsidiary**

In order to keep abreast of the latest regulatory landscape, optimize the organizational and management system of the wealth management business of the Bank, strengthen risk isolation, promote the return of wealth management to the origin of asset management business, further improve the standards of comprehensive financial services offered to its clients, and strengthen its ability to serve the real economy and to conduct wealth management business, the Bank, after taking into account the development trend of domestic and international asset management business as well as its own development needs, intends to establish a wealth management subsidiary by way of sponsorship in accordance with the requirements of the Administrative Measures for Wealth Management Subsidiaries of Commercial Banks. In this regard, the Bank has formulated the following proposals for the establishment of the wealth management subsidiary:

**(1) *Company name***

Longyin Wealth Management Co., Ltd. (隴銀理財有限責任公司) (subject to the final approval by the administration for industry and business).

**(2) *Registered address***

So long as it is permitted under regulatory policies, the registered address may be located in Beijing, Shanghai, Shenzhen, Lanzhou or Hainan Free Trade Zone, subject to the determination by the senior management of the Bank based on the actual situation.

**(3) *Scope of business***

The scope of business of the wealth management subsidiary will include: public offering of wealth management products to the general public, and investment and management of property entrusted by such public investors; private placement of wealth management products to qualified investors, and investment and management of property entrusted by such qualified investors; financial advisory and consulting services; and other business as approved by banking regulatory authorities of the State Council. The items listed above shall be subject to approval from the regulatory authorities and approval from the industry and commerce registration authority.

**(4) *Registered capital and equity arrangement***

The Bank intends to establish the wealth management subsidiary with its self-owned funds, with its registered capital not exceeding RMB1 billion. The wealth management subsidiary will become a tier-one subsidiary of the Bank. Based on the business development needs and subject to the approval by regulatory authorities, the Bank may consider the need for introduction of strategic investors.

**(5) *Authorization matters***

This matter is subject to the approval by shareholders at the general meeting. The preliminary preparation and official operation of the company are subject to the review and approval by relevant regulatory authorities. In order to effectively improve the efficiency and ensure the progress of the work related to establishment of the wealth management subsidiary, it is proposed that the general meeting shall authorize the Board, which shall further delegate the authorization to the management to handle relevant matters, including but not limited to:

- a. to decide on matters such as the name, registered address, business address, business scope and registered capital of the company, the arrangement for the original wealth management business after the establishment of the subsidiary and staff recruitment for the subsidiary during the preparation stage;
- b. to decide on, execute, submit and disclose the preparatory and application documentation for commencement of business operation relating to the establishment of the wealth management subsidiary, including articles of association, regulatory filings, registration documents, etc.;
- c. to handle formalities relating to application for approval, filing, registration and incorporation; and
- d. to engage relevant intermediary and determine its remuneration, which shall be responsible for the procurement of relevant IT systems, services and other necessary products and services for the purpose of establishment of the company before obtaining the approval of establishment from the regulatory authorities.

The aforesaid proposal was considered and approved by the Board on March 27, 2019, and is hereby submitted to the AGM for consideration and approval as an ordinary resolution.

**19. Proposal Regarding the Promotion and Establishment of Financial Asset Investment Company**

In order to promote the implementation of the market-based debt-to-equity swap program for banks to effectively prevent financial risks, and further expand the channel for non-performing asset disposal to meet the needs of local banking financial institutions for non-performing asset disposal, the Bank intends to cooperate with relevant financial institutions that meet the regulatory requirements in Gansu province and other enterprises in or outside Gansu province to jointly establish a financial asset investment company by way of sponsorship.

***I. Company name***

Longyin Financial Asset Investment Co., Ltd.(隴銀金融資產投資股份有限公司)  
(subject to the final approval by the administration for industry and commerce).

***II. Registered address***

The registered address will be in Lanzhou.

***III. Scope of business operation***

The scope of business operation of the financial asset investment company will include: acquisition of the debt interests held by banks in enterprises for the purpose of debt-to-equity swap, and conversion of debt interests into equity interests for further management; restructuring, transfer and disposal of debt interests failed to be converted into equity interests; investment in equity interests of enterprises for the purpose of debt-to-equity swap, enabling invested enterprises to discharge their existing debt obligations with the equity investment funds; private placement of asset management products to qualified investors to finance the implementation of the debt-to-equity swap according to laws and regulations; offering of financial bonds; financing by means of bond repurchase, inter-bank lending and borrowing and inter-bank loans; necessary investment management of proprietary funds and raised funds, where the proprietary funds can be used to conduct business such as inter-bank deposits and placements, purchase of treasury bonds or other fixed-income securities and the raised funds shall be utilized in accordance with the agreed usage; financial advisory and consulting business on debt-to-equity swap; and other business as approved by the banking regulatory authorities of the State Council. The items listed above shall be subject to approval by the regulatory authorities and approval by and registration with the administration for industry and commerce.

***IV. Registered capital and equity arrangement***

The financial asset investment company intends to raise equity funds of RMB10 billion, the entire share capital of which shall be subscribed by its promoters. The company shall only have legal person shares, all of which shall be ordinary shares. Holders of shares of the same class shall be entitled to the same rights and dividends for each share they held. The share capital of the company shall be divided into shares of equal value, with a par value of RMB1.00 each. The Bank intends to subscribe for shares in the amount of RMB3 billion, while the remaining shares in the amount of RMB7 billion will be subscribed for by other financial institutions and enterprises.

***V. Authorization matters***

This matter is subject to the approval by shareholders at the general meeting. The preliminary preparation and official operation of the company are subject to the review and approval by relevant regulatory authorities. In order to effectively improve the efficiency and ensure the progress of the work related to establishment of the financial asset investment company, it is proposed that the general meeting shall authorize the Board, which shall further delegate the authorization to the management to handle relevant matters, including but not limited to:

- (I) to decide on matters such as the name, registered address, business address, business scope and registered capital of the company, and staff recruitment for the subsidiary during the preparation stage;
- (II) to decide on, execute, submit and disclose the preparatory and application documentation for commencement of business operation relating to the establishment of the financial asset investment company, including articles of association, regulatory filings, registration documents, etc.;
- (III) to handle formalities relating to application for approval, filing, registration and incorporation; and
- (IV) to engage relevant intermediary and determine its remuneration, which shall be responsible for the procurement of relevant IT systems, services and other necessary products and services for the purpose of establishment of the company before obtaining the approval of establishment from the regulatory authorities.

The aforesaid proposal was considered and approved by the Board on March 27, 2019, and is hereby submitted to the AGM for consideration and approval as an ordinary resolution, and for authorization to the management to handle matters relevant to the establishment of the financial asset investment company. When executing relevant transaction agreements, the Bank will abide by the reporting, annual review, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

**20. Public Issuance of Capital Bonds with No Fixed Term**

In order to further enhance the capital strength and support the development of various business of the Bank, the following proposal in relation to the issuance of capital replenishment bonds with no fixed term is hereby proposed:

- (1) It was resolved that the issuance of capital replenishment bonds by the Bank on the following terms and conditions be approved, subject to approval by the general meeting and relevant regulatory authorities:
- a. Total issue amount: not more than RMB5 billion;
  - b. Bond type: including capital bonds with no fixed term that meet the requirements of the Capital Rules for Commercial Banks (Provisional), Opinions on Further Supporting Innovation on Capital Instruments of Commercial Banks (CBRC [2018] No. 5), [2018] Circular No. 3 of PBOC and other relevant provisions then in force;
  - c. Target market: national inter-bank bond market;
  - d. Duration: no fixed maturity date for capital bonds with no fixed term before the exercise of the redemption right by the Bank;
  - e. Means of loss absorption: upon the occurrence of triggering events as specified in the issuance documents, the loss shall be absorbed through a write-down mechanism;
  - f. Interest rate: to be determined with reference to the market interest rates;



- g. Use of proceeds: to replenish Additional Tier One Capital of the Bank; and
  - h. Validity period of the resolution: within 36 months from the date of approval of the issuance of capital replenishment bonds by the general meeting.
- (2) It was resolved that the proposal on the authorization matters be submitted to the general meeting for consideration and approval. Subject to the approval of the general meeting, the Board be authorized to delegate its authorization to the senior management to determine and attend to other terms and specific matters concerning the issuance of the capital replenishment bonds in accordance with the requirements of relevant regulatory authorities, including but not limited to the signing of the relevant documents, attending to all relevant matters such as submitting application to relevant regulatory authorities, follow-up matters relevant to the issuance during the bond duration, and ensuring the immediate write-down of the capital replenishment bonds upon the occurrence of the triggering events as specified. The authorization granted by the general meeting to the Board shall remain valid from the date on which the issuance of capital replenishment bonds is approved by the general meeting to June 3, 2022.

The aforesaid proposal was considered and approved by the Board on March 27, 2019, and is hereby submitted to the AGM for consideration and approval as a special resolution.

**IV. CONSIDERING AND APPROVING THE PROPOSAL REGARDING OFFSHORE  
PREFERENCE SHARE ISSUANCE****21. Plan for Offshore Preference Share Issuance**

In order to further expand the capital replenishment channel and enhance the core competitiveness of the Bank, the Bank proposes to conduct a non-public issuance of not more than 100 million Offshore Preference Shares to raise proceeds up to RMB10 billion or its equivalent to replenish the Bank's Additional Tier One Capital.

In accordance with the State Council Guidance Opinion and the Joint Guidance Opinion, and with reference to relevant provisions of the Administrative Measures and other relevant laws, regulations and regulatory documents, the Bank believes it has fulfilled the conditions for the Offshore Preference Shares Issuance. The Bank has formulated relevant plan for non-public issuance of Offshore Preference Shares. For details of the Plan for Offshore Preference Share Issuance of the Bank, please refer to Annex 10 to this circular.

The Offshore Preference Shares Issuance will be conducted by way of a private placement in accordance with the relevant rules on issuance and the Offshore Preference Shares will be issued in a single or multiple series in accordance with the relevant procedures after being approved by regulatory authorities. To the best of the Bank's knowledge, information and belief, each of the placees for the Offshore Preference Shares (and its respective ultimate beneficial owners) are not expected to be connected persons (as defined in the Listing Rules) of the Bank. If the Offshore Preference Shares will be issued to any connected persons of the Bank, the Bank will comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The listing/trading arrangements for the Offshore Preference Shares will be set out in the issuance documents. There will be no lock-up period for the Offshore Preference Shares. The Bank shall have the right to mandatorily convert all or part of the Offshore Preference Shares into H Shares on the occurrence of certain prescribed events. In the case of a partial conversion, the Offshore Preference Shares then issued and outstanding will be converted into corresponding number of H Shares on a pro-rata basis.

As at December 31, 2018, the capital adequacy ratio, tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio of the Bank are 13.55%, 11.01% and 11.01%, respectively. According to the relevant implementation rules for the Capital Rules for Commercial Banks (Provisional), the minimum capital adequacy ratio, tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio of commercial banks in PRC as at December 31, 2018 as required by CBRC are 10.5%, 8.5% and 7.5%, respectively.

***Impact of Offshore Preference Share Issuance on the shareholding structure of the Bank***

Pursuant to the generally accepted practices of issuing preference shares by PRC commercial banks and based on the prevailing market conditions. The initial mandatory conversion price of the Offshore Preference Shares shall be the average trading price of H Shares of the Bank for the 20 trading days immediately preceding the date of approval of the Board resolution regarding the Plan for Offshore Preference Share Issuance, namely March 27, 2019.

The average trading price of H Shares of the Bank for the 20 preceding trading days is as follow:

$$\begin{array}{lcl} \text{The average trading price of H} & & \text{The total trading amount of H Shares of} \\ \text{Shares of the Bank for the 20} & = & \text{the Bank for the 20 preceding trading days} \\ \text{preceding trading days} & & \hline & & \text{The total trading volume of H Shares of} \\ & & \text{the Bank for the 20 preceding trading days} \end{array}$$

According to the above formula, the initial mandatory conversion price of the Offshore Preference Shares shall be HK\$2.25 per share, which represents:

- a discount of 23.47% to the net asset value per Share of the Bank of RMB2.51 per Share (approximately HK\$2.94 based on the Exchange Rate) as at December 31, 2018
- the same as the closing price of H Shares of HK\$2.25 per Share as quoted on the trading day immediately preceding the announcement date of the Board resolution on the Plan for Offshore Preference Shares Issuance (i.e. March 26, 2019)
- a premium of 2.27% of the average closing price of H Shares of HK\$2.20 per Share for the five consecutive trading days immediately prior to the trading day prior to the announcement date of the Board resolution on the Plan for Offshore Preference Shares Issuance
- a premium of 1.81% of the closing price of H Shares of HK\$2.21 per Share as quoted on the Latest Practicable Date.

Assuming an issue size equivalent to RMB10 billion of Offshore Preference Shares were issued and all the Offshore Preference Shares were subject to conversion, on the basis of the above initial mandatory conversion price and with reference to the Exchange Rate, the number of H Shares may be issued upon conversion of the Offshore Preference Shares would not exceed 5,203,111,111 H Shares (inclusive). As at the Latest Practicable Date, there were

2,543,800,000 H Shares in issue. Assuming that the number of issued H Shares remains as stated above on the date the proposed special resolution regarding the Plan for Offshore Preference Shares Issuance is passed at the AGM and Class Meetings, the maximum number of H Shares may be issued represents (i) 204.54% of the total number of H Shares in issue of the Bank, (ii) 67.16% of the enlarged H share capital of the Bank, and (iii) 34.07% of the current total issued share capital of the Bank. For illustrative purposes only, the table below sets forth the impact on the Bank's share capital structure if all the Offshore Preference Shares under the proposed issuance were converted into H Shares pursuant to the conversion:

	As at the Latest Practicable Date		After issuance of the Offshore Preference Shares but before occurrence of mandatory conversion trigger events <sup>(1)</sup>		After conversion of all the Offshore Preference Shares	
	As a percentage of ordinary		As a percentage of ordinary		As a percentage of ordinary	
	Shares	share capital	Shares	share capital	Shares	share capital
Share capital Shares						
Domestic Shares	7,525,991,330	74.74%	7,525,991,330	74.74%	7,525,991,330	49.28%
Including:						
Gansu Province State-owned Assets Investment Group Co., Ltd. ("Gansu State-owned Assets Investment") <sup>(2)</sup>	1,627,195,578	16.16%	1,627,195,578	16.16%	1,627,195,578	10.65%
Gansu Province Highway Aviation Tourism Investment Group Co., Ltd ("Gansu Highway Aviation Tourism") <sup>(3)</sup>	1,257,696,100	12.49%	1,257,696,100	12.49%	1,257,696,100	8.23%
Mr. Liu Qing, a Director of the Bank	301,714	0.003%	301,714	0.003%	301,714	0.002%
Domestic Shares held by independent domestic Shareholders	4,640,797,938	46.09%	4,640,797,938	46.09%	4,640,797,938	30.39%
H Shares held by the public	2,543,800,000	25.26%	2,543,800,000	25.26%	7,841,085,068	50.72%
Total	10,069,791,330	100%	10,069,791,330	100%	15,367,076,398	100%

*Note:*

- (1) If there is no mandatory conversion trigger event, the Offshore Preference Shares Issuance will not affect the ordinary share capital of the Bank.
- (2) As of the Latest Practicable Date, Gansu State-owned Assets Investment directly held 359,250,972 Domestic Shares of the Bank. Gansu SASAC and Jiuquan Iron & Steel (Group) Co., Ltd. (“Jiuquan Iron & Steel”) hold 83.54% and 16.46% equity interest in Gansu State-owned Assets Investment, respectively, while Gansu State-owned Assets Investment in turn holds 31.91% equity interest in Jiuquan Iron & Steel. Gansu State-owned Assets Investment also holds 100% of the equity interest in Gansu Province Electric Power Investment Group Co., Ltd. (“Gansu Electric Power Investment”) and 48.67% of the equity interest in Jinchuan Group Co., Ltd. (“Jinchuan Group”). Therefore, Gansu Electric Power Investment and Jinchuan Group are controlled corporations of Gansu State-owned Assets Investment. Jiuquan Iron & Steel directly held 633,972,303 Domestic Shares of the Bank and Gansu Electric Power Investment directly held 633,972,303 Domestic Shares of the Bank. Pursuant to the SFO, Gansu State-owned Assets Investment is deemed to be interested in the Shares held by Gansu Electric Power Investment and Jinchuan Group. Gansu State-owned Assets Investment is a substantial shareholder and connected person of the Bank.
- (3) As of the Latest Practicable Date, Gansu Highway Aviation Tourism directly held 1,257,696,100 Domestic Shares of the Bank and indirectly held 100,541,667 Domestic Shares of the Bank through its wholly-owned subsidiary, Gansu Financial Capital Management Co., Ltd. (甘肅省金融資本管理有限公司). Therefore, Gansu Highway Aviation Tourism is a substantial shareholder and core connected person (as defined under the Listing Rules) of the Bank.

The Bank did not conduct any fundraising activities involving issuance of share capital during the twelve months prior to the Latest Practicable Date. Based on the public information available to the Bank and on the basis that all the Offshore Preference Shares will be held by persons independent from the Bank and its connected persons, the percentage of ordinary share capital held by the public is (i) 25.26% as at the Latest Practicable Date; (ii) 25.26% after the issuance of the Offshore Preference Shares but before occurrence of the mandatory conversion trigger events; and (iii) 50.72% after the conversion of all the Offshore Preference Shares into H Shares subject to other changes in the Shares, the Shareholders or the capital of the Bank.

The Plan for Offshore Preference Share Issuance was considered and approved at the Board meeting held on March 27, 2019. It is subject to the approval of the Shareholders, the Domestic Shareholders and H Shareholders at the AGM and Class Meetings, respectively, as a special resolution.

***Other financing methods***

The Directors have also considered other alternatives to replenish the Bank's capital, including rights issue and open offer. As regards to viability of a rights issue or an open offer, the Board considers that a non-public issuance of offshore preference shares is a relatively more appropriate means for the Bank to replenish its capital for the following reasons:

1. it is less cumbersome in terms of preparation of documentation and takes relatively shorter time for the Bank to complete the Offshore Preference Shares Issuance as compared to a right issue or an open offer; and
2. the Offshore Preference Shares Issuance could enable the Bank to raise additional funds to replenish its Additional Tier One Capital on the one hand while it has less impact on the voting rights of the existing Shareholders on the other.

In addition, the Bank has noted that a number of comparable city commercial banks incorporated in the PRC whose shares are listed on the Stock Exchange have recently completed issuance of offshore preference shares or are going through the procedures in respect of issuance of offshore preference shares. In order to attract more diversified investors and achieve the financing target of the Bank more effectively while reducing the impact on the voting rights of the existing Shareholders, the Board has decided to replenish the Bank's Additional Tier One Capital by means of Offshore Preference Shares Issuance.

**Shareholders and potential investors should be aware that the Offshore Preference Shares Issuance is still subject to all necessary approvals being obtained and various other factors including market conditions, and consequently the proposed Offshore Preference Shares Issuance may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Bank.**

**22. Authorizing the Board to Handle Specific Matters in respect of the Offshore Preference Shares Issuance**

The Board proposes to the AGM and the Class Meetings to authorize the Board and the Board sub-delegate its authorization to the Chairman to exercise full power to deal with the matters in connection with the Offshore Preference Shares Issuance under the framework and principles as approved by the Shareholders' general meeting and in compliance with relevant laws and regulations and within the validity period of the authorization for the Offshore Preference Shares Issuance, including but not limited to those set out below:

***I. Authorization on matters in connection with the Offshore Preference Shares Issuance***

The contents and range of authorization on the matters in connection with the Offshore Preference Shares Issuance shall include but not be limited to:

- (I) to formulate and implement the final plan for Offshore Preference Shares Issuance, including but not limited to:
  - 1. to determine the number of series and the respective issue number and issue size of each series of the Offshore Preference Shares within the approved total issue number and issue size;
  - 2. to determine the method for determining the dividend rate and the specific dividend rate and conversion period of the Offshore Preference Shares;
  - 3. to determine whether the Offshore Preference Shares will be issued at or above par value, the issue price of the Offshore Preference Shares, the denomination currency, and the specific commencement date of the redemption period, redemption conditions and the issuance method of the Offshore Preference Shares, with reference to market conditions prior to the issuance;
  - 4. to determine the timing of issuance, relevant arrangement on issuance in tranches, transfer arrangements, specific target investors and the quantity of Preference Shares issued to each target investors under the Offshore Preference Shares Issuance with reference to market conditions and subject to approval from regulatory authorities; and

5. to determine other matters in relation to the Offshore Preference Shares Issuance (including but not limited to rating arrangements, special account for the proceeds, the tax arrangements in relation to any dividend payment, subscription procedures and arrangements and the listing of the Offshore Preference Shares) and to make necessary adjustments to the Plan for Offshore Preference Shares Issuance according to the latest regulatory requirements or opinions of regulatory authorities (including suspension and termination, similarly thereafter), except those matters that requires a separate vote at a Shareholders' general meeting in accordance with the relevant laws and regulations and the Articles of Association.
- 
- (II) if there are any new requirements or policies by relevant regulatory authorities on preference shares or any changes to market conditions occurring prior to the Offshore Preference Shares Issuance, the issuance plan shall be amended accordingly to reflect such changes, except for amendments that must be approved in the Shareholders' meeting by voting according to relevant laws, regulations, rules and the Articles of Association.
  - (III) to produce, amend, execute, implement and file the application materials relating to the issuance, trading and transfer of the Offshore Preference Shares, and other documents relating to the issuance and transfer (such as offering circular/issuance circular and/or prospectus, as applicable) of the Offshore Preference Shares and to deal with related matters, such as approval, registration, filing, authorization and consent by relevant regulatory authorities (including the Stock Exchange) and other acts relating to the issuance and transfer of the Offshore Preference Shares as deemed necessary, proper or appropriate by the authorized persons according to the requirements of such relevant regulatory authorities.
  - (IV) to draft, amend, execute, submit, publish, disclose, implement, suspend and terminate all agreements, contracts and other documents (including but not limited to sponsor and underwriting agreements, agreements relating to the issuance proceeds, subscription contracts entered into with investors, announcements, circulars, etc.) in relation to the issuance and transfer of the Offshore Preference Shares.



- (V) to make appropriate and necessary amendments, adjustments and supplements to the issuance plan and terms of the Offshore Preference Shares in accordance with the opinions of the relevant regulatory authorities, including the Stock Exchange, the Chinese banking regulatory authorities and the Chinese securities regulatory authorities, and the actual circumstances of the Bank to the extent permitted by laws, regulations and rules.
- (VI) to amend the articles relating to the Offshore Preference Shares Issuance in the Articles of Association and other corporate governance documents in accordance with the opinions of the regulatory authorities, the results of the Offshore Preference Shares Issuance and the actual circumstances of the Bank; to handle the approval or filing procedures in relation to the amendments to the Articles of Association and apply for the changes of the registration particulars with the administration for industry and commerce and other competent government bodies.
- (VII) to deal with other necessary, proper or appropriate matters relating to the Offshore Preference Shares Issuance in compliance with domestic and overseas laws and regulations.

The authorization for the Offshore Preference Shares Issuance shall remain valid during the 12 months following the passing of relevant resolutions on the Plan for Offshore Preference Shares Issuance and this resolution at the Shareholders' general meeting and the Class Meetings. If the Offshore Preference Shares Issuance is not completed before the expiration of the validity period of such authorization, then such authorization will lapse, but the Board has the right to seek approval at a Shareholders' general meeting and the class meetings to extend or renew the validity period of such authorization.

## ***II. Authorization on Matters in Connection with Offshore Preference Shares that Remain Outstanding***

The authorization during the period when the Offshore Preference Shares remain outstanding shall include but not be limited to:

- (I) to deal with all matters relating to conversion of the Offshore Preference Shares during the conversion period upon occurrence of any trigger event for mandatory conversion of the Offshore Preference Shares, including but not limited to, determining the timing of conversion, conversion ratio and implementing the procedures for conversion, issuing the corresponding

H ordinary shares, changing the registered capital, amending the relevant provisions in the Articles of Association, dealing with regulatory approvals, registering and filing with the administration for industry and commerce for the change in registration of the Bank as well as other matters.

- (II) to decide on matters relating to redemption of the Offshore Preference Shares during the redemption period with reference to market conditions and other factors, and to deal with all matters relating to redemption as approved by the Chinese banking regulatory authorities and other regulatory authorities; and
- (III) to determine and deal with matters in relation to dividend payment to Offshore Preference Shareholders in accordance with the requirements of the issuance terms. However, cancellation of preference share dividends in whole or in part shall still require the approval of the Shareholders' general meeting.

The proposal regarding the authorization to the Board to deal with specific matters in respect of the Offshore Preference Shares Issuance was considered and approved by the Board on March 27, 2019, and is hereby submitted to the AGM and Class Meetings for approval by Shareholders, Domestic Shareholders and H Shareholders, respectively, as a special resolution.

**23. Proposed amendments to the Articles of Association in respect of the Offshore Preference Shares Issuance**

The proposal regarding the amendments to the Articles of Association in respect of the Offshore Preference Shares Issuance was considered and approved by the Board at the Board meeting held on March 27, 2019. In accordance with the State Council Guidance Opinion, the Joint Guidance Opinion and relevant laws, regulations and other regulatory documents, with reference to the Administrative Measures and the industry experience, and taking into account the actual situation of the Bank, the Bank proposes to amend certain existing articles of the Articles of Association.

For details of the proposed amendments to the Articles of Association in respect of the Offshore Preference Shares Issuance, please refer to Annex 11 to this circular.

The proposal on the amendments to the Articles of Association in respect of the proposed Offshore Preference Shares Issuance is hereby submitted as a special resolution to the AGM for consideration and approval, and it is also proposed to delegate authority to the Board, which will sub-delegate the authority to the Chairman, for the purpose of the proposed Offshore Preference Shares Issuance, amend the articles in respect of the Offshore Preference

Shares Issuance in the Articles of Association in accordance with the changes to the local and overseas legal, regulatory and other regulatory documents, the requirements and suggestions of domestic and overseas regulatory authorities and the stock exchange on which the shares of the Bank are listed as well as the results of the Offshore Preference Shares Issuance and the conditions of the Bank; and to seek approval for the proposed amendments to the Articles of Association or registration of the proposed amendments with the administration for industry and commerce and other relevant government departments.

The amended Articles of Association, upon being considered and approved by way of special resolution at the AGM, is still subject to approval by the CBIRC and shall become effective upon the completion of the issuance of the first tranche of Offshore Preference Shares. The current Articles of Association shall remain effective until then.

**24. Proposed amendments to the Rules of Procedures for Shareholders' General Meetings in respect of the Offshore Preference Shares Issuance**

Given the proposed amendments to the Articles of Association in respect of the Offshore Preference Shares Issuance, the Bank proposes to amend the Rules of Procedures for Shareholders' General Meetings, in accordance with the applicable laws, regulations and other regulatory documents and with reference to the actual situation of the Bank and the relevant articles in the Articles of Association amended in respect of the Offshore Preference Shares Issuance.

For details of the proposed amendments to the Rules of Procedures for the Shareholders' General Meetings, please refer to Annex 12 to this circular.

The proposal regarding the amendments to the Rules of Procedures for Shareholders' General Meetings is hereby submitted as an ordinary resolution to the AGM for consideration and approval, and it is also proposed to delegate authority to the Board, which will sub-delegate the authority to the Chairman for the purpose of the issuance and listing of the Offshore Preference Shares, make appropriate adjustments and amendments to relevant provisions of the Rules of Procedures for Shareholders' General Meetings in accordance with the changes in domestic and overseas laws, regulations and other regulatory documents, the requirements and suggestions of the domestic and overseas regulatory authorities and stock exchange on which the shares of the Bank are listed, the adjustments and amendments to the Articles of Association and the actual condition of the Offshore Preference Shares Issuance.

The proposed amendments to the Rules of Procedures for Shareholders' General Meetings, upon being considered and approved at the AGM, shall become effective upon completion of the issuance of the first tranche of Offshore Preference Shares. The current Rules of Procedures for Shareholders' General Meetings shall remain effective until then.

Dear shareholders:

Now I report the work on behalf of the Board of Directors. Please raise your opinions and suggestions<sup>1</sup>.

The year 2018 is a landmark year in the history of the development of Bank of Gansu Co., Ltd. (“Gansu Bank” or the “Bank”). In the year, it was successfully listed on the Hong Kong Stock Exchange, achieving access to the international capital market and becoming the first listed bank in the northwest region; it was a year for setting off from a new starting point, opening up new ideas, re-starting a development journey, and comprehensively deepening reforms. In the face of the complex and ever-changing external environment, the Bank has always adhered to the general principle of seeking progress in stability, conscientiously implemented the spirit of the 19th National Congress of the Communist Party of China, the Central Economic Working Conference and the National Financial Work Conference, and closely focused on the three major tasks of “serving the real economy, prevention and control of financial risks, and deepening financial reform”. Under the correct leadership of the Gansu provincial Party committee and provincial government, the guidance and help of regulatory authorities and with the strong support of all shareholders, the Bank strictly complied with laws, regulations, regulatory requirements and the Articles of Association, continuously improved corporate governance, and strengthened risk compliance management, to constantly improve profitability. As a result, the asset size was continuously expanded, the overall asset quality was controllable, and all businesses maintained steady growth, resulting in good operating results, which laid a solid foundation for the Bank’s future development.

## **I. PRINCIPAL WORK OF THE BOARD OF DIRECTORS IN 2018**

### **(1) Operation and development progressed in stability under strengthened strategic leadership**

In 2018, the Board of Directors made scientific decisions after giving consideration to the macroeconomic situation, regulatory policies and the Bank’s own development needs, as well as the new trends and new tasks faced by the Company following its listing. Having made sufficient research and discussion, the Board of Directors formulated the Guidelines of the Strategic Development Plan of Bank of Gansu Co., Ltd. (2018–2020), which not only summarizes the development experiences for the previous three years and issues occurred, and also specifies the strategic target and development path for the next three years and detailed measures. According to the development goals as specified in the plan, the Board of Directors urged the management to determinedly push ahead the reform and improvement, accelerate the transformation through innovation, so as to consolidate the business foundation and rapidly enhance the Bank’s brand influence. In the list of “Top 1000 World Banks 2018” released by The Banker, a British magazine, the Bank was ranked 391st and 65th among

<sup>1</sup>Note: The financial data in this report were prepared in accordance with the IFRS.

international and domestic listed banks. In the list of the “Global Top 500 Banking Brands” released by Brand Finance, a British brand value rating institution on The Banker magazine in 2019, the Bank was ranked 330th and 39th among international and domestic listed banks, becoming the most valuable banking brand in northwestern region of China. As shown in the result of “2018 GYROSCOPE Evaluation System for Commercial Banks” (“2018年商業銀行陀螺(GYROSCOPE)評價體系”) released by the China Banking Association, the Bank got 9th place in comprehensive ranking among commercial banks with assets of over RMB200 billion. In the 2018 evaluation of competitiveness of Chinese commercial banks hosted by The Chinese Banker, the Bank was honored as “City Commercial Bank with the Best Strategic Management” and ranked second among city commercial banks with the assets ranging from RMB200 billion and RMB300 billion in terms of competitiveness. With credit rating of the Bank being adjusted upward to AAA from AA+, the Company’s comprehensive competitiveness was continually enhanced.

As at the end of December 2018, the Bank’s total assets reached RMB328.622 billion, representing an increase of RMB57.474 billion or 21.20% as compared with the end of the previous year; and the balance of various loans amounted to RMB160.885 billion, representing an increase of RMB30.601 billion or 23.49% as compared with the end of the previous year; the total debts reached RMB303.375 billion, representing an increase of RMB48.84 billion or 19.19% as compared with the beginning of the year; and the balance of general deposits amounted to RMB210.723 billion, representing an increase of RMB18.492 billion or 9.6% as compared with the end of the previous year. The business scale of the Bank maintained a fast growth momentum. The Bank recorded net profit of RMB3.44 billion, representing an increase of RMB76 million or 2.3% as compared to the previous year; the return on assets and the return on capital reached 1.15% and 16.43%, which showed the stable growth of the Bank’s profitability. The capital adequacy ratio and tier-one capital adequacy ratio were 13.55% and 11.01%, all of the Bank’s key indicators met the regulatory requirements.

**(II) Corporate governance was improved and the quality and efficiency of decision-making was enhanced steadily**

In 2018, the Board of Directors of the Bank strictly complied with the relevant requirements of the Company Law and the Guidelines on Corporate Governance of Commercial Banks, proactively implemented the new regulatory requirements of the CBIRC and strictly abided by the Corporate Governance Code for listed companies of the Hong Kong Stock Exchange, to continuously improve the corporate governance structure and operation mechanism. The “shareholders’ general meeting, the Board of Directors, the Board of Supervisors and the senior management” have clear responsibilities and operate independently. They cooperate with each other to achieve effective checks and balances, which guarantees and promotes the healthy and sustainable development of the Bank. In accordance with the requirements of the Party Central Committee and the State Council, the Board of Directors incorporated the Party building into the Bank’s Articles of Association to give full play to the leadership and core political role of the Party committee in corporate governance.

During the year, the Bank convened 2 general meetings, where 12 resolutions on the Work Report of the Board of Directors, annual operation and budget report, profit distribution plan, etc. were considered and approved, to proactively safeguard the legitimate rights and interests of shareholders. The Bank successfully completed the general election of the Board of Directors and the Board of Supervisors; The Board of Directors convened a total of nine meetings to successively discuss and consider the major appointment and dismissal, development strategy, business investment plan, budget and final financial plans, annual report, information disclosure, major related party transactions, etc. of the Bank, therefore effectively fulfilling its functions. The resolutions were effectively implemented; the committees under the Board of Directors convened 13 meetings, where the directors diligently and proactively made suggestions and professional, efficient and scientific decision-making, to effectively play the role of decision-making guidance of independent directors and committees for the corporate governance and operation management of the Bank.

**(III) Capital efficiency was exerted and capital operation was scientific and standard**

1. Continued to pay attention to the level of capital adequacy and further enhanced its capital strength. After nine months of unremitting efforts, the Bank successfully listed on the Hong Kong Stock Exchange on 18 January and issued a total of 2.544 billion shares, and the proceeds from it amounted to HK\$6.843 billion, which were all used to replenish the core tier 1 capital. As a result, the Bank’s risk tolerance and comprehensive competitiveness were significantly improved, the shareholding structure was perfected, and investors were diversified, which provided effective support for the steady development of the Bank’s businesses.

2. Proactively explored capital replenishment channels to further optimize the capital structure. First, it carefully analyzed the macroeconomic situation and the status quo of local economic development, and scientifically measured capital needs according to the development plan of the Bank. Second, with access to the international capital market, the Bank deepened its business cooperation with overseas investors by relying on the overseas financing platform. Third, through comprehensive judgment of the regulatory policies and promotion of the Bank's capital planning, the guidance on listing of A shares was launched in an all-rounded way and the Bank proactively prepared for the issuance of perpetual bonds and overseas preference shares and its application for listing of A shares.
3. Strengthened the scientific operation of capital and further consolidated capital management. Based on the study of policies and the situation, the Bank fully promoted the application for the establishment of its wealth management subsidiary, and consumer finance subsidiary to ensure practical implementation of integrated operation strategies. The Bank established the concept of capital intensive development, and constantly increased the proportion of income from intermediary services through the proactive promotion of business structure optimization, asset securitization, and enrichment of intermediate business varieties of the Bank, to effectively improve the capital use efficiency.

**(IV) Risk management was consolidated and the internal control mechanism was compliant and effective**

1. Risk management was strengthened comprehensively to continuously improve the risk management level. In 2018, the Board of Directors continuously insisted on putting risk management in a more prominent position and adhered to developing a concept of prudent compliance and steady operation. The focus was placed on optimizing the risk governance system and management mechanism and enriching risk management technologies and means. First, the comprehensive risk management report was reviewed on a regular basis to dynamically grasp the risk management situation, and a unified industry risk appetite and annual risk management policy was established to guide the healthy and sustainable development of various businesses. Second, the Board of Directors prevented and resolved various types of risks and continuously enhanced the intensity of risk management. While strictly controlling the quality of assets, the Bank endeavoured to resolve non-performing assets through multiple channels and a number of methods. The total amount of non-performing assets resolved throughout the year reached RMB2.185 billion. Third, the Bank further intensified the management of related party transactions by comprehensively

streamlining the list of related parties, standardizing the approval process of related party transactions, and disclosure of information on related party transactions. The professional functions of the related party transaction and risk management committee under the Board of Directors were reinforced to ensure that the related party transactions were conducted in an orderly way.

2. Strengthen the construction of the internal control system to improve the standardized operation level. First, in continuous improvement of the compliance management system, the Bank formulated and amended 153 rules and regulations throughout the year and improved the case prevention and control mechanism and the emergency plan. Employees' compliance awareness were enhanced through warning education, compliance training, etc. Second, audit and supervision were intensified to enhance the pertinence and effectiveness of internal audit. Adhering to the principle of equal stress on risk-oriented and strategic-oriented audit, the Bank achieved full coverage of on-site inspection for the main business fields and branches; the communication with external auditors was also strengthened to realize effective connection with external audit. Third, the Bank provided proactive cooperation in regulatory inspections, paid attention to regulatory requirements and on-site inspection opinions, and urged the management to carry out self-examination and rectification. Besides, comprehensive investigation was performed to identify internal control vulnerabilities and potential risks, and effective measures were adopted to implement rectification and further increase accountability. The Bank adhered to operation in accordance with law.

**(V) Due to advancement of business transformation, financial innovation results were remarkable**

The year 2018 was the first year for the Bank's implementation of the new three-year strategic plan. Closely centering on the national macro-control policies and the strategic objectives of the Bank's transformation and development, the Board of Directors carried out discussions on "re-preparing for a new start, concentrating efforts to promote development" throughout the Bank to continually promote transformation and development with innovation.

1. Adhering to return to the origin of finance, the Bank increased the efforts of serving the real economy. To fulfill key tasks, including poverty alleviation and rural revitalization in Gansu Province, the Bank continued to deepen the development of county market, explored the "three rurals" business channels, and built a "three rurals" digital inclusive financial service platform, whiling developing "agricultural e- loan (農e貸)" loan products to release petty loans for targeted poverty alleviation projects. Focusing on the loans for characteristic industry development projects, the Bank vigorously expanded its corporate banking business to give full play to financial support.



2. The Bank insisted on business transformation and upgrading, to promote balanced development of various businesses. While maintaining the traditional advantages of the corporate banking business, the Bank accelerated the transformation of retail business, focusing on “three rurals”, medium, small and micro enterprise business, and personal business, to continuously expand and strengthen the retail business. The Bank has achieved the milestone of “balance of savings deposits exceeding RMB100 billion”; with the rapid growth of the Internet channel customers, the Bank continuously pushed forward the construction of intelligent counter business; the Bank developed “E-commerce Loan”, “Tonglianbao commercial loan e (通聯寶商貸e)” and other online loan products, and expanded the new online channels for loan products; the financial market and investment banking businesses were advanced in accordance with laws and regulations, and the Bank’s risk prevention and control capabilities and profitability were further enhanced.
3. Adhering to the leading by financial innovation, the Bank promoted adjustment to business structure by virtue of innovation. In 2018, the Bank continued to enhance its technological service and innovation capabilities by deepening the integration of technology and business development; and won the “Outstanding Contribution Award for Financial Technology Innovation” granted by Financial Computerizing for the fourth consecutive year, the “2017 Excellent Data Center Award in China” and the “Top Ten Innovative Financial Technology Products Awards” granted by The Banker.

**(VI) Standardization of information disclosure and investor relationship management, and efficient and transparent operation management**

The Board of Directors earnestly fulfilled the obligation of information disclosure and conducted information disclosure in a standardized and efficient way in strict accordance with the requirements of domestic and overseas regulatory requirements, to continuously improve the transparency of the Bank’s operation management.

In the first year after listing, the Bank disclosed corporate governance and operation management information in a timely, accurate and comprehensive manner. Throughout the year, the Bank made disclosure for a total of 65 times including annual report, interim report, results reports, social responsibility report and various types of announcements and temporary announcements, effectively ensuring investors’ right to know and safeguarding the legitimate rights and interests of minority shareholders.

In 2018, under the guidance of the Board of Directors, the management continued to strengthen the investor relations management to proactively maintain the relationship with domestic and foreign investors, and conducted in-depth communication and exchange with investors by way of accepting investors' research, return visits to institutional investors, accepting interviews with the media, etc. and answered questions related to the Bank's business strategy, business development, risk management, etc., to effectively enhance the Bank's brand image while creating a good investment environment for investors.

## **II. WORK ARRANGEMENT OF THE BOARD OF DIRECTORS FOR 2019**

### **(I) Persist in “stable development” as the top priority and achieve high quality development**

In 2019, in the face of the new economic and financial situation, new regulatory requirements, new market changes, and new customer requirements, we will unswervingly follow the path of high quality and steady development. We will further focus on the return to the origin of finance and adhere to market positioning, to fully discharge the duties of serving the real economy development as a city commercial bank. In addition, we will integrate our own development into serving the local real economy and allocate more resources to our key fields and weak fields in the provincial economic and social development.

In 2019, the main target for the Bank's operation and management includes the following: the total assets and the total debts reach RMB370 billion and RMB341.8 billion; An addition of RMB30 billion and RMB26 billion are made into the general deposits and various loans; The proceeds from disposal of non-performing assets reach around RMB2.2 billion and the NPL ratio is controlled at a reasonable level; The net profit to be realized by the Bank amounts to RMB3.62 billion; The operation expenses are controlled within RMB2.5 billion with the cost-to-income ratio at 28%; The return on capital and the return on assets reach 13.44% and 1.04%, and all of the Bank's major regulatory indicators meet the requirements as stipulated by competent authorities without any accidents and case of material liabilities.

**(II) Maintain asset quality as the lifeline and adhere to the risk prevention and control bottom line**

In 2019, the Board of Directors will continue to strengthen internal control compliance, adhere to the risk bottom line, and establish the high-quality and sustainable development concept, to practically conduct risk prevention and mitigation. First, it is required to raise awareness, adhere to optimizing and improving asset quality and increasing the allocation of high-quality liquid assets, to consolidate the foundation for high-quality development. Second, it is necessary to enhance confidence, rationally understand and effectively resolve risks, and firmly resolve to maintain asset quality. Third, it is needed to broaden the thinking, improve the comprehensive risk management structure, and promote specialized management and market-oriented disposal. We will increase the efforts for collection of non-performing assets, and boldly explore new ways to resolve non-performing assets.

**(III) Adhere to market competitiveness-oriented and improve corporate governance**

In 2019, the Bank will continue to improve the working mechanisms of corporate governance in strict accordance with domestic and overseas regulatory requirements. The level of professional governance will be enhanced by strengthening system construction and optimising the management of authorization to senior management; relying on more efforts on professional training for directors and further exertion of the decision-making role of professional committees, directors' ability to discharge their duties will be improved; the Bank will continuously stabilize investor relations and further enhance the Bank's market image and brand competitiveness through establishment of an investor exchange platform and improvement of the mechanism for communication with shareholders and the market; with the effective discharge of the information disclosure obligations as a listed company, the Bank's operation management will be more transparent, thus safeguarding the legitimate rights and interests of shareholders.

**(IV) Keep centering on value creation and improve capital use efficiency**

In 2019, the Board of Directors will ensure that the Bank's capital adequacy ratio remains at a reasonable level. First, the refined capital management will be improved and capital tools will be used in a scientific way to enhance capital strength, optimise capital structure, and reduce capital costs. Second, the Bank will rationally plan capital replenishment methods and expand capital replenishment channels in due course by means of capital tools including preference shares, perpetual bonds, and secondary capital bonds to enhance the Bank's sustainable development capability. Third, the capital allocation mechanism will be improved while accelerating the adjustment to business structure, to achieve new breakthroughs in revenue from intermediary businesses. The Bank will strengthen asset portfolio management and gradually establish a value management system with economic capital as the core, to practically enhance the endogenous driving force for the Bank's value creation.

**(V) Further keep reform and innovation as a driving force to stimulate new vitality for business development**

The year 2019 is a year for the Bank to deepen reform and tackle difficulties and will be mixed with challenges and opportunities. In the face of new situations and new problems, we will establish a comprehensive innovative concept from the perspectives of ideological concept, management mechanism, operation mode, service method and business product, and regard innovation as the first driving force to lead development. We will continuously improve the capabilities in terms of science and technology services and innovative development and intensify innovative research on mobile Internet, big data, cloud computing, artificial intelligence and other technologies. Adhering to the differentiated and characteristic development, the Bank will deeply tap superior resources and vigorously seize development opportunities.

In 2019, we will continue to implement the spirit of the 19th National Congress of the Communist Party of China and the National Financial Work Conference. Under the strong leadership of the Gansu Provincial Party Committee and Provincial Government, we will make deployment according to the arrangements of the Board of Directors. Focusing on seven major work priorities, i.e. “development, risk dissolution, characteristics, reform, compliance, implementation, and study”, we will firmly establish a sound development concept and scientifically analyze the domestic and international economic situation. With the proactive implementation of various regulatory requirements, we will further promote corporate governance reform and accelerate business transformation and upgrading. Moreover, we will work diligently and forge ahead with a high sense of mission and responsibility to constantly create greater value for customers, shareholders, employees and the society and create new brilliant achievements for Gansu Bank.

The above report is proposed for your consideration.

In 2018, the independent directors of Bank of Gansu Co., Ltd. (the “Bank”) faithfully and diligently performed their duties, duly attended the meetings of the board of directors and its special committees, actively fulfilled their responsibilities and made decisions at their own discretion and effectively protected the interests of the Bank and all its shareholders in accordance with the Company Law, the Securities Law, the Guidelines on Corporate Governance of Commercial Banks, the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other domestic and overseas laws and regulations as well as the articles of association of Bank of Gansu Co., Ltd. (the “Articles of Association”). Relevant information is herein reported as follows:

## I. BASIC INFORMATION ON THE INDEPENDENT DIRECTORS

As of the end of 2018, the Bank had four independent directors in total, accounting for 36.4% of all directors, which was in compliance with the relevant laws, regulations and the Articles of Association. The audit committee, the related party transaction and risk management committee, and the nomination and remuneration committee under the board of directors of the Bank were all chaired by independent directors. Except the annual remuneration, independent directors of the Bank neither had any business or financial interests with the Bank and its subsidiaries nor assumed any management roles in the Bank. The Bank has received the annual confirmation letters of independent directors on their independence, and acknowledged their independence. Therefore, the independence of the Bank’s independent directors met the relevant regulatory requirements. Biographical details of independent directors of the Bank are as follows:

**Ms. Tang Xiuli (唐岫立)**, aged 50, has been an independent non-executive director of the Bank since August 12, 2017. Ms. Tang has served as the general manager of Heng Jiu Yuan Asset Management Co., Ltd. since January 2016. She also concurrently serves as professor of Dongbei University of Finance and Economics, tutor of master-degree students majoring in economics or finance of Fudan University and Zhejiang University as well as distinguished MBA tutor of Chinese Academy of Social Sciences, EDP distinguished professor of Dongbei University of Finance and Economics and researcher of Economics Institute of Beijing Language and Culture University\* (北京語言大學經濟研究院). Ms. Tang has many years of experience in banking regulation in the PRC. She worked at the Heilongjiang Branch and Shenyang Branch and Head Office of the PBOC in the 1990s. She also previously worked at the CBIRC for almost ten years. Ms. Tang was a member of the Party committee and vice president of Bank of Wenzhou Co., Ltd. from July 2012 to December 2015. From September 2016 to April 2018, Ms. Tang served as chief policy officer and senior vice president of Zillion Financial Network Technology Group Limited. Ms. Tang obtained a bachelor’s degree in economics from Dongbei University of Finance and Economics in Liaoning province, the PRC, in July 1991, majoring in management information system, a master’s degree in economics from Dongbei University of Finance and Economics in April 2006, majoring in finance, and a doctorate’s degree in economics from Dongbei University of Finance and Economics in June 2014, majoring in finance. Ms. Tang was certified as a senior economist by PBOC in November 2003.

**Ms. Luo Mei (羅玫)**, aged 43, has been an independent non-executive director of the Bank since August 2017. Ms. Luo joined Tsinghua University in June 2007 and is currently an associate professor and a PHD tutor of the Department of Accounting at the School of Economics and Management of Tsinghua University, and the director of the Research Center for Digital Financial Assets, School of Economics and Management, Tsinghua University and a professor of Schwarzman Scholars in Tsinghua University. She worked at Mellon Capital Management, an assets management company in San Francisco, the United States, and was responsible for the strategy of quantitative investment in the stock market. She also taught at the Department of Accounting in University of Illinois at Urbana-Champaign, the United States. Ms. Luo has been an independent director of Beijing Gehua CATV Network Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600037) since March 2013. Ms. Luo was an independent director of Beijing Baofeng Technology Co., Ltd. (now known as “Baofeng Group Co., Ltd.”, a company listed on the Shenzhen Stock Exchange, stock code: 300431) from June 2013 to December 2014. Ms. Luo obtained a bachelor’s degree from the School of Economics and Management of Tsinghua University in Beijing, the PRC, in June 1998, majoring in accounting (international accounting), and a doctorate’s degree in business management from the University of California Berkeley in California, the U.S., in December 2004, majoring in accounting and finance.

**Mr. Wong Sincere (黃誠思)**, aged 54, has been an independent non-executive director of the Bank since August 2017. Mr. Wong became the founder and has been the principal of Sincere Wong & Co. (currently renamed as Wong Heung Sum & Lawyers) since May 2016. He was an in-house counsel for Hutchison Whampoa Group from September 1996 to January 2005 and China Resources Enterprise, Limited (now known as China Resources Beer (Holdings) Company Limited) from February 2005 to November 2006, chief legal officer of Shui On Construction and Materials Limited from November 2006 to June 2010, as well as the head of the legal department and company secretary of Sateri Holdings Limited (a company previously listed on the Hong Kong Stock Exchange, the name of which was later changed to Bracell Limited but has subsequently been privatized) from July 2010 to May 2011. He worked at the Hong Kong Stock Exchange from August 2011 to May 2016, and was a vice president of Listing & Regulatory Affairs Division at the time of his departure from the Hong Kong Stock Exchange, primarily responsible for reviewing listing applications and providing recommendations to the Listing Committee of the Hong Kong Stock Exchange regarding listing applications. Mr. Wong was appointed as an independent non-executive Director of U Banquet Group Holding Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1483) in September 2018. Mr. Wong obtained a bachelor’s degree of social science from the Chinese University of Hong Kong in Hong Kong in December 1986. He passed the Common Professional Examination in Wolverhampton Polytechnic (now known as University of Wolverhampton) in July 1990, and the Solicitors’ Final Examination of the Law Society of England and Wales with first class honors in October 1991. Mr. Wong was admitted as a solicitor of Hong Kong and England and Wales in October 1993 and February 1994, respectively.

**Mr. Dong Ximiao (董希淼)**, aged 41, has been an independent non-executive director of the Bank since December 2018. He is currently the vice president of the Chongyang Institute of Financial Studies of Renmin University of China and the deputy director of the Industry Development Research Committee of the China Banking Association. Mr. Dong also serves as a special economic analyst of Xinhua News Agency, a special research fellow of the Banking Research Center of the National Institution for Finance and Development, an adjunct professor of the School of Economics of Lanzhou University and School of Economics of Sichuan Agricultural University, and a master's tutor of the School of Finance of Zhongnan University of Economics and Law. Mr. Dong joined China Construction Bank Corporation in July 2000 and successively served as the office secretary, deputy business manager and business manager of Zhejiang Branch of China Construction Bank Corporation. Since March 2009, he served as the vice president and a senior manager of the private banking department of the sub-branch directly under Zhejiang Branch of China Construction Bank Corporation. Mr. Dong served as the executive dean of its Research Institute of HengFeng Bank from July 2015 to October 2018. In December 2017, he was elected as the deputy director of the Industry Development Research Committee of China Banking Association. Mr. Dong graduated from Lanzhou University in June 2000 with a dual bachelor's degree in history and laws, and graduated from Zhejiang University of Technology in January 2007 with a master's degree in business administration. In December 2010, he was certified as a senior economist by China Construction Bank Corporation.

## II. DUTY PERFORMANCE DURING THE YEAR

In 2018, independent directors of the Bank actively attended the shareholders' general meetings, the meetings of the board of directors and its special committees. They reviewed the resolutions of the board of directors and its special committees. In 2018, the Bank convened two shareholders' general meetings and nine board meetings. The attendance of the independent directors is as follows:

	Shareholders' general meeting	Board meeting	
	Attendance in person	Attendance in person	Attendance by proxy
<b>Independent director</b>			
Ms. Tang Xiuli	2/2	8/9	1/9
Ms. Luo Mei	2/2	8/9	1/9
Mr. Wong Sincere	2/2	8/9	1/9
Mr. Dong Ximiao	1/1	2/2	0/2
<b>Independent Director Resigned in 2018</b>			
Mr. Chen Aiguo	—	0/7	7/7

In 2018, the attendance of independent directors at the meetings of the special committees of the board of directors is as follows:

Independent director	Strategy and development committee		Audit committee		Remuneration and nomination committee		Related party transaction and risk management committee	
	Attendance	Attendance	Attendance	Attendance	Attendance	Attendance	Attendance	Attendance
	in person	by proxy	in person	by proxy	in person	by proxy	in person	by proxy
Ms. Tang Xiuli	2/2	0/2	2/2	0/2	–	–	6/6	0/6
Ms. Luo Mei	–	–	1/2	1/2	2/4	2/4	5/6	1/6
Mr. Wong Sincere	–	–	–	–	3/4	1/4	5/6	1/6
Mr. Dong Ximiao	–	–	–	–	–	–	1/1	0/1

#### Independent Director Resigned in 2018

Mr. Chen Aiguo	1/2	1/2	0/2	2/2	1/3	2/3	–	–
----------------	-----	-----	-----	-----	-----	-----	---	---

#### Notes:

- (1) The number of “attendance in person” includes attendance in person, by telephone or video conference.
- (2) During the reporting period, the independent directors of the Bank who were unable to attend the meetings of the board of directors and its special committees have entrusted other directors to attend the meetings and exercise the voting rights on their behalves.

The independent directors of the Bank came from renowned universities or organizations in the Chinese Mainland and Hong Kong with extensive professional background in the fields of economics, finance, law and accounting. In 2018, the independent directors of the Bank actively attended the board meetings and relevant special committee meetings, debriefed reports on operation and management; paid attention to the development and the implementation of development strategies of the Bank through timely communication with the management; actively conducted investigation and study, and acquired a knowledge of the operation and management of the Bank through site visits; made forward-looking reflection on the business plan of the Bank; and played an important role in the decision-making of the Board by providing constructive suggestions on development strategies, risk management, capital adequacy, business structure and development of subsidiaries. During the reporting period, the Bank’s independent non-executive directors did not raise any objection to the relevant matters reviewed by the board of directors.



To constantly update their professional knowledge and improve duty performance capabilities, independent directors kept abreast of the changes in the regulatory policies, paid continuous attention to opinions of the regulators, diligently attended trainings on corporate governance, risk management and internal control and compliance, etc. The work of independent directors was fully supported and coordinated by the Management. The independent directors actively attended the two training programs on directors' responsibilities, compliance matters and equity management organised by the Bank after its IPO, which further enhanced their ability to perform their duties.

### **III. FOCUS OF DUTY PERFORMANCE OF THE YEAR**

#### **(I) Related-party transactions**

During the reporting period, independent directors of the Bank paid close attention to the development of domestic and overseas regulations and standards, strengthened the review and supervision of related-party transaction management, improved the related-party transaction management system, promoted the level of technology application in related-party transaction management, and procured that the related-party transactions were conducted in compliance with laws, regulations and business principles.

#### **(II) External guarantees and capital occupation**

The external guarantee business of the Bank, as approved by the PBOC and China Banking and Insurance Regulatory Commission, is conducted in the ordinary course of business of the Bank. With respect to the risks arising from guarantee business, the Bank has formulated specific management measures, operational processes and approval procedures, and carried out related business accordingly. The guarantee business of the Bank is mainly in the form of letter of guarantee. As at 31 December 2018, the balance of the letters of guarantees issued by the Bank was approximately RMB721 million.

#### **(III) Use of proceeds**

The Bank's proceeds are used for the purposes as disclosed in the prospectus and other announcements, namely replenishing the capital base of the Bank to support its business development.

**(IV) Nomination and remuneration of senior management members**

In 2018, the board of directors of the Bank considered and approved the Resolution on the Resignation of Mr. Chen Aiguo as Independent Non-executive Director, the Resolution on the Appointment of Mr. Wang Chunyun as Senior Executive of Internal Control and Compliance of Bank of Gansu Co., Ltd., the Resolution on the Appointment of Ms. Hao Jumei as the Secretary to the Board of Bank of Gansu Co., Ltd., the Resolution on the Nomination of Candidates for the Second Session of the Board of Directors of Bank of Gansu Co., Ltd., the Resolution on the Adjustment of Internal Senior Management Positions, and the Resolution on the Change of Certain Directors of Bank of Gansu Co., Ltd. The Resolution on the Remuneration for Non-provincially Managed Senior Management Members Appointed by the Board of Directors of Bank of Gansu Co., Ltd. was considered and approved.

Independent directors all agreed on the matters about the nomination and remuneration of the senior management members of the Bank.

**(V) Results forecast and preliminary results estimate**

During the reporting period, there was no results forecast or preliminary results estimate of the Bank to be disclosed.

**(VI) Engagement or change of accounting firms**

During the reporting period, in accordance with relevant requirements on the annual report work, independent directors maintained adequate communication with external auditors and conscientiously performed relevant responsibilities and duties. Independent directors concluded that the auditors engaged by the Bank strictly followed the professional conduct standards of independence, objectiveness and fairness in the audit, and satisfactorily completed all tasks. Therefore, independent directors agreed on further engagement of Shinewing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited as the Bank's accounting firm in 2018.

**(VII) Cash dividends and other returns to investors**

The Bank has sound decision-making procedures and mechanism regarding profit distribution. The Bank attaches great importance to the return to shareholders. During the process of drafting the profit distribution plan, the board of directors extensively collected the opinions and requests from shareholders, protected the legitimate rights and interests of minority shareholders, and submitted the profit distribution plan to the general meeting for approval. The independent directors conducted due diligence and played their roles diligently in the decision-making process of the profit distribution plan.

**(VIII) Implementation of information disclosure**

The Bank duly and fully disclosed regular reports such as the 2017 annual report, 2018 half-year report, as well as extraordinary announcements in accordance with the laws and regulations and the Articles of Association. Independent directors actively performed their duties in the preparation and disclosure of the annual report and fully communicated and discussed with external auditors on annual audit work of the Bank.

**(IX) Protection of the legitimate rights and interests of depositors and minority shareholders**

The independent directors of the Bank actively performed their duties by conducting a preliminary review of and in-depth investigation into the resolutions subject to consideration and approval of the board of directors. They also exercised their voting rights in connection therewith in an independent, prudent and objective manner. With regard to related party transactions, they conducted a rigorous examination of the transactions between the Bank and its substantial shareholders, so as to effectively protect the legitimate rights and interests of the depositors and minority shareholders of the Bank.

**(X) Operation of the board of directors and its special committees**

The special committees established under the Board comprise the strategy and development committee, audit committee, related party transaction and risk management committee, as well as nomination and remuneration committee.

In 2018, the board of directors convened a total of nine meetings, at which the matters such as major personnel appointment and dismissal, development strategies, business plans, investment plans, annual reports, financial budgets, financial accounts, profit distribution proposals, information disclosure and major related party transactions of the Bank were considered and approved in strict compliance with the requirements of the Company Law, the Listing Rules and the Articles of Association.

In 2018, the strategy and development committee convened a total of two meetings, at which the plan for development strategies for the forthcoming three years was formulated in light of the new situations and tasks faced by the Bank upon listing, and issues existed in the implementation of the strategic plans were timely discussed and rectified based on the macro-economic situation and regulatory policies.

In 2018, the audit committee convened a total of two meetings, and held two separate meetings with external auditors. The committee supervised the preparation of and audited the 2017 annual report, 2018 half-year report and relevant results announcements, paid attention to the implementation of the new financial instrument standards and strengthened the supervision and assessment of the auditing work of external auditors. The auditor committee reviewed the annual financial reports of the Bank in accordance with the rules of procedure for the audit committee under the board of directors of the Bank and strengthened communication with external auditors. The audited annual financial report was reviewed and voted on by the auditor committee before it was submitted to the board of directors for consideration and approval.

In 2018, the related party transaction and risk management committee convened a total of six meetings. The committee kept a close eye on the impact of domestic and international economic and financial situations on the Bank, strengthened comprehensive risk management, and gave advice and recommendations regarding comprehensive enhancement of risk management capability. Pursuant to the domestic and overseas regulatory provisions, the committee sorted and reviewed the related party transactions within the definition of rules of the CBRC and the Hong Kong Stock Exchange and actively communicated with the management personnel and provided them with independent audit opinions.

In 2018, the nomination and remuneration committee convened a total of four meetings. In terms of nomination, the committee provided recommendations to the board of directors regarding the candidates for executive and non-executive directors, members of special committees under the board of directors, senior management and the chairman of the nomination and remuneration committee; and ensured the candidates are eligible for these positions, observe laws, administrative regulations, rules and the Articles of Association and are able to perform their duties in a diligent manner. The nomination and remuneration committee was of the opinion that the composition of the board of directors of the Bank during the reporting period was in conformity with the requirements of the board diversity policy of the Bank. In terms of remuneration and performance appraisal, the resolution on the remuneration of non-provincially managed senior management members appointed by the board of directors was considered and approved; and advice and recommendations regarding boosting board diversity, optimizing performance appraisal of the senior management, improving remuneration incentive rules and strengthening talent development and cultivation were provided.

**IV. OVERALL EVALUATION AND SUGGESTIONS**

In 2018, independent directors performed their duties in an honest, diligent and independent manner in accordance with relevant provisions of relevant laws and regulations and the Articles of Association. This effectively enhanced the level of scientific decision-making of the board of directors and its special committees, improved corporate governance and protected the legitimate rights and interests of the Bank and all of its shareholders. In 2019, independent directors will continue to improve their duty performance ability, fulfill their duties diligently, and propose suggestions in an independent and objective manner, so as to effectively protect the legitimate rights and interests of shareholders.

Independent directors: Tang Xiuli      Luo Mei      Wong Sincere      Dong Ximiao

This proposal is hereby submitted to the AGM for consideration.

# **ANNEX 3 REMUNERATION DISTRIBUTION AND SETTLEMENT PLAN FOR DIRECTORS AND SUPERVISORS FOR 2018**

## **I. REMUNERATION DISTRIBUTION AND SETTLEMENT PLAN FOR DIRECTORS FOR 2018**

Remuneration (before tax) received from the Bank in 2018 (Unit: RMB'0000)						
Name	Remuneration payable (1)	Social insurance, annuity, supplementary medical insurance and housing provident funds contributed by the Bank (2)	Other monetary income (3)	Total (4) = (1) + (2) + (3)	Allowance	Whether receiving any remuneration from corporate shareholder(s) or other related party(ies)
<b>Directors holding office during the year 2018</b>						
Liu Qing	24.5	4.14	–	28.64	–	No
Wang Wenyong	7.76	1.36	–	9.12	–	No
Wu Changhong	–	–	–	–	–	Yes
Zhang Hongxia	–	–	–	–	14.29	Yes
Guo Jirong	–	–	–	–	–	Yes
Liu Wanxiang	–	–	–	–	–	Yes
Zhang Youda	–	–	–	–	–	Yes
Tang Xiuli	–	–	–	–	14.29	No
Luo Mei	–	–	–	–	14.29	No
Wong Sincere	–	–	–	–	14.29	No
Dong Ximiao	–	–	–	–	0	No
<b>Directors leaving office in the year of 2018</b>						
Li Xin	73.5	12.29	–	85.79	–	No
Lei Tie	66.97	12.29	–	79.26	–	No
Li Hui	–	–	–	–	–	Yes
Chen Aiguo	–	–	–	–	13.1	No

### **Notes:**

1. In accordance with relevant laws and regulations, independent non-executive Directors receive allowances from the Bank.

---

## **ANNEX 3      REMUNERATION DISTRIBUTION AND SETTLEMENT PLAN FOR DIRECTORS AND SUPERVISORS FOR 2018**

---

2. The remuneration before tax shown in the above table refers to the total amount of remuneration of the Directors of the Bank for the year 2018, including the remuneration paid as disclosed in the Bank's 2018 annual report.
3. As Ms. Wu Changhong, Mr. Guo Jirong, Mr. Liu Wanxiang and Mr. Zhang Youda were appointed by a corporate shareholder to serve as Directors of the Bank, their remuneration is paid by such corporate shareholder. As Ms. Zhang Hongxia was appointed by a corporate shareholder to serve as a Director of the Bank, she receives remuneration from such corporate shareholder and receives director's allowance from the Bank. Besides, some independent non-executive Directors of the Bank serves as directors or senior management officers in other corporate bodies or organizations, and thus such corporate bodies or organizations are deemed as related parties of the Bank. Save as disclosed above, none of the Directors of the Bank received remuneration from any related parties of the Bank during the reporting period.
4. Changes in Directors and the remunerations thereof:
  - (1) In accordance with the work arrangement made by the Gansu Provincial Government, Mr. Li Xin ceased to serve as the chairman of the Board of Directors of the Bank since October 2018 and officially resigned as an executive Director and the chairman of the Board of Directors of the Bank in December 2018.
  - (2) In accordance with the work arrangement made by the Gansu Provincial Government, Mr. Lei Tie ceased to serve as the vice president of the Bank since October 2018 and officially resigned as an executive Director and the vice president of the Bank in December 2018.
  - (3) Mr. Li Hui ceased to be a non-executive Director of the Bank since September 2018.
  - (4) Mr. Chen Aiguo ceased to be an independent non-executive Director of the Bank since December 2018.
  - (5) In accordance with the work arrangement made by the Gansu Provincial Government, Mr. Liu Qing has served as the secretary of the Party Committee of the Bank and received remuneration since October 2018. Mr. Liu officially served as an executive Director and the chairman of the Board of Directors of the Bank in December 2018.
  - (6) In accordance with the work arrangement made by the Gansu Provincial Government, Mr. Wang Wenying has served as the deputy secretary of the Party Committee of the Bank since October 2018. Mr. Wang officially served as an executive Director and the president of the Bank and began to receive remuneration in December 2018.
  - (7) Mr. Liu Wanxiang has served as a non-executive Director of the Bank since December 2018.
  - (8) Mr. Dong Ximiao has served as an independent non-executive Director of the Bank since December 2018.
5. The remuneration for the Bank's person-in-charge, who is responsible for operation of the state-owned financial company administered by the Gansu Provincial Government, shall be determined in accordance with the relevant requirement as stipulated thereby.

## ANNEX 3 REMUNERATION DISTRIBUTION AND SETTLEMENT PLAN FOR DIRECTORS AND SUPERVISORS FOR 2018

### II. REMUNERATION DISTRIBUTION AND SETTLEMENT PLAN FOR SUPERVISORS FOR THE YEAR 2018

Remuneration (before tax) received from the Bank in 2018 (Unit: RMB'0,000)						
Name	Remuneration payable (1)	Social insurance, annuity, supplementary medical insurance and housing provident funds contributed by the Bank (2)	Other monetary income (3)	Total (4) = (1) + (2) + (3)	Allowance	Whether receiving any remuneration from corporate shareholder(s) or other related party(ies)
<b>Supervisors holding office during the year 2018</b>						
Tang Lan	15.52	2.52	–	18.04	–	No
Xu Yongfeng	88.35	15.9	–	104.25	–	No
Luo Zhenxia	59.82	14.46	–	74.1	–	No
Liu Xiaoyu	–	–	–	–	–	Yes
Liu Yongchong	–	–	–	–	–	Yes
Li Yongjun	–	–	–	–	–	Yes
Yang Zhenjun	–	–	–	–	–	Yes
Dongying	–	–	–	–	–	Yes
Luo Yi	–	–	–	–	8.33	No
<b>Supervisors leaving office in the year of 2018</b>						
Yang Qian	39.2	7.17	–	46.37	–	No
Zhu Xingjie	–	–	–	–	–	Yes

**Notes:**

1. In accordance with relevant laws and regulations, external Supervisors who are not appointed by corporate shareholder(s), shall receive allowances from the Bank.
2. The remuneration before tax shown in the above table refers to the total amount of remuneration of the Supervisors of the Bank for the year 2018, including the remuneration paid as disclosed in the Bank's 2018 annual report.



---

## **ANNEX 3      REMUNERATION DISTRIBUTION AND SETTLEMENT PLAN FOR DIRECTORS AND SUPERVISORS FOR 2018**

---

3. As Mr. Liu Xiaoyu, Mr. Liu Yongchong and Mr. Li Yongjun were appointed by a corporate shareholder of the Bank to serve as Supervisors of the Bank, their remuneration is paid by such corporate shareholder. As Mr. Yang Zhenjun and Mr. Dongying are external Supervisors nominated by a corporate shareholder, their remuneration is paid by such corporate shareholder and they do not receive supervisor's allowance from the Bank. Besides, external Supervisors serve as directors or senior management officers in other corporate bodies or organizations, and thus such corporate bodies or organizations are deemed as related parties of the Bank. Save as disclosed above, none of the Bank's Supervisors received remuneration from any related parties of the Bank during the reporting period.
4. Changes in Supervisors and the remunerations thereof:
  - (1) In accordance with the work arrangement made by the Gansu Provincial Government, Mr. Yang Qian ceased to serve as the chief Supervisor of the Bank since March 2018 and officially resigned as an employee representative Supervisor and the chief Supervisor of the Bank in April 2018.
  - (2) Mr. Zhu Xingjie ceased to be an external Supervisor of the Bank since June 2018.
  - (3) Mr. Luo Yi has served as an external Supervisor of the Bank since June 2018.
  - (4) In accordance with the work arrangement made by the Gansu Provincial Government, Ms. Tang Lan has served as a member of the Party Committee of the Bank and received remuneration since November 2018. Ms. Tang officially served as the chief Supervisor of the Board of Supervisors of the Bank in December 2018.
5. The remuneration for the Bank's person-in-charge, who is responsible for operation of the state-owned financial company administered by the Gansu Provincial Government, shall be determined in accordance with the relevant requirement as stipulated thereby.

The aforesaid Remuneration Distribution and Settlement Plan for Directors and Supervisors for 2018 was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval.

## ANNEX 4 REMUNERATION DISTRIBUTION AND SETTLEMENT PLAN FOR SENIOR MANAGEMENT FOR 2018

The remuneration distribution and settlement plan for the senior management of the Bank for 2018 is as follows:

Remuneration (before tax) received from the Bank in 2018 (Unit: RMB'0,000)						
Name	Remuneration payable (1)	Social insurance, annuity, supplementary medical insurance and housing provident funds contributed by the Bank (2)	Other monetary income (3)	Total (4) = (1) + (2) + (3)	Allowance	Whether receiving any remuneration from corporate shareholder(s) or other related party(ies)
Senior management members holding office during the year 2018						
Wang Wenyong	7.76	1.36	–	9.12	–	No
Qiu Jinhu	80.85	14.77	–	95.62	–	No
Wang Zhiyuan	80.85	14.77	–	95.62	–	No
Wang Chunyun	90.62	14.77	–	105.39	–	No
Hao Jumei	–	–	–	–	–	No
Senior management members leaving office in the year of 2018						
Lei Tie	66.97	12.29	–	79.26	–	No
Xu Jianping	80.85	14.77	–	95.62	–	No

**Notes:**

1. The remuneration before tax shown in the above table refers to the total amount of the remuneration of the senior management of the Bank for the year 2018, including the remuneration paid as disclosed in the Bank's 2018 annual report.
2. Changes in senior management and the remunerations thereof:
  - (1) Mr. Wang Chunyun has served as the senior executive officer for internal control and compliance of the Bank since May 2018.
  - (2) In accordance with the work arrangement made by the Gansu Provincial Government, Mr. Lei Tie ceased to serve as a vice president of the Bank since October 2018, and he officially resigned as an executive Director and a vice president of the Bank since December 2018.
  - (3) In accordance with the work arrangement made by the Gansu Provincial Government, Mr. Xu Jianping ceased to be a vice president of the Bank since November 2018, and he officially resigned as a vice president and secretary to the Board since December 2018.

---

**ANNEX 4      REMUNERATION DISTRIBUTION AND SETTLEMENT PLAN  
FOR SENIOR MANAGEMENT FOR 2018**

---

- (4) In accordance with the work arrangement made by the Gansu Provincial Government, Mr. Wang Wenyong has served as the deputy secretary to the party committee of the Bank since October 2018. He officially served as an executive Director and the president of the Bank and began to receive remuneration from December 2018.
  - (5) Ms. Hao Jumei has served as the secretary to the Board of the Bank since December 2018 and her annual remuneration is based on the remuneration standard for the general manager of the departments of the Bank.
3. The remuneration for the Bank's person-in-charge , who is responsible for operation of the state-owned financial company administered by the Gansu Provincial Government, shall be determined in accordance with the relevant requirement as stipulated thereby. While the remuneration for other persons shall be determined in line with the remuneration standards as devised by the Board.

The aforesaid Remuneration Distribution and Settlement Plan for Senior Management for 2018 was considered and approved by the Board on March 27, 2019 and is hereby submitted to the AGM for consideration and approval.

According to the Law of the People's Republic of China on Commercial Banks, the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders or Shareholders(《商業銀行與內部人和股東關聯交易管理辦法》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited(hereinafter referred to as "Hong Kong Listing Rules") of The Stock Exchange of Hong Kong Limited (hereinafter referred to as "Hong Kong Stock Exchange"), the Articles of Association of the Bank of Gansu Co., Ltd (hereinafter referred to as "the Bank's Articles of Association"), and the Measures on Management of the Related/Connected Transaction of the Bank of Gansu Co., Ltd. (《甘肅銀行股份有限公司關聯／連交易管理辦法》) and other relevant provisions, particulars of the Bank's related-party/connected (hereinafter referred to as "related-party") transactions in 2018 are described as follows:

## **I.      PARTICULARS OF RELATED-PARTY TRANSACTIONS**

### **(I)      Particulars of related-party transactions under the rules of the CBRC**

From January 1 to December 31, 2018 (hereinafter referred to as the "Reporting Period"), the total amount of credit granting related-party transactions between the Bank and all related parties was RMB3,121.5180 million, accounting for 10.41% of the net capital of the Bank; the total amount of deposit related-party transactions was RMB1,658.7573 million (see the table below for details).

# ANNEX 5 REPORT ON MATERIAL RELATED-PARTY TRANSACTIONS

Unit: RMB'0,000

No.	Name of related party and its controlled subsidiary	Loan balance	Bond investment	Deposit balance
1	Gansu Province Qilian Wine Industry Co.,Ltd (甘肅祁連葡萄酒業有限責任公司)	0.00	0.00	35.38
2	Gansu Province Highway Aviation Tourism Investment Group Co., Ltd. (甘肅省公路航空旅遊投資集團有限公司)	0.00	34,316.00	50,136.11
3	Gansu Highway Aviation Tourism Properties Co., Ltd. (甘肅公航旅置業有限公司)	0.00	0.00	1,003.95
4	Gansu Guiqingshan Tourism Co., Ltd. (甘肅貴清山旅遊有限責任公司)	0.00	0.00	19.97
5	Gansu Financing Guarantee Group Co., Ltd. (甘肅省融資擔保集團股份有限公司)	0.00	0.00	20,360.07
6	Gansu Financing Guarantee Group Jinchang Co., Ltd. (甘肅省融資擔保集團金昌有限公司)	0.00	0.00	2,000.41
7	Gansu Financing Guarantee Group Dingxi Co., Ltd. (甘肅省融資擔保集團定西有限公司)	0.00	0.00	1,036.54
8	Zhangye Danxia Cultural Tourism Co., Ltd. (張掖丹霞文化旅遊股份有限公司)	0.00	0.00	120.85
9	Gansu Financial Capital Management Co., Ltd. (甘肅省金融資本管理有限公司)	0.00	0.00	13,562.99
10	Gansu Changda Highway Co. Ltd. (甘肅長達路業有限責任公司)	0.00	0.00	2,940.36
11	Gansu Luqiao Highway Investment Co., Ltd. (甘肅路橋公路投資有限公司)	0.00	0.00	2.56
12	Gansu Highway Aviation Tourism Finance Lease Co., Ltd. (甘肅公航旅融資租賃有限公司)	0.00	0.00	6.76
13	Gansu Aviation Industry Investment Co., Ltd. (甘肅航空產業投資有限公司)	0.00	0.00	0.85
14	Gansu Highway Aviation Tourism Highway Maintenance Co., Ltd. (甘肅公航旅公路養護有限公司)	0.00	0.00	58.88
15	Gansu Xinruifeng Investment Co., Ltd. (甘肅信瑞豐投資有限公司)	0.00	0.00	702.25
16	Gansu Financing Guarantee Group Lanzhou New Area Co., Ltd. (甘肅省融資擔保集團蘭州新區有限公司)	0.00	0.00	44.10
17	Gansu Provincial Property Exchange Co., Ltd. (甘肅省產權交易所股份有限公司)	0.00	0.00	1,976.55
18	Subtotal	0.00	34,316.00	111,747.36

# ANNEX 5 REPORT ON MATERIAL RELATED-PARTY TRANSACTIONS

No.	Name of related party and its controlled subsidiary		Loan balance	Bond investment	Deposit balance
19	Gansu Province Electric Power Investment Group Co., Ltd. (甘肅省電力投資集團有限責任公司)	Gansu Power Investment Changle Power Generation Co., Ltd. (甘肅電投常樂發電有限責任公司)	20,000.00	0.00	2.35
20		Dunhuang International Cultural Development Co., Ltd. (敦煌國際文化發展有限責任公司)	0.00	0.00	8.92
21		Gansu Power Investment Group Finance Co., Ltd. (甘肅電投集團財務有限公司)	0.00	0.00	10,262.98
22		Gansu Investment Group Yuntian Hotel Co., Ltd. (甘肅投資集團雲天酒店有限公司)	47,000.00	0.00	0.00
23		Subtotal	67,000.00	0.00	10,274.24
24	Jinchuan Group Co., Ltd	Jinchuan Niedu Industrial Co., Ltd. (金川鎳都實業有限公司)	0.00	0.00	3,059.16
25		Baotou Huading Copper Industry Development Co., Ltd. (包頭華鼎銅業發展有限公司)	7,000.00	0.00	84.36
26		Jinchuan Group Engineering and Construction Co., Ltd (金川集團工程建設有限公司)	0.00	0.00	281.72
27		Jinchuan Group Nickel Alloy Co., Ltd. Jinchuan Branch (金川集團鎳合金有限公司金川分公司)	600.00	0.00	10.89
28		Jinchuan Group Wire & Cable Co., Ltd. (金川集團電線電纜有限公司)	7,693.00	0.00	3,742.97
29		Jinchuan Group Nickel Salt Co., Ltd. (金川集團鎳鹽有限公司)	0.00	0.00	0.20
30		Jinchuan Group Machinery Manufacturing Co., Ltd. (金川集團機械製造有限公司)	1,385.76	0.00	922.80
31		Jinchuan Group Finance Co., Ltd. (金川集團財務有限公司)	0.00	0.00	86.58
32		Jinchuan Maike Metal Resources Co., Ltd. (金川邁科金屬資源有限公司)	24,000.00	0.00	8,085.94
33		Jinchang Jinchuan Wanfang Industrial Co., Ltd. (金昌金川萬方實業有限責任公司)	3,404.02	0.00	0.17
34		Jinchang Niedu Mining Industry Co., Ltd. (金昌鎳都礦山實業有限公司)	4,782.42	0.00	147.51
35		Lanzhou Jinchuan New Material Technology Co., Ltd. (蘭州金川新材料科技股份有限公司)	0.00	0.00	1.81
36		Subtotal	48,865.20	0.00	16,424.10

# ANNEX 5 REPORT ON MATERIAL RELATED-PARTY TRANSACTIONS

No.	Name of related party and its controlled subsidiary	Loan balance	Bond investment	Deposit balance
37	Gansu Jiugang Tiancheng Cailv Co., Ltd. (甘肅酒鋼天成彩鋁有限責任公司)	7,000.00	0.00	3,005.00
38	Gansu Zixuan Sales Co., Ltd (甘肅紫軒銷售有限公司)	0.00	0.00	2.78
39	Gansu Tianze Calcium Technology Co., Ltd. (甘肅天澤鈣業科技有限公司)	0.00	0.00	2.14
40	Jiayuguan Dayoujia Magnesium Calcium Industry Co., Ltd. (嘉峪關大友嘉鎂鈣業有限公司)	0.00	0.00	26.18
41	Jiayuguan Dayou Enterprise Company Construction Power Installation Company (嘉峪關大友企業公司建築動力安裝公司)	0.00	0.00	1,005.19
42	Jiugang Group Metallurgical Construction Co., Ltd. (酒鋼集團冶金建設有限公司)	0.00	0.00	0.34
43	Gansu Jiugang Group Hongxing Iron and Steel Co., Ltd. (甘肅酒鋼集團宏興鋼鐵股份有限公司)	32,900.00	0.00	5.43
44	Jiayuguan Dayou Enterprise Company (嘉峪關大友企業公司)	0.00	0.00	0.01
45	Jiugang Group Finance Co., Ltd. (酒鋼集團財務有限公司)	0.00	0.00	206.94
46	Pingliang Tianyuan Coal Electrochemical Co., Ltd. (平涼天元煤電化有限公司)	30,000.00	0.00	120.99
47	Gansu Jiugang Logistics Co., Ltd. (甘肅酒鋼物流有限公司)	0.00	0.00	20.41
48	Shanghai Huachangyuan Industrial Investment Co., Ltd. (上海華昌源實業投資有限責任公司)	0.00	0.00	0.10
49	Gansu Dongxing Aluminum Industry Co., Ltd. (甘肅東興鋁業有限公司)	81,000.00	0.00	4.15
50	Jiayuguan Hongdian Ferroalloy Co., Ltd. (嘉峪關宏電鐵合金有限責任公司)	0.00	0.00	31.39
51	Subtotal	150,900.00	0.00	4,431.04
52	Related natural persons	11,070.60	0.00	22,998.99
Total		277,835.80	34,316.00	165,875.73

**1.      *Credit granting***

The types of related-party transactions between the Bank and the non-natural person shareholder Gansu Province Highway Aviation Tourism Investment Group Co., Ltd., etc. are mainly credit granting business, specifically:

*(1)      Gansu Province Highway Aviation Tourism Investment Group Co., Ltd. and its controlled subsidiaries*

During the Reporting Period, the group and its controlled subsidiaries invested RMB343.16 million in bonds of the Bank, accounting for 1.11% of the Bank's net capital.

*(2)      Gansu Province Electric Power Investment Group Co., Ltd. and its controlled subsidiaries*

During the Reporting Period, the balance of the credit granting related-party transactions between the group and its controlled subsidiaries and the Bank was RMB670 million, accounting for 2.16% of the Bank's net capital.

*(3)      Jinchuan Group Co., Ltd and its controlled subsidiaries*

During the Reporting Period, the balance of the credit granting related-party transactions between the group and its controlled subsidiaries and the Bank was RMB488.652 million, accounting for 1.58% of the Bank's net capital.

*(4)      Jiuquan Iron & Steel (Group) Co., Ltd. and its controlled subsidiaries*

During the Reporting Period, the balance of the credit granting related-party transactions between the group and its controlled subsidiaries and the Bank was RMB1,509.00 million, accounting for 4.88% of the Bank's net capital.

During the Reporting Period, the related-party transactions between the Bank and the natural person related parties were mainly loans of various types, with a balance of RMB110.7060 million, accounting for 0.36% of the Bank's net capital.



**2.      *Asset transfer***

During the Reporting Period, the Bank did not have any asset transfer related-party transactions with related legal persons.

**3.      *Provision of services and others***

During the Reporting Period, the Bank did not have related-party transactions with related legal persons in respect of provision of services and others.

In summary, related-party transactions between related parties and the Bank are conducted in accordance with commercial principles and on terms no favourable than those offered to non-related parties for similar transactions. At the same time, the ratios of credit balance to net capital of related-party transactions between the Bank and the single related party customer, the single related-party group customer, or all related-party customers are all in compliance with the requirements of the CBRC on proportional control, namely 10%, 15%, and 50%.

**(II)    Particulars of related-party transactions under the Hong Kong Listing Rules**

**1.      *The first category: Commercial banking services and products provided in the ordinary and usual course of business***

During the Reporting Period, the Bank provided loans and other credit facilities of RMB5,093.4921 million and deposits of RMB1,771.2153 million (including deposits and interbank deposits) to related persons. See the table below for details.

## ANNEX 5 REPORT ON MATERIAL RELATED-PARTY TRANSACTIONS

During the Reporting Period, the Bank did not provide other banking services and conduct other related-party transactions with related parties.

Unit: RMB'0,000

No.	Name of related party and its associates		Loan balance	Bond investment	Deposit balance
1	Gansu Province Highway Aviation Tourism Investment Group Co., Ltd.	Gansu Province Qilian Wine Industry Co.,Ltd	0.00	0.00	35.38
2		Gansu Province Highway Aviation Tourism Investment Group Co., Ltd.	0.00	34,316.00	50,136.11
3		Gansu Highway Aviation Tourism Properties Co., Ltd.	0.00	0.00	1,003.95
4		Gansu Guiqingshan Tourism Co., Ltd.	0.00	0.00	19.97
5		Gansu Financing Guarantee Group Co., Ltd.	0.00	0.00	20,360.07
6		Gansu Financing Guarantee Group Jinchang Co., Ltd.	0.00	0.00	2,000.41
7		Gansu Financing Guarantee Group Dingxi Co., Ltd.	0.00	0.00	1,036.54
8		Zhangye Danxia Cultural Tourism Co., Ltd.	0.00	0.00	120.85
9		Gansu Financial Capital Management Co., Ltd.	0.00	0.00	13,562.99
10		Gansu Changda Highway Co. Ltd.	0.00	0.00	2,940.36
11		Gansu Luqiao Highway Investment Co., Ltd.	0.00	0.00	2.56
12		Gansu Highway Aviation Tourism Finance Lease Co., Ltd.	0.00	0.00	6.76
13		Gansu Aviation Industry Investment Co., Ltd.	0.00	0.00	0.85
14		Gansu Highway Aviation Tourism Highway Maintenance Co., Ltd.	0.00	0.00	58.88
15		Gansu Xinruifeng Investment Co., Ltd.	0.00	0.00	702.25
16		Gansu Financing Guarantee Group Lanzhou New Area Co., Ltd.	0.00	0.00	44.10
17		Gansu Provincial Property Exchange Co., Ltd.	0.00	0.00	1,976.55
18		Gansu Highway Aviation Tourism Longzhang Expressway Management Co., Ltd. (甘肃公航旅陇漳高速公路管理有限公司)	10,000.00	0.00	17,738.76
19		Subtotal	10,000.00	34,316.00	111,747.36

# ANNEX 5      REPORT ON MATERIAL RELATED-PARTY TRANSACTIONS

No.	Name of related party and its associates			Loan balance	Bond investment	Deposit balance
20	Gansu Province State-owned Assets Investment Group Co., Ltd.	Jinchuan Group Co., Ltd	Jinchuan Niedu Industrial Co., Ltd.	0.00	0.00	3,059.16
21			Baotou Huading Copper Industry Development Co., Ltd.	7,000.00	0.00	84.36
22			Jinchuan Group Engineering and Construction Co., Ltd	0.00	0.00	281.72
23			Jinchuan Group Nickel Alloy Co., Ltd. Jinchuan Branch	600.00	0.00	10.89
24			Jinchuan Group Wire & Cable Co., Ltd.	7,693.00	0.00	3,742.97
25			Jinchuan Group Nickel Salt Co., Ltd.	0.00	0.00	0.20
26			Jinchuan Group Machinery Manufacturing Co., Ltd.	1,385.76	0.00	922.80
27			Jinchuan Group Finance Co., Ltd.	0.00	0.00	86.58
28			Jinchuan Maike Metal Resources Co., Ltd.	24,000.00	0.00	8,085.94
29			Jinchang Jinchuan Wanfang Industrial Co., Ltd.	3,404.02	0.00	0.17
30			Jinchang Niedu Mining Industry Co., Ltd.	4,782.42	0.00	147.51
31			Lanzhou Jinchuan New Material Technology Co., Ltd.	0.00	0.00	1.81
32			Subtotal	48,865.20	0.00	16,424.10

# ANNEX 5 REPORT ON MATERIAL RELATED-PARTY TRANSACTIONS

No.	Name of related party and its associates		Loan balance	Bond investment	Deposit balance
33	Jiuquan Iron & Steel (Group) Co., Ltd.	Gansu Jiugang Tiancheng Cailv Co., Ltd.	7,000.00	0.00	3,005.00
34		Gansu Zixuan Sales Co., Ltd.	0.00	0.00	2.78
35		Jiayuguan Fengxiang New Energy Saving Materials Co., Ltd. (嘉峪关鳳翔新型節能材料有限公司)	0.00	0.00	0.99
36		Gansu Tianze Calcium Technology Co., Ltd.	0.00	0.00	2.14
37		Jiayuguan Dayoujia Magnesium Calcium Industry Co., Ltd.	0.00	0.00	26.18
38		Jiayuguan Dayou Enterprise Company Construction Power Installation Company	0.00	0.00	1,005.19
39		Jiayuguan Huafeng Construction and Installation Engineering Co., Ltd. (嘉峪关華峰建築安裝工程有限公司)	0.00	0.00	32.31
40		Gansu Honghui Energy Chemical Co., Ltd. (甘肅宏彙能源化工有限公司)	87,560.00	0.00	140.36
41		Jiugang Group Metallurgical Construction Co., Ltd.	0.00	0.00	0.34
42		Gansu Jiugang Group Hongxing Iron and Steel Co., Ltd.	32,900.00	0.00	5.43
43		Jiayuguan Dayou Enterprise Company	0.00	0.00	0.01
44		Jiugang Group Finance Co., Ltd.	0.00	0.00	206.94
45		Pingliang Tianyuan Coal Electrochemical Co., Ltd.	30,000.00	0.00	120.99
46		Jiugang Group Zhongtian Real Estate Co., Ltd. (酒鋼集團中天置業有限公司)	0.00	0.00	0.06
47		Gansu Huihong Energy Chemical Sales Co., Ltd. (甘肅匯宏能源化工銷售有限公司)	0.00	0.00	402.68
48		Gansu Jiugang Logistics Co., Ltd.	0.00	0.00	20.41
49		Shanghai Huachangyuan Industrial Investment Co., Ltd.	0.00	0.00	0.10
50		Gansu Dongxing Aluminum Industry Co., Ltd.	81,000.00	0.00	4.15
51		Jiayuguan Hongdian Ferroalloy Co., Ltd.	0.00	0.00	31.39
52		Subtotal	238,460.00	0.00	5,007.44

# ANNEX 5 REPORT ON MATERIAL RELATED-PARTY TRANSACTIONS

No.	Name of related party and its associates			Loan balance	Bond investment	Deposit balance
53	Gansu Province Electric Power Investment Group Co., Ltd.		Gansu Power Investment Changle Power Generation Co., Ltd.	20,000.00	0.00	2.35
54			Huating Coal Industry Group Co., Ltd. (華亭煤業集團有限責任公司)	70,000.00	0.00	19,720.43
55			Dunhuang International Cultural Development Co., Ltd.	0.00	0.00	8.92
56			Gansu Power Investment Group Finance Co., Ltd.	0.00	0.00	10,262.98
57			Guodian Jingyuan Power Generation Co., Ltd. (國電靖遠發電有限公司)	16,000.00	0.00	0.35
58			Dunhuang Wenbo Investment Co., Ltd. (敦煌文博投資有限公司)	0.00	0.00	242.62
59			Huating Coal Industry Group Real Estate Development Co., Ltd. (華亭煤業集團房地產開發有限責任公司)	0.00	0.00	27.81
60			Gansu Huating Coal and Electricity Co., Ltd. (甘肅華亭煤電股份有限公司)	0.00	0.00	10,093.26
61			Gansu Investment Group Yuntian Hotel Co., Ltd.	47,000.00	0.00	0.00
62			Subtotal	153,000.00	0.00	40,358.70
63			Gansu Jingwei Real Estate Development Co., Ltd. (甘肅經緯房地產開發有限公司)	0.00	0.00	50.15
64			Jinchuan Group Co., Ltd	0.00	0.00	0.20
65			Gansu Agricultural Reclamation Group Co., Ltd. (甘肅省農墾集團有限責任公司)	20,000.00	0.00	0.00
66			Gansu Guotou New Area Development and Construction Co., Ltd. (甘肅國投新區開發建設有限公司)	0.00	0.00	87.47
67			Gansu Asset Management Co., Ltd (甘肅資產管理有限公司)	0.00	0.00	3,060.29
68			Lanzhou Landian Motor Co., Ltd. (蘭州蘭電電機有限公司)	0.00	0.00	8.33
69			Everbright Xinglong Trust Co., Ltd. (光大興隴信託有限責任公司)	0.00	0.00	20.94
70			Silk Road Big Data Co., Ltd. (絲綢之路大數據有限公司)	0.00	0.00	105.06
71			Gansu Agricultural Reclamation West Cement Co., Ltd. (甘肅農墾西部水泥有限責任公司)	0.00	0.00	1.11
72			Gansu State Farms Tianmu Dairy Co., Ltd. (甘肅農墾天牧乳業有限公司)	4,000.00	0.00	29.22
73			Gansu Guokai Investment Co., Ltd. (甘肅國開投資有限公司)	0.00	0.00	0.16
74	Related natural persons			708.01	0.00	221.00
Total				475,033.21	34,316.00	177,121.53

The above loans, other credit facilities and deposits provided by the Bank to the related persons are entered into in the ordinary and usual course of business on normal commercial terms and with reference to prevailing market interest rates. Pursuant to Rule 14A.87(1) and Rule 14A.90 of the Hong Kong Listing Rules, these transactions constitute fully exempt continuing related-party transactions, and are therefore exempt from the reporting, annual review, announcement and independent shareholders' approval requirements.

**2.      *The Second Category: Property leasing agreement with a related person***

The Bank entered into a property leasing agreement with JISCO Zhongtian Property Co., Ltd. (酒鋼集團中天置業有限公司) (an associate of Gansu State-owned Assets Investment, a substantial shareholder of the Bank) ("Zhongtian Property"). Pursuant to the agreement, Zhongtian Property agreed to lease a property located in Jiayuguan, Gansu province to the Bank as the Bank's business office, with a leasing term from January 1, 2018 to December 31, 2018 and at an annual rental of RMB401,568. The transaction was conducted on normal commercial terms. As the highest applicable percentage ratios of the above transaction calculated for the purpose of Chapter 14A of the Hong Kong Listing Rules was, on an annual basis, less than 0.1%, the continuing related-party transaction contemplated under the above property leasing agreement constitutes de minimis transaction, and therefore is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76(1) of the Hong Kong Listing Rules.

**3.      *The third category: Property management agreement with a connected person***

The Bank entered into a property management agreement with Lanzhou Changhong Property Management Co., Ltd. (蘭州長虹物業管理有限公司) (an associate of Gansu State-owned Assets Investment, a substantial shareholder of the Bank) ("Changhong Property Management"). Pursuant to this agreement, Changhong Property Management agreed to provide property management services to the Bank for its office space located in the Bank of Gansu Tower situated at Chengguang District of Lanzhou, Gansu province, with a term from August 1, 2017 to July 31, 2020. In view of establishing a long-term business relationship, the Bank and Changhong Property Management agreed that Changhong Property Management will not charge relevant property management fees in respect of the property management services it provides to the Bank. Later, due to the office use needs of the Bank, the Bank and the Changhong Property Management agreed to sign a supplementary agreement, with a term from October 28, 2018 to December 31, 2018, and Changhong Property Management charged the Bank relevant property management fees of RMB467,595.23 for the provision of such property services to the Bank.

As the highest applicable percentage ratios of the above transaction calculated for the purpose of Chapter 14A of the Hong Kong Listing Rules are expected to be, on an annual basis, less than 0.1%, the continuing related-party transaction contemplated under the above property management services agreement constitutes de minimis transaction, and therefore is exempt from all the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76(1) of the Hong Kong Listing Rules.

**4.      *The fourth category: Trust arrangement with a connected person***

In the ordinary and usual course of business, the Bank and Everbright Xinglong Trust Co., Ltd. (光大興隴信託有限責任公司) ("Everbright Xinglong Trust") entered into Trust Business Cooperation Framework Agreement, which is effective from September 1, 2018 to December 31, 2020. The Bank entrusts its all or managed funds to Everbright Xinglong Trust, which applies, under its own name, the trust funds into the purposes agreed upon in the specific trust agreement. In addition, the Bank and Everbright Xinglong Trust entered into a number of fund trust agreements (together with the Trust Business Cooperation Framework Agreement, collectively referred to as the "Everbright Xinglong Trust Agreements"), and agreed in the Everbright Xinglong Trust Agreements on the expected annualized rate of investment return or the method of determination of the investment return during the term of trusts. These returns are derived from the interest on trust loans or returns paid by the end-users of the trust property to Everbright Xinglong Trust under the Relevant Agreements. As the trustee of the trust schemes, Everbright Xinglong Trust is entitled to receive trust fees from trust property which is a fixed amount agreed upon between Everbright Xinglong Trust and the Bank or calculated with reference to the principal balance of the trust property multiplied by the fixed annualized trust fee rate. During the Reporting Period, the Bank entrusted the Everbright Xinglong Trust to establish a trust scheme balance of RMB31,920 million, and the trustee received a trust fee of RMB9.2591 million. Among them, the fee from January 1, 2018 to August 31, 2018 is approximately RMB5.8706 million, and the fee from September 1, 2018 to December 31, 2018 is approximately RMB3.3885 million. The actual fee for the period from September 1, 2018 to December 31, 2018 did not exceed the limit amount of transaction of RMB8 million for the period.

The terms of the transactions contemplated under the Everbright Xinglong Trust Agreements are on normal commercial terms and no more favorable than those offered to other independent third parties. As the highest applicable percentage ratios calculated for the purpose of Chapter 14A of the Hong Kong Listing Rules are expected to be, on an annual basis, higher than 0.1% but less than 5%, the continuing connected transactions contemplated under the Everbright Xinglong Trust Agreements therefore are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirements pursuant to Rule 14A of the Hong Kong Listing Rules. The Bank has published an announcement on the transaction on the website of the Hong Kong Stock Exchange on August 31, 2018.

## **II. PARTICULARS OF THE IMPLEMENTATION OF RELATED-PARTY TRANSACTION MANAGEMENT**

### **(I) Management of the list of related parties in 2018**

The Bank identified the related parties in accordance with the relevant provisions of the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders or Shareholders (《商業銀行與內部人和股東關聯交易管理辦法》), Hong Kong Listing Rules, the Accounting Standards for Business Enterprises and the International Financial Reporting Standards.

#### **1. Related legal person**

During the Reporting Period, the Bank's related parties under the rules of the CBRC, mainly included Gansu Province Highway Aviation Tourism Investment Group Co., Ltd. (holding 11.49%), Jiuquan Iron & Steel (Group) Co., Ltd. (holding 6.309%), Gansu Province Electric Power Investment Group Co., Ltd. (holding 6.309%), Jinchuan Group Co., Ltd (holding 6.309%) and its 366 controlled subsidiaries; the Bank's connected parties under the Hong Kong Listing Rules, mainly included Gansu Province State-owned Assets Investment Group Co., Ltd. (directly holding 3.57% and holding controlled corporation interest of 12.59%), Gansu Province Highway Aviation Tourism Investment Group Co., Ltd. (holding 11.49%) and its 674 controlled corporations or related parties; the Bank's related parties under the Accounting Standards for Business Enterprises and the International Financial Reporting Standards, mainly included Gansu Province State-owned Assets Investment Group Co., Ltd. (holding 12.59%), Gansu Province Highway Aviation Tourism Investment Group Co., Ltd. (holding 11.49%) and its 674 subsidiaries (controlled corporations or related parties).



**2.      *Related/connected natural person***

During the Reporting Period, the Bank had 3,303 related natural persons and their close relatives under the rules of the CBIRC and had 229 related persons under the Hong Kong Listing Rules.

**(II)    The approval of related-party transactions**

In strict accordance with the requirements of the regulatory authorities and the relevant systems, the daily related party transactions, after approval by the Bank's internal business, are submitted to the Related Party Transaction and Risk Management Committee of the Board of Directors for approval, and then submitted to the Board of Directors for approval. During the Reporting Period, a total of 27 related-party transactions were approved, with a total amount of RMB12,564.365 million.

**(III)   The pricing of related-party transactions**

The pricing of the transactions between the Bank and its related parties shall be complied with the principles governing the prevailing market price and the pricing standards shall be determined according to the type of the particular related transaction. It shall be specified in the agreement in respect of such related-party transaction. The pricing of the credit extension related-party transaction shall be determined by the Bank pursuant to the pricing administrative measures on credit extension as well as the credit rating of the customers of related party and the actual risk situation. For the pricing of service provision related-party transactions shall be determined by the Bank by reference to market price of similar services.

During the Reporting Period, the related-party transactions between the Bank and its related parties strictly followed the above-mentioned transaction pricing principles, and were conducted on terms no favourable than those offered to non-related parties for similar transactions and in accordance with general commercial terms and normal business procedures. Such transactions are legitimate and fair and there is no case that causes damage to the legitimate interests of other shareholders.

**(IV) The improvement of the related party transaction management mechanism**

1. Improve the related-party transaction management mechanism. The Bank formulates the Operation Procedures for the Management of Related-party transactions of Gansu Bank's System Documents (《甘肅銀行體系文件關聯交易管理操作程序》). On the basis of studying the related-party transaction management and supervision system and drawing on the experience of the management of other companies, we have refined and improved the Bank's related party management, transaction management basis, management principles, related-party transaction management system and other matters concerning management, adjusted and optimized the management responsibilities of related-party transaction, expected quota approval, related-party transaction monitoring and reporting management requirements and procedures, etc., to improve the standardization and the degree of the refinement of related-party transactions management.
2. Continue to improve the list of related parties. In accordance with the relevant provisions of the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders or Shareholders, Hong Kong Listing Rules, the Accounting Standards for Business Enterprises, the International Financial Reporting Standards and the Interim Measures for the Equity Management of Commercial Banks, the Bank timely collected and improved the list of related parties, especially the related information of new directors, supervisors, senior management personnel and other related natural persons.
3. Strengthen the control of the credit system on the management of credit extension related-party transactions. After multiple demonstrations and tests, the Bank included in the credit management system the list of related parties, the type of related-party transactions, the type of guarantee, the single related party customer, the single related party group customer, and the ratio of credit balance of related-party transactions of all related party customers to net capital to conduct systematic control. We also added functions such as related-party transaction information approval flow tips and statements in the system to improve the systematic and intelligent management of related-party transactions. Later, the Bank will establish a related-party transaction management system and strengthen linkage with other business systems to ensure that the Bank conducts related-party transactions in accordance with laws and regulations.

4.      Establish a related-party transactions management contact person mechanism. We require the relevant departments of the head office and each tier-one branches and sub-branches to determine a related-party transaction contact person (AB System, namely one person in charge and one in assistance) to be responsible for implementing the related-party transactions and internal transaction management of the Bank, and strengthening the daily monitoring and reporting of related-party transactions, to ensure effective control of related-party transactions. .

This proposal needs to be submitted to the AGM for consideration.

According to the relevant regulations of the CBIRC and the Measures on Management of Related-party/ Connected Transactions of Bank of Gansu Co., Ltd.《甘肅銀行股份有限公司關聯／連交易管理辦法》，Bank of Gansu Co., Ltd. has proposed the estimated annual cap of ordinary related party transactions for 2019 with 4 associated legal persons such as Gansu Province Highway Aviation Tourism Investment Group Co., Ltd., and their controlled subsidiaries, and natural person associates. Under the premise of ensuring the compliance operation of related party transactions, in order to further enhance the scientific and flexible management of related party transactions, improve the efficiency of examination and approval of related party transactions and draw on best practices in the industry, subject to compliance with the regulatory requirements of required caps, the management, with the authorization of the general meeting, is intended to make adjustment to the estimated caps of credit-related related party transactions with associated legal persons (individual or group) and natural person associates in the list within the estimated aggregate amount of the transactions, and submit it to the related party transaction and risk control committee for record.

## **I. GANSU PROVINCE HIGHWAY AVIATION TOURISM INVESTMENT GROUP CO., LTD.**

### **(i) Overview of Related Parties**

Gansu Province Highway Aviation Tourism Investment Group Co., Ltd. (hereinafter referred to as “Highway Aviation Tourism Group”) was established on January 25, 2011 with a registered capital of RMB100 billion. Highway Aviation Tourism is responsible for the development of high-grade highways, civil aviation airports and major tourism resources of Gansu Province, investment and financing of major tourism projects, financial insurance, trade and their development, construction and operational management; construction and operation of transportation ancillary facilities.

As of the end of September 2018, Highway Aviation Tourism Group had the total assets of RMB376.315 billion and total liabilities of RMB253.718 billion, of which, short-term loans amounted to RMB4.3 billion, long-term loans amounted to RMB170.566 billion, owner’s equity amounted to RMB122.597 billion, gear ratio was 67.42%, total operating income was RMB62.812 billion, net profit was RMB558 million and net asset was RMB122.597 billion. With strong comprehensive strength, Highway Aviation Tourism Group has obtained credit lines of nearly RMB430 billion from 20 banks in and outside the Gansu province, and has been listed as a key customer at the head office level by many banks. It was ranked 233th among the top 500 Chinese companies in 2018.

**(ii) Transactions with the Bank for 2018**

In 2018, the Bank approved total credit lines of RMB3 billion granted to Highway Aviation Tourism Group and its subsidiaries with a credit period of one year, which was mainly used for, among others, working capital loan, fixed assets loan and bond investment. As of the end of 2018, Highway Aviation Tourism Group and its controlled subsidiaries had bond investments with the Bank with a balance of RMB343.16 million (equivalent to US\$50 million).

**(iii) Proposed estimated annual caps and demand analysis for 2019**

The proposed estimated annual caps for 2019 will be total credit lines of RMB3.5 billion, which will be mainly used for, among others, working capital loans, fixed assets loan and bond investment as detailed in Table 1.

**Table 1: Proposed estimated annual caps of Highway Aviation Tourism Group for 2019**

*Unit: RMB0'000*

No.	Name of Related Parties	Proposed Estimated Annual Caps for 2019	Proposed transactions for 2019	Type of Transaction	Remarks
1	Gansu Province Highway Aviation Tourism Investment Group Co., Ltd.	Highway Aviation Tourism Group	250,000	Working capital loan, fixed assets loan, bond investment, etc.	Major related party transaction
2		Gansu Province Financial Capital Management Co., Ltd.(甘肅省金融資本管理公司)	100,000	Working capital loan, investment and wealth management, entrusted loan, letter of guarantee, etc.	Major related party transaction
Total			350,000		

**(iv) Fairness Analysis of the Transaction**

In 2019, the related party transactions between the Bank and Highway Aviation Tourism Group and its controlled subsidiaries will fall within the annual caps of the related party transactions, and will be conducted based on general commercial principles and on the terms available to related parties being no more favorable than those available to non-related parties for similar transactions.

**II. JINCHUAN GROUP CO., LTD.**

**(i) Overview**

On January 13, 2012, Jinchuan Group Co., Ltd. (hereinafter referred to as “Jinchuan Group”) was formally established. It is principally engaged in the production and sales of precious metals such as nickel, copper, cobalt and platinum group and chemical products such as sulfuric acid. As of the end of 2018, the company’s registered capital was RMB22,946,544,600. The company has an annual combined production capacity of 200,000 tons of nickel, 1 million tons of copper, 10,000 tons of cobalt and 4.4 million tons of inorganic chemical products. It ranked fourth in Nickel production in the world, second in cobalt production in the world, third in copper production in China, and first in platinum group metals production in China.

As of the end of September 2018, Jinchuan Group Co., Ltd. had total assets of RMB127.616 billion and total liabilities of RMB84.842 billion, of which, short-term loans amounted to RMB26.031 billion, long-term loans amounted to RMB16.126 billion, owner’s equity amounted to RMB42.775 billion, gear ratio was 66.48%, total operating income was RMB150.985 billion, net profit was RMB1.849 billion and net assets were RMB42.774 billion. In recent years, the company experienced relatively rapid growth with increasing operating results and strong financial condition. It has been granted a series of national awards including the Special Award of National Science and Technology Progress, the National Quality Award, the National May 1st Labor Medal and the China Industrial Award. In 2017, Jinchuan Group ranked 88th among the top 500 Chinese enterprises in terms of revenue of RMB193.13 billion.

**(ii) Transactions with the Bank for 2018**

In 2018, the credit lines granted to Jinchuan Group and its controlled subsidiaries by the Bank was RMB3.0 billion with a credit period of one year, which was mainly used for, among others, working capital loans and bank acceptance. As of the end of 2018, the group and its controlled subsidiaries had outstanding loans with the Bank with a balance of RMB488,652,000.

**(iii) Proposed estimated annual caps and demand analysis for 2019**

The proposed estimated annual caps for 2019 will be total credit lines of RMB3.0 billion, which will be mainly used for, among others, working capital loans, bank acceptance, discounted commercial bills, import letters of credit and bond investments as detailed in Table 2.

**Table 2: Proposed estimated annual caps of Jinchuan Group for 2019**

*Unit: RMB0'000*

No.	Name of Related Parties	Proposed Estimated Annual Caps for 2019	Proposed transactions for 2019	Type of Transaction	Remarks
1	Jinchuan Group Co., Ltd.	Jinchuan Group Co., Ltd.	76,000	Working capital loan, bank acceptance, discounted commercial bill, import letter of credit, bond investment, etc.	Major related party transaction
2		Jinchuan Group Wire and Cable Co., Ltd.(金川集團電線電纜有限公司)	70,000	Working capital loan, bank acceptance, discounted commercial bill, import letter of credit, etc.	Major related party transaction
3		Jinchun Maikē Metal Resources Co., Ltd.(金川邁科金屬資源有限公司)	70,000	Working capital loan, bank acceptance, discounted commercial bill, import letter of credit, etc.	Major related party transaction
4		Jinchang Niedu Mining Industry Co., Ltd.(金昌鎳都礦山實業有限公司)	10,000	Working capital loan, bank acceptance, discounted commercial bill, import letter of credit, etc.	Major related party transaction
5		Jinchang Jinchuan Wanfang Industrial Co., Ltd.(金昌金川萬方實業有限公司)	5,000	Working capital loan, bank acceptance, discounted commercial bill, import letter of credit, etc.	Major related party transaction

# ANNEX 6 ESTIMATED CAPS OF RELATED PARTY TRANSACTIONS FOR 2019

No.	Name of Related Parties		Proposed Estimated Annual Caps for 2019	Proposed transactions for 2019	Type of Transaction	Remarks
6	Jinchuan Group Co., Ltd.	Gansu Jinchuan Chemical Materials Co., Ltd.(甘肅金川 化工材料有限 公司)	15,000	Working capital loan, bank acceptance, discounted commercial bill, import letter of credit, etc.	Major related party transaction	On an aggregated basis
7		Jinchuan Group Machinery Manufacturing Co., Ltd.(金川 集團機械製造 有限公司)	10,000	Working capital loan, bank acceptance, discounted commercial bill, import letter of credit, etc.	Major related party transaction	On an aggregated basis
8		Jinchuan Group Nickel Alloy Co., Ltd. Jinchuan Branch(金川集 團鎳合金有限 公司金川分公 司)	2,000	Working capital loan, bank acceptance, discounted commercial bill, import letter of credit, etc.	Major related party transaction	On an aggregated basis
9		Baotou Huading Copper Development Co., Ltd.(包頭 華鼎銅業發展 有限公司)	22,000	Working capital loan, bank acceptance, discounted commercial bill, import letter of credit, etc.	Major related party transaction	On an aggregated basis
10		Jinchuan Group Copper Industry Co., Ltd.(金川集團 銅業有限公司)	20,000	Working capital loan, bank acceptance, discounted commercial bill, import letter of credit, etc.	Major related party transaction	On an aggregated basis
Total			300,000			



**(iv) Fairness Analysis of the Transaction**

In 2019, the related party transactions between the Bank and Jinchuan Group and its controlled subsidiaries will fall within the annual caps of the related party transactions, and will be conducted based on general commercial principles and on the terms available to related parties being no more favorable than those available to non-related parties for similar transactions.

**III. JIUQUAN IRON & STEEL (GROUP) CO., LTD.**

**(i) Overview**

Jiuquan Iron & Steel (Group) Co., Ltd. (hereinafter referred to as “Jiuquan Steel Group”) was founded in 1958 with a registered capital of RMB14,395,058,800. Its business scope includes: manufacturing, mining, agriculture, forestry, animal husbandry, fishery, production and supply of electricity, gas and water, construction, transportation, warehousing, information transmission, computer services and software, wholesale and retail, accommodation and catering, real estate, leasing and business services, scientific research, technical services and geological exploration, water conservancy, environmental and public facilities management, residential services and other services, education, healthcare, culture, sports and entertainment (the above businesses that are under the monopoly of the state are subject to the qualification certificate or license). Since 1985, it has been listed among the 500 largest industrial enterprises in China for many years. At present, it has formed a new pattern of diversified businesses with trans-regional, multi-industry and multi-ownership operations and established a relatively well-established modern enterprise system. It has been granted more than 50 awards, including the National Civilized Entity, the National Excellent Enterprise for Ideological and Political Work, the National Advanced Grassroots Party Organization, the National Model Entity of National Unity and Progress, the National Advanced Entity for Spiritual Civilization Construction, the National May 1st Labor Medal, the National Advanced Enterprise for Quality Management and the National Enterprise with Outstanding Performance in Contract Compliance and Credit Establishment, and is the largest and diversified modern enterprise group of both ferrous and nonferrous metals in the northwest region of China.

As of the end of September 2018, the company had paid-in capital of RMB14.395 billion and consolidated total assets of RMB109.157 billion, of which monetary funds were RMB5.419 billion and fixed assets were RMB44.074 billion; total current liabilities were RMB65.072 billion, of which short-term loans were RMB39.867 billion; owner’s equity was RMB29.221 billion, operating income was RMB76.81 billion, total profit was RMB66 million and net operating cash flow was RMB3.541 billion.

**(ii) Transactions with the Bank for 2018**

In 2018, the credit lines granted to the group and its controlled subsidiaries by the Bank were RMB3.87 billion with a credit period of one year, which was mainly used for, among others, working capital loans and bank acceptance. As of the end of 2018, the group and its controlled subsidiaries had outstanding loans with the Bank with a balance of RMB1,509 million.

**(iii) Proposed estimated annual caps and demand analysis for 2019**

The proposed estimated annual caps for 2019 will be total credit lines of RMB3.87 billion, which will be mainly used for, among others, working capital loan, fixed asset loan, bank acceptance and bond investment as detailed in Table 3.

**Table 3: Proposed estimated annual caps of Jiuquan Steel Group for 2019**

*Unit: RMB0'000*

No.	Name of Related Parties		Proposed Estimated Annual Caps for 2019	Proposed transactions for 2019	Type of Transaction	Remarks
1	Jiuquan Iron & Steel (Group) Co., Ltd.	Jiuquan Iron & Steel (Group) Co., Ltd.	130,000	Working capital loan, differential bank acceptance, discounted commercial bill, etc.	Major related party transaction	
2		Gansu Dongxing Aluminum Co., Ltd.(甘肅東興鋁業有限公司)	97,000	Working capital loan, differential bank acceptance, discounted commercial bill, etc.	Major related party transaction	
3		Gansu Jiuquan Steel Group Hongxing Iron & Steel Co., Ltd.	40,000	Working capital loan, differential bank acceptance, discounted commercial bill, etc.	Major related party transaction	

# ANNEX 6 ESTIMATED CAPS OF RELATED PARTY TRANSACTIONS FOR 2019

No.	Name of Related Parties		Proposed Estimated Annual Caps for 2019	Proposed transactions for 2019	Type of Transaction	Remarks
4	Jiuquan Iron & Steel (Group) Co., Ltd.	Jiuquan Steel Group Yuzhong Iron & Steel Co., Ltd.(酒鋼集團榆中鋼鐵有限責任公司)	20,000	Working capital loan, differential bank acceptance, discounted commercial bill, etc.	Major related party transaction	On an aggregated basis
5		Gansu Jiuquan Steel Tiancheng Colored Aluminum Co., Ltd. (甘肅酒鋼天成彩鋁有限責任公司)	40,000	Working capital loan, differential bank acceptance, discounted commercial bill, etc.	Major related party transaction	
6		Shanghai Huachangyuan Industry Investment Co., Ltd. (上海華昌源實業投資有限責任公司)	30,000	Working capital loan, differential bank acceptance, discounted commercial bill, etc.	Major related party transaction	合併計算
7		Pingliang Tianyuan Coal and Electricity Co., Ltd. (平涼天元煤電化有限公司)	30,000	Working capital loan, differential bank acceptance, discounted commercial bill, etc.	Major related party transaction	On an aggregated basis
合計			387,000			

**(iv) Fairness Analysis of the Transaction**

In 2019, the related party transactions between the Bank and Jiuquan Steel Group and its controlled subsidiaries will fall within the annual caps of the related party transactions, and will be conducted based on general commercial principles and on the terms available to related parties being no more favorable than those available to non-related parties for similar transactions.

**IV. GANSU PROVINCE ELECTRIC POWER INVESTMENT GROUP CO., LTD.**

**(i) Overview**

Gansu Province Electric Power Investment Group Co., Ltd. (hereinafter referred to as “Electric Power Investment Group”) was established on July 16, 1990 with a registered capital of RMB3.6 billion. Its business scope includes, among others, provision of services to energy industry development and railway infrastructure construction and the coal industry in Gansu Province.

As of the end of September 2018, the group had total assets of RMB77.285 billion and total liabilities of RMB42.555 billion, of which, long-term loans were RMB26.857 billion, owner’s equity was RMB34.731 billion, gear ratio was 55.06%, total operating income was RMB4.167 billion, net profit was RMB48 million and net assets were RMB34.731 billion. With strong comprehensive strength, Electric Power Investment Group has obtained credit lines of nearly RMB638 billion from 18 banks in and outside the Gansu province, and has been listed as a key customer at the head office level by many banks.

**(ii) Transactions with the Bank for 2018**

In 2018, the Bank approved total credit lines of RMB1.5 billion granted to Electric Power Investment Group and its subsidiaries with a credit period of one year, which was mainly used for, among others, working capital loan, fixed assets loan and operation property loan. As of the end of 2018, the group and its controlled subsidiaries had outstanding loans with the Bank with a balance of RMB670 million.

**(iii) Proposed estimated annual caps and demand analysis for 2019**

The proposed estimated annual caps for 2019 will be RMB1.8 billion, which will be mainly used for, among others, working capital loan, fixed asset loan and bond investment as detailed in Table 4.

**Table 4: Proposed estimated annual caps of Electric Power Investment Group for 2019**

*Unit: RMB0'000*

No.	Name of Related Parties	Proposed Estimated Annual Caps for 2019	Proposed transactions for 2019	Type of Transaction	Remarks
1	Gansu Province Electric Power Investment Group Co., Ltd.	Gansu Province Electric Power Investment Group Co., Ltd.	100,000	Fixed asset loan, working capital loan, bond investment, etc.	Major related party transaction
2		Gansu Electric Power Investment Changle Power Generation Company Limited(甘肅電投常樂發電有限責任公司)	80,000	Fixed asset loan, etc.	Major related party transaction
Total			180,000		

**(iv) Fairness Analysis of the Transaction**

In 2019, the related party transactions between the Bank and Electric Power Investment Group and its controlled subsidiaries will fall within the annual caps of the related party transactions, and will be conducted based on general commercial principles and on the terms available to related parties being no more favorable than those available to non-related parties for similar transactions.

**V.      NATURAL PERSON ASSOCIATES**

The grant of credit to individual customers is one of the core credit products of the Bank. The credit facilities granted to individual customers by the Bank include personal mortgage loan, consumer loan, business loan and other credit products. Individual customers of the Bank may apply to the Bank for one or more of the above credit products according to their actual funding needs. At the end of 2018, the balance of outstanding loans granted to natural person associates by the Bank was RMB110.706 million. Based on the principle of risk control and operation efficiency, and the actual conditions of the Bank and taking into overall consideration of economic development and consumer price, subject to the terms available to related parties being no more favorable than those available to non-related parties for similar transactions, the proposed estimated annual caps of total credit lines granted to the natural person associates by the Bank in credit-related related party transactions were RMB210 million in 2019, increased by nearly RMB100 million as compared with last year, which was mainly used for personal loan, etc.

This proposal is subject to the consideration at the general meeting.

In order to keep the capital adequacy ratio constantly remaining at the required level, meet the capital requirement of the Bank for its continuous business development, utilize financing platforms flexibly and effectively and take advantage of opportunities in the capital market in a timely manner, the proposal of granting the Board a general mandate to issue shares and matters including authority delegation by the Board will be submitted to a general meeting of the Bank for approval according to the requirements of applicable laws and regulations of the PRC, the Listing Rules and the Articles of Association.

Particulars of the general mandate are as follows:

### III. PARTICULARS OF THE GENERAL MANDATE TO ISSUE SHARES

- (1) Subject to the conditions set out in (2) below, the Board shall be authorized to separately or concurrently ratify, allot, issue, grant and/or otherwise deal with Shares (overseas listed foreign Shares and/or Domestic Shares (including A Shares)), securities convertible into Shares, share options and warrants of securities that are entitled to subscribe for any Shares or are convertible into Shares, or other securities that carry rights to subscribe for or are convertible into Shares during the Relevant Period (as defined below).

Notwithstanding the fulfillment of the conditions set out in (2) below, the Board of the Bank shall obtain a separate mandate by way of a special resolution prior to making the allotment of Shares with voting rights if such allotment will result in an actual change of the control rights of the Bank.

- (2) The number of Shares (overseas listed foreign Shares and/or Domestic Shares (including A Shares)), securities convertible into Shares, share options and warrants of securities that are entitled to subscribe for any Shares or are convertible into Shares, or other securities that carry rights to subscribe for or are convertible into Shares (among which, the above securities shall be calculated on the basis of the number of overseas listed foreign Shares/Domestic Shares which such securities can be converted into/be allotted) proposed to be ratified, allotted, issued, granted and/or otherwise dealt with by the Board shall not respectively exceed 20% of the total number of each category of the overseas listed foreign Shares and Domestic Shares of the Bank in issue as at the date on which this resolution is passed at the annual general meeting.

- (3) For the purposes of this resolution:

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

1. the conclusion of the next annual general meeting of the Bank following the date on which this resolution is passed;

2. the expiration of twelve months following the date on which this resolution is passed at the general meeting; and
  3. the date on which the authority granted to the Board under this resolution is revoked or varied by a special resolution at a general meeting.
- (4) The Board shall be authorized to determine the details of the issuance plan, including but not limited to:
1. the class and number of Shares proposed to be issued;
  2. the pricing methods and/or the issue price (including the price range);
  3. the commencement and closing dates of the issuance;
  4. the specific use of proceeds;
  5. the making or granting of recommendations, agreements and options which might require the exercise of such powers; and
  6. other contents that should be included in the detailed issuance plan as required under relevant laws and regulations and other normative documents, and as requested by relevant regulatory authorities and the stock exchange of the listing place.
- (5) The Board shall be authorized to implement the issuance plan and deal with the matters related to an increase in the registered capital of the Bank, so as to reflect the Shares authorized to be issued by the Bank under this resolution, and to make such amendments as it deems appropriate and necessary to the clauses related to the issuance of Shares and registered capital in the Articles of Association, and to adopt and complete any other actions and procedures which are necessary for the implementation of the issuance plan and the completion of the increase in the registered capital of the Bank.



**IV. RELEVANT AUTHORIZATION**

In order to improve the efficiency of decision-making, reduce internal approval procedures and grasp market opportunities, it is proposed to the general meeting on agreeing to authorize the Board and the persons authorized by the Board to deal with the matters in connection with the issuance of Shares according to the general mandate. The above specific details of the authorization given to the authorized persons will be separately determined upon the exercise of the general mandate by the Board under this resolution.

The above resolution is proposed for your consideration and approval.

In order to further improve the corporate governance structure of the Bank, in accordance with the Company Law of the PRC, the Interim Measures for the Administration of Commercial Banks' Authorization and Credit Granting, Guidelines for the Internal Controls of Commercial Banks, the Interim Measures for the Equity Management of Commercial Banks, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited("Hong Kong Listing Rules") and the Articles of Association of the Bank of Gansu Co., Ltd., etc., the Bank formulated this authorization plan.

The plan is to clarify the division of the responsibilities and authority between the shareholders' meeting and the Board of Directors. The shareholders' meeting is the governing body of the Bank. The board of directors is the decision-making body of the Bank and is responsible to the shareholders' general meeting. The Board of Directors assumes the ultimate responsibility for the operation and management of the Bank.

**I. THE FOLLOWING AUTHORITIES WERE GRANTED TO THE BOARD OF DIRECTORS BY THE GENERAL MEETING OF THE BANK OF GANSU CO., LTD.:**

**(I) Approval authority for the related transactions**

A single related transaction with a related party as defined by the CBRC or as defined in the Listing Rules of the Hong Kong Stock Exchange with a single transaction amount within the limit (or reach the limit) required by regulatory authorities, or a connected transaction with a related party as defined in the Hong Kong Listing Rules, shall be subject to the approval by the board of directors. In particular, the non-exempt connected transaction under the Hong Kong Listing Rules shall also be submitted to the Bank's general meeting for approval by the independent shareholders of the Bank. The general connected transaction and the fully-exempted connected transaction under the Hong Kong Listing Rules may be submitted to the Chairman for approval and file it with the board of directors upon approval according to the Bank's prevailing review and approval process.

**(II) Approval authority for equity investment**

A equity investment with the single project investment (including initiation, participation, capital increase, mergers and acquisitions, etc.) amount that does not exceed 1% of the Bank's latest audited net capital, shall be approved by the Board of Directors and requires more than two-thirds of the directors to vote for approval. Investments involving the increase of registered capital of the Bank must be submitted to the general meeting for consideration and approval. The legal entities (including banks with legal person qualification, non-bank entities or companies) which the Bank invests to set up and holds shares in, and the major matters such as foreign investment, capital increase, separation, merger of such legal entities, which do not exceed the above authorized amount, shall be approved by the Board of Directors.

**(III) Approval authority for assets acquisition****1. *Approval authority for fixed assets and intangible assets acquisition***

Within the annual budget approved by the general meeting, a fixed assets or intangible assets acquisition with a asset value not exceeding 5% of the Bank's latest audited net capital shall be approved by the Board of Directors. If the total assets involved in the transaction have both book value and evaluation value, the higher one is used for calculation. After the final settlement at the end of the year, the Board of Directors shall include the actual implementation of the fixed assets or intangible assets acquisition into the annual report as its important part, and submit it to the shareholders' meeting for consideration and approval.

**2. *Approval authority for credit asset acquisition***

The credit assets (including "credit-like" assets) acquisition and granting shall be approved by the Board of Directors. The scope of such assets is: all credit business and non-standard investment business.

**3. *Approval authority for other non-credit asset acquisition***

Other non-credit asset acquisition and granting shall be approved by the Board of Directors. The scope of such assets is: all assets businesses excluding the fixed assets, intangible assets, credit business and non-standard investment business in the balance sheet. The fixed assets and intangible assets acquisition shall be approved in accordance with the approval authority for fixed assets acquisition under this authorization plan. "Credit-like" assets(non-standard investment business) acquisition shall be approved in accordance with the approval authority for credit assets acquisition under this authorization plan.

**(IV) Approval authority for the disposal of assets****1. *Approval authority for the disposal of fixed assets and intangible assets***

The disposal of a single fixed asset or intangible asset with a net book value of not more than RMB400 million, if the sum of the net book value of such single fixed asset or intangible asset and the net book value of fixed assets and intangible assets disposed of in the most recent year does not exceed 20% of the Bank's latest audited net value of fixed assets and intangible assets, shall be approved by the Board of Directors.

**2.    *Approval authority for the disposal of equity asset***

The disposal of equity assets with a single project amount not exceeding RMB400 million shall be approved by the Board of Directors. The disposal of equity assets involving the reduction of the registered capital of the Bank shall be submitted to the shareholders' meeting for consideration and approval.

**3.    *Approval authority for the disposal of credit and other non-credit asset***

Credits (including "credit-like" assets) and other non-credit assets disposal (including discount disposal) shall be approved by the Board of Directors.

The disposal of assets in the above three items, including sales, transfer, etc., does not include the act of providing guarantees with the relevant assets.

**(V)    *Approval authority for asset write-off***

**1.    *Approval authority for credit asset write-off***

The write-off of credit assets (including "credit-like" assets) with a value not exceeding RMB300 million shall be approved by the Board of Directors.

**2.    *Approval authority for fixed asset and intangible asset write-off***

The write-off of a single fixed asset or intangible asset with a net book value of not more than 100 million shall be approved by the Board of Directors. If the total assets involved in the write-off have both book value and evaluation value, the higher one is used for calculation.

**3.    *Approval authority for equity asset write-off***

The write-off of equity assets with a single project amount not exceeding RMB100 million shall be approved by the Board of Directors. If the total assets involved in the write-off have both book value and evaluation value, the higher one is used for calculation. The write-off of equity assets involving the reduction of the registered capital of the Bank shall be submitted to the shareholders' meeting for consideration and approval.

**4.    *Approval authority for other non-credit assets write-off***

The write-off of other non-credit assets with a value not exceeding RMB100 million shall be approved by the Board of Directors. If the total assets involved in the write-off have both book value and evaluation value, the higher one is used for calculation.

Approval authority for asset write-off in the above four items do not include the approval authority for the write-off of discounts due to asset disposal, and the write-off of the disposal at a discount shall be approved in accordance with the approval authority for the disposal of assets under this authorization plan.

**(VI)    Approval authority for assets mortgage and other non-commercial banking business guarantees**

The provision of external asset mortgage or other non-commercial banking business guarantee with a single amount of no more than RMB200 million, shall be approved by the Board of Directors, if the total amount of external guarantees of the Bank does not exceed 30% of the Bank's latest audited net assets after including such transaction. If the total assets involved in the transaction have both book value and evaluation value, the higher one is used for calculation. The following external guarantees shall be reviewed and approved by the shareholders' meeting and the Board of Directors does have approval authority for such guarantees:

1.    the provision of any guarantee where the total amount of the external guarantee by the Bank and its holding subsidiaries (branch banks) reaches or exceeds 50% of the latest audited net assets;
2.    the provision of any guarantee where the total amount of the external guarantee by the Bank reaches or exceeds 30% of the latest audited net total assets;
3.    the provision of any guarantee to guarantee objects with an asset-liability ratio of more than 70%;
4.    the provision of any single guarantee in which the amount exceeds 10% of the latest audited net assets; and
5.    the provision of guarantees to shareholders, actual controllers and their related parties.

**(VII) Approval authority for donation and sponsorship**

The single external donation or sponsorship not exceeding RMB20 million, shall be approved by the Board of Directors, if the total amount of external donation or sponsorship expenditure in the current year does not exceed 10% of the net profit of the latest audited annual report of the Bank. If the amount of donation to a region with a major incident exceeds the above total amount or a single limit, it shall be approved by the Board of Directors, but shall be approved by more than two-thirds of the directors by voting.

**(VIII) Other powers authorized by shareholders' meeting to the Board of Directors**

According to the relevant laws and regulations and the Articles of Association of the Bank, the shareholders' meeting may authorize the Board of Directors to exercise other powers other than the above-mentioned authorities.

**II. DELEGATION OF POWERS**

The board of directors may delegate all or part of its powers authorized by the shareholders' meeting under this authorization to the chairman or management.

**III. THE AUTHORIZATION MATTERS AND AUTHORITY DESCRIPTION**

- (I) The professional committee under the board of directors shall perform the matters within the scope of the authorization of the board of directors in accordance with the relevant working rules.
- (II) For the other daily operation and management matters of the Bank not specified in this authorization plan, those under the powers of the shareholders' meeting in accordance with the Articles of Association of the Bank of Gansu Co., Ltd, shall be submitted to the shareholders' meeting for consideration, and those outside the powers of the shareholders' meeting, shall be determined by the board of directors in accordance with its authority.
- (III) For matters subject to the approval by the board of directors under this authorization plan, if they are required by the laws, regulations, articles of association and other governance documents or regulatory bodies to be subject to the consideration by the shareholders' meeting, they shall be submitted to the shareholders' meeting for approval.
- (IV) If the financial statements are prepared in accordance with the PRC Accounting Standards, the accounting standards for international or overseas listings, and the data under various accounting standards are inconsistent, the lower one shall prevail.

- (V) This authorization plan shall become effective on the date of approval by the Bank's general meeting, and shall be valid until the new general authorization plan is issued by the shareholders' meeting. During the authorization period, the shareholders' meeting may supplement or adjust the relevant authorization in the form of a resolution of the general meeting of shareholders according to the actual situation.
  
- (VI) The currency in this authorization plan is RMB (including foreign currency equivalent to RMB).

This proposal needs to be submitted to the general meeting for consideration.

**Measures on Equity Management of Bank of Gansu Co., Ltd.**

(Formulated in March 2019 and subject to consideration at the general meeting)

**CHAPTER I GENERAL PROVISIONS**

Article 1 These measures are formulated in accordance with the Company Law of the People's Republic of China, the Commercial Bank Law of the People's Republic of China, the Interim Measures on Equity Management of Commercial Banks, the CBRC Notice on Enhancing Management of Pledge of Equity Interest in Commercial Banks, the Guidance of the People's Bank of China, China Banking and Insurance Regulatory Commission and China Securities Regulatory Commission on Enhancing Regulation on Investment in Financial Institutions by Non-Financial Enterprises, the Circular of the General Office of China Banking Regulatory Commission on Regulating Matters on Reporting by Shareholders of Commercial Banks, as well as other relevant laws, regulations, rules and regulatory documents, and the Articles of Association of Bank of Gansu Co., Ltd. (hereafter referred to as the "Bank's Articles of Association") and based on the actual conditions of the Bank, for the purpose of standardizing acts of the Bank's shareholders, protecting the lawful rights and interests of the Bank, its depositors and other customers, safeguarding the legitimate interests of its shareholders, and promoting the sound operation and healthy development of the Bank.

Article 2 These measures shall apply to all shareholders holding ordinary shares of the Bank (hereafter referred to as the "Shares"). Where preference shares are issued, the preference shareholders and equity management for preference shares shall be subject to relevant laws and regulations.

Article 3 The Shares of the Bank issued for subscription in RMB have been registered with China Securities Depository and Clearing Corporation Limited (hereafter referred to as the "CSDC") in accordance with regulatory requirements. For the Shares with confirmed holders of the securities account, all acts in relation to the Shares, including registration and changes, shall comply with the relevant provisions of CSDC. The Shares of the Bank issued and listed in Hong Kong for subscription in foreign currencies are mainly under the safe custody of entrusted trustee companies under Hong Kong Securities Clearing Company Limited.

Article 4 The Bank has opened the "Special Securities Account for Unconfirmed Holders of Bank of Gansu Co., Ltd." in the CSDC, the registered shares in such account will be managed uniformly by the Bank, including confirmation of holders, handling the registration procedure for securities account holders with the CSDC, completing the payment of undistributed cash dividends for the relevant shares prior to confirmation of holders and providing judicial assistance in respect of the relevant shares.



Article 5 The Bank shall conduct its equity management according to the principles of categorized management, sound qualifications, clear relationship, well-defined rights and responsibilities, openness, and transparency.

Article 6 The shareholders of the Bank shall have sound social reputation, credit records, tax payment records and financial status, and shall comply with applicable laws, regulations and regulatory requirements.

Article 7 The relationship between the Bank's shareholders and their controlling shareholders, actual controllers, related parties, persons acting in concert and ultimate beneficiaries shall be clear and transparent.

The shareholding ratio of a shareholder of the Bank and its related parties and persons acting in concert shall be calculated on a consolidated basis.

Article 8 The shareholders of the Bank shall abide by laws and regulations, regulatory requirements and the provisions of the Bank's Articles of Association, exercise their shareholder rights and perform statutory obligations according to laws.

Article 9 The Bank and its shareholders shall make full disclosure of relevant information and accept social supervision in accordance with relevant laws, regulations and regulatory requirements.

## **CHAPTER II SHAREHOLDER'S RESPONSIBILITIES**

Article 10 The shareholders of the Bank shall perform their bona fide obligation to the Bank according to law, to ensure the truthfulness, completeness and validity of the information on shareholders' qualification they present to the Bank.

Article 11 The shareholders of the Bank shall perform their obligation of capital contribution in strict accordance with applicable laws and regulations and the requirements of the banking regulatory authority.

The shareholders of the Bank shall purchase shares of the Bank with their own funds and ensure the fund are obtained from legal sources, rather than entrusted funds, debt funds and other funds not owned by themselves, unless otherwise prescribed by laws and regulations.

Article 12 Each substantial shareholder of the Bank shall undertake in writing that he/she will abide by applicable laws and regulations, regulatory requirements and the Bank's Articles of Association when purchasing the Bank's equity, and shall explain the purpose of such purchase.

A substantial shareholder refers to a shareholder who holds or controls more than 5% of the shares or voting rights of the Bank, or holds less than 5% of the Bank's total shares but has significant impact on the operation and management of the Bank.

The aforementioned "significant impact" includes but is not limited to the dispatching of director(s), supervisor(s) or senior executive(s) to the Bank, exerting impact on the Bank's financial, operational and management decisions by way of agreement or through other means, and other circumstances as identified by the banking and insurance regulatory authority or its local offices.

Article 13 No shareholder of the Bank may authorize any other person to hold Shares of the Bank or accept any other person's authorization to hold equity of the Bank.

A substantial shareholder of the Bank shall state its equity structure level by level up to its actual controller and ultimate beneficiary, as well as its relationship as a related party or a person acting in concert with any other shareholder.

Article 14 Where a shareholder of the Bank intends to transfer its equity in the Bank to any other party, it shall inform the transferee of the need to meet the conditions set forth by laws and regulations and by the banking and insurance regulatory authority. The transferee shall have the qualifications for entities to invest in commercial banks set forth the banking and insurance regulatory authority. Where the transferee becomes a substantial or controlling shareholder of the Bank, it shall meet the qualifications and conditions on substantial or controlling shareholders set forth laws and regulations and by the banking and insurance regulatory authority. And shall be filed or apply for approval in accordance with laws and regulations and by the banking and insurance regulatory authority.

Where it results in changes in the substantial or controlling shareholder of the Bank due to the transfer of Shares, the Bank shall report to the banking and insurance regulatory authority or its local offices and change relevant information in a timely manner.

Article 15 The same investor and its related parties and persons acting in concert purchasing shares of the Bank shall follow the requirements on shareholding ratios as prescribed by the banking and insurance regulatory authority.

The same investor and its related parties and persons acting in concert shall not purchase shares of more than two commercial banks as a major shareholder or control more than one commercial bank, unless otherwise stipulated by laws and regulations.

Article 16 The Bank's substantial shareholders shall have an outstanding principal business, solid capital strength, standard corporate governance, clear shareholding structure, qualified management ability, excellent financial conditions and appropriate assets, liabilities and leverage. They shall also have reasonable and clear commercial plans on investing in the financial industry.

Article 17 Any of the Bank's substantial shareholders and its controlling shareholder or actual controller shall not fall under any of the following circumstances:

- (I) Being listed as an object subject to any joint punishment for dishonesty by relevant authorities;
- (II) Committing any act of seriously evading or cancelling the Bank's debts;
- (III) Providing false materials or making false statements;
- (IV) Assuming major liability for the business failure of the Bank or significant violation of laws and regulations;
- (V) Rejecting or obstructing the banking and insurance regulatory authority or its local offices from conducting their regulatory work according to law;
- (VI) Having been investigated and punished by any financial regulatory authority or any other competent government agency for violation of laws and regulations, thus having caused adverse impact; or
- (VII) Any other circumstances that may adversely affect the operation and management of the Bank.

Article 18 Where a shareholder or an investor of the Bank becomes the controlling shareholder of the Bank, it shall meet the following conditions:

- (I) Having outstanding core principal business and the business development is sustainable;
- (II) Having solid capital strength with continuous contribution ability. In principle, it shall meet relevant regulatory requirements on the industry, including making profits in the recent three consecutive accounting years, the net asset after distribution at the end of the year reaching 40% of the total assets and the balance of equity investment not exceeding 40% of the net asset of the enterprise;

- (III) Having standard governance with a concise and clear organizational structure and a transparent structure of beneficial owners; and
- (IV) Having standard management ability with professional financial talents.

Article 19 Where a shareholder or an investor of the Bank falls under any of the following circumstances, it shall not become the controlling shareholder of the Bank: blindly expanding into the financial industry with deviations from principal business demands; having weak risk controls; making high-leveraged investments; having various related enterprises or complicated and non-transparent shareholding relationships; conducting frequent and abnormal connected transactions; carrying out unfair competition through abuse of market monopoly or technical advantages to manipulate the market and disturb the financial order.

Article 20 Where an investor and its related parties and persons acting in concert, individually or in aggregate, propose to initially hold or increase to hold more than 5% of the total Shares of the Bank in aggregate, they shall report to the banking and insurance regulatory authority or its local offices for approval. The approval of the administrative license for proposing to hold more than 5% of the total Shares of the Bank through stock exchanges is valid for six months. The specific requirements and procedures for approval shall be subject to relevant provisions of the banking and insurance regulatory authority.

Where an investor and its related parties and persons acting in concert, individually or in aggregate, hold more than 1% but less than 5% of total capital or total shares of the Bank, they shall report to the banking and insurance regulatory authority or its local offices through the Bank within 10 working days after obtaining the relevant shares. The materials and procedures for reporting shall be subject to the requirements of the Circular of the General Office of China Banking Regulatory Commission on Regulating Matters on Reporting by Shareholders of Commercial Banks.

Where a natural person, an investor in financial products and its related parties and persons acting in concert, individually or in aggregate, purchase more than 1% but less than 5% of total shares of the Bank in the stock market, they shall report with refer to relevant provisions of the Circular of the General Office of China Banking Regulatory Commission on Regulating Matters on Reporting by Shareholders of Commercial Banks on the catalogue of materials and key matters in reporting.

Shareholders who should have sought approval of or reported to but failed to seek approval of or report to the regulatory authority shall not exercise rights to request to convene a general meeting, vote, nominate, propose and dispose. The banking and insurance regulatory authority or its local offices shall have the right punish them in accordance with the Interim Measures on Equity Management of Commercial Banks.

Article 21 The substantial shareholders of the Bank shall not transfer the Shares held by them within five years from the date of obtaining the Shares.

Special circumstances where the banking and insurance regulatory authority or its local offices approves to adopt risk management measures, or the banking and insurance regulatory authority enforces the transfer, or the Shares involved in judicial enforcement or the transfer occurs between different entities controlled by the same investor are excluded.

Article 22 The substantial shareholders of the Bank shall exercise their contributors rights and perform their contributors duties in strict accordance with laws and regulations, regulatory provisions and the Bank's Articles of Association, and may not abuse their shareholder rights or utilize their influence to intervene in the decision-making power and management power that the Board of Directors and the senior management are entitled to in accordance with the Bank's Articles of Association, or directly intervene in or utilize their influence to intervene in the business management of the Bank bypassing the Board of Directors and the senior management, channel interests for its own benefit, or cause damage to the lawful rights and interests of any depositor, the Bank or any other shareholder in any other form.

Article 23 The substantial shareholders of the Bank shall undertake in writing that he/she will replenish the Bank's capital whenever necessary and report their capital replenishment capacity to the banking and insurance regulatory authority or its local offices through the Bank on an annual basis.

Article 24 The substantial shareholders of the Bank shall establish effective risk isolation mechanisms to prevent any risk from spreading and transferring among shareholders, the Bank and other related parties.

Article 25 A substantial shareholder of the Bank shall effectively manage the multiple position-holding between its Board of Directors, Board of Supervisors and senior management and those of the Bank or other related parties to prevent conflicts of interest.

Article 26 The shareholders of the Bank shall abide by the provisions on related party transactions as prescribed by applicable laws and regulations, the banking and insurance regulatory authority and the Bank, and may not engage in any improper related party transactions with the Bank, neither shall they use their influence over the operation and management of the Bank to seek illicit benefits.

Article 27 Where the Bank experiences a major risk incident or commits a major violation of law or regulations and is subsequently subject to risk disposal or takeover measures by the banking and insurance regulatory authority or its local offices, the shareholders of the Bank shall actively cooperate with the banking and insurance regulatory authority or its local offices in conducting such risk disposal and other necessary work.

Article 28 Financial products may hold shares of the Bank, but the shares accumulatively held in the Bank by the financial products controlled by a single investor, issuer or manager and its actual controller, related parties and persons acting in concert shall not exceed 5% of the total shares of the Bank.

A substantial shareholder of the Bank may not hold shares of the Bank through financial products issued, managed or controlled by it or by any other means.

Article 29 The shareholders of the Bank shall actively cooperate the banking and insurance regulatory authority or its local offices in relevant measures taken on implementing penetration regulation on them.

Article 30 For shareholders who have made false statements, abused their shareholders rights or acted to damage the interests of the Bank, the Bank, based on the requirements of the banking and insurance regulatory authority, may restrict or prohibit related transactions between them and the Bank, limit the maximum number of the bank's Shares that they can hold and the percentage of shares that they can pledge, and their rights to request to convene the general meeting, vote, nominate, propose, dispose and other rights.

### **CHAPTER III EQUITY INFORMATION MANAGEMENT AND DISCLOSURE**

Article 31 The substantial shareholders of the Bank shall report the following information to the Bank in a timely, accurate and complete manner:

- (I) Their operating conditions, financial information and shareholding structures;
- (II) The sources of their funds used to purchase the Bank's equity;
- (III) Their controlling shareholders, actual controllers, related parties, persons acting in concert and ultimate beneficiaries and any changes thereof;
- (IV) Any of their shareholdings in the Bank that is subject to litigation preservation measures or law enforcement;
- (V) Any of their shareholdings in the Bank that is pledged or released;
- (VI) Any change in their names;
- (VII) Any merger or spin-off;

- (VIII) Any regulatory measures imposed on them such as suspension of business for rectification, designated custody, take-over or revocation, or any entry into proceedings in relation to dissolution, bankruptcy or liquidation; and
- (IX) Any other circumstances that may cause changes to their shareholder qualifications or lead to changes in their equity holding of the Bank.

Article 32 The Bank shall disclose its share information in a truthful, accurate and complete manner through semi-annual reports or annual reports on its official website and via other channels, the contents of which shall include:

- (I) The total number of shares and shareholders at the end of the reporting period and any changes in its shares during the reporting period;
- (II) Shareholdings of the top 10 shareholders of the Bank at the end of the reporting period;
- (III) Information about the substantial shareholders and their controlling shareholders, actual controllers, related parties, persons acting in concert and ultimate beneficiaries at the end of the reporting period;
- (IV) Related party transactions with its substantial shareholders and their controlling shareholders, actual controllers, related parties, persons acting in concert and ultimate beneficiaries during the reporting period;
- (V) Pledge of the Bank's equity by any of the substantial shareholders;
- (VI) Shareholder's nomination of directors and supervisors; and
- (VII) Other information as required by the banking and insurance regulatory authority.

Article 33 Where relevant information of the substantial shareholders may lead to significant changes in their shareholder qualifications or result in major changes in their shares in the Bank, the Bank shall make timely explanations thereof in its information disclosure.

Article 34 The Bank shall, when disclosing information, make an explanation about any share matter that has been reported to the banking and insurance regulatory authority or its local offices but is still pending approval thereof.

**CHAPTER IV EQUITY PLEDGE**

Article 35 Where a shareholder of the Bank pledges its equity in the Bank, it shall abide by the relevant provisions on pledging the equity as set forth by applicable laws and regulations, the banking and insurance regulatory authority, China Securities Regulatory Commission, the CSDC and the Bank, without causing damage to the interests of other shareholders and the Bank.

Article 36 Where a shareholder guarantees with the Shares of the Bank for himself/herself or others, it shall inform the Board of the Company in advance. The Company shall not accept the guarantee with the Shares of the Company as the collateral. The office of the Board of the Bank is responsible for the daily work of the collecting, sorting and submitting of pledge information on the Shares of the Company.

Article 37 When a shareholder who holds a seat or seats on the Board of Directors and/or the Board of Supervisors of the Bank, or directly, indirectly or jointly holds or controls more than 2% of the Bank's Shares or voting rights pledges its equity in the Bank, it shall file an application with the Board of Directors of the Bank in advance, stating the reasons for the pledge, the number of shares to be pledged, the time duration of the pledge and the basic information about the pledge holder. Where the Board of Directors determines that the intended pledge will exert significant adverse impact on equity stability, corporate governance, risk control or related party transactions control of the Bank, it shall reject the filing of the application. When the Board of Directors reviews the relevant matters of the application, the director nominated by the shareholder planning to make the pledge and elected at the general meeting shall recuse himself or herself.

Article 38 After the completion of the registration of share pledge, the shareholder shall promptly provide the Company with relevant information concerning the pledged shares based on the needs of the Company for the risk management and information disclosure. When the shares of a substantial shareholder holding more than 5% of the shares are pledged, the shareholder shall notify the Bank within 2 day after the date of the occurrence of the event and the Bank will make an announcement based on the disclosure requirements on the pledge of the shares of shareholders.

Article 39 A shareholder may not pledge the Bank's shares if the balance of its borrowings from the Bank exceeds the audited net value of the equity it held in the Bank in the previous year.

Article 40 Where the Bank's equity pledged by one of its shareholders reaches 50% or more of the Bank's total shares held by it, the voting rights of the shareholder at the general meeting and the voting rights of the director nominated by it and elected at the general meeting at the Board meetings shall be both restricted. The Bank shall set out the above circumstances in the minutes of relevant meetings.



Article 41 The Bank shall establish and improve the firewall on operational risks of shareholders to prevent various risks from the equity pledge by shareholders. Relevant shareholders who have pledged the Shares of the Bank shall provide the Bank with the audited report or financial statements for the previous year. Where shareholders are involved in lawsuits, arbitrations, with being frozen, sold at a discounted price or auctioned, they shall promptly notify the Board of the Bank after the occurrence of relevant circumstances.

Article 42 In any of the following circumstances, the Bank shall disclose information through interim reports, annual reports and other means, in a timely manner, and report the relevant information to the banking and insurance regulatory authority within 10 days after any of the following circumstances occurs:

- (I) The shares of the Bank pledged reach or exceed 20% of the total equity;
- (II) A substantial shareholder pledges 50% or more of the shares held in the Bank; and
- (III) The Bank's pledged shares are subject to being frozen, judicial auctions and legal restrictions on voting rights or subject to other rights restrictions.

Article 43 The banking and insurance regulatory authority or its local offices shall have the right to restrict the proportion of the pledged shares of the Bank held by the same shareholder, its related parties and persons acting in concert.

#### **CHAPTER V SHAREHOLDERS EVALUATION AND DUTIES AND RESPONSIBILITIES OF THE BANK**

Article 44 The Board of Directors of the Bank shall perform their due diligence and assume ultimate responsibility for the management of equity matters. The board Chairman is the first responsible person for handling the Bank's equity matters. The secretary to the Board shall assist the Chairman with his/her work, and is the person directly responsible for handling equity matters.

The Chairman and the secretary to the Board shall faithfully, honestly and diligently perform their duties.

Article 45 The Office of the Board of the Bank shall be responsible for handling matters relating to the Bank's equity and conducting the registration of equity information and disclosure of information.

Article 46 The Bank shall boost communication with its shareholders and investors, and shall take charge of relevant work including but not limited to applying for administrative licenses, reporting of shareholder information and other relevant matters and submitting relevant documents.

Article 47 The Bank shall strengthen the examination of shareholder qualifications. It shall verify the information about its substantial shareholders and their controlling shareholders, actual controllers, related parties, persons acting in concert, ultimate beneficiaries and understand any changes in such information, make judgment on shareholder's influence on its operation and management of the Bank, and report or disclose relevant information in a timely, accurate and complete manner according to law.

Article 48 The Board of Directors of the Bank shall, at least annually, evaluate its substantial shareholders regarding their qualifications, performance of commitments, implementation of the Bank's Articles of Association or relevant agreements, as well as their compliance with laws, regulations and regulatory requirements, and submit the evaluation reports thereof to the banking and insurance regulatory authority or its local offices in a timely manner.

Article 49 The credit balance granted by the Bank to an individual entity such as a substantial shareholder, controlling shareholder, actual controller, related party, party acting in concert or ultimate beneficiary shall not exceed 10% of the net capital of the Bank. The total credit balance granted by the Bank to an individual substantial shareholder and controlling shareholder, actual controller, related party, party acting in concert and ultimate beneficiary shall not exceed 15% of the net capital of the Bank.

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 Bank or the wealth management products issued by the Bank. The Bank shall identify the ultimate debtors according to the principle of penetration.

Where the substantial shareholder and controlling shareholder, actual controller, related party, party acting in concert and ultimate beneficiary of the Bank are financial institutions, the Bank shall abide by laws and regulations and relevant rules of regulatory authorities on interbank business when the Bank conducts such businesses with them.

Article 50 When entering into the sale or purchase or lease of the 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 the banking and insurance regulatory authority, 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.

Article 51 The Bank shall, in accordance with laws and regulations and the actual conditions of the Bank, improve the measures on related party transactions, reinforce the management of related party transactions, accurately identify related parties, and strictly implement the review/approval and information disclosure systems for related party transactions, and timely report information on related party transactions to the banking and insurance regulatory authority or its local offices.

#### **CHAPTER VI SUPPLEMENTARY PROVISIONS**

Article 52 The term “more than” mentioned herein is inclusive of the concerned figure, while the terms “less than” and “insufficient” are both exclusive of the concerned figure.

Article 53 The meanings of the following terms mentioned in these measures are explained as follows:

- (I) Based on the provisions of Article 216 of the Company Law of the People’s Republic of China, the controlling shareholder refers to a shareholder who contributes more than 50% of the total capital of a limited liability company or holds more than 50% of the total share capital of a limited liability company, or a shareholder who, despite its contribution or shareholding being less than 50% of the total capital or the total share capital of a limited liability company, has sufficient voting rights carried on its shareholding to exert significant impact on the resolutions of the shareholders’ meeting or the general meeting.
- (II) Based on the provisions of Article 216 of the Company Law of the People’s Republic of China, the actual controller refers to the person who, despite not being a shareholder of the company, is able to actually control the conduct of the company through investment relations, agreements or other arrangements.
- (III) Related/Connected party includes the “connected transactions” under the Accounting Standards for Business Enterprises 36–Disclosure of Related Party and the Hong Kong Listing Rules of the Hong Kong Stock Exchange.

Based on the Accounting Standards for Business Enterprises 36–Disclosure of Related Party, if a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control or significant influence from another party, they are considered to be related parties. However, the enterprises controlled by the state do not have connections with each other based on the fact that their shares are in each case controlled by the State.

Based on the Hong Kong Listing Rules of the Hong Kong Stock Exchange, connected transactions are transactions conducted by the listed issuer group (namely the listed issuer and its subsidiaries) with connected persons, and specified categories of transactions conducted by the listed issuer group 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.

(IV) A concerted action refers to the act or fact that an investor, through agreements or other arrangements and in cooperation with other investors, jointly expands the quantity of the voting rights carried on the shares of a company in their control. The investors engaged in concerted actions are people acting in concert.

(V) The ultimate beneficiary refers to the person who effectively enjoys the return on the Bank's shares.

Article 54 Matters not covered herein shall be subject to the relevant laws, regulations, rules, regulatory documents and the Bank's Articles of Association. In case of any discrepancy between these measures and the newly enacted laws, regulations, rules and regulatory documents, the newly enacted laws, regulations, rules, regulatory documents and relevant requirements shall prevail. The Bank will amend these measures when appropriate and will submit it to the general meeting for consideration and approval.

Article 55 These measures shall come into effect after it is considered and approved at the general meeting of the Bank.

Article 56 These measures shall be interpreted by the Board of Directors of the Bank.

---

## **ANNEX 10    PLAN FOR ISSUANCE OF OFFSHORE PREFERENCE SHARES**

---

The plan for issuance of Offshore Preference Shares is written in Chinese, with no official English translation. The English translation is provided for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail. The full version of the plan for the issuance of Offshore Preference Shares is as follows:

### **I.     TYPE OF PREFERENCE SHARES TO BE ISSUED**

The type of Offshore Preference Shares will be preference shares to be issued in the offshore market that comply with the requirements of applicable domestic and overseas laws, regulations and regulatory documents.

### **II.    NUMBER OF PREFERENCE SHARES TO BE ISSUED AND ISSUE SIZE**

The number of Offshore Preference Shares to be issued will not exceed 100,000,000 shares, with proceeds to be raised therefrom not exceeding RMB10 billion or its equivalent. The actual issue size is to be determined by the Board within the abovementioned limit, in accordance with the authorization given by the Shareholders' general meeting.

### **III.   PAR VALUE AND ISSUE PRICE**

The par value of the Offshore Preference Shares will be RMB100 each. The Offshore Preference Shares will be issued at or above the par value. The actual currency and issue price will be determined by the Board prior to issuance with reference to the market conditions and in accordance with relevant laws and regulations, market practice and the authorization given by the Shareholders' general meeting.

### **IV.   MATURITY**

The Offshore Preference Shares will not have any maturity date.

**V.    METHOD OF ISSUANCE AND TARGET INVESTORS**

The issuance of Offshore Preference Shares will be conducted by way of a private placement in accordance with the relevant rules on issuance and the Offshore Preference Shares shall, after being approved by regulatory authorities, be issued in a single or multiple series in accordance with the relevant procedures. If the Offshore Preference Shares are to be issued in multiple series, no separate approval shall be required from holders of preference shares of previous series for each subsequent issuance.

Each series of Offshore Preference Shares will be offered to no more than 200 qualified investors who meet the requirements under relevant regulatory rules and other laws and regulations. All target investors shall subscribe for the Offshore Preference Shares in cash.

**VI.   LOCK-UP PERIOD**

There will be no lock-up period for the Offshore Preference Shares.

**VII.   DIVIDEND DISTRIBUTION TERMS****(I)   Principles for determining the dividend rate**

The dividend rate for the Offshore Preference Shares (such dividend rate will be calculated by reference to the issue price of the Offshore Preference Shares, similarly construed hereinafter) may be adjusted at different intervals. The dividend rate at the time of issuance shall be determined by the Board or such person(s) as authorized by the Board by way of market pricing, in accordance with the authorization given by the Shareholders' general meeting together with other factors including relevant laws and regulations, prevailing market conditions at the time of issuance, the demand of investors and the actual circumstances of the Bank. In any reset period for dividend rate, dividends on the Offshore Preference Shares will be paid at the same prescribed dividend rate and will reset at specified intervals thereafter.

The dividend rate consists of the benchmark rate and the fixed spread. The fixed spread will be determined by deducting the benchmark rate at the time of issuance from the dividend rate at the time of issuance and will remain unchanged once determined. On each dividend reset date, the new dividend rate for the next dividend period will be determined, and will equal to the sum of the benchmark rate as at the dividend reset date and the fixed spread as determined at the time of issuance.

The dividend rate will not be higher than the mean of the weighted average return on equity<sup>1</sup> of the Bank for the last two financial years prior to the issuance of the relevant Offshore Preference Shares.

**(II)    Conditions to distribution of dividends**

1.    If the Bank has distributable after-tax profit<sup>2</sup> after making up for previous years' losses and contributing to the statutory reserve and general reserve, the Bank may pay dividends to the Offshore Preference Shareholders in accordance with the Articles of Association of the Bank, provided that the capital adequacy ratio of the Bank meets regulatory requirements. The Offshore Preference Shareholders shall rank in priority to the ordinary shareholders of the Bank in terms of dividend distribution. Distribution of dividends will not be affected by the rating of the Bank and will not be adjusted as a result of any change to such rating.
2.    In order to meet the regulatory requirements for the eligibility criteria for Additional Tier One Capital instruments, the Bank shall have the right to cancel dividend payments on the Offshore Preference Shares in whole or in part at its discretion and this will not constitute an event of default. The Bank, at its discretion, may use any dividend so cancelled to repay other debts that are due. The cancellation of any dividend payment to the Offshore Preference Shareholders will only constitute a restriction on the payment of dividend to the ordinary shareholders and will not constitute any other restrictions on the Bank. Any declaration and payment of all of the dividends on the Offshore Preference Shares by the Bank will be determined by the Board or the person(s) as authorized by the Board in accordance with the authorization given by the Shareholders' general meeting. Any cancellation of all or part of the dividends on the Offshore Preference Shares shall be subject to the consideration and approval by the Shareholders' general meeting. Any cancellation by the Bank of any dividends on the Offshore Preference Shares shall be notified to the Offshore Preference Shareholders at least ten working days prior to the dividend payment date.

---

<sup>1</sup>    The weighted average return on equity is determined in accordance with the Rules for Preparation of Information Disclosure by Companies Offering Securities to the Public No. 9 — Calculation and Disclosure of Return on Equity and Earnings Per Share (as amended in 2010), and calculated based on the return attributable to the ordinary shareholders of the Bank.

<sup>2</sup>    Distributable after-tax profit is the undistributed profit as shown in the financial statements of the parent company prepared in accordance with Chinese Accounting Standards or International Financial Reporting Standards, whichever amount is lower.

3. If the Bank cancels all or part of the distribution of dividends payable on the Offshore Preference Shares, the Bank shall not distribute any profits to the ordinary shareholders from the day following the date of the Shareholders' general meeting at which the resolution is approved until the resumption of general meeting at which the resolution is approved until the resumption of payment of dividends in full.<sup>3</sup>

**(III) Method of dividend payment**

Dividends on the Offshore Preference Shares shall be payable in cash. The principal amount for calculating the dividend amount on the Offshore Preference Shares shall be the aggregate value of Offshore Preference Shares under the relevant series then issued and outstanding (namely, the product of the issue price of the Offshore Preference Shares and the number of Offshore Preference Shares under the relevant series then issued and outstanding, similarly construed hereinafter). Dividends on the Offshore Preference Shares shall be paid annually, and will accrue from the due date for payment for the issuance of the relevant series of Offshore Preference Shares.

**(IV) Dividend accumulation**

The dividends on the Offshore Preference Shares will be non-cumulative (namely, in the event of any cancellation by the Bank of all or part of the dividends on the Offshore Preference Shares, any amount of dividends not paid to the Offshore Preference Shareholders in full in the current period will not be accumulated to the subsequent dividend periods).

**(V) Distribution of remaining profits**

After receiving the dividends at the prescribed dividend rate, the Offshore Preference Shareholders shall not be entitled to any distribution of remaining profits of the Bank together with the ordinary shareholders of the Bank.

---

<sup>3</sup> Resumption of payment of dividends in full means that the Bank decides to resume payment of dividends in full to the Offshore Preference Shareholders. However, as the Offshore Preference Shares have adopted a non-cumulative dividend approach, the Bank will not pay any dividends which have been cancelled in previous years.



**VIII. TERMS OF MANDATORY CONVERSION****(I)    Events triggering mandatory conversion**

1.    Upon the occurrence of an Additional Tier One Capital instrument trigger event (namely, the core tier one capital adequacy ratio of the Bank falling to 5.125% or below), the Bank shall have the right to convert, without the approval of the Offshore Preference Shareholders, all or part of the Offshore Preference Shares then issued and outstanding into H Shares based on the aggregate value of such Offshore Preference Shares in order to restore the core tier-one capital adequacy ratio of the Bank to above 5.125%. In case of partial conversion, the Offshore Preference Shares shall be converted on a pro rata basis and on the same conditions. Upon conversion of the Offshore Preference Shares into H Shares, such H Shares will not be converted back to preference shares under any circumstances.
  
2.    Upon the occurrence of a Tier Two Capital Trigger Event, the Bank shall have the right to convert, without the approval of the Offshore Preference Shareholders, all of the Offshore Preference Shares then issued and outstanding into H Shares based on the aggregate value of such Offshore Preference Shares. Upon conversion of the Offshore Preference Shares into H Shares, such H Shares will not be converted back to preference shares under any circumstances. A Tier Two Capital Trigger Event means the earlier of the following events: (1) China's banking regulatory authorities having concluded that without a conversion or write-off of the Bank's capital, the Bank would become non-viable, and (2) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable.

Upon the occurrence of the above mandatory conversion trigger events, the Bank shall report to the China's banking regulatory authorities for review and determination and shall fulfill its relevant information disclosure obligations such as making provisional reports or announcements in accordance with relevant regulatory requirements.

**(II)    Mandatory conversion period**

The mandatory conversion period of the Offshore Preference Shares commences on the first trading day immediately following the completion date of issuance of the Offshore Preference Shares and ends on the date of redemption or conversion of all the Offshore Preference Shares.

**(III) Mandatory conversion price and method of adjustments of the mandatory conversion price**

The initial mandatory conversion price of the Offshore Preference Shares will be equal to the average trading price of H Shares of the Bank for the 20 trading days preceding the announcement date of the Board resolution approving the plan for issuance of the Offshore Preference Shares. Specific details shall be determined by the Board (as authorized by the Shareholders' general meeting) or the person(s) as authorized by the Board in accordance with market conditions. The average trading price of H Shares of the Bank for the 20 preceding trading days is as follow:

$$\begin{array}{lcl} \text{The average trading price of H} & & \text{The total trading amount of H Shares of the Bank} \\ \text{Shares of the Bank for the 20} & = & \text{for the 20 preceding trading days} \\ \text{preceding trading days} & & \hline & & \text{The total trading volume of H Shares of the Bank} \\ & & \text{for the 20 preceding trading days} \end{array}$$

In the event that the Bank, among other things, distributes bonus shares with respect to H Shares, makes capitalization issue with respect to H Shares, issues new H Shares at a price below the market price of the H Shares (excluding any increase in the share capital as a result of conversion of certain financial instruments issued by the Bank that are convertible into Ordinary Shares) or make any rights issue with respect to H Shares, after the date the Board approves the plan for issuance of the Offshore Preference Shares, the Bank will adjust the mandatory conversion price to reflect the above events on a cumulative basis and in the order of the occurrence of such events. The distribution of cash dividends to the ordinary shareholders will not result in any adjustment to the mandatory conversion price. The mandatory conversion price will be adjusted based on the following:

Bonus share issuance or capitalization issue:  $P_1 = P_0 \times N/(N+n)$ ;

Issuance of new H Shares at a price below the market price of the H Shares or by way of a rights issue:  $P_1 = P_0 \times (N+k)/(N+n)$ ;  $k=n \times A/M$ ;

Where, "P<sub>0</sub>" denotes the effective mandatory conversion price before adjustment; "P<sub>1</sub>" denotes the effective mandatory conversion price after adjustment; "N" denotes the aggregate number of H Shares before such bonus share issuance, capitalization issue, issuance of new H Shares or rights issue; "n" denotes the number of new H Shares issued as a result of such bonus share issuance, capitalization issue, issuance of new H Shares or rights issue; "A" denotes the price for such issuance of new H Shares or rights issue; and "M" denotes the closing price of H Shares on the trading day preceding the date of announcement of such issuance of new H Shares or rights issue (namely, announcement containing the effective and irrevocable terms of such issuance or rights issue).

In the event that the rights and interests of the Offshore Preference Shareholders may be affected by any redemption of the Ordinary Shares by, or merger or division of, the Bank or any other circumstance which causes changes in the Bank's share class, number of shares and/or Shareholders' equity, the Bank shall have the right to adjust the mandatory conversion price based on the actual circumstances and in accordance with the principles of fairness, justice and equity as well as to fully protect the rights and interests of the Offshore Preference Shareholders and the ordinary shareholders. The adjustment mechanism for the mandatory conversion price in those circumstances will be determined in accordance with the relevant regulations.

**(IV) Principles for determining the ratio and number for mandatory conversion**

Upon the occurrence of a trigger event, the Board will, in accordance with the approval of the China's banking regulatory authorities and the authorization given by the Shareholders' general meeting, confirm the aggregate amount of the Offshore Preference Shares for mandatory conversion and implement mandatory conversion of the Offshore Preference Shares then issued and outstanding in whole or in part, and the formula for determining the number of shares to be converted shall be:  $Q = V/P \times \text{conversion exchange rate}$ . Any fractional share will be dealt with by the Bank in accordance with relevant regulatory requirements. Where it is not specified in the regulatory requirements, any fractional share will be rounded down to the nearest integral number. Where: "Q" denotes the number of H Shares that shall be converted from the Offshore Preference Shares held by each Offshore Preference Shareholder; "V" denotes the number of the Offshore Preference Shares held by each Offshore Preference Shareholder that is subject to mandatory conversion multiplied by its issue price; "P" denotes the effective mandatory conversion price for the Offshore Preference Shares; and the "conversion exchange rate" refers to the cross rate between Hong Kong dollars and the currency in which the Offshore Preference Shares are denominated based on the RMB central parity rate published by the China Foreign Exchange Trading System on the trading day preceding the date of the announcement of passing of the Board resolution in respect of the plan for the issuance of Offshore Preference Shares.

Upon the occurrence of a trigger event, the Offshore Preference Shares then issued and outstanding will be converted into corresponding number of H Shares based on the above formula in whole or in part on a pro rata basis.

**(V)    Entitlement to dividends on Ordinary Shares in the year of mandatory conversion**

The H Shares to be issued as a result of the mandatory conversion of the Offshore Preference Shares will rank pari passu with the existing issued H Shares, and all ordinary shareholders whose names appear on the register of members of the Bank on the record date for dividend entitlement (including the holders of H Shares as a result of the mandatory conversion of the Offshore Preference Shares) shall be entitled to receive the dividend for the current dividend period and enjoy the same rights.

**IX.    TERMS OF CONDITIONAL REDEMPTION**

**(I)    Redemption right**

The Bank shall have the right to redeem the Offshore Preference Shares subject to approval of the China's banking regulatory authorities. The Offshore Preference Shareholders do not have the right to require the Bank to redeem the Offshore Preference Shares and should not expect that the Offshore Preference Shares will be redeemed. The Offshore Preference Shares will not contain any term allowing investors to put back the Offshore Preference Shares to the Bank and the Offshore Preference Shareholders shall not have any right to require the Bank to repurchase the Offshore Preference Shares held by them.

**(II)    Redemption conditions and period**

From the fifth year following the date of issuance of the Offshore Preference Shares, or under the circumstances agreed by relevant regulatory authorities, including the China's banking regulatory authorities, and subject to approval of the China's banking regulatory authorities and compliance with the relevant requirements, the Bank shall have the right to redeem all or part of the Offshore Preference Shares. The specific commencement date of redemption period shall be finally determined by the Board (as authorized by the Shareholders' general meeting) or the person(s) as authorized by the Board in accordance with market conditions. The redemption period ends on the conversion or redemption of all the Offshore Preference Shares.

The exercise by the Bank of its right to redeem the Offshore Preference Shares shall be subject to the fulfillment of the following conditions:

1. the Bank shall use capital instruments of the same or superior quality to replace the Offshore Preference Shares to be redeemed and such replacement shall only be made at a time at which the Bank has a sustainable income generating capability; or
2. the capital level of the Bank immediately after redemption of the Offshore Preference Shares will remain significantly higher than the regulatory capital requirements prescribed by the China's banking regulatory authorities.

**(III) Redemption price and basis for determining the redemption price**

The redemption price of the Offshore Preference Shares will be an amount equal to the issue price plus the amount of dividend declared but unpaid for the then current period.

**X. RESTRICTIONS ON VOTING RIGHTS AND TERMS OF RESTORATION OF VOTING RIGHTS**

**(I) Restrictions on voting rights**

Under normal circumstances, the Offshore Preference Shareholders are not entitled to convene or attend any Shareholders' general meeting of the Bank nor do the Offshore Preference Shares carry voting rights in any Shareholders' general meeting. If any of the following matters occurs, the Offshore Preference Shareholders will be entitled to attend Shareholders' general meetings and vote as a separate class. Under such circumstance, each Offshore Preference Share will be entitled to one vote, but the Offshore Preference Shares held by the Bank do not entitle the Bank to vote on:

1. amendments to the relevant clauses of Articles of Association that relate to preference shares;
2. the reduction of the registered capital of the Bank by more than 10% on a single or aggregate basis;
3. the merger, division, dissolution or change of corporate form of the Bank;
4. the issuance of preference shares by the Bank; and

5. other events specified in the laws, administrative rules and departmental regulations and the Articles of Association.

Resolutions relating to the above matters shall be approved by more than two thirds of the votes held by the ordinary shareholders present at the meeting (including preference shareholders with restored voting rights) and by more than two thirds of the votes held by the preference shareholders present at the meeting (excluding preference shareholders with restored voting rights).

**(II) Terms of restoration of voting rights**

Following the completion of issuance of the Offshore Preference Shares by the Bank and so long as such Offshore Preference Shares remain outstanding, if the Bank fails to pay the prescribed dividend to the Offshore Preference Shareholders for three financial years in aggregate or for two consecutive financial years, the Offshore Preference Shareholders will have the right to attend and vote at Shareholders' general meetings as if they are ordinary shareholders from the day immediately after the Shareholders' general meeting resolves that the Bank will not pay the prescribed dividend for the relevant dividend period, and each preference share will be entitled to the voting rights as provided in the Articles of Association. The formula for calculating the voting rights of an Offshore Preference Shareholder with restored voting rights is as follows:  $Q = V/P \times \text{conversion exchange rate}$ , with any fractional restored voting right rounded down to the nearest integral number. Where: "Q" denotes the H Share voting rights restored from the Offshore Preference Shares held by each Offshore Preference Shareholder; "V" denotes the aggregate value of the Offshore Preference Shares with restored voting rights held by each Offshore Preference Shareholder; "P" denotes the conversion price, where the initial conversion price is equal to the initial mandatory conversion price of the Offshore Preference Shares. The "conversion exchange rate" refers to the cross rate between Hong Kong dollar and the currency in which the relevant tranche of Offshore Preference Shares are denominated based on the RMB central parity rate published by the China Foreign Exchange Trading System on the trading date preceding the date of the announcement of the passing of the Board resolution in respect of the plan for the issuance of Offshore Preference Shares.

After the date of the announcement of the passing of the Board resolution with respect to the plan for the issuance of Offshore Preference Shares, in the event of any distribution of bonus shares, capitalization issue, issuance of new H Shares below the market price of the H Shares (excluding any increase of share capital due to conversion of financial instruments convertible to Ordinary Shares issued by the Bank), or rights issue, the Bank will make an adjustment to the conversion price, “P”, to reflect each of such events on a cumulative basis in the order of the occurrence of the events above. The adjustment method shall be consistent with the adjustment method applicable to the mandatory conversion price as specified in “VIII. TERMS OF MANDATORY CONVERSION”.

**(III) Cancellation of restoration of voting rights**

After such restoration of the voting rights of the Offshore Preference Shares, such restored voting rights shall be cancelled from the date of full payment of the dividend on the Offshore Preference Shares for the relevant dividend period. After the cancellation of the restored voting rights, if the Bank fails to make any scheduled dividend payment, then “(II) Terms of restoration of voting rights” above shall apply again.

**XI. ORDER OF DISTRIBUTION ON LIQUIDATION AND PROCEDURES OF LIQUIDATION**

When the Bank is undergoing liquidation, the assets of the Bank will be distributed in the following order of priority and in accordance with the Articles of Association:

- (i) to pay the liquidation costs;
- (ii) to pay employees’ salaries, social insurance contributions and statutory compensation;
- (iii) to pay the principal and accrued interest of individual savings deposits;
- (iv) to pay taxes in arrears;
- (v) to settle the Bank’s debts; and
- (vi) to distribute to Shareholders according to the class and proportion of shares held by them.

The Offshore Preference Shares shall rank *pari passu* with the holders of other preference shares to be issued by the Bank in the future, and shall take precedence over Ordinary Shares, in distribution of the residual property of the Bank.

---

## **ANNEX 10    PLAN FOR ISSUANCE OF OFFSHORE PREFERENCE SHARES**

---

The Offshore Preference Shareholders will be entitled to an amount on liquidation equal to the aggregate value of the Offshore Preference Shares then issued and outstanding plus any declared but unpaid dividends for the relevant period. If there are insufficient residual assets, the distribution will be made proportionally according to the aggregate value of the Offshore Preference Shares held by each Offshore Preference Shareholder as a percentage of the aggregate value of all Offshore Preference Shares and Additional Tier One Capital instruments.

The remaining assets of the Bank after settlement in accordance with the provisions aforesaid shall be distributed to the ordinary shareholders of the Bank in proportion to their respective shareholding.

### **XII. SECURITY**

The Offshore Preference Shares will not have any security arrangements.

### **XIII. USE OF PROCEEDS**

All proceeds from the issuance of Offshore Preference Shares, after deduction of the expenses relating to the issuance, will be used to replenish the Bank's additional tier one capital.

### **XIV. RATING ARRANGEMENTS**

Specific rating arrangements (if necessary) for the Offshore Preference Shares will be determined based on the relevant laws and regulations and the prevailing market conditions at the time of issuance.

### **XV. LISTING/TRADING ARRANGEMENTS**

The listing/trading arrangements for the Offshore Preference Shares will be set out in the offering documents.

### **XVI. VALIDITY PERIOD OF THE RESOLUTION FOR THE ISSUANCE OF OFFSHORE PREFERENCE SHARES**

The plan for the issuance of Offshore Preference Share will be valid for 12 months from the date on which the resolution is approved at the Shareholders' general meeting and the Class Meetings.



Upon being approved at the 2018 AGM and subject to the approval by the CBIRC, the Bank will make the following amendments to the Article of Association, commencing from the completion date of the issuance of the first tranche of Offshore Preference Shares:

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<b>Article 7</b> The entire share capital of the Bank shall be divided into shares of equal par value. Shareholders shall be liable to the Bank to the extent of their respective subscribed shares and the Bank shall be liable for its debts to the extent of all its assets.	<b>Article 7</b> <del>The entire share capital of the Bank shall be divided into shares of equal par value.</del> Shareholders <b>of the Bank</b> shall be liable to the Bank to the extent of their respective subscribed shares and the Bank shall be liable for its debts to the extent of all its assets.	The amendment is made for creating preference shares
<b>Article 14</b> The organization of the Communist Party of China of the Bank shall carry out the activities of the Communist Party of China in accordance with the regulations of the Constitution of the Communist Party of China.	<b>Article 14</b> <del>The organization of the Communist Party of China of the Bank shall carry out the activities of the Communist Party of China.</del> <u>In accordance with the regulations of the Constitution of the Communist Party of China., the Bank shall establish an organization of the Communist Party of China. The Party organization shall play the core role in leadership and politics for providing direction, managing the overall situation and ensuring implementation. The working organ shall be established to carry out activities of the party, which shall be equipped with staff to deal with the affairs of the party and provided with sufficient funds for operation of the party organisation.</u>	The amendment is made in accordance with the Several Opinions on Upholding the Leadership of the Party and Strengthening the construction of the Party when Deepening the Reform of the State-owned Enterprises

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 18</b> As registered with the registration authorities and as approved by the China Banking Regulatory Commission and the People's Bank of China, the business scope of the Bank shall include:</p> <p>.....</p> <p>(13) providing safe deposit box service;</p> <p>(14) providing settlement and sales of foreign exchange services; and</p> <p>(15) engaging in other businesses approved by the banking regulatory authorities under the State Council.</p>	<p><b>Article 18</b> As registered with the registration authorities and as approved by the <del>China Banking Regulatory Commission and the People's Bank of China</del> <b><u>banking regulatory authorities under the State Council</u></b>, the business scope of the Bank shall include:</p> <p>.....</p> <p>(13) providing safe deposit box service;</p> <p>(14) providing settlement and sales of foreign exchange services;</p> <p><b><u>(15) providing RMB and foreign currency exchange business; and</u></b></p> <p><del>(15)</del><b>(16)</b> engaging in other businesses approved by the banking regulatory authorities under the State Council.</p>	<p>For unifying the names of banking regulatory authorities in the Articles of Association, and updating business scope in accordance with the changed business license and adjusting serial numbers accordingly</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 19</b> The Bank shall have ordinary shares at all times. Based on its needs and upon approval by the approval authorities authorized by the State Council, the Bank may create other classes of shares as required by applicable laws. In appropriate circumstances, the Bank shall ensure adequate voting rights for preference shareholders.</p>	<p><b>Article 19</b> The Bank shall have ordinary shares at all times. Based on its needs and upon approval by the approval authorities authorized by the State Council, the Bank may create <b>preference shares and</b> other classes of shares as required by applicable laws. In appropriate circumstances, the Bank shall ensure adequate voting rights for preference shareholders.</p> <p><b><u>In the Articles of Association, preference shares refer to the other classes of shares governed separately under the Company Law as compared to the ordinary shares governed by the general provisions. Preference shareholders shall participate in the distribution of profits and residual assets of the Bank in priority to ordinary shareholders, but their rights in respect of participating in decision making and management of the Bank (such as voting rights) are restricted.</u></b></p> <p><b><u>Unless otherwise specified, references in Chapters 3 to 18 of the Articles of Association to share(s) (including H shares) and share certificate(s) shall refer to ordinary share(s) and ordinary share certificate(s) and references to shareholders in Chapter 3 to Chapter 18 of the Articles of Association shall refer to ordinary shareholders. Special matters relating to preference shares are set out separately in Chapter 15 of the Articles of Association.</u></b></p>	<p>The amendment is made in accordance with the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme</p>
<p><b>Article 20</b> All shares issued by the Bank shall have par values, each with a par value of RMB1.00. RMB as referred to in the preceding paragraph refers to the statutory currency of the PRC.</p>	<p><b>Article 20</b> All <u>ordinary</u> shares issued by the Bank shall have par values, each with a par value of RMB1.00. RMB as referred to in the preceding paragraph refers to the statutory currency of the PRC.</p>	<p>The amendment is made for creating preference shares</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 23</b> The Bank shall issue shares in a fair and just manner, and shares of the same class shall rank pari passu with each other.</p>	<p><b>Article 23</b> The Bank shall issue shares in a fair and just <u>and open</u> manner, and shares of the same class shall rank pari passu with each other.</p>	<p>The amendment is made in accordance with Article 15 of the Guidance for Articles of Listed Companies</p>
<p><b>Article 25</b> Upon approval by the approval authorities authorized by the State Council, the Bank may issue a total number of 10069791330 ordinary shares.</p> <p>The capital structure of the Bank is 10069791330 ordinary shares, including 7525991330 domestic shares, accounting for 74.7383% of the total ordinary shares issued by the Bank; and 2543800000 H shares, accounting for 25.2617% of the total ordinary shares issued by the Bank.</p>	<p><b>Article 25</b> Upon approval by the approval authorities authorized by the State Council, the Bank may issue a total number of 10069791330 ordinary shares.</p> <p>The capital structure of <u>ordinary shares of</u> the Bank is 10069791330 ordinary shares, including 7525991330 domestic shares, accounting for 74.7383% of the total ordinary shares issued by the Bank; and 2543800000 H shares, accounting for 25.2617% of the total ordinary shares issued by the Bank.</p> <p><u><b>The Bank has [•] offshore preference shares in issue.</b></u></p>	<p>The amendment is made for creating preference shares</p>
<p><b>Article 28</b> The registered capital of the Bank is RMB10069791330.</p>	<p><del><b>Article 28</b> The registered capital of the Bank is RMB10069791330.</del></p>	<p>As the content of Article 28 is included in Article 5, this article shall be deleted</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 31</b> .....</p> <p>The registered share capital of the Bank following the reduction of capital shall not fall below the minimum threshold as required in Company Law, Commercial Banking Law and banking regulatory authority.</p>	<p><b>Article 3+0</b> .....</p> <p>The registered share capital of the Bank following the reduction of capital shall not fall below the minimum threshold as required in Company Law, Commercial Banking Law and banking regulatory authority<u>ies under the State Council.</u></p>	<p>The amendment is made for unifying the names of banking regulatory authorities in the Articles of Association</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 32</b> As adopted through the procedures stated in the Articles of Association of the Bank and approved by the banking regulatory authority, the Bank may repurchase its shares in the following circumstances:</p> <p>.....</p> <p>(5) any such other circumstances as permitted by the laws and administrative regulations.</p> <p>Except for the purpose as set above, the Bank shall not be engaged in any activities of buying and selling its own shares.</p>	<p><b>Article 32<del>1</del></b> As adopted through the procedures stated in the Articles of Association of the Bank and approved by the banking regulatory authority <u><b>under the State Council</b></u>, the Bank may repurchase its shares in the following circumstances:</p> <p>.....</p> <p><u><b>(5) where the laws, administrative regulations, department rules, the Articles of Association or the Plan for Issuance of Preference Shares of the Bank in relation to the repurchase of preference shares by the Bank provides otherwise, such provisions shall prevail.</b></u></p> <p><del>(5)</del><b>(6)</b> any such other circumstances as permitted by the laws and administrative regulations.</p> <p>Except for the purpose as set above, the Bank shall not be engaged in any activities of buying and selling its own shares. <u><b>The Bank shall comply with the laws, administrative regulations, rules, the rules governing the listing of securities on the stock exchange where its shares are listed and the Articles of Association in repurchasing the shares in issue.</b></u></p>	<p>The amendment is made for unifying the names of banking regulatory authorities in the Articles of Association; creating preference shares and adding the relevant explanation on repurchase of shares in accordance the specific requirements therefor under the Listing Rules, so as to improve the accuracy of expression</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 34</b> Purchase of the shares of the Bank for the sake of the reasons provided in Article 32 (1) to (3) of the Articles of Association shall be permitted by resolutions at the shareholders' general meeting. Shares repurchased by the Bank in accordance with the provision in Article 32(1) shall be cancelled within 10 days from the date of repurchase, and shares repurchased by the Bank in accordance with the provision in Article 32 (2) and (4) shall be transferred or cancelled within six months.</p> <p>.....</p>	<p><b>Article 34<del>3</del></b> Purchase of the shares of the Bank for the sake of the reasons provided in Article 32<del>1</del>(1) to (3) of the Articles of Association shall be permitted by resolutions at the shareholders' general meeting. Shares repurchased by the Bank in accordance with the provision in Article 32<del>1</del> (1) shall be cancelled within 10 days from the date of repurchase, and shares repurchased by the Bank in accordance with the provision in Article 32<del>1</del> (2) and (4) shall be transferred or cancelled within six months<del>;</del> <b><u>however, where the administrative regulations, department rules and the rules governing the listing of securities on the stock exchange in relation to cancellation of the shares provides otherwise, such provisions shall prevail</u></b></p> <p>.....</p>	<p>The amendment is made for supplemental purpose to avoid any inconsistency with Rule 10.06 of the Listing Rules</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 41</b> The Directors, Supervisors, President and other senior management officers of the Bank shall report to the Bank their shareholdings and changes therein on a regular basis and shall not transfer more than 25% of the total number of shares held by them in each year during their office. Shares of the Bank held by them are not transferable within one year from the date on which the Bank's shares are listed on the stock exchange. The aforesaid person(s) shall not transfer the shares of the Bank held by them within six months commencing from the termination of their office.</p>	<p><b>Article 41</b> The Directors, Supervisors, President and other senior management officers of the Bank shall report to the Bank their shareholdings <b><u>(including preference shares)</u></b> and changes therein on a regular basis and shall not transfer more than 25% of the total number of shares held by them in each year during their office. Shares of the Bank held by them are not transferable within one year from the date on which the Bank's shares are listed on the stock exchange. The aforesaid person(s) shall not transfer the shares of the Bank held by them within six months commencing from the termination of their office.</p>	<p>The amendment is made for creating preference shares</p>
<p><b>Article 48</b> For matters specified in the two articles preceding this Article of the Articles of Association, in the circumstance of paperless trading of the shares of the Bank, provisions provided by the securities regulatory authorities in the place where the Bank's shares are listed shall apply.</p>	<p><b>Article 487</b> <del>For matters specified in the two articles preceding this Article of the Articles of Association;</del> In the circumstance of paperless trading of the shares of the Bank, provisions provided by the securities regulatory authorities in the place where the Bank's shares are listed shall apply.</p>	<p>According to relevant applicable provisions for listing in Hong Kong, the wording of this Article has been optimized</p>



Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 51</b> .....</p> <p>(3) the register of shareholders kept at such other places as the Board may consider necessary for the purpose of listing of the Bank's shares.</p>	<p><b>Article 51</b> .....</p> <p>(3) the register of shareholders kept at such other places as the Board may consider necessary for the purpose of listing of the Bank's shares <b><u>(including ordinary shares and preference shares).</u></b></p>	<p>The amendment is made for creating preference shares</p>
<p><b>Article 59</b> Where the Bank convenes a general meeting, distributes dividends, undergoes liquidation or engages in any other act requiring the confirmation of shareholding, the Board or the convener of the general meeting shall stipulate a date for shareholding registration, on which the shareholders whose names appear on the register of shareholders shall be the shareholders who are entitled to relevant interests.</p>	<p><b>Article 598</b> Where the Bank convenes a general meeting, distributes dividends, undergoes liquidation or engages in any other act requiring the confirmation of shareholding, the Board or the convener of the general meeting shall stipulate a date for shareholding registration, on which the shareholders whose names appear on the register of shareholders <b><u>(including preference shareholders with restored voting rights)</u></b> shall be the shareholders who are entitled to relevant interests.</p>	<p>The amendment is made for creating preference shares</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 60</b> Holders of the ordinary shares of the Bank shall enjoy the following rights:</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 general meetings in person or by proxy and exercise corresponding voting rights based on the number of the shares held by him/her;</p> <p>.....</p> <p>(5) to obtain relevant information in accordance with the laws, administrative regulations and regulations of the securities regulators of the place where the shares of the Bank are listed and the provisions of the Articles of Association, including: .....</p> <p>(8) the copy of the latest annual report submitted to the State Administration for Industry &amp; Commerce of China or other competent authorities for files;</p> <p>In accordance with the requirements of the Hong Kong Listing Rules, the Bank shall make the above documents (excluding item (2)) available for free inspection by the public and shareholders of H Shares at the domicile of the Bank in Hong Kong, of which the documents referred to in item (5) shall be available for inspection by shareholders only.</p> <p>.....</p>	<p><b>Article 60<del>59</del></b> Holders of the ordinary shares of the Bank shall enjoy the following rights <u>(where the Articles of Association provide otherwise in relation to the rights of preference shareholders, such provisions shall prevail)</u>:</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 <b><u>request, convene, preside over and</u></b> attend general meetings in person or by proxy and exercise corresponding voting rights based on the number of the shares held by him/her <b><u>according to relevant laws;</u></b></p> <p>.....</p> <p>(5) to obtain relevant information in accordance with the laws, administrative regulations and regulations of the securities regulators of the place where the shares of the Bank are listed and the provisions of the Articles of Association, including: .....</p> <p>(8) the copy of the latest annual report submitted to the <del>State Administration for Industry &amp; Commerce of China</del> <b><u>industrial and commercial administration authorities</u></b> or other competent authorities for files;</p> <p>In accordance with the requirements of the Hong Kong Listing Rules, the Bank shall make the above documents (excluding item (2)) available for free inspection by the public and shareholders of H Shares at the domicile of the Bank in Hong Kong, of which the documents referred to in item (5) shall be available for inspection by shareholders only.</p> <p><b><u>The resolutions of the Board meetings, resolutions of the meetings of the Board of Supervisors and counterfoils of corporate bonds shall be available for the inspection of the shareholders of the Bank.</u></b></p> <p>.....</p>	<p>The amendment is made in accordance with Article 32 of the Guidance for Articles of Listed Companies; and for creating preference shares</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 66</b> The shareholders holding the ordinary shares of the Bank shall have the following obligations:</p> <p>(1) to abide by laws, administrative regulations and the Articles of Association;</p> <p>.....</p> <p>(5) for shareholders, especially substantial shareholders, to support the Board of the Bank in developing a rational capital plan to ensure that the capital of the Bank continuously meets the regulatory requirements. When the capital of the Bank fails to meet the regulatory requirements, a plan of capital replenishment shall be developed to cause its capital adequacy ratio to meet the regulatory requirements during a certain period of time, and its capital may be supplemented by means such as increasing its core capital. Major shareholders shall not impede additional capital contributed to the Bank by other shareholders or introduction of eligible new shareholders into the Bank.</p> <p>.....</p> <p>(9) other obligations as required by laws, administrative regulations and the Articles of Association.</p>	<p><b>Article 66<del>5</del></b> The shareholders holding the ordinary shares of the Bank shall have the following obligations <b><u>(where the Articles of Association provide otherwise in relation to the obligations of preference shareholders, such provisions shall prevail):</u></b></p> <p>(1) to abide by laws, administrative regulations, <b><u>regulatory requirements</u></b> and the Articles of Association;</p> <p>.....</p> <p>(5) for shareholders, especially substantial shareholders, to support the Board of the Bank in developing a rational capital plan to ensure that the capital of the Bank continuously meets the regulatory requirements. When the capital of the Bank fails to meet the regulatory requirements, a plan of capital replenishment shall be developed to cause its capital adequacy ratio to meet the regulatory requirements during a certain period of time, and its capital may be supplemented by means such as increasing its core capital. Major shareholders shall not impede additional capital contributed to the Bank by other shareholders or introduction of eligible new shareholders into the Bank. <b><u>The substantial shareholders shall replenish the Bank with capital when necessary;</u></b></p> <p>.....</p>	<p>The amendment is made in accordance with Article 28 of the Interim Measures for the Equity Management of Commercial Banks and the adjustment to serial numbers is made accordingly; and the amendment is made for creating preference shares</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u>(9) Shareholders who shall have but have not been approved by the regulatory authorities or who have not reported to the regulatory authorities may not exercise the rights to request to convene a shareholders' general meeting, to vote, to nominate, to propose resolutions, or to dispose, etc.;</u></p> <p><del>(9)</del><u>(10)</u> other obligations as required by laws, administrative regulations and the Articles of Association.</p> <p><u>For shareholders who made false statements, abused shareholders' rights or had other acts that jeopardize the interests of the Bank, the banking regulatory authorities under the State Council or its local offices may restrict or prohibit such shareholders from conducting related party transactions, restrict their quota on holding the Bank's equity, on the proportion of equity pledge, etc., and may restrict their rights to request to convene a shareholders' general meeting, to vote, to nominate, to propose resolutions, to dispose, etc.</u></p>	

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 73</b> The general meeting, as the organ of authority of the Bank, shall have the following duties and powers in accordance with laws: .....</p> <p>(9) to pass resolutions on the issuance of the bonds or listing of the Bank; .....</p> <p>(15) to consider the temporary proposals of shareholders representing more than 3% of the total voting shares of the Bank; .....</p> <p>(23) to consider proposals for shareholders with more than 3% (inclusive) of the shares with voting rights of the Bank; and .....</p>	<p><b>Article 732</b> The general meeting, as the organ of authority of the Bank, shall have the following duties and powers in accordance with laws: .....</p> <p>(9) to pass resolutions on the issuance of the <b><u>corporate bonds or other securities and</u></b> listing of the Bank; .....</p> <p>(15) to consider the temporary proposals of shareholders representing more than 3% of the total voting shares of the Bank <b><u>(including preference shareholders with restored voting rights);</u></b> .....</p> <p><del>(23) to consider proposals for shareholders with more than 3% (inclusive) of the shares with voting rights of the Bank;</del> <b><u>to determine the issuance of preference shares; to determine or authorise the Board to determine matters relating to preference shares issued by the Bank, including but not limited to redemption, conversion and distribution of dividends; and</u></b> .....</p>	<p>The amendment is made for optimizing wording; deleting duplicate provisions; and creating preference shares</p>
<p><b>Article 75</b> .....</p> <p>In the event that the Bank is unable to convene a general meeting within the aforesaid period for any reason, the Board shall report to the banking regulatory authorities and explain the reasons for the postponement.</p>	<p><b>Article 754</b> .....</p> <p>In the event that the Bank is unable to convene a general meeting within the aforesaid period for any reason, the Board shall report to the banking regulatory authorities <b><u>under the State Council</u></b> and explain the reasons for the postponement.</p>	<p>For unifying the names of banking regulatory authorities in the Articles of Association</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 76</b> The Bank shall hold an extraordinary general meeting within two months from the date of the occurrence of any of the following events: .....</p> <p>(3) the shareholders who individually or jointly hold more than 10% of the total voting rights shares (the “Proposal Shareholders”) have requested in writing to convene such a meeting; .....</p>	<p><b>Article 76<del>5</del></b> The Bank shall hold an extraordinary general meeting within two months from the date of the occurrence of any of the following events: .....</p> <p>(3) the shareholders who individually or jointly hold more than 10% of the total voting rights shares (<b><u>including preference shareholders with restored voting rights</u></b>, the “Proposal Shareholders”) have requested in writing to convene such a meeting; .....</p>	<p>The amendment is made in accordance with Rule 9 of the Rules Governing Shareholders’ General Meetings of Listed Companies</p>
<p><b>Article 79</b> An extraordinary general meeting may be held upon proposal by more than half of the independent Directors to the Board. Regarding the proposal by the independent Directors to convene an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene such an extraordinary general meeting within ten days after receiving the proposal. Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of such meeting within five days after it has so resolved. Where the Board does not agree to convene the extraordinary general meeting, it shall give the reasons and publish an announcement.</p>	<p><b>Article 79<del>8</del></b> An extraordinary general meeting may be held upon proposal by more than half of the independent Directors (<b><u>in the event that the Bank has only two independent Directors, then upon the unanimous proposal by the two independent Directors</u></b>) to the Board. Regarding the proposal by the independent Directors to convene an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene such an extraordinary general meeting within ten days after receiving the proposal. Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of such meeting within five days after it has so resolved. Where the Board does not agree to convene the extraordinary general meeting, it shall give the reasons and publish an announcement.</p>	<p>The amendment is made for supplementing the relevant information</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 80</b> .....</p> <p>Where the Board does not agree to convene the extraordinary general meeting or fails to give a written reply within five days after receiving the proposal, the Board shall be deemed as unable to or failing to perform the duty of convening the extraordinary general meeting, and the Board of Supervisors may convene and preside over the meeting by itself.</p>	<p><b>Article <del>80</del>79.....</b></p> <p>Where the Board does not agree to convene the extraordinary general meeting or fails to give a written reply within <del>five</del><u>ten</u> days after receiving the proposal, the Board shall be deemed as unable to or failing to perform the duty of convening the extraordinary general meeting, and the Board of Supervisors may convene and preside over the meeting by itself.</p>	<p>The amendment is made in accordance with Article 47 of the Guidance for Articles of Listed Companies</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 81</b> The Proposal Shareholders shall act in compliance with the following procedures when they make a request to convene an extraordinary general meeting or a class meeting:</p> <p>(1) Two or more shareholders holding in aggregate 10% or more of the voting shares at the meeting sought to be held shall sign one or more counterpart requisitions in writing requiring the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the objectives of the meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten days after receiving the proposal. The above mentioned number of shares held shall be calculated as of the date of requisitions in writing made by the shareholders.</p> <p>Where the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice for convening such a meeting within five days after the resolution of the Board of Directors is passed. In the event of any change to the original proposal in the notice, the consent of the related shareholders shall be obtained.</p>	<p><b>Article 810</b> The Proposal Shareholders shall act in compliance with the following procedures when they make a request to convene an extraordinary general meeting or a class meeting:</p> <p>(1) <del>Two or more shareholders holding in aggregate 10% or more of the voting shares at the meeting sought to be held</del> <u>The Proposal Shareholders</u> shall sign one or more counterpart requisitions in writing requiring the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the objectives of the meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten days after receiving the proposal. The above mentioned number of shares held shall be calculated as of the date of requisitions in writing made by the shareholders.</p> <p>Where the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice for convening such a meeting within five days after the resolution of the Board of Directors is passed. In the event of any change to the original proposal in the notice, the consent of the related shareholders shall be obtained.</p>	<p>In view of “Proposal Shareholders” has been defined in the previous article of the Articles of Association, the amendment is made for optimizing wording of this article; and in accordance with Article 1(7) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme and Rule 9 of the Rules Governing Shareholders’ General Meetings of Listed Companies</p>



Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p>(2) Where the Board of Directors does not agree to convene the extraordinary general meeting, or fails to give its response within ten days after receiving the proposal, the shareholders who individually or jointly hold more than 10% of the shares in the Bank shall have the right to propose to the Board of Supervisors to convene an extraordinary general meeting and this proposal shall be made to the Board of Supervisors in writing.</p> <p>Where the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice for convening such meetings within five days after receiving the proposal. In the event of any change to the original proposal in the notice, the consent of the related shareholders shall be obtained.</p>	<p>(2) Where the Board of Directors does not agree to convene the extraordinary general meeting, or fails to give its response within ten days after receiving the proposal, the <del>shareholders who individually or jointly hold more than 10% of the shares in the Bank</del> <b><u>Proposal Shareholders</u></b> shall have the right to propose to the Board of Supervisors to convene an extraordinary general meeting and this proposal shall be made to the Board of Supervisors in writing.</p> <p>Where the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice for convening such meetings within five days after receiving the proposal. In the event of any change to the original proposal in the notice, the consent of the related shareholders shall be obtained.</p>	

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p>Where the Board of Supervisors fails to issue the notice of extraordinary general meeting within a prescribed period, the Board of Supervisors shall be deemed as refusing to convene and preside over such meeting. Shareholders who individually or jointly hold more than 10% of the shares in the Bank for more than ninety successive days (the “Convening Shareholders”) may convene and preside over such meeting on their own initiative.</p> <p>Where the Board fails to respond to the request of the shareholder to hold a meeting, any reasonable expenses incurred by the shareholder to convene and preside over such meeting shall be borne by the Bank and deducted from any sums owing by the Bank to the Directors who have defaulted on their duties.</p>	<p>Where the Board of Supervisors fails to issue the notice of extraordinary general meeting within a prescribed period, the Board of Supervisors shall be deemed as refusing to convene and preside over such meeting. Shareholders who individually or jointly hold more than 10% of the <b><u>total number of</u></b> shares <b><u>with voting rights</u></b> in the Bank for more than ninety successive days (<b><u>including preference shareholders with restored voting rights</u></b>, the “Convening Shareholders”) may convene and preside over such meeting on their own initiative.</p> <p>Where the Board fails to respond to the request of the shareholder to hold a meeting, any reasonable expenses incurred by the shareholder to convene and preside over such meeting shall be borne by the Bank and deducted from any sums owing by the Bank to the Directors who have defaulted on their duties.</p>	

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 82</b> If either the Board of Supervisors or shareholders propose to convene a general meeting on their own initiatives, the Board of Directors shall be informed in writing and the relevant documents shall be filed with the local banking regulatory authorities in the place where the Bank is situated. A notice for convening an extraordinary general meeting shall be issued and its content shall comply with the following requirements:</p> <p>(1) No new contents shall be added to the proposal otherwise, the Proposal Shareholders shall make request to the Board of Directors for convention of such a meeting in accordance with the above procedures; and</p> <p>(2) the venue for the meeting shall be the domicile of the Bank.</p> <p>For the general meeting convened and presided over by shareholders on their own initiatives, the shareholding proportion of the Convening Shareholders before the announcement of the resolutions passed at the general meeting shall not be less than 10%.</p> <p>The Board of Supervisors or convening shareholders shall submit the relevant evidentiary materials to the local banking regulatory authorities in the jurisdiction in which the Bank is situated upon the issuance of the notice of a general meeting or the announcement of the resolution of a general meeting.</p>	<p><b>Article 82<del>1</del></b> If either the Board of Supervisors or shareholders propose to convene a general meeting on their own initiatives, the Board of Directors shall be informed in writing and the relevant documents shall be filed with the local banking regulatory authorities <u><b>under the State Council</b></u> in the place where the Bank is situated. A notice for convening an extraordinary general meeting shall be issued and its content shall comply with the following requirements:</p> <p>(1) No new contents shall be added to the proposal otherwise, the Proposal Shareholders shall make request to the Board of Directors for convention of such a meeting in accordance with the above procedures; and</p> <p>(2) the venue for the meeting shall be the domicile of the Bank.</p> <p>For the general meeting convened and presided over by shareholders on their own initiatives, the shareholding proportion of the Convening Shareholders before the announcement of the resolutions passed at the general meeting shall not be less than 10% of <u><b>the total shares with voting rights.</b></u></p> <p>The Board of Supervisors or convening shareholders shall submit the relevant evidentiary materials to the local banking regulatory authorities <u><b>under the State Council</b></u> in the jurisdiction in which the Bank is situated upon the issuance of the notice of a general meeting or the announcement of the resolution of a general meeting.</p>	<p>The amendment is made for unifying the names of banking regulatory authorities; and in accordance with Article 1(7) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme and Rule 9 of the Rules Governing Shareholders' General Meetings of Listed Companies</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 86</b> When the Bank convenes shareholders' general meetings, the Board of Directors, the Board of Supervisors and the shareholders who individually or jointly hold a total of more than 3% of the shares of the Bank shall be entitled to submit their proposals in writing to the Bank. The Bank shall include matters in the proposals which are within the scope of responsibilities of the shareholders' general meeting into the agenda. Shareholders who individually or jointly hold a total of more than 3% of the shares of the Bank may submit provisional proposals to the conveners in writing ten days prior to the date of the shareholders' general meeting. The conveners shall issue a supplemental notice setting out the content of the provisional proposals within two days of receiving the proposals.</p> <p>.....</p>	<p><b>Article 86<del>5</del></b> When the Bank convenes shareholders' general meetings, the Board of Directors, the Board of Supervisors and the shareholders who individually or jointly hold a total of more than 3% of the shares <b><u>with voting rights</u></b> of the Bank <b><u>(including preference shareholders with restored voting rights)</u></b> shall be entitled to submit their proposals in writing to the Bank. The Bank shall include matters in the proposals which are within the scope of responsibilities of the shareholders' general meeting into the agenda. Shareholders who individually or jointly hold a total of more than 3% <b><u>with voting rights</u></b> of the shares of the Bank <b><u>(including preference shareholders with restored voting rights)</u></b> may submit provisional proposals to the conveners in writing ten days prior to the date of the shareholders' general meeting. The conveners shall issue a supplemental notice setting out the content of the provisional proposals within two days of receiving the proposals.</p> <p>.....</p>	<p>The amendment is made for unifying the format of figures in the Articles of Association; and in accordance with Article 1(7) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme and Rule 14 of the Rules Governing Shareholders' General Meetings of Listed Companies; and for deleting duplicate provisions</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 87</b> When convening a shareholders' general meeting, the Bank shall give written notice to all shareholders whose names appear in the register of shareholders forty-five days prior to the convening of the meeting to inform them of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the meeting shall serve written reply on the Bank twenty days prior to the convening of the meeting.</p>	<p><b>Article 87<del>6</del></b> When convening a shareholders' general meeting, the Bank shall give written notice to all shareholders <del>whose names appear in the register of shareholders</del> <b><u>entitled to attend the general meeting (including preference shareholders with restored voting rights)</u></b> forty-five days prior to the convening of the meeting to inform them of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the meeting shall serve written reply on the Bank twenty days prior to the convening of the meeting.</p>	<p>The amendment is made in accordance with Rule 15 of the Rules Governing Shareholders' General Meetings of Listed Companies</p>
<p><b>Article 88</b> Based on the written replies received 20 days before a general meeting, the Bank shall calculate the number of the shares with voting rights represented by the shareholders intending to attend the meeting. Where the number of the shares with voting rights represented by the shareholders intending to attend the meeting is more than one half of the total number of the shares with voting rights of the Bank, the Bank shall convene such general meeting; otherwise, the Bank shall, within five days, inform the shareholders again of the matters to be considered at the meeting, the date and venue of the meeting by means of a public announcement. After making such announcement, the Bank may convene the general meeting.</p>	<p><b>Article 88<del>7</del></b> Based on the written replies received 20 days before a general meeting, the Bank shall calculate the number of the shares with voting rights represented by the shareholders intending to attend the meeting. Where the number of the shares with voting rights represented by the shareholders intending to attend the meeting is more than one half of the total number of the shares with voting rights of the Bank, the Bank shall convene such general meeting; otherwise, the Bank shall, within five days, inform the shareholders <b><u>entitled to attend the general meeting (including preference shareholders with restored voting rights)</u></b> again of the matters to be considered at the meeting, the date and venue of the meeting by means of a public announcement. After making such announcement, the Bank may convene the general meeting.</p>	<p>The amendment is made for creating preference shares</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 90</b> The list of candidates for Directors and Supervisors of the Bank shall be submitted to a shareholders' general meeting for consideration in a form of proposal. The ways and procedures for nomination of Directors and Supervisors shall be as follows:</p> <p>(1) in the election for changing term of the Board of Directors as well as the Board of Supervisors, the list of candidates for Directors and Supervisors shall be proposed by the Nomination and Remuneration Committee under the Board of Directors and the Nomination Committee under the Board of Supervisors according to the number of Directors to be elected, and the number shall be within the scope of the number as provided for in the Articles of Association. The list of candidates for Directors and Supervisors may also be proposed to the Board of Directors as well as the Board of Supervisors by shareholders who individually or jointly hold more than 3% of the Bank's total shares with voting rights;</p>	<p><b>Article 9089</b> The list of candidates for Directors and Supervisors of the Bank shall be submitted to a shareholders' general meeting for consideration in a form of proposal. The ways and procedures for nomination of Directors and Supervisors shall be as follows:</p> <p>(1) in the election for changing term of the Board of Directors as well as the Board of Supervisors, the list of candidates for Directors and Supervisors shall be proposed by the Nomination and Remuneration Committee under the Board of Directors and the Nomination Committee under the Board of Supervisors according to the number of Directors to be elected, and the number shall be within the scope of the number as provided for in the Articles of Association. The list of candidates for Directors and Supervisors may also be proposed to the Board of Directors as well as the Board of Supervisors by shareholders who individually or jointly hold more than 3% of the Bank's total shares with voting rights <b><u>(including preference shareholders with restored voting rights);</u></b></p> <p>.....</p>	<p>The amendment is made for creating preference shares</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 91</b> If the election of Directors or Supervisors is proposed to be discussed at a general meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for Directors or Supervisors, in which the information shall at least include:</p> <p>.....</p> <p>(4) whether they have been punished by the banking regulatory authorities or securities regulators.</p>	<p><b>Article 910</b> If the election of Directors or Supervisors is proposed to be discussed at a general meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for Directors or Supervisors, in which the information shall at least include:</p> <p>.....</p> <p>(4) whether they have been punished by the banking regulatory authorities <b><u>under the State Council</u></b> or securities regulators <del>regulators</del> <b><u>regulatory authorities under the State Council.</u></b></p>	<p>For unifying the names of banking regulatory authorities in the Articles of Association</p>
<p><b>Article 92</b> The notice of the shareholders' general meeting shall be served on all Shareholders (whether or not such Shareholder is entitled to vote at the general meeting) by personal delivery or by prepaid mail. The address of the recipient shall be the registered address as shown in the register of members.</p>	<p><b>Article 921</b> The notice of the shareholders' general meeting shall be served on all Shareholders <b><u>entitled to attend</u></b> (whether or not such Shareholder is entitled to vote at the general meeting) by personal delivery or by prepaid mail. The address of the recipient shall be the registered address as shown in the register of members.</p>	<p>The amendment is made for creating preference shares</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 96</b> All the shareholders or their proxies in the register of members on the date of registration of the shares shall be entitled to attend the general meeting and exercise their voting rights according to relevant laws, administrative regulations and the Articles of Association.</p>	<p><b>Article 96<del>5</del></b> All the shareholders <u>(including preference shareholders with restored voting rights)</u> or their proxies in the register of members on the date of registration of the shares shall be entitled to attend the general meeting and exercise their voting rights according to relevant laws, administrative regulations and the Articles of Association.</p>	<p>The amendment is made for creating preference shares</p>
<p><b>Article 101</b> The convener and the lawyers engaged by the Bank shall verify the legitimacy of shareholders' qualifications based on the Bank's register of members, and shall record the names of shareholders and the number of voting shares held by them. The registration process for the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares held or represented by them.</p>	<p><b>Article 101<del>0</del></b> The convener and the lawyers engaged by the Bank shall verify the legitimacy of shareholders' qualifications based on the Bank's register of members <u>provided by securities registration and clearing institution</u>, and shall record the names of shareholders and the number of voting shares held by them. The registration process for the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares held or represented by them.</p>	<p>The amendment is made in accordance with Article 65 of the Guidance for Articles of Listed Companies</p>
<p><b>Article 109</b> The minutes of a general meeting shall record the following information: (1) the number of shareholders and proxies attending the meeting, the total number of their voting shares and the proportion of these shares to the total number of shares of the Bank; .....</p>	<p><b>Article 109<del>8</del></b> The minutes of a general meeting shall record the following information: (1) the number of shareholders and proxies attending the meeting, the total number of their voting shares and the proportion of these shares to the total number of shares <u>with voting rights</u> of the Bank; .....</p>	<p>The amendment is made for creating preference shares</p>



Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 111</b> The convener shall ensure that the general meeting is held continuously till final resolutions have been reached. If the general meeting is adjourned or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary action to resume the general meeting as soon as possible or directly terminate the general meeting and make an announcement in time. Meanwhile, the convener shall report to the banking regulatory authorities of the place where the Bank is operating.</p>	<p><b>Article 1110</b> The convener shall ensure that the general meeting is held continuously till final resolutions have been reached. If the general meeting is adjourned or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary action to resume the general meeting as soon as possible or directly terminate the general meeting and make an announcement in time. Meanwhile, the convener shall report to the banking regulatory authorities <u>under the State Council</u> of the place where the Bank is operating.</p>	<p>The amendment is made for unifying the names of banking and regulatory authorities in the Articles of Association</p>
<p><b>Article 117</b> The following shall be approved by ordinary resolutions at a general meeting: ..... (6) matters other than those required by the laws, administrative regulations and the Articles of Association to be passed by special resolutions.</p>	<p><b>Article 1176</b> The following shall be approved by ordinary resolutions at a general meeting: ..... <b>(6) the annual report of the Bank;</b> (6) (7) matters other than those required by the laws, administrative regulations and the Articles of Association to be passed by special resolutions.</p>	<p>The amendment is made in accordance with Article 76 of the Guidance for Articles of Listed Companies and for adjusting the serial numbers accordingly</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 122</b> The list of candidates for Directors or Supervisors shall be submitted by way of proposal to the general meetings for voting.</p> <p>When voting on election of Directors and Supervisors at a general meeting, each candidate for Directors or Supervisors shall be voted on separately, or the cumulative voting system may be adopted pursuant to the Articles of Association or the resolution of the general meeting.</p> <p>The cumulative voting system as referred to in the preceding paragraph shall mean that when Directors or Supervisors are being elected at a general meeting, each share has as many voting rights as the number of candidates for Directors or Supervisors, and the shareholders' voting rights may be used in a concentrated manner. The Board shall provide shareholders with the brief biographies and background information of the candidates for Directors or Supervisors.</p>	<p><b>Article 122<del>1</del></b> The list of candidates for Directors or Supervisors shall be submitted by way of proposal to the general meetings for voting.</p> <p>When voting on election of Directors and Supervisors at a general meeting, each candidate for Directors or Supervisors shall be voted on separately, or the cumulative voting system may be adopted pursuant to the Articles of Association or the resolution of the general meeting.</p> <p>The cumulative voting system as referred to in the preceding paragraph shall mean that when Directors or Supervisors are being elected at a general meeting, each <b><u>ordinary</u></b> share <b><u>(including preference shares with restored voting rights)</u></b> has as many voting rights as the number of candidates for Directors or Supervisors, and the shareholders' voting rights may be used in a concentrated manner. The Board shall provide shareholders with the brief biographies and background information of the candidates for Directors or Supervisors.</p>	<p>The amendment is made for optimizing wording; and in accordance with Article 1(7) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme and Rule 32 of the Rules Governing Shareholders' General Meetings of Listed Companies</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 133</b> Where a proposal on election of Directors has been passed at a general meeting, qualifications of the new Directors shall be submitted to the banking regulatory authorities for review and they shall take office on the date when the resolution is passed at the general meeting.</p>	<p><b>Article 133<del>2</del></b> Where a proposal on election of Directors <u>or Supervisors</u> has been passed at a general meeting, <del>qualifications of the new Directors</del> <u>or Supervisors shall be submitted to the banking regulatory authorities for review and they shall take office on the date when the resolution is passed at the general meeting.</u> <b><u>Where the qualifications of the new Directors or Supervisors shall be submitted to the regulatory authorities for review, they shall take office on the date of approval by the regulatory authorities.</u></b></p>	<p>The amendment is made in accordance with Article 93 of the Guidance for Articles of Listed Companies and for optimizing wording</p>
<p><b>Article 137</b> The following circumstances shall be deemed to be an amendment or abrogation of the rights of a certain class shareholder: ..... (12) the variation or abrogation of the provisions of this Chapter.</p>	<p><b>Article 137<del>6</del></b> The following circumstances shall be deemed to be an amendment or abrogation of the rights of a certain class shareholder: ..... (12) the variation or abrogation of the provisions of this <del>Chapter</del> <b><u>Section</u></b>.</p>	<p>For improving the accuracy of expression</p>
<p><b>Article 140</b> When convening a class meeting, the Bank shall give written notice to all shareholders whose names appear in the register of shareholders of such class forty-five days prior to the convening of the meeting to inform them of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the meeting shall serve written reply on the Bank twenty days prior to the convening of the meeting.</p>	<p><b>Article 140<del>39</del></b> When convening a class meeting, the Bank shall give written notice to all shareholders whose names appear in the register of shareholders of such class <b><u>(including preference shareholders with restored voting rights)</u></b> forty-five days prior to the convening of the meeting to inform them of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the meeting shall serve written reply on the Bank twenty days prior to the convening of the meeting.</p>	<p>The amendment is made for creating preference shares</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 144</b> Directors shall be elected or replaced at general meetings. The term of office of the Directors shall be three (3) years. Upon expiry of the current term of office, a Director shall be eligible for re-election and reappointment. The qualifications to act as a Director shall be approved by the banking regulatory authorities. Prior to the expiry of the office term of a Director, a general meeting shall not remove such Director from office for no cause.</p> <p>.....</p>	<p><b>Article 144<del>3</del></b> Directors shall be elected or replaced at general meetings. The term of office of the Directors shall be three (3) years. Upon expiry of the current term of office, a Director shall be eligible for re-election and reappointment. The qualifications to act as a Director shall be approved by the banking regulatory authorities <u>under the State Council</u>. Prior to the expiry of the office term of a Director, a general meeting shall not remove such Director from office for no cause.</p> <p>.....</p>	<p>For unifying the names of banking and regulatory authorities in the Articles of Association; and optimizing wording</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 152</b> The Bank has four independent Directors. An independent Director shall mean a Director who does not hold positions in the Bank other than directorship, person in charge of any special committee under the Board or its member and does not maintain with the Bank and its substantial shareholders a relationship which may possibly hamper his/her independent and objective judgments. In all cases, independent Directors of the Bank shall include at least one with appropriate qualifications as provided for in the Hong Kong Listing Rules, the appropriate accounting or relevant financial expertise, and the independent Directors shall not be less than 1/3 of all Directors in number and the total number shall not be less than three. An independent Director shall: have a bachelor's degree or above or a relevant intermediate professional title or above; .....</p> <p>(5) meet other criteria required by the banking regulators.</p>	<p><b>Article 152<del>1</del></b> The Bank has four independent Directors. An independent Director shall mean a Director who does not hold positions in the Bank other than directorship, person in charge of any special committee under the Board or its member and does not maintain with the Bank and its substantial shareholders a relationship which may possibly hamper his/her independent and objective judgments. In all cases, independent Directors of the Bank shall include at least one with appropriate qualifications as provided for in the Hong Kong Listing Rules, the appropriate accounting or relevant financial expertise, and the independent Directors shall not be less than 1/3 of all Directors in number and the total number shall not be less than three, <b><u>and at least one independent Director shall ordinarily reside in Hong Kong.</u></b> An independent Director shall: have a bachelor's degree or above or a relevant intermediate professional title or above; .....</p> <p>(5) meet other criteria required by the banking <del>regulators</del> <b><u>regulatory authorities under the State Council.</u></b></p>	<p>For supplementing the relevant information in accordance with Rule 19A.18 of the Hong Kong Listing Rules; and unifying the names of banking regulatory authorities in the Articles of Association</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 153</b> The following persons shall not serve as independent Directors:</p> <p>(1) shareholders directly or indirectly holding more than 1% of the shares of the Bank or persons holding positions in the top ten shareholders' entities or immediate family members thereof;</p> <p>(2) persons holding positions the Bank or its branches and sub-branches and their immediate family members and major social connections (immediate family members shall include spouse, parents, children, grandparents and siblings, and major social connections shall include parents-in-law, sons/daughters-in-law, spouses of siblings and siblings of spouse);</p> <p>(3) persons who belonged to persons as prescribed in items (1) and (2) in the preceding year;</p> <p>(4) persons who have held a position in the Bank in the preceding three years (inclusive);</p> <p>(5) persons who provide legal, finance, audit, management consulting services for or have other business relations with the Bank or branches thereof;</p> <p>(6) persons who may be controlled or significantly influenced by the Bank; or</p> <p>(7) other persons disqualified by laws, administrative regulations, relevant supervisory authorities and the Articles of Association.</p>	<p><b>Article 153<del>2</del></b> The following persons shall not serve as independent Directors:</p> <p>(1) <del>shareholders directly or indirectly holding more than 1% of the shares of the Bank or persons holding positions in the top ten shareholders' entities or immediate family members thereof</del> <b><u>any person and any of his/her immediate family members jointly holding more than 1% of the shares of the Bank;</u></b></p> <p><b><u>(2) any person and any of his/her immediate family members holding a position in the enterprises which hold more than 1% of the shares of the Bank;</u></b></p> <p><del>(2)</del><b>(3)</b> persons holding positions the Bank or its branches and sub-branches and their immediate family members and major social connections (immediate family members shall include spouse, parents, children, grandparents, and siblings, and <b><u>grandchildren;</u></b> and major social connections shall include parents-in-law, sons/daughters-in-law, spouses of siblings and siblings of spouse);</p> <p><del>(3)</del><b>(4)</b> persons who belonged to persons as prescribed in items (1), <del>and</del> <b>(2) and (3)</b> in the preceding year;</p> <p><del>(4)</del><b>(5)</b> persons who have held a position in the Bank <b><u>or in the enterprises whose shares are held by the Bank or effectively controlled by the Bank</u></b> in the preceding three years (inclusive) <b><u>before assuming their office;</u></b></p>	<p>The amendment is made in accordance with Article 11 of the Management Measures on Qualifications of Directors (Council Member) and Senior Management of Banking Financial Institutions</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u>(6) any person or any of his/her close relatives holding a position in the entities which unable to repay loans to the Bank when falling due;</u></p> <p><del>(5) persons who provide legal, finance, audit, management consulting services for or have other business relations with the Bank or branches thereof;</del></p> <p><u>(7) any person or any of his/her close relatives who holds a position in any entity which has a relationship of business, liabilities or debts with, or any interests in the Bank by providing such services as legal, accounting, auditing, management consultancy and guarantee cooperation services to the Bank, thus impeding his/her independence in the performance of duties;</u></p> <p><del>(6) persons who may be controlled or significantly influenced by the Bank;</del> <u>(8) any person or any of his/her close members upon whom the substantial shareholders and senior management of the Bank may control or exercise significant influence, thus impeding his/her independence in the performance of duties;</u> or</p> <p><del>(7)</del><u>(9)</u> other persons disqualified by laws, administrative regulations, relevant supervisory authorities and the Articles of Association.</p>	

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 154</b> An independent Director shall be deemed as having gross neglect of his/her duties if he/she: .....</p> <p>(5) commits other acts defined as serious dereliction of duties by banking regulatory authorities and securities regulatory authorities in the place where the Bank's shares are listed.</p>	<p><b>Article 154<del>3</del></b> An independent Director shall be deemed as having gross neglect of his/her duties if he/she: .....</p> <p>(5) commits other acts defined as serious dereliction of duties by banking regulatory authorities <u>under the State Council</u> and securities regulatory authorities in the place where the Bank's shares are listed.</p>	<p>For unifying the names of banking regulatory authorities in the Articles of Association</p>
<p><b>Article 162</b> Independent Directors shall provide the Board or general meeting with independent opinions on the following matters of the Bank: .....</p> <p>(8) appointment of external auditors; and (9) other matters specified in laws, administrative regulations and the Articles of Association.</p>	<p><b>Article 162<del>1</del></b> Independent Directors shall provide the Board or general meeting with independent opinions on the following matters of the Bank: .....</p> <p>(8) appointment of external auditors; <b>and</b> <b><u>(9) impact of issuance of preference shares on equity of each class of shareholders of the Bank; and</u></b> <del>(9)</del><b>(10)</b> other matters specified in laws, administrative regulations and the Articles of Association.</p>	<p>The amendment is made for creating preference shares</p>



Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 167</b> The Board shall exercise the following duties and powers according to law:</p> <p>(1) to determine the Bank's business development strategies, business plans and investment plans;</p> <p>(2) to consider the Bank's annual report and manage the Bank's external information disclosure;</p> <p>(3) to convene Shareholders' general meetings and report its work to the Shareholders' general meetings;</p> <p>(4) to implement the resolutions of the Shareholders' general meeting;</p> <p>(5) to prepare the Bank's annual financial budgets, final accounts, venture capital distribution plan, profit distribution plan and plan for making up the losses;</p> <p>(6) to assess and evaluate the performance of the Directors' duties and report to the Shareholders' general meeting;</p> <p>.....</p>	<p><b>Article 167<del>6</del></b> The Board shall exercise the following duties and powers according to law:</p> <p>(1) to determine the Bank's business development strategies, business plans and investment plans;</p> <p>(2) to consider the Bank's annual report and manage the Bank's external information disclosure;</p> <p>(3) to convene Shareholders' general meetings and report its work to the Shareholders' general meetings;</p> <p>(4) to implement the resolutions of the Shareholders' general meeting;</p> <p>(5) to prepare the Bank's annual financial budgets, final accounts, venture capital distribution plan, <del>profit distribution plan and plan for making up the losses;</del></p> <p><b><u>(6) to prepare profit distribution plan and plan for making up the losses;</u></b></p> <p><del>(6)(7)</del> to assess and evaluate the performance of the Directors' duties and report to the Shareholders' general meeting;</p> <p>.....</p>	<p>The amendment is made in accordance with Article 29 of the Guidance on Corporate Governance of Commercial Banks and the Several Opinions on Upholding the Leadership of the Party and Strengthening the construction of the Party when Deepening the Reform of the State-owned Enterprises</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p>other duties and powers conferred by the laws, administrative regulations, department rules and regulations, the Articles of Association and the Shareholders' general meeting or required by the supervisory authority for the Board to exercise.</p> <p>Unless otherwise specified in the Articles of Association, the Board may resolve on issues as referred to in previous clause by approval of more than half of all Directors save for items (7), (9) and (16), for which approval of more than two-thirds of all Directors is required.</p>	<p><b>(29)</b> other duties and powers conferred by the laws, administrative regulations, department rules and regulations, the Articles of Association and the Shareholders' general meeting or required by the supervisory authority for the Board to exercise.</p> <p><del>Unless otherwise specified in the Articles of Association, the Board may resolve on i</del>Issues as referred to in previous clause <b><u>shall be approved</u></b> by <del>approval of</del> more than half of all Directors save for <b><u>major issues provided for in</u></b> items (7), (9) and (16) <b><u>(6), (8), (10), (13) and (17) or by the laws, administrative regulations, department rules and the Articles of Association of the Bank,</u></b> for which approval of more than two-thirds of all Directors is required.</p> <p><b><u>The Board shall seek advice from the Bank's party committee before making decisions on the Bank's major issues.</u></b></p>	

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 176</b> The Board meetings include regular meetings and interim meetings.</p> <p>Regular Board meetings shall be held at least once a quarter and at least four times every year, and shall be convened and presided over by the chairman, with the written notice to be given to all Directors at least fourteen days before such meetings. The agenda and relevant meeting documents of a regular Board meeting shall be sent to all Directors in full and in a timely manner, and shall be sent out at least three days prior to the scheduled date of convening the Board meeting or the meeting of committees thereunder (or such other period as agreed). The aforesaid arrangements shall also apply to all other meetings of the Board where practicable.</p> <p>Interim Board meetings may be convened upon proposal by shareholders representing at least one tenth of the total voting rights, by at least one third of the Directors, by at least a half of independent Directors, or by the Board of Supervisors. The Chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal.</p>	<p><b>Article 176<del>5</del></b> The Board meetings include regular meetings and interim meetings.</p> <p>Regular Board meetings shall be held at least once a quarter and at least four times every year, and shall be convened and presided over by the chairman, with the written notice to be given to all Directors at least fourteen days before such meetings. The agenda and relevant meeting documents of a regular Board meeting shall be sent to all Directors in full and in a timely manner, and shall be sent out at least three days prior to the scheduled date of convening the Board meeting or the meeting of committees thereunder (or such other period as agreed). The aforesaid arrangements shall also apply to all other meetings of the Board where practicable.</p> <p>Interim Board meetings may be convened upon proposal by shareholders representing at least one tenth of the total voting rights, by at least one third of the Directors, by at least a half of independent Directors, or by the Board of Supervisors, <b><u>by the Chairman when deemed necessary or by the President of the Bank under exceptional circumstances</u></b>. The Chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal.</p>	<p>To be consistent with Article 187 and Article 211 of the Articles of Association; and for optimizing wording</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p>The Board shall send a written notice of meeting by hand, fax, email or other means five days before an interim Board meeting is convened. Where an interim Board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.</p>	<p>The Board shall send a written notice of meeting by hand, fax, email or other means five days before an interim Board meeting is convened. Where an interim Board meeting needs to be convened in emergency, the notice of meeting may be <b><u>not subject to the limitation on notice periods specified in the preceding paragraphs, and be</u></b> sent by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.</p>	
<p><b>Article 182</b> ..... However, voting by communications is not allowed for material issues like profit distribution plan, material external investment, plan for material disposal of assets, and appointment or dismissal of the President and other senior management officers.</p>	<p><b>Article 182<del>1</del></b> ..... However, voting by communications is not allowed for material issues like profit distribution plan, material external investment, plan for material disposal of assets, and appointment or dismissal of the President and other senior management officers, <b><u>capital replenishment plan, material changes in interest equity and financial restructuring.</u></b></p>	<p>The amendment is made in accordance with Article 29 of the Guidelines on Corporate Governance of Commercial Banks</p>
<p><b>Article 187</b> The chairman of the Bank shall be elected and removed by more than half of all the Directors of the Board, and shall be subject to resign audit by the audit department. The qualification of the chairman shall be reported to the banking regulatory authorities for approval.</p>	<p><b>Article 187<del>6</del></b> The chairman of the Bank shall be elected and removed by more than half of all the Directors of the Board, and shall be subject to resign audit by the audit department. The qualification of the chairman shall be reported to the banking regulatory authorities <b><u>under the State Council</u></b> for approval.</p>	<p>For unifying the names of banking regulatory authorities in the Articles of Association</p>
<p><b>Article 201</b> The Bank shall have a secretary to the Board, who is nominated by the chairman and appointed or dismissed by the Board, and whose qualifications shall be reported to the banking regulatory authorities for approval. The secretary to the Board shall be a senior management officer of the Bank.</p>	<p><b>Article 201<del>0</del></b> The Bank shall have a secretary to the Board, who is nominated by the chairman and appointed or dismissed by the Board, and whose qualifications shall be reported to the banking regulatory authorities <b><u>under the State Council</u></b> for approval. The secretary to the Board shall be a senior management officer of the Bank.</p>	<p>For unifying the names of banking regulatory authorities in the Articles of Association</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 204</b> Directors or other senior management officers may concurrently serve as secretary to the Board, but the Supervisors of the Bank shall not concurrently serve as secretary to the Board. The President, Supervisors, the person in charge of finance of the Bank and accountants of accounting firms engaged by the Bank shall not concurrently serve as secretary to the Board of the Bank.</p> <p>.....</p>	<p><b>Article 204<del>3</del></b> Directors or other senior management officers may concurrently serve as secretary to the Board, <del>but the Supervisors of the Bank shall not concurrently serve as secretary to the Board.</del> The President, Supervisors, the person in charge of finance of the Bank and accountants of accounting firms engaged by the Bank shall not concurrently serve as secretary to the Board of the Bank.</p> <p>.....</p>	<p>For deleting duplicate provisions</p>
<p><b>Article 207</b> The President of the Bank shall be nominated by the Chairman of the Board and appointed or dismissed by the Board.</p> <p>The Bank has one President and several Vice Presidents.</p> <p>The Vice Presidents and other senior management officers are nominated by the President and appointed or dismissed by the Board.</p> <p>The qualifications of the President and other senior management officers shall be reported to the banking regulatory authorities for approval.</p>	<p><b>Article 207<del>6</del></b> The President of the Bank shall be nominated by the Chairman of the Board and appointed or dismissed by the Board.</p> <p>The Bank has one President and several Vice Presidents.</p> <p>The Vice Presidents and other senior management officers are nominated by the President and appointed or dismissed by the Board.</p> <p>The qualifications of the President and other senior management officers shall be reported to the banking regulatory authorities <u>under the State Council</u> for approval.</p>	<p>For unifying the names of banking regulatory authorities in the Articles of Association</p>
<p><b>Article 212</b> The President has the following powers and duties:</p> <p>.....</p> <p>(11) to take urgent measures in the event of a major incident in the Bank and to report immediately to the Board, the Board of Supervisors, the banking regulatory authorities and the local branches of the People's Bank of China;</p> <p>.....</p>	<p><b>Article 212<del>1</del></b> The President has the following powers and duties:</p> <p>.....</p> <p>(11) to take urgent measures in the event of a major incident in the Bank and to report immediately to the Board, the Board of Supervisors, the banking regulatory authorities <u>under the State Council</u> and the local branches of the People's Bank of China;</p> <p>.....</p>	<p>For unifying the names of banking regulatory authorities in the Articles of Association</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 227</b> The term of office of Supervisors shall be three years and a Supervisor shall be eligible for re-election and reappointment; however, an external Supervisor shall not hold office for a period over 6 years. The appointment or removal of the chairman of the Board of Supervisors shall be adopted by more than two thirds of the members of the Board of Supervisors by voting.</p>	<p><b>Article 227<del>6</del></b> The term of office of Supervisors shall be three years and a Supervisor shall be eligible for re-election and reappointment; however, an external Supervisor shall not hold office for a period over 6 years. <del>The appointment or removal of the chairman of the Board of Supervisors shall be adopted by more than two thirds of the members of the Board of Supervisors by voting.</del></p>	<p>For deleting duplicate provisions</p>
<p><b>Article 246</b> The Board of Supervisors shall have one chairman of the Board of Supervisors who shall be elected by more than half of all Supervisors at the meeting of Board of Supervisors. The chairman of the Board of Supervisors shall convene and preside over meetings of the Board of Supervisors; if the chairman of the Board of Supervisors cannot fulfill the duties thereof, more than half of the Supervisors may elect a Supervisor to convene and preside over the meetings of the Board of Supervisors.</p> <p>The chairman of the Board of Supervisors shall be appointed or removed by the votes of more than two thirds of the Supervisors.</p>	<p><b>Article 246<del>5</del></b> The Board of Supervisors shall have one chairman of the Board of Supervisors <del>who shall be elected by more than half of all Supervisors at the meeting of Board of Supervisors,</del> <b><u>whose appointment and dismissal shall be subject to the approval of more than two thirds of its members by voting.</u></b> The chairman of the Board of Supervisors shall convene and preside over meetings of the Board of Supervisors; if the chairman of the Board of Supervisors cannot fulfill the duties thereof, more than half of the Supervisors may elect a Supervisor to convene and preside over the meetings of the Board of Supervisors.</p> <p><del>The chairman of the Board of Supervisors shall be appointed or removed by the votes of more than two thirds of the Supervisors.</del></p>	<p>For optimizing wording; and deleting duplicate provisions</p>
<p><b>Article 248</b> The chairman of the Board of Supervisors shall exercise the following functions and powers:</p> <p>.....</p> <p>(6) to exercise other duties or powers as provided by the laws, administrative regulations and the Articles of Association.</p>	<p><b>Article 248<del>7</del></b> The chairman of the Board of Supervisors shall exercise the following functions and powers:</p> <p>.....</p> <p>(6) to exercise other duties or powers as provided by the laws, administrative regulations and the Articles of Association <b><u>or granted by a shareholders' general meeting.</u></b></p>	<p>For optimizing wording</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 256</b> Minutes shall be recorded for meetings of the Board of Supervisors and shall be signed by the attending Supervisors and the recorder. The minutes of meetings of the Board of Supervisors shall be kept as archives of the Bank for ever.</p> <p>.....</p>	<p><b>Article 256<del>5</del></b> Minutes shall be recorded for meetings of the Board of Supervisors and shall be signed by the attending Supervisors and the recorder. <del>The minutes of meetings of the Board of Supervisors shall be kept as archives of the Bank for ever.</del></p> <p>.....</p>	<p>For optimizing wording</p>
<p><b>Article 283</b> The Bank shall formulate the financial accounting system and internal audit system according to laws, administrative regulations and relevant provisions of financial department under the State Council, banking regulatory authorities and People's Bank of China.</p>	<p><b>Article 283<del>2</del></b> The Bank shall formulate the financial accounting system and internal audit system according to laws, administrative regulations and relevant provisions of financial department under the State Council, banking regulatory authorities <u>under the State Council</u> and People's Bank of China.</p>	<p>For unifying the names of banking regulatory authorities in the Articles of Association</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 294</b> The Bank shall distribute profits after income tax in the following order:</p> <p>(1) to recover losses;</p> <p>(2) to withdraw statutory reserve fund. The percentage of withdrawal is 10% of after-tax profit;</p> <p>(3) to withdraw general provision;</p> <p>(4) to withdraw discretionary reserve fund; and</p> <p>(5) to pay dividends to shareholders. Such withdrawal may be stopped when the statutory reserve fund of the Bank has accumulated to at least 50% of the registered capital of the Bank.</p> <p>If the aggregate balance of the Bank's statutory reserve fund is not enough to recover the losses of the Bank of the previous year, the current year's profits shall first be used for making up the losses before the statutory reserve fund is drawn.</p>	<p><b>Article 2943</b> The Bank shall distribute profits after income tax in the following order:</p> <p>(1) to recover losses;</p> <p>(2) to withdraw statutory reserve fund. The percentage of withdrawal is 10% of after-tax profit;</p> <p>(3) to withdraw general provision;</p> <p><b><u>(4) to pay dividends to preference shareholders;</u></b></p> <p><del>(4)</del><b>(5)</b> to withdraw discretionary reserve fund; and</p> <p><del>(5)</del><b>(6)</b> to pay dividends to <b><u>ordinary</u></b> shareholders.</p> <p>Such withdrawal may be stopped when the statutory reserve fund of the Bank has accumulated to at least 50% of the registered capital of the Bank.</p> <p>If the aggregate balance of the Bank's statutory reserve fund is not enough to recover the losses of the Bank of the previous year, the current year's profits shall first be used for making up the losses before the statutory reserve fund is drawn.</p>	<p>The amendment is made in accordance with the Article 1(2) of Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme and Rule 44 of Financial Rules for Financial Enterprises</p>



Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p>Where a general meeting decides to distribute profits to shareholders in violation of the provisions of the preceding paragraph before the Bank has made up for its losses and set aside its statutory reserve fund, shareholders shall return to the Bank the profits distributed in violation of such provisions.</p> <p>The shares of the Bank held by the Bank shall not be entitled to any profit distribution.</p> <p>The specific percentage of withdrawal of general provision and discretionary reserves fund shall be proposed by the Board and decided by the general meeting according to the annual operations of the Bank.</p>	<p><u>After the Bank has withdrawn statutory reserve fund and general reserve and paid dividends to preference shareholders from the after-tax profits, the Bank, subject to the approval of the shareholders' general meeting, may make allocation to the discretionary reserve fund from the after-tax profits. The balance of the after-tax profits of the Bank after making up losses, withdrawing statutory reserve fund and general reserve, paying dividends to preference shareholders and withdrawing discretionary reserve fund may be distributed to the shareholders in pro rata to their shareholding.</u></p> <p><u>In general, no dividend shall be paid to shareholders for any year in which the Bank's capital adequacy ratio is lower than the minimum standard required by the regulatory authorities of the PRC. On the premises of ensuring that the capital adequacy ratio meets the regulatory requirements, the Bank may distribute profits if its profits realized in each year, after making up losses, withdrawing statutory reserve fund and general reserve, and paying dividends to preference shareholders according to law, remain positive and distributable.</u></p>	

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><b><u>The payment of dividends on preference shares should be subject to laws, regulations, department rules, relevant provisions of the securities regulatory authorities where the Bank's shares are listed and the preference shares are issued or listed, and the requirements of the Articles of Association.</u></b></p> <p>Where a general meeting decides to distribute profits to shareholders in violation of the provisions of the preceding paragraph before the Bank has made up for its losses and set aside its statutory reserve fund, shareholders shall return to the Bank the profits distributed in violation of such provisions.</p> <p>The shares of the Bank held by the Bank shall not be entitled to any profit distribution.</p> <p>The specific percentage of withdrawal of general provision and discretionary reserves fund shall be proposed by the Board and decided by the general meeting according to the annual operations of the Bank.</p>	

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 295</b> The capital reserve fund of the Bank shall be used to make up for losses of the Bank, expand the operating scale or increase the Bank's capital. However, the capital reserve fund shall not be used to make up for the losses of the Bank.</p> <p>If the reserve fund is converted into share capital by a resolution of the general meeting, the Bank shall distribute new shares as per the existing equity structure upon the approval by banking regulatory authorities.</p> <p>When the statutory reserve fund is changed to share capital, the remainder of the reserve fund shall not be less than 25% of the registered capital prior to the increase.</p>	<p><b>Article 295<del>4</del></b> The capital reserve fund of the Bank shall be used to make up for losses of the Bank, expand the operating scale or increase the Bank's capital. However, the capital reserve fund shall not be used to make up for the losses of the Bank.</p> <p>If the reserve fund is converted into share capital by a resolution of the general meeting, the Bank shall distribute new shares as per the existing equity structure upon the approval by banking regulatory authorities <u>under the State Council</u>.</p> <p>When the statutory reserve fund is changed to share capital, the remainder of the reserve fund shall not be less than 25% of the registered capital prior to the increase.</p>	<p>For unifying the names of banking regulatory authorities in the Articles of Association</p>
<p><b>Article 297</b> The Bank may distribute dividends in cash or by shares. Dividends distributed by shares shall be subject to the resolutions of the general meeting and be submitted to the banking regulatory authorities for approval.</p>	<p><b>Article 297<del>6</del></b> The Bank may distribute dividends in cash or by shares. Dividends distributed by shares shall be subject to the resolutions of the general meeting and be submitted to the banking regulatory authorities <u>under the State Council</u> for approval.</p>	<p>For unifying the names of banking regulatory authorities in the Articles of Association</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><b>Article 325</b> <u>The Bank shall have one secretary and several members. The Chairman of the Board and the secretary to the party committee shall be in principle assumed by the same person. A full-time deputy secretary maybe appointed to be responsible for the party building of the Bank according to actual situation and work needs. Eligible party committee members may enter the Board, the Board of Supervisors and the operational management via legal procedures; and members of the Board, the Board of Supervisors and the operational management may enter the party committee according to relevant provisions and procedures. Meanwhile, a discipline inspection commission shall be established by the Bank as stipulated.</u></p>	<p>The amendment is made in accordance with the Several Opinions on Upholding the Leadership of the Party and Strengthening the construction of the Party when Deepening the Reform of the State-owned Enterprises</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 326</b> The main duties of the party committee include: guaranteeing and supervising the implementation of the party's and the state's guidelines and policies in the Bank; supporting the general meeting, the Board, Board of Supervisors and the operational management to exercise their powers according to law; implementing the principle of placing cadres and talents under party supervision, giving full play to the party committee's gatekeeper role in the enterprises' selection and utilization of talents; wholeheartedly replying on the masses of workers and support the work of employee representatives' meeting; participating in the decision-making on major issues of the Bank; strengthening the party building in the Bank, and supervising and urging the party organizations of the Bank to strictly implement the "three sessions and one lesson", democratic appraisal and other principles governing party organizations; leading the ideological and political work of the Bank, spiritual civilization and trade unions, the Communist Youth League and other mass organizations; implementing the main responsibility of the party committee in the building of party style and honest administration.</p>	<p><b>Article 326</b> The main duties of the party committee include: guaranteeing and supervising the implementation of the party's and the state's guidelines and policies in the Bank; <u>implementing major strategic decisions of the provincial committee and important work plans of senior party organizations; persisting in the combination of the principle of management of cadres by the party and the selection of managers by the Board in accordance with the law and the power of the managers to deploy personnel in accordance with the law.</u> <u>The party committee shall be engaged in deliberations and furnish its views or recommendations on candidates nominated by the Board or President, or recommend to the Board or President candidates for nomination; and shall examine such candidates in association with the Board and furnish its views and recommendations upon collective research;</u> supporting the general meeting, the Board, Board of Supervisors and the operational management to exercise their powers according to law; implementing the principle of placing cadres and talents under party supervision, giving full play to the party committee's gatekeeper role in the enterprises' selection and utilization of talents; wholeheartedly replying on the masses of workers and support the work of employee representatives' meeting; participating in the decision-making on major issues of the Bank, <u>studying and discussing the stability of the Bank's reform and development, significant operational and management issues and major issues involving staff interests of immediate concern, and to furnish its views and recommendations;</u> strengthening the party building in the Bank, and supervising and urging the party organizations of the Bank to strictly implement the "three sessions and one lesson", democratic appraisal and other principles governing party organizations; <u>undertaking responsibility for implementing stringent party discipline in all aspects,</u> leading the ideological and political work of the Bank, <u>work relating to the united front, spiritual civilization and corporate culture development, and work relating to unions and groups such as</u> the trade union and the Communist Youth League; implementing the main responsibility of the party committee in the building of party style and honest administration <u>and supporting the disciplinary inspection committee in the performance of supervisory duty.</u></p>	<p>The amendment is made in accordance with the Several Opinions on Upholding the Leadership of the Party and Strengthening the construction of the Party when Deepening the Reform of the State-owned Enterprises</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 346</b> The properties of the Bank shall be liquidated in the following order of priority: .....</p> <p>(6) to distribute to the shareholders in proportion to their shareholding ratios. .....</p>	<p><b>Article 346</b> The properties of the Bank shall be liquidated in the following order of priority: .....</p> <p>(6) to distribute to the shareholders <b><u>according to the class of shares held by them and</u></b> in proportion to their shareholding ratios .....</p>	<p>The amendment is made for creating preference shares</p>
<p><b>Article 347</b> After the liquidation committee has liquidated the Bank's properties and prepared a balance sheet and an inventory of properties, if it believes that the Bank's properties are insufficient to repay its debts, it shall, upon approval of the banking regulatory authorities, apply to the people's court for declaration of the bankruptcy of the Bank.</p>	<p><b>Article 347</b> After the liquidation committee has liquidated the Bank's properties and prepared a balance sheet and an inventory of properties, if it believes that the Bank's properties are insufficient to repay its debts, it shall, upon approval of the banking regulatory authorities <b><u>under the State Council</u></b>, apply to the people's court for declaration of the bankruptcy of the Bank.</p>	<p>The amendment is made for unifying the names of the banking regulatory authorities in the Articles of Association</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 348</b> Upon completion of liquidation, the liquidation committee shall prepare a liquidation report and a statement of the income and expenses and the account books in respect of the liquidation period, and after verification by PRC certified public accountants, shall submit the same to the general meeting, a people's court, banking regulatory authorities or local branch of the People's Bank of China for confirmation.</p> <p>The liquidation committee shall, within 30 days after obtaining confirmations from the general meeting, a people's court, banking regulatory authorities or local branch of the People's Bank of China on the liquidation report, cancel registration of the Bank with the company registration authority, and announce the termination of the Bank.</p>	<p><b>Article 348</b> Upon completion of liquidation, the liquidation committee shall prepare a liquidation report and a statement of the income and expenses and the account books in respect of the liquidation period, and after verification by PRC certified public accountants, shall submit the same to the general meeting, a people's court, banking regulatory authorities <u>under the State Council</u> or local branch of the People's Bank of China for confirmation.</p> <p>The liquidation committee shall, within 30 days after obtaining confirmations from the general meeting, a people's court, banking regulatory authorities <u>under the State Council</u> or local branch of the People's Bank of China on the liquidation report, cancel registration of the Bank with the company registration authority, and announce the termination of the Bank.</p>	<p>The amendment is made for unifying the names of banking regulatory authorities in the Articles of Association</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<b><u>Chapter XV Special Provisions on Preference Shares</u></b>	The amendment is made for creating preference shares.
	<b><u>Article 350 Unless otherwise specified in laws, regulations, department rules, regulations of the securities regulatory authorities in the place where the shares of the Bank are listed and the Articles of Association, the rights and obligations of preference shareholders and management of preference shares shall be governed by the provisions relating to ordinary shares (including H shares) in the Articles of Association.</u></b>	The amendment is made in accordance with Article 2(9) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme
	<b><u>Article 351 The number of preference shares issued by the Bank shall not exceed 50% of the total number of ordinary shares of the Bank, and the proceeds raised from the issuance of preference shares shall not be more than 50% of the net assets of the Bank prior to the relevant issuance (excluding the preference shares that have been repurchased or converted).</u></b>	The amendment is made in accordance with Article 2(9) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme



Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><b><u>Article 352 In accordance with relevant rules on regulatory capital for commercial banks, the Bank may formulate terms governing the mandatory conversion of the preference shares into ordinary shares, namely, upon the occurrence of certain trigger events, the Bank shall convert the preference shares into ordinary shares in accordance with the conversion price and conversion amount as determined at the time of the issuance of preference shares. In circumstances when the preference shares are mandatorily converted into ordinary shares, the Bank shall report such conversion to banking regulatory authorities under the State Council for review and approval.</u></b></p>	<p>The amendment is made in accordance with Article 7 of the Guidance on Preference Shares Issuance of Commercial Banks to Replenish Tier 1 Capital</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u><b>Article 353 The preference shares issued by the Bank shall not have any put option, and the preference shareholders shall have no right to require the Bank to redeem preference shares. Subject to the approval of the banking regulatory authorities under the State Council and upon compliance with the relevant requirements, the Bank has the right to redeem all or part of the preference shares after the fifth year following the date of the relevant issuance of the preference shares. The redemption period of the preference shares commences on such date as agreed upon at the time of the issuance of preference shares and ends on the date of redemption or conversion of all the preference shares. The Bank shall write down the total amount of outstanding preference shares after the Bank redeems the preference shares.</b></u></p> <p><u><b>The exercise by the Bank of its right to redeem the preference shares shall be subject to the fulfillment of the following conditions:</b></u></p>	<p>The amendment is made in accordance with Article 13 of the Administrative Measures on the Pilot Scheme of Preference Shares, Article 23 of the Guidelines for Articles of Listed Companies and Annex1 of the Capital Rules for Commercial Banks (Provisional)</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u>(i) the Bank shall use capital instruments of the same or superior quality to replace the preference shares to be redeemed and such replacement shall only be made at a time at which the Bank has a sustainable income generating capability;</u></p> <p><u>(ii) or the capital position of the Bank immediately after redemption of the preference shares will remain significantly higher than the regulatory capital requirements prescribed by the banking regulatory authorities under the State Council.</u></p> <p><u>The redemption price of offshore preference shares will be an amount equal to the issue price plus the amount of dividend declared but unpaid for the current period.</u></p>	

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u>Article 354 Preference shareholders of the Bank shall enjoy the following rights:</u></p> <p><u>(i) to receive distribution of dividends in priority to ordinary shareholders;</u></p> <p><u>(ii) to receive distribution of residual assets of the Bank on liquidation in priority to those of ordinary shareholders;</u></p> <p><u>(iii) upon the occurrence of the circumstances provided in Article 356, to attend and vote at shareholders' general meetings;</u></p> <p><u>(iv) upon the occurrence of the circumstances provided in Article 357, to have its voting rights restored in accordance with the requirements of that article;</u></p>	

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u>(v) to make proposals or inquiries in relation to the business operations and activities of the Bank;</u></p> <p><u>(vi) to inspect the Articles of Association, the register of shareholders, the Bank's counterfoils of bonds, minutes of shareholders' general meetings, resolutions of the Board meetings, resolutions of meetings of the Board of Supervisors and financial reports;</u></p> <p><u>(vii) other rights conferred to preference shareholders by laws, administrative regulations, department rules and the Articles of Association.</u></p>	<p>The amendment is made in accordance with Article 1(2), (3), (4), (5), (6) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme and Article 12 of the Administrative Measures on the Pilot Scheme of Preference Shares.</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u>Article 355 Only votes of ordinary shares and votes of preference shares with restored voting rights shall be counted when calculating the proportion of shares and the amount of shares held by the shareholders in the event of the following:</u></p> <p><u>(i) a request to convene an extraordinary general meeting;</u></p> <p><u>(ii) a request to convene and preside over a shareholders' general meeting;</u></p> <p><u>(iii) a request to submit an proposal or an interim proposal to a shareholders' general meeting;</u></p> <p><u>(iv) a request to nominate the Directors and Supervisors who are not staff representatives of the Bank;</u></p> <p><u>(v) identifying controlling shareholder(s) according to the relevant provisions of the Articles of Association;</u></p> <p><u>(vi) identifying person(s) restricted from serving as independent Directors of the Bank according to the relevant provisions of the Articles of Association;</u></p> <p><u>(vii) identifying the ten largest shareholders of the Bank and the number of shares held by them and the shareholder(s) holding more than 5% of the shares of the Bank in accordance with the Securities Law and relevant regulations;</u></p> <p><u>(viii) other circumstances provided under laws, administrative regulations, department regulations and the Articles of Association.</u></p>	<p>The amendment is made in accordance with Article 1(7) and 2(14) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme.</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u><b>Article 356 The preference shareholders are not entitled to attend any shareholders' general meeting of the Bank nor do the preference shares carry voting rights in any shareholders' general meeting other than in the following circumstances:</b></u></p> <p><u><b>(i) amendments to the Articles of Association that relates to preference shares;</b></u></p> <p><u><b>(ii) reduction of the registered capital of the Bank by more than 10% on a single or aggregate basis;</b></u></p> <p><u><b>(iii) merger, division, dissolution or change of corporate form of the Bank;</b></u></p> <p><u><b>(iv) issuance of preference shares;</b></u></p> <p><u><b>(v) other events specified in laws, administrative rules and department rules and the Articles of Association.</b></u></p> <p><u><b>On the occurrence of any of the above matters, the Bank shall notify preference shareholders of the shareholders' general meeting and follow the notice procedures to ordinary shareholders as provided under the Articles of Association. The preference shareholders are entitled to vote at a separate class meeting with respect to the above matters and each preference share shall have one vote (preference shares held by the Bank do not entitle the Bank to vote).</b></u></p>	<p>The amendment is made in accordance with Article 1(5) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme and Article 10 of the Administrative Measures on the Pilot Scheme of Preference Shares.</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<u>Resolutions relating to the above matters shall be approved by more than two thirds of the votes held by ordinary shareholders present at the meeting (including preference shareholders with restored voting rights) and by more than two thirds of the votes held by preference shareholders present at the meeting (excluding preference shareholders with restored voting rights).</u>	



Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u><b>Article 357 In the event that the Bank fails to pay the prescribed dividend to the preference shareholders for three financial years in aggregate or two consecutive financial years, the preference shareholders will have the right to attend and vote at the shareholders' general meetings as if they are ordinary shareholders from the day immediately after the shareholders' general meeting resolves that the Bank will not pay the prescribed dividend for the current dividend period. The voting rights of the preference shareholders will remain restored until the Bank pays the current period dividend in full.</b></u></p> <p><u><b>The formula for calculating the voting rights of the offshore preference shares with restored voting rights is as follows: <math>Q = V/P \times \text{conversion exchange rate}</math>, with any fractional restored voting right rounded down to the nearest whole number.</b></u></p>	<p>The amendment is made in accordance with Article 1(6) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme, Articles 10 and 11 of the Administrative Measures on the Pilot Scheme of Preference Shares and Article 15 of the Guidelines for Articles of Listed Companies.</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u>Where: “Q” denotes the H share voting rights restored from the offshore preference shares held by each offshore preference shareholder; “V” denotes the aggregate value of the offshore preference shares with restored voting rights held by each offshore preference shareholder; “P” denotes the conversion price; the initial conversion price is decided by the Offshore Preference Shares Issuance Plan passed by shareholders’ general meeting of the Bank and denominated in Hong Kong dollars (which shall be converted with reference to the central parity rate of RMB to Hong Kong dollars used by the interbank foreign exchange market as published by the China Foreign Exchange Trade System on the trading day prior to the announcement date of the Board’s resolution on the Offshore Preference Shares Issuance Plan (rounded up to the nearest 2 decimal places)); and the “conversion exchange rate” refers to the cross rate between Hong Kong dollars and the currency in which the offshore preference shares are denominated based on the RMB central parity rate published by the China Foreign Exchange Trading System on the trading date preceding the date of the announcement of the passing of the Board’s resolution in respect of the Offshore Preference Shares Issuance Plan.</u></p>	

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u>Article 358 The dividend rate for the issued and outstanding preference shares of the Bank consists of the benchmark rate and the fixed spread. The dividend rate may be adjusted at different intervals. During a specified period after issuance of the preference shares, the dividend rate will remain the same and during any adjusted dividend rate period, the dividend rate will remain the same.</u></p> <p><u>Preference shareholders shall rank in priority to the ordinary shareholders in terms of dividend distribution and the preference shares shall be entitled to the dividend rate and distribution of profits in accordance with the agreed terms. Dividends to the preference shareholders shall be payable in cash.</u></p> <p><u>After receiving the dividends at the prescribed dividend rate, the preference shareholders shall not be entitled to any distribution of residual profits of the Bank together with the ordinary shareholders. In accordance with the relevant rules on regulatory capital of commercial banks, the Bank shall have the right to cancel dividends in whole or in part and this will not constitute an event of default. Any amount of dividends not paid to the preference shareholders in full by the Bank will not be accumulated to the following dividend periods.</u></p>	<p>The amendment is made in accordance with Article 1(2) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme.</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><b><u>Article 359 In the event of liquidation of the Bank as a result of dissolution, bankruptcy or other reasons, the remaining assets of the Bank after liquidation in accordance with laws, regulations, department rules and sub-paragraphs (1) to (5) of the first paragraph under Article 346 shall be distributed first to the preference shareholders. Preference shareholders will be entitled to an amount equal to the aggregate value of the preference shares then issued and outstanding plus any declared but unpaid dividends for the current period. If there are insufficient remaining assets, the distribution will be made ratably according to the aggregate value of the preference shares held by each preference shareholder as a proportion of the aggregate value of all preference shares of the Bank.</u></b></p>	<p>The amendment is made in accordance with Article 1(iii) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme and Article 183 of the Guidelines for Articles of Listed Companies.</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 354</b> Definitions:  (1) the “controlling shareholders” shall refer to persons who possess one of the following conditions:  .....  3. when acting alone or acting in concert with other persons, such a person holds more than 30% (inclusive) of the outstanding shares of the Bank;  .....  (5) The “major” standards mentioned in the major acquisitions, major external investment and major asset disposals herein shall be determined according to the specific authorization plan of the general meeting to the Board of the Bank.</p>	<p><b>Article 356<del>4</del></b> Definitions:  (1) the “controlling shareholders” shall refer to persons who possess one of the following conditions:  .....  3. when acting alone or acting in concert with other persons, such a person holds more than 30% (inclusive) of the outstanding shares <u>with voting rights</u> of the Bank;  .....  (5) <u>the total number of shares with voting rights shall only include the total number of ordinary shares, preference shares with voting rights in accordance with Article 356 in the Articles of Association and preference shares with restored voting rights in accordance with Article 357 in the Articles of Association.</u>  <del>(5)</del><b>(6)</b> The “major” standards mentioned in the major acquisitions, major external investment and major asset disposals herein shall be determined according to the specific authorization plan of the general meeting to the Board of the Bank.</p>	<p>The amendment is made for creating preference shares; and in accordance with Article 1(7) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme.</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<b>Article 356</b> The amendments to the Articles of Association adopted by the general meeting shall constitute part of the Articles of Association upon approval by the banking regulatory authorities.	<b>Article 3566</b> The amendments to the Articles of Association adopted by the general meeting shall constitute part of the Articles of Association upon approval by the banking regulatory authorities <u>under the State Council.</u>	The amendment is made for unifying the names of banking regulatory authorities in the Articles of Association.
<b>Article 362</b> After consideration and approval by the general meeting of the Bank and approval by the banking regulatory authorities, the Articles of Association shall become effective from the date of public offering of the H shares of the Bank on the Hong Kong Stock Exchange.	<b>Article 3672</b> After consideration and approval by the general meeting of the Bank and approval by the banking regulatory authorities <u>under the State Council</u> , the Articles of Association shall become effective from the date of <del>public offering of the H shares of the Bank on the Hong Kong Stock Exchange</del> <u>the issuance of the first tranche of the offshore preference shares.</u>	The amendment is made for creating preference shares.

*Notes:*

1. The above amendment table does not show the adjustment to the numbering of cross-referenced articles according to the amendments to the Articles of Association and the change of several Arabic numerals to Chinese characters in order to unify the format of figures in the Articles of Association.
2. The above proposed amendments to the Articles of Association shall be submitted to CBIRC Gansu Bureau for approval upon being approved at the general meeting, and shall take effect on the date of completion of the issuance of the first tranche of offshore preference shares.

The Bank confirms that despite the adding of provisions relating to party building into the Articles of Association, the Board and management of the Bank will decide whether or not to adopt the advice and recommendations provided by the Party Committee in respect of the day-to-day management and decision-making of the Bank according to the actual situations of the Bank. The relevant duties and powers of the Board and management stipulated in the Articles of Association will remain unchanged.

In addition, although Articles 32 to 34 of the Articles of Association of the Bank provide that the Bank may repurchase its Shares under specific circumstances, in accordance with Rule10.06(5) and Rule19A.24 of the Listing Rules, the listing of all H Shares which are repurchased by the Bank shall be automatically cancelled upon repurchase. The Bank must apply for listing of any additional issue of H Shares in the normal way. The Bank shall ensure that the documents of title of repurchased Shares are cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase. Moreover, pursuant to Rule 19A.25(1) of the Listing Rules, the Bank's share repurchases in the future shall be subject to the approvals of (i) the Shareholders at the Shareholders' general meeting by way of special resolutions, (ii) the domestic Shareholders at the Domestic Share class meeting by way of special resolutions, and (iii) the H Shareholders at the H Share class meeting by way of special resolutions. The Bank is required to despatch an explanatory statement containing all information required by Rule10.06(1)(b) of the Listing Rules to the Shareholders when publishing meeting notices and circular. The Bank will also abide by the reporting obligations required by Rule 10.06(4) of the Listing Rules and the public float requirement under Rules 8.08 and 13.32 of the Listing Rules for any share repurchase in the future.

Upon being approved at the 2018 AGM, the Bank will make the following amendments to the Rules of Procedures for Shareholders' General Meeting, effective from the completion date of the issuance of the first tranche of Offshore Preference Shares:

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 1</b> To regulate the organization and activities the shareholders general meeting Bank of Gansu Co., Ltd. (the “Bank”), ensuring that the shareholders meeting to work according to the laws in a standardized and efficiently manner and the shareholders to effectively exercise their powers, and to safeguard the legitimate rights and interests of the Bank, the Rules of Procedures have been formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Commercial Banking Law of the PRC (the “Commercial Banking Law”), the Securities Law of the PRC (the “Securities Law”), the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (the “Special Provisions”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”), the Guidelines on Corporate Governance of Commercial Banks, the Reply on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to be Listed in Hong Kong (“Zheng Jian Hai Han”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), other laws, administrative regulations, departmental rules, normative documents and relevant requirements of the securities regulatory authorities in the place where the Bank’s shares are listed and the Articles of Association of Bank of Gansu Co., Ltd. (H share) (the “Articles of Association (H share)”), and with reference to the actual situation of the Bank.</p>	<p><b>Article 1</b> To regulate the organization and activities the shareholders general meeting Bank of Gansu Co., Ltd. (the “Bank”), ensuring that the shareholders meeting to work according to the laws in a standardized and efficiently manner and the shareholders to effectively exercise their powers, and to safeguard the legitimate rights and interests of the Bank, the Rules of Procedures have been formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Commercial Banking Law of the PRC (the “Commercial Banking Law”), the Securities Law of the PRC (the “Securities Law”), the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (the “Special Provisions”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”), the Guidelines on Corporate Governance of Commercial Banks, the Reply on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to be Listed in Hong Kong (“Zheng Jian Hai Han”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), other laws, administrative regulations, departmental rules, normative documents and relevant requirements of the securities regulatory authorities in the place where the Bank’s shares are listed and the Articles of Association of Bank of Gansu Co., Ltd. (<del>H share</del>) (the “Articles of Association (<del>H share</del>)”), and with reference to the actual situation of the Bank.</p>	<p>The term “(H share)” in the “Articles of Association of Bank of Gansu Co., Ltd. (H share)” and the “Articles of Association (H share)” is deleted through the whole text due to the proposed issuance of preference shares and the results from the review of the Articles of Association of Bank of Gansu Co., Ltd. (draft, which will be applicable after the issuance of preference shares). The rest of the deletion regarding the same will not be separately marked or explained.</p>



Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 5</b> The general meeting, as the organ of authority of the Bank, shall have the following duties and powers in accordance with laws:</p> <p>.....</p> <p>(9) to pass resolutions on the issuance of the bonds or listing of the Bank;</p> <p>.....</p> <p>(15) to consider the temporary proposals of shareholders representing more than 3% of the total voting shares of the Bank;</p> <p>.....</p> <p>(23) to consider proposals for shareholders with more than 3% of the shares with voting rights of the Bank; and</p> <p>(24) to consider other matters as determined by the general meeting in accordance with the laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association (H share).</p>	<p><b>Article 5</b> The general meeting, as the organ of authority of the Bank, shall have the following duties and powers in accordance with laws:</p> <p>.....</p> <p>(9) to pass resolutions on the issuance of <b>corporate</b> bonds or <b>other bonds and</b> listing of the Bank;</p> <p>.....</p> <p>(15) to consider the temporary proposals of shareholders <b>(including preference shareholders with restored voting rights)</b> representing more than 3% of the total voting shares of the Bank;</p> <p>.....</p> <p><b>(23) to determine on issuance of preference shares; to determine or authorise the Board to determine matters relating to preference shares issued by the Bank, including but not limited to redemption, conversion and distribution of dividends, etc.;</b></p> <p><del>(23) to consider proposals for shareholders with more than 3% of the shares with voting rights of the Bank; and</del></p> <p>(24) to consider other matters as determined by the general meeting in accordance with the laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association (<del>H</del> share).</p>	<p>Amended pursuant to Article 2(2) of the Guiding Opinions of the China Banking Regulatory Commission on Commercial Banks' Innovation on Capital Instruments, and Rule 14 of the Rules Governing Shareholders' General Meetings of Listed Companies</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 7</b> The Bank shall hold an extraordinary general meeting within two months from the date of the occurrence of any of the following events: .....</p> <p>(3) the shareholders who individually or jointly hold more than 10% of the total voting rights shares (the “Proposal Shareholders”) have requested in writing to convene such a meeting;</p>	<p><b>Article 7</b> The Bank shall hold an extraordinary general meeting within two months from the date of the occurrence of any of the following events: .....</p> <p>(3) the shareholders who individually or jointly hold more than 10% of the total voting rights shares (<b><u>including preference shareholders with restored voting rights</u></b>, the “Proposal Shareholders”) have requested in writing to convene such a meeting;</p>	<p>The amendment is made for creating preference shares</p>
<p><b>Article 9</b> An extraordinary general meeting may be held upon proposal by more than half of the independent Directors to the Board. ....</p>	<p><b>Article 9</b> An extraordinary general meeting may be held upon proposal by more than half of the independent Directors (<b><u>in the event that the Bank has only two independent Directors, then the two independent Directors shall unanimously propose to hold</u></b>) to the Board. ....</p>	<p>The amendment is made for improvements</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 11</b> The Proposal Shareholders shall act in compliance with the following procedures when they make a request to convene an extraordinary general meeting or a class meeting:</p> <p>(1) Two or more shareholders holding in aggregate 10% or more of the voting shares at the meeting sought to be held shall sign one or more counterpart requisitions in writing requiring the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the objectives of the meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association (H share), make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten days after receiving the proposal. The above mentioned number of shares held shall be calculated as of the date of requisitions in writing made by the shareholders.</p> <p>.....</p>	<p><b>Article 11</b> The Proposal Shareholders shall act in compliance with the following procedures when they make a request to convene an extraordinary general meeting or a class meeting:</p> <p>(1) <b>The Proposal Shareholders</b> <del>Two or more shareholders holding in aggregate 10% or more of the voting shares at the meeting sought to be held</del> shall sign one or more counterpart requisitions in writing requiring the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the objectives of the meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association (<del>H share</del>), make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten days after receiving the proposal. The above mentioned number of shares held shall be calculated as of the date of requisitions in writing made by the shareholders.</p> <p>.....</p>	<p>Amended pursuant to Articles 1(7) of the Administrative Guidelines on the Pilot Scheme of Preference Shares and Rule 9 of the Rules Governing Shareholders' General Meetings of Listed Companies</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p>(2) Where the Board of Directors does not agree to convene the extraordinary general meeting, or fails to give its response within ten days after receiving the proposal, the shareholders who individually or jointly hold more than 10% of the shares in the Bank shall have the right to propose to the Board of Supervisors to convene an extraordinary general meeting and this proposal shall be made to the Board of Supervisors in writing. Where the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice for convening such meetings within five days after receiving the proposal. In the event of any change to the original proposal in the notice, the consent of the related shareholders shall be obtained. Where the Board of Supervisors fails to issue the notice of extraordinary general meeting within a prescribed period, the Board of Supervisors shall be deemed as refusing to convene and preside over such meeting. Shareholders who individually or jointly hold more than 10% of the shares in the Bank for more than ninety successive days (the “Convening Shareholders”) may convene and preside over such meeting on their own initiative.</p> <p>.....</p>	<p>(2) Where the Board of Directors does not agree to convene the extraordinary general meeting, or fails to give its response within ten days after receiving the proposal, the <b><u>Proposal Shareholders</u></b> <del>shareholders who individually or jointly hold more than 10% of the shares in the Bank</del> shall have the right to propose to the Board of Supervisors to convene an extraordinary general meeting and this proposal shall be made to the Board of Supervisors in writing. Where the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice for convening such meetings within five days after receiving the proposal. In the event of any change to the original proposal in the notice, the consent of the related shareholders shall be obtained. Where the Board of Supervisors fails to issue the notice of extraordinary general meeting within a prescribed period, the Board of Supervisors shall be deemed as refusing to convene and preside over such meeting. Shareholders who individually or jointly hold more than 10% of the <b><u>total number of shares with voting rights</u></b> in the Bank for more than ninety successive days (<del>(including preference shareholders with restored voting rights,</del> the “Convening Shareholders”) may convene and preside over such meeting on their own initiative.</p> <p>.....</p>	<p>Amended pursuant to Articles 1(7) of the Administrative Guidelines on the Pilot Scheme of Preference Shares and Rule 9 of the Rules Governing Shareholders’ General Meetings of Listed Companies</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 12</b> If either the Board of Supervisors or shareholders propose to convene a general meeting on their own initiatives, the Board of Directors shall be informed in writing and the relevant documents shall be filed with the local banking regulatory authorities in the place where the Bank is situated. A notice for convening an extraordinary general meeting shall be issued and its content shall comply with the following requirements:</p> <p>.....</p> <p>The Board of Supervisors or convening shareholders shall submit the relevant evidentiary materials to the local banking regulatory authorities in the jurisdiction in which the Bank is situated upon the issuance of the notice of a general meeting or the announcement of the resolution of a general meeting.</p>	<p><b>Article 12</b> If either the Board of Supervisors or shareholders propose to convene a general meeting on their own initiatives, the Board of Directors shall be informed in writing and the relevant documents shall be filed with the local banking regulatory authorities <u>under the State Council</u> in the place where the Bank is situated. A notice for convening an extraordinary general meeting shall be issued and its content shall comply with the following requirements:</p> <p>.....</p> <p>The Board of Supervisors or convening shareholders shall submit the relevant evidentiary materials to the local banking regulatory authorities <u>under the State Council</u> in the jurisdiction in which the Bank is situated upon the issuance of the notice of a general meeting or the announcement of the resolution of a general meeting.</p>	<p>The expression of the national banking regulatory authorities are unified into “the banking regulatory authorities under the State Council”. The rest unification regarding the same will not be marked or explained.</p>
<p><b>Article 13</b></p> <p>.....</p> <p>If the Board of Directors fails to provide the register of shareholders, the Convening Shareholders may request to access the register at China Securities Depository and Clearing Company Limited Shenzhen Branch by presenting the relevant announcement of the notice of general meeting or class meeting. The register of shareholders obtained by the Convening Shareholders shall not be used for any purpose other than holding the general meeting or class meeting.</p>	<p><b>Article 13</b></p> <p>If the Board of Directors fails to provide the register of shareholders, the <del>Convening Shareholders</del> <u>convener</u> may request to access the register at China Securities Depository and Clearing Company Limited Shenzhen Branch by presenting the relevant announcement of the notice of general meeting or class meeting. The register of shareholders obtained by the <del>Convening Shareholders</del> <u>convener</u> shall not be used for any purpose other than holding the general meeting or class meeting.</p>	<p>The amendment is made for optimizing wording of the article</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 16</b> If the election of Directors or Supervisors is proposed to be discussed at a general meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for Directors or Supervisors, in which the information shall at least include:</p> <p>.....</p> <p>(4) whether they have been punished by the banking regulatory authorities or securities regulators;</p> <p>.....</p>	<p><b>Article 16</b> If the election of Directors or Supervisors is proposed to be discussed at a general meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for Directors or Supervisors, in which the information shall at least include:</p> <p>.....</p> <p>(4) whether they have been punished by the banking regulatory authorities or securities regulators <b><u>under the State Council;</u></b></p> <p>.....</p>	<p>The expression of the national securities regulators are unified into “the securities regulators under the State Council”. The rest unification regarding the same will not be marked or explained.</p>
<p><b>Article 17</b> When convening a shareholders’ general meeting, the Bank shall give written notice to all shareholders whose names appear in the register of shareholders forty-five days prior to the convening of the meeting to inform them of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the meeting shall serve written reply on the Bank twenty days prior to the convening of the meeting.</p> <p>When calculating the starting date, the date of the meeting shall be excluded.</p>	<p><b>Article 17</b> When convening a shareholders’ general meeting, the Bank shall give written notice <b><u>in the form of announcement</u></b> to all shareholders <del>whose names appear in the register of shareholders entitled to attend the</del> <b><u>general meeting (including preference shareholders with restored voting rights)</u></b> forty-five days prior to the convening of the meeting to inform them of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the meeting shall serve written reply on the Bank twenty days prior to the convening of the meeting.</p> <p>When calculating the starting date, the date of the meeting shall be excluded.</p>	<p>The amendment is made in accordance with Rule 15 of the Rules for General Meeting of Shareholders of Listed Company</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 25</b> All the shareholders listed in the register of shareholders on the Record Date or their proxies are entitled to attend the general meeting, and enjoy the right of information, right to speak, right of inquiry, right of voting, and other shareholder rights according to the relevant laws, administrative regulations, the Hong Kong Listing Rules, Articles of Association (H share) and this Rules of Procedure.</p> <p>Any shareholder entitled to attend the general meeting and vote has the right to appoint one or more persons (who may not be a shareholder) as his shareholder proxy to attend and vote on his behalf. The shareholder shall entrust the proxy via written power of attorney, which shall be signed by the principal or the proxy he entrusts in writing. If the principal is a legal person, the power of attorney shall be stamped with the seal of the legal person or signed by the chairman of the Board or duly appointed proxy.</p> <p>.....</p>	<p><b>Article 25</b> All the shareholders <u>(including preferences shareholders with restored voting rights)</u> listed in the register of shareholders on the Record Date or their proxies are entitled to attend the general meeting, and enjoy the right of information, right to speak, right of inquiry, right of voting, and other shareholder rights according to the relevant laws, administrative regulations, the Hong Kong Listing Rules, Articles of Association (<del>H share</del>) and this Rules of Procedure.</p> <p>Any shareholder entitled to attend the general meeting and vote <del>has the right to</del> <u>can attend the shareholders' general meeting in person</u>, or appoint one or more persons (who may not be a shareholder) as his shareholder proxy to attend and vote on his behalf. The shareholder shall entrust the proxy via written power of attorney, which shall be signed by the principal or the proxy he entrusts in writing. If the principal is a legal person, the power of attorney shall be stamped with the seal of the legal person or signed by the chairman of the Board or duly appointed proxy.</p> <p>.....</p>	<p>The amendment is made for creating preference shares and for optimizing wording of the article</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 28</b> The power of attorney shall contain the following contents: .....</p> <p>The power of attorney for voting by proxy shall be placed at the domicile of the Bank or other place specified in the meeting notice twenty-four (24) hours before the holding of the meeting for which the power of attorney is issued or twenty-four (24) hours before the designated voting time. .....</p>	<p><b>Article 28</b> The power of attorney shall contain the following contents: .....</p> <p>The power of attorney for voting by proxy shall be placed at the domicile of the Bank or other place specified in the meeting notice twenty-four (<del>24</del>) hours before the holding of the meeting for which the power of attorney is issued or twenty-four (<del>24</del>) hours before the designated voting time. .....</p>	<p>Figures throughout the full text are presented in Chinese characters, so the Arabic numerals are deleted. The rest of the amendments regarding the same will not be separately marked or explained</p>
<p><b>Article 30</b> The convener and the lawyers engaged by the Bank shall verify the legitimacy of shareholders' qualifications based on the Bank's register of members, and shall record the names of shareholders and the number of voting shares held by them. The registration process for the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares held or represented by them.</p>	<p><b>Article 30</b> The convener and the lawyers engaged by the Bank shall verify the legitimacy of shareholders' qualifications based on the Bank's register of members <b><u>provided by securities registration and clearing institution</u></b>, and shall record the names of shareholders and the number of voting shares held by them. The registration process for the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares held or represented by them.</p>	<p>The amendment is made in accordance with Article 65 of the Guidance for Articles of Listed Companies</p>



Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 33</b> A sign-in book for meeting attendance shall be prepared by the secretariat to the shareholders' general meeting. The sign-in book shall set forth the names of attendees (or the attending units), their identity card numbers, residential addresses, number of shares held or represented, numbers of the share certificates, and names of the principals (or the principal units), etc.</p>	<p><b>Article 33</b> A sign-in book for meeting attendance shall be prepared by the secretariat to the shareholders' general meeting. The sign-in book shall set forth the names of attendees (or the attending units), their identity card numbers, residential addresses, number of shares held or represented, numbers of the share certificates, and names of the principals (or the principal units), etc.</p>	<p>The amendment is made for optimizing wording of the article</p>
<p><b>Article 38</b> The Bank's Directors, Supervisors and secretary to the Board of Directors shall attend general meetings, and the President and other senior management officers shall be present at the meetings without voting rights. Except for the persons mentioned above, the Bank is entitled to refuse other persons to enter into the venue of the general meeting.</p>	<p><b>Article 38</b> The Bank's Directors, Supervisors and secretary to the Board of Directors shall attend general meetings, and the President and other senior management officers shall be present at the meetings without voting rights. Except for the persons mentioned above <u><b>and shareholders (or their proxies), appointed lawyers and persons invited by the board of directors,</b></u> the Bank is entitled to refuse other persons to enter into the venue of the general meeting.</p>	<p>The amendment is made for optimizing wording of the article</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 40</b> When the Bank convenes shareholders' general meetings, the Board of Directors, the Board of Supervisors and the shareholders who individually or jointly hold a total of more than 3% of the shares of the Bank shall be entitled to submit their proposals in writing to the Bank. The Bank shall include matters in the proposals which are within the scope of responsibilities of the shareholders' general meeting into the agenda.</p> <p>Shareholders who individually or jointly hold a total of more than 3% of the shares of the Bank may submit provisional proposals to the conveners in writing ten days prior to the date of the shareholders' general meeting or before the time limit for dispatching the supplemental notice of the shareholders' general meeting (whichever is earlier). The conveners shall issue a supplemental notice setting out the content of the provisional proposals within two days of receiving the proposals pursuant to the requirements of the Hong Kong Listing Rules.</p>	<p><b>Article 41</b> When the Bank convenes shareholders' general meetings, the Board of Directors, the Board of Supervisors and the shareholders who individually or jointly hold a total of more than 3% of the shares <b><u>with voting rights</u></b> of the Bank <b><u>(including preference shareholders with restored voting rights)</u></b> shall be entitled to submit their proposals in writing to the Bank. The Bank shall include matters in the proposals which are within the scope of responsibilities of the shareholders' general meeting into the agenda.</p> <p>Shareholders who individually or jointly hold a total of more than 3% of the shares <b><u>with voting rights</u></b> of the Bank <b><u>(including preference shareholders with restored voting rights)</u></b> may submit provisional proposals to the conveners in writing ten days prior to the date of the shareholders' general meeting or before the time limit for dispatching the supplemental notice of the shareholders' general meeting (whichever is earlier). The conveners shall issue a supplemental notice setting out the content of the provisional proposals within two days of receiving the proposals pursuant to the requirements of the Hong Kong Listing Rules.</p>	<p>The amendment is made for creating preference shares</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 47</b> When convening a general meeting, chairman of the meeting shall firstly announce the attendance of the shareholders and proxies as entrusted by shareholders together with the shares with voting rights held by such people, as well as compliance with the Articles of Association (H share) and then present the proposals in person or by other person so entrusted after declaring the agenda as set out in the notice of the meeting.</p>	<p><b>Article 47</b> When convening a general meeting, chairman of the meeting shall firstly announce the attendance of the shareholders and proxies as entrusted by shareholders together with the shares with voting rights held by such people, as well as compliance with the Articles of Association (<del>H share</del>) and then present the proposals in person or by other person so entrusted after declaring the agenda as set out in the notice of the meeting.</p> <p><b><u>Numbers of shareholders and proxies attended the physical shareholders' general meeting and the total number of shares with voting rights held by them shall be subject to the registration of the meeting.</u></b></p>	<p>Amended pursuant to Rule 30 of the Rules for General Meeting of Shareholders of Listed Company</p>
<p><b>Article 51</b> Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions. (I) Ordinary resolutions made at general meetings shall be passed by votes representing more than one second of the voting rights held by shareholders (including proxies thereof) attending the general meeting. .....</p>	<p><b>Article 53</b> Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions. (I) Ordinary resolutions made at general meetings shall be passed by votes representing more than <del>half one second</del> of the voting rights held by shareholders (including proxies thereof) attending the general meeting. .....</p>	<p>The amendment is made for optimizing wording of the article</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 52</b> The following shall be approved by ordinary resolutions at a general meeting: .....</p> <p>(5) appointment or dismissal of an accounting firm; and</p> <p>(6) matters other than those required by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association (H share) to be passed by special resolutions.</p>	<p><b>Article 54</b> The following shall be approved by ordinary resolutions at a general meeting: .....</p> <p>(5) appointment or dismissal of an accounting firm; and</p> <p><b><u>(6) the annual report of the Bank;</u></b></p> <p>(7) matters other than those required by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association (<del>H share</del>) to be passed by special resolutions.</p>	<p>The amendment is made in accordance with Article 76 of the Guidance for Articles of Listed Companies</p>
<p><b>Article 56</b> Save under the cumulative voting system, the general meeting shall vote on all the proposals separately; in the event of several proposals for the same matter, such proposals in the order of time at which they are submitted at the general meeting. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, the voting on such proposals shall neither be shelved nor refused at the general meeting.</p>	<p><b>Article 58</b> Save under the cumulative voting system, the general meeting shall vote on all the proposals separately; in the event of several proposals for the same matter, such proposals shall be voted on in the order of time at which they are submitted <del>at the general meeting</del>. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, the voting on such proposals shall neither be shelved nor refused at the general meeting.</p>	<p>The amendment is made for optimizing wording of the article</p>
<p><b>Article 66</b> Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special notes shall be made in the announcement of the resolutions of the general meeting.</p>	<p><b>Article 69</b> Where a proposal on election of Directors <b><u>and Supervisors</u></b> has been passed at a general meeting, the new Directors <b><u>and Supervisors shall take office on the date of election at the general meeting.</u></b> Where the qualifications of the new Directors shall be submitted to the <del>banking regulatory</del> <b><u>authorities for review and they shall take office on the date when their qualification are approved by the regulatory authorities.</u></b></p>	<p>The amendment is made in accordance with Article 93 of the Guidance for Articles of Listed Companies and for optimizing wording of the Article</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 68</b> A resolution of the general meeting in violate of any law or administrative regulation or Hong Kong Listing Rules shall be invalidated.</p>	<p><b>Article 71</b> If a resolution of the general meeting violates any law or administrative regulation <del>or Hong Kong Listing Rules shall be invalidated</del>, <u>the shareholder shall have the right to file a petition to a people's court to invalidate the resolution (The provision for disputes settlement in the Articles of Association shall be applicable to disputes involving the holders of foreign shares).</u></p>	<p>The amendment is made for optimizing wording of the article</p>
<p><b>Article 69</b> The list of candidates for Directors or Supervisors shall be submitted by way of proposal to the general meetings for voting. When voting on election of Directors and Supervisors at a general meeting, each candidate for Directors or Supervisors shall be voted on separately, or the cumulative voting system may be adopted pursuant to the Articles of Association (H share) or the resolution of the general meeting. The cumulative voting system as referred to in the preceding paragraph shall mean that when Directors or Supervisors are being elected at a general meeting, each share has as many voting rights as the number of candidates for Directors or Supervisors, and the shareholders' voting rights may be used in a concentrated manner. The Board shall provide shareholders with the brief biographies and background information of the candidates for Directors or Supervisors.</p>	<p><b>Article 72</b> The list of candidates for Directors or Supervisors shall be submitted by way of proposal to the general meetings for voting. When voting on election of Directors and Supervisors at a general meeting, each candidate for Directors or Supervisors shall be voted on separately, <del>or the cumulative voting system may be adopted pursuant to the Articles of Association (H share) or the resolution of the general meeting.</del> The cumulative voting system as referred to in the preceding paragraph shall mean that when Directors or Supervisors are being elected at a general meeting, each <u>ordinary share (including preference shares with restored voting rights)</u> has as many voting rights as the number of candidates for Directors or Supervisors, and the shareholders' voting rights may be used in a concentrated manner. The Board shall provide shareholders with the brief biographies and background information of the candidates for Directors or Supervisors.</p>	<p>Amended pursuant to Articles 1(7) of the Administrative Guidelines on the Pilot Scheme of Preference Shares and Rule 32 of the Rules for General Meeting of Shareholders of Listed Company</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 70</b> The list of candidates for Directors and Supervisors of the Bank shall be submitted to a shareholders' general meeting for consideration in a form of proposal. The ways and procedures for nomination of Directors and Supervisors shall be as follows:</p> <p>(1) in the election for changing term of the Board of Directors as well as the Board of Supervisors, the list of candidates for Directors and Supervisors shall be proposed by the Nomination and Remuneration Committee under the Board of Directors and the Nomination Committee under the Board of Supervisors according to the number of Directors to be elected, and the number shall be within the scope of the number as provided for in the Articles of Association (H share). The list of candidates for Directors and Supervisors may also be proposed to the Board of Directors as well as the Board of Supervisors by shareholders who individually or jointly hold more than 3% of the Bank's total shares with voting rights;</p> <p>.....</p>	<p><b>Article 73</b> The list of candidates for Directors and Supervisors of the Bank shall be submitted to a shareholders' general meeting for consideration in a form of proposal. The ways and procedures for nomination of Directors and Supervisors shall be as follows:</p> <p>(1) in the election for changing term of the Board of Directors as well as the Board of Supervisors, the list of candidates for Directors and Supervisors shall be proposed by the Nomination and Remuneration Committee under the Board of Directors and the Nomination Committee under the Board of Supervisors according to the number of Directors to be elected, and the number shall be within the scope of the number as provided for in the Articles of Association (<del>H share</del>). The list of candidates for Directors and Supervisors may also be proposed to the Board of Directors as well as the Board of Supervisors by shareholders who individually or jointly hold more than 3% of the Bank's total shares with voting rights (<b><u>including preference shareholders with restored voting rights</u></b>);</p> <p>.....</p>	<p>The amendment is made for creating preference shares</p>
<p><b>Article 73</b> The convener shall ensure that the meeting minutes are true, accurate and complete. The attending Directors, Supervisors, secretary to the Board, convener or representative thereof, and the chairman of the meeting shall sign on the meeting minutes. The meeting minutes, the signed attendance book of those shareholders on the spot and the powers of attorney for attendance by proxy, and the valid information relating to the voting shall be kept by the secretary to the Board at the domicile of the Bank for at least ten years.</p>	<p><b>Article 77</b> <del>The convener shall ensure that the meeting minutes are true, accurate and complete.</del> The attending Directors, Supervisors, secretary to the Board, convener or representative thereof, and the chairman of the meeting shall sign on the meeting minutes <b><u>and ensure that the meeting minutes are true, accurate and complete.</u></b> The meeting minutes, the signed attendance book of those shareholders on the spot and the powers of attorney for attendance by proxy, and the valid information relating to the voting shall be kept by the secretary to the Board at the domicile of the Bank for at least ten years.</p>	<p>The amendment is made in accordance with Article 73 of the Guidance for Articles of Listed Companies</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
<p><b>Article 81</b> When convening a class meeting, the Bank shall give written notice to all shareholders whose names appear in the register of shareholders of such class forty-five days prior to the convening of the meeting to inform them of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the meeting shall serve written reply on the Bank twenty days prior to the convening of the meeting.</p> <p>.....</p>	<p><b>Article 85</b> When convening a class meeting, the Bank shall give written notice to all shareholders whose names appear in the register of shareholders of such class <b><u>that are entitled to attend the shareholders' general meeting (including preference shareholders with restored voting rights)</u></b> forty-five days prior to the convening of the meeting to inform them of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the meeting shall serve written reply on the Bank twenty days prior to the convening of the meeting.</p> <p>.....</p>	<p>The amendment is made for creating preference shares</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<b><u>Chapter 9 Special Provisions on Preference Shares</u></b>	
	<p><b><u>Article 88 Shareholders of preference shares are not entitled to attend the shareholders' general meeting and their preference shares do not carry any voting rights. However, the Bank shall notify the shareholders of preference shares about the convening of shareholders' general meeting upon occurrence of any of the following circumstances, subject to the procedures of notification to shareholders of ordinary shares stipulated in laws, regulations and the Articles of Association of the Bank. Whereby, shareholders of preference shares are entitled to exercise class voting on the following matters together with shareholders of ordinary shares, with each preference share having one voting right save that the preference shares of the Bank held by the Bank do not have any voting rights:</u></b></p> <p><b><u>(i) amendments to the Articles of Association that relates to preference shares;</u></b></p> <p><b><u>(ii) reduction of the registered capital of the Bank by more than 10% on a single or aggregate basis;</u></b></p> <p><b><u>(iii) merger, division, dissolution or change of corporate form of the Bank;</u></b></p> <p><b><u>(iv) issuance of preference shares;</u></b></p>	<p>The amendment is made in accordance with Article 1(5) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme, Article 10 of the Administrative Measures on the Pilot Scheme of Preference Shares and Rules 23 and 39 of the Rules Governing Shareholders' General Meetings of Listed Companies</p>



Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><b><u>(v) other events specified in laws, administrative rules and department rules and the Articles of Association. Resolutions relating to the above matters shall be approved by more than two thirds of the votes held by ordinary shareholders present at the meeting (including preference shareholders with restored voting rights) and by more than two thirds of the votes held by preference shareholders present at the meeting (excluding preference shareholders with restored voting rights). In case of voting under the circumstances specified in paragraph 2 of the Article herein at the shareholders general meeting, the Bank shall separately calculate and announce the attendance at the meeting and voting results by the ordinary shareholders (including the preference shareholders with restored voting rights) and the preference shareholders (excluding the preference shareholders with restored voting rights).</u></b></p>	<p>The amendment is made in accordance with Rule 33 of the Rules Governing Shareholders' General Meetings of Listed Companies</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><u>Article 89 In the consideration of the proposal on issue of preference shares, the shareholders general meeting shall vote on the following matters one by one:</u></p> <p><u>(1) type and number of preference shares to be issued;</u></p> <p><u>(2) issue mode, targets and placing arrangements for existing shareholders;</u></p> <p><u>(3) par value, issue price or pricing range and its determination principle;</u></p> <p><u>(4) profit distribution methods for preference shareholders, including: dividend yield and its determination principle, dividend payment conditions, dividend payment methods, whether dividends are accumulated, and whether participation in the distribution of surplus profit is allowed;</u></p> <p><u>(5) terms and conditions of repurchase, including repurchase conditions, period, price and its determination principle, and subject of exercising repurchase option (if any);</u></p> <p><u>(6) use of proceeds;</u></p> <p><u>(7) conditional share subscription agreements signed between the Bank and corresponding targets to which shares are issued;</u></p> <p><u>(8) validity period of resolution;</u></p> <p><u>(9) plan on amendments to relevant provisions of the Bank's Articles of Association on profit distribution policy for shareholders of preference/ordinary shares;</u></p> <p><u>(10) authorization to the Board of Directors on handling specific matters concerning the issue of shares;</u></p> <p><u>(11) other matters.</u></p>	

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<p><b><u>Article 90 Only votes of ordinary shares and votes of preference shares with restored voting rights shall be counted when calculating the proportion of shares and the amount of shares held by the shareholders in the event of the following:</u></b></p> <p><b><u>(i) a request to convene an extraordinary general meeting;</u></b></p> <p><b><u>(ii) a request to convene and preside over a shareholders' general meeting;</u></b></p> <p><b><u>(iii) a request to submit an proposal or an interim proposal to a shareholders' general meeting;</u></b></p> <p><b><u>(iv) a request to nominate the Directors and Supervisors who are not staff representatives of the Bank;</u></b></p> <p><b><u>(v) identifying controlling shareholder(s) according to the relevant provisions of the Articles of Association;</u></b></p> <p><b><u>(vi) identifying person(s) restricted from serving as independent Directors of the Bank according to the relevant provisions of the Articles of Association;</u></b></p> <p><b><u>(vii) identifying the ten largest shareholders of the Bank and the number of shares held by them and the shareholder(s) holding more than 5% of the shares of the Bank in accordance with the Securities Law and relevant regulations;</u></b></p> <p><b><u>(viii) other circumstances provided under laws, administrative regulations, department regulations and the Articles of Association.</u></b></p>	<p>The amendment is made in accordance with Article 1(7) and Article 2(14) of the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme</p>

Original Articles	Amended Articles	Reasons for or Basis of Amendment
	<b>Article 91</b> <u>Where the Bank repurchases its ordinary shares by public issuance of preference shares and repurchases its ordinary shares from specific shareholders of the Bank by consideration of nonpublic issuance of preference shares for the purpose of reducing its registered capital, the resolution regarding the repurchase of ordinary shares at a shareholders' general meeting shall be passed by more than two thirds of the voting rights of the ordinary shareholders present at the shareholders' general meeting (including preference shareholders with restored voting rights).</u>	The amendment is made in accordance with Rule 45 of the Rules Governing Shareholders' General Meetings of Listed Companies
	<b>Article 92</b> <u>Except specifically referred to preference shares in the Rules of Procedures, share(s) and share certificate(s) referred to herein shall indicate ordinary share(s) and ordinary share certificate(s). References to "total voting shares" in the Rules of Procedures shall only include the ordinary shares and preference shares with restored voting rights. Unless specially explained, the terms used in the Rules have equal meanings as those in the Articles of Association.</u>	The amendment is made for creating preference shares
<b>Article 85</b> After consideration and approval by the general meeting of the Bank, the Rules shall become effective from the date on which the Articles of Association (H share) becomes effective.	<b>Article 94</b> After consideration and approval by the general meeting of the Bank, the Rules shall become effective from <u>the date of completion of the issuance of the first tranche of offshore preference shares</u> <del>date on which the Articles of Association (H share) becomes effective.</del>	The amendment is made for creating preference shares

*Note:* Certain articles are added into or deleted from the rules of procedure for shareholders' general meeting and the numbering of all the articles shall be adjusted accordingly without separate explanations.