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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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, bank manager, solicitor, professional accountant or other professional adviser.

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

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Neither this circular nor any copy thereof may be released into or distributed in the United States or any other jurisdiction where such release or distribution might be unlawful. The Offshore Preference Shares and the H Shares issuable upon conversion of the Offshore Preference Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any State of the United States or other jurisdiction, and the Offshore Preference Shares may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable State or local securities laws. There is no intention to register any portion of any securities described herein in the United States or to conduct a public offering of securities in the United States.

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**Harbin Bank Co., Ltd.**

**哈爾濱銀行股份有限公司\***

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

**(Stock Code: 6138)**

- (1) 2019 WORK REPORT OF THE BOARD OF DIRECTORS**
  - (2) 2019 WORK REPORT OF THE BOARD OF SUPERVISORS**
  - (3) 2019 FINAL ACCOUNT REPORT**
  - (4) 2020 FINANCIAL BUDGETS**
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  - (11) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
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  - (13) PROPOSAL ON GRANTING THE BOARD A GENERAL MANDATE TO ISSUE H SHARES**
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  - (15) PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE AUTHORISATION TO THE BOARD AND THE PERSONS AUTHORISED BY THE BOARD TO DEAL WITH ALL MATTERS RELATING TO THE ISSUANCE OF OFFSHORE PREFERENCE SHARES**
  - (16) PROPOSED ISSUANCE OF ELIGIBLE TIER-2 CAPITAL INSTRUMENTS AND**
- NOTICE OF 2019 ANNUAL GENERAL MEETING**  
**NOTICE OF 2020 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING**  
**NOTICE OF 2020 FIRST H SHAREHOLDERS' CLASS MEETING**

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The Bank will convene the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting at Conference Hall 3, Harbin Shangri-La Hotel, 555 Youyi Road, Daoli District, Harbin, Heilongjiang, China on Friday, 15 May 2020, at 8:30 a.m., 9:30 a.m. or immediately after the conclusion of the AGM (whichever is the later), and 10 a.m. or immediately after the conclusion of the Domestic Shareholders' Class Meeting (whichever is the later), respectively. The notices of the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting are set out on pages 78 to 84 of this circular.

If you intend to appoint a proxy to attend the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (if applicable), you are required to complete and return the proxy forms in accordance with the instructions printed thereon as soon as possible. For H Shareholders, the proxy forms should be returned to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited (17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, Tel: 852-2862 8555), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the AGM or the H Shareholders' Class Meeting. For Domestic Shareholders, the proxy forms should be returned to the Bank's Board of Directors' Office (No. 888 Shangjiang Street, Daoli District, Harbin 150070, Heilongjiang Province, China, Tel: 86-451-86779995), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the AGM or the Domestic Shareholders' Class Meeting. Completion and return of the proxy forms will not preclude you from attending and voting in person at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (if applicable) if you so wish. If you intend to attend the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (if applicable) in person or by proxy, you are required to complete and return the reply slips to Computershare Hong Kong Investor Services Limited (for H Shareholders) or the Bank's Board of Directors' Office (for Domestic Shareholders) on or before Friday, 24 April 2020.

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

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## DEFINITIONS

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

“Additional Tier 1 Capital”	has the meaning given to it in the Capital Management Rules
“Administrative Measures on Preference Shares”	the Trial Administrative Measures on Preference Shares (優先股試點管理辦法) issued by the CSRC on 21 March 2014
“AGM” or “Annual General Meeting” or “2019 AGM”	the 2019 annual general meeting or any adjourned meeting of the Bank to be held at Conference Hall 3, Harbin Shangri-La Hotel, 555 Youyi Road, Daoli District, Harbin, Heilongjiang, China on Friday, 15 May 2020 at 8:30 a.m.
“Articles of Association”	the articles of association of the Bank, as amended, revised or supplemented from time to time
“Bank” or “Company”	Harbin Bank Co., Ltd. (哈爾濱銀行股份有限公司), a joint stock company established in the PRC on 25 July 1997 with limited liability in accordance with the Company Law of the PRC (中華人民共和國公司法), and the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 06138)
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“Board Resolution Date”	15 December 2016, being the date on which the Board resolves to approve the proposed issuance of Offshore Preference Shares
“Capital Management Rules”	the Rules Governing Capital Management of Commercial Banks (for Trial Implementation) (商業銀行資本管理辦法(試行)) issued by the CBRC on 7 June 2012, which became effective on 1 January 2013
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBRC”	former China Banking Regulatory Commission

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## DEFINITIONS

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“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as enacted and adopted by the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective on 1 July 1994, as the same may be amended, supplemented and otherwise revised from time to time
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Bank
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Domestic Shareholders’ Class Meeting”	the 2020 first class meeting of Domestic Shareholders or any adjourned meeting of the Bank to be held at Conference Hall 3, Harbin Shangri-La Hotel, 555 Youyi Road, Daoli District, Harbin, Heilongjiang, China on Friday, 15 May 2020 at 9:30 a.m. or immediately after the conclusion of the AGM (whichever is the later)
“Domestic Shares”	ordinary shares of a nominal value of RMB1.00 each issued by the Bank, which are subscribed for or credited as paid in RMB
“Group”	the Bank and its subsidiaries
“H Shareholder(s)”	holder(s) of H Shares
“H Shareholders’ Class Meeting”	the 2020 first class meeting of H Shareholders or any adjourned meeting of the Bank to be held at Conference Hall 3, Harbin Shangri-La Hotel, 555 Youyi Road, Daoli District, Harbin, Heilongjiang, China on Friday, 15 May 2020 at 10:00 a.m. or immediately after the conclusion of the Domestic Shareholders’ Class Meeting (whichever is the later)
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Bank, which are listed on the Hong Kong Stock Exchange (Stock Code: 06138) and subscribed and traded in Hong Kong dollars
“HB Leasing”	Harbin Bank Financial Leasing Co., Ltd.
“HBCF”	Harbin Bank Consumer Finance Co., Ltd.

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## DEFINITIONS

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“HK\$” or “HK Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise revised from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Joint Guidance Opinion”	the Guidance Opinion on Issuance of Preference Shares by Commercial Banks for Replenishing 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 the CSRC on 3 April 2014
“Latest Practicable Date”	25 March 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Offshore Issuance Plan”	the Plan for Non-public Issuance of Offshore Preference Shares by Harbin Bank Co., Ltd.
“Offshore Preference Shares”	the not more than 80 million preference shares of an aggregate value of not more than RMB8 billion or its equivalent, proposed to be issued by the Bank in the offshore market pursuant to the Offshore Issuance Plan as set out in ANNEX G to this circular
“Offshore Preference Shareholder(s)”	holder(s) of Offshore Preference Shares
“PRC” or “China”	the People’s Republic of China, for the purposes of this circular only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	the lawful currency of the PRC
“Rules of Procedures for the Shareholders’ General Meeting”	the Rules of Procedures for the Shareholders’ General Meeting of Harbin Bank Co., Ltd.

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## DEFINITIONS

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“Securities Law”	the Securities Laws of the PRC, as amended, supplemented and otherwise revised from time to time
“Share(s)”	Domestic Shares and/or H Shares of the Bank
“Shareholder(s)”	holder(s) of Shares
“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 30 November 2013
“Supervisor(s)”	the supervisor(s) of the Bank

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## LETTER FROM THE BOARD

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**Harbin Bank Co., Ltd.**  
**哈爾濱銀行股份有限公司\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 6138)**

**Members of the Board:**

*Executive Directors:*

Mr. Guo Zhiwen  
Mr. Lyu Tianjun  
Ms. Sun Feixia

*Non-executive Directors:*

Mr. Zhang Taoxuan  
Mr. Ma Pao-Lin  
Mr. Chen Danyang  
Mr. Peng Xiaodong

*Independent Non-executive Directors:*

Mr. Ma Yongqiang  
Mr. Sun Yan  
Mr. Zhang Zheng  
Mr. Hou Bojian

**Registered Address:**

No. 160 Shangzhi Street  
Daoli District  
Harbin  
Heilongjiang Province  
PRC

**Principal Place of Business in  
Hong Kong:**

40th Floor, Sunlight Tower  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

30 March 2020

To the Shareholders,

### **1. INTRODUCTION**

The purpose of this circular is to provide you with all the information of the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (if applicable).

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## LETTER FROM THE BOARD

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### **2. BUSINESS TO BE TRANSACTED AT THE AGM, THE DOMESTIC SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING**

The business to be transacted at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting is specified in the respective notice of the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting set out on pages 78 to 84 of this circular. Resolutions to be proposed at the AGM by way of ordinary resolutions include: (1) 2019 work report of the Board of Directors; (2) 2019 work report of the Board of Supervisors; (3) 2019 final account report; (4) 2020 financial budgets; (5) 2019 profit distribution plan; (6) 2019 annual report; (7) proposed appointment of auditors for 2020; (8) report on the management of related party transactions in 2019; (9) the remuneration distribution plan for the executive Directors for 2019; and (10) the remuneration distribution plan for the Chairman of the Board of Supervisors for 2019. Resolutions to be proposed at the AGM by way of special resolutions include: (11) proposed amendments to the Articles of Association; (12) proposed amendments to the Rules of Procedures for the Shareholders' General Meeting; (13) proposal on granting the Board a general mandate to issue H Shares; (14) proposed extension of the validity period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions; (15) proposed extension of the validity period of the authorisation to the Board and the persons authorised by the Board to deal with all matters relating to the issuance of Offshore Preference Shares; and (16) proposed issuance of eligible tier-2 capital instruments. The above proposed resolutions numbered (14) and (15) are also subject to the approval by Shareholders at each of the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting by way of special resolutions.

In order to enable you to have a better understanding of the resolutions to be proposed at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, and to make informed decisions upon obtaining sufficient and necessary information, we have provided detailed information in Appendix I to this circular, including explanatory information on the resolutions to be proposed at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting.

In addition, the *2019 Appraisal of the Directors, Supervisors and Senior Management by the Board of Supervisors* will be presented to the Shareholders at the AGM.

### **3. THE AGM, THE DOMESTIC SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING**

The Bank will convene the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting at Conference Hall 3, Harbin Shangri-La Hotel, 555 Youyi Road, Daoli District, Harbin, Heilongjiang, China on Friday, 15 May 2019, at 8:30 a.m., 9:30 a.m. or immediately after the conclusion of the AGM (whichever is the later), and 10 a.m. or immediately after the conclusion of the Domestic Shareholders' Class Meeting (whichever is the later), respectively. The notices of the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting are set out on pages 78 to 84 of this circular. The proxy forms and the reply slips for use at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting are also enclosed herewith.



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## LETTER FROM THE BOARD

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If you intend to appoint a proxy to attend the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (if applicable), you are required to complete and return the proxy forms in accordance with the instructions printed thereon as soon as possible. For H Shareholders, the proxy forms should be returned to Computershare Hong Kong Investor Services Limited (17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, Tel: 852-2862 8555), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the AGM or the H Shareholders' Class Meeting. For Domestic Shareholders, the proxy forms should be returned to the Bank's Board of Directors' Office (No. 888 Shangjiang Street, Daoli District, Harbin 150070, Heilongjiang Province, China, Tel: 86-451-86779995), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the AGM or the Domestic Shareholders' Class Meeting. Completion and return of the proxy forms will not preclude you from attending and voting in person at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (if applicable) if you so wish.

If you intend to attend the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (if applicable) in person or by proxy, you are required to complete and return the reply slips to Computershare Hong Kong Investor Services Limited (for H Shareholders) or the Bank's Board of Directors' Office (for Domestic Shareholders) on or before Friday, 24 April 2020.

#### **4. VOTING BY POLL**

According to the Hong Kong Listing Rules, any vote of Shareholders at a Shareholders' general meeting, a Domestic Shareholders' class meeting and an H Shareholders' class meeting must be taken by poll. Results of the poll voting will be published on the Bank's website at [www.hrbb.com.cn](http://www.hrbb.com.cn) and the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) after the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting.

#### **5. RECOMMENDATION**

The Board of Directors considers that all resolutions to be proposed at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting respectively are in the best interests of the Bank and its Shareholders as a whole. Accordingly, the Board of Directors recommends that the Shareholders vote in favour of all the aforesaid proposed resolutions.

By order of the Board of Directors  
**Harbin Bank Co., Ltd.**  
**Guo Zhiwen**  
*Chairman*

**I. 2019 WORK REPORT OF THE BOARD OF DIRECTORS**

The 2019 Work Report of the Board of Directors has been considered and approved at a meeting of the Board held on 30 March 2020 in accordance with the relevant provisions of the laws and regulations and the Articles of Association, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

Details of the 2019 Work Report of the Board of Directors are set out in Annex A to this circular.

**II. 2019 WORK REPORT OF THE BOARD OF SUPERVISORS**

The 2019 Work Report of the Board of Supervisors has been considered and approved at a meeting of the Board of Supervisors held on 29 March 2020 in accordance with the relevant provisions of the laws and regulations and the Articles of Association, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

Details of the 2019 Work Report of the Board of Supervisors are set out in Annex B to this circular.

**III. 2019 FINAL ACCOUNT REPORT**

The 2019 Final Account Report of the Bank has been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

Details of the 2019 Final Account Report are set out in Annex C to this circular.

**IV. 2020 FINANCIAL BUDGETS****(1) Principal directions**

To maximise value, strengthen standardised budget control, deepen overall cost management and foster healthy and sustainable business development.

**(2) Proposed financial budgets*****(a) Operating expenses budget***

The 2020 total budget for operating expenses (net of taxes and surcharges, non-business expenditure and other business costs) of the Group will be capped at RMB5,927 million, representing an increase of RMB1,040 million or 21.3% year on year, of which RMB4,895 million, RMB634 million, RMB167 million and RMB231 million will be allotted to the Bank, the village and township banks, HB Leasing and HBCF, respectively.

**Table 1: Budget of 2020 operating expenses by organisations***Unit: RMB100 million, %*

<b>Organisation</b>	<b>Amount incurred in 2019</b>	<b>2020 budget</b>	<b>Increase as compared to 2019</b>	<b>Percentage of increase</b>
The Bank	40.37	48.95	8.58	21.25%
32 village and township banks	5.16	6.34	1.18	22.87%
HB Leasing	1.22	1.67	0.45	36.89%
HBCF	2.11	2.31	0.20	9.62%
<b>Total</b>	<b>48.87</b>	<b>59.27</b>	<b>10.41</b>	<b>21.31%</b>

Under the 2020 operating expenses budget, staff costs account for RMB3,144 million, representing an increase of RMB382 million or 14% year on year, primarily attributable to more branches being established, increase in headcount, wages, five insurances and one fund and benefits, the improved remuneration structure, more emphasis on performance element under the performance appraisal, and the implementation of the enterprise annuity system, of which, the employees' salaries and bonuses of The Bank increased by RMB80 million due to headcount increase and promotion to higher ranks. The increase in the payment base is expected to lead to an increase in the five insurances and one fund by RMB77 million. The proposed implementation of enterprise annuity is expected to increase the operating expenses by RMB50 million. The labor costs of the subsidiaries is expected to increase by RMB81 million due to headcount increase, promotion and salary adjustment, and payment base adjustment. Depreciation and amortization accounts for RMB966 million, representing a year-on-year increase of RMB207 million or 27%, mainly due to Harbin International Building (哈銀國際大廈) and Dalian Donggang Building (大連東港大廈) being put into operation, as well as the increase of RMB200 million in new property conversions, repairs and renovations of various branches and the increase in capital expenditures for information technology investment. Other operating expenses account for RMB1,817 million, representing a year-on-year increase of RMB451 million or 33%, primarily attributable to the increase in litigation and attorney expenses of the Bank of RMB200 million due to the recovery of non-performing assets, the increase in opening expenses such as utilities, rental fees, posts and telecommunications fee for additional branches and the increase in investment in science and technology. The increase in subsidiaries were mainly caused by the increase in dispatched and outsourced staff, lawyers' agency fees, consulting fees, and third party withholding fees.

In order to inspire all operational institutions to make more contributions, if the business development and the realised net profit exceed the budget, the expense budget may be increased accordingly.

**Table 2: Budget of 2020 operating expenses by categories***Unit: RMB100 million*

	<b>The Group</b>		<b>Rate of year-on- year change</b>
	<b>2019</b>	<b>2020</b>	
Staff costs	27.62	31.44	3.82
Depreciation and amortisation	7.59	9.66	2.07
Other operating expenses	13.66	18.17	4.51
<b>Total</b>	<b>48.87</b>	<b>59.28</b>	<b>10.40</b>

  

	<b>The Company</b>		<b>Rate of year-on- year change</b>
	<b>2019</b>	<b>2020</b>	
Staff costs	22.89	25.89	3.01
Depreciation and amortisation	6.69	8.50	1.81
Other operating expenses	10.79	14.56	3.76
<b>Total</b>	<b>40.37</b>	<b>48.95</b>	<b>8.58</b>

**(b) Capital expenditure budget**

In 2020, the Group's capital expenditure budget amounted to RMB1,312 million, including fixed asset budget of RMB774 million (including technology fixed asset budget of RMB126 million, and the rest were mainly for the purchase of real estate and engineering), intangible asset budget of RMB429 million (mainly for the development of new technology platform and relevant software purchases), long-term deferred expenses of RMB108 million (mainly for the renovation of new and existing institutions).

The 2020 financial budgets have been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

**V. 2019 PROFIT DISTRIBUTION PLAN**

In accordance with the audit results for 2019 and provisions of the relevant laws and regulations, the 2020 profit distribution plan of the Bank is proposed as follows:

- (1) Allocation to the statutory surplus reserve: RMB357 million.
- (2) No general risk reserve allocation.
- (3) Cash dividend will be denominated and announced in RMB and be paid to the Domestic Shareholders and H Shareholders by RMB and HK Dollars, respectively. The actual amount to be paid in HK Dollars shall be calculated based on the average benchmark exchange rate of RMB against HK Dollars announced by the People's Bank of China one week prior to the AGM (including the date of the AGM). Total cash dividend shall be amounted to RMB1,099.56 million. RMB0.10 (tax inclusive) shall be distributed for every one Share. The dividend ratio (the amount of dividend to the net profit attributable to the parent company of the Group in 2019) shall be 30.90%.
- (4) Undistributed profit of the parent company amounting to RMB17,256 million will be carried forward to the next year.

The above profit distribution plan has been considered and passed at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

To determine the identity of the Shareholders entitled to receive the final dividend, the register of members of the Bank will be closed from Friday, 22 May 2020 to Wednesday, 27 May 2020 (both days inclusive), during which period no share transfer will be registered. Any H Shareholder or Domestic Shareholder whose name appears on the Bank's register of members on Wednesday, 27 May 2020 is entitled to receive the final dividend. Those H Shareholders of the Bank who intend to receive the final dividend must lodge all the transfer documents together with the relevant H Share certificates with the Bank's H Share registrar, Computershare Hong Kong Investor Services Limited (address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) no later than 4:30 p.m. on Thursday, 21 May 2020. The dividend payment date is expected to be on or before Wednesday, 15 July 2020.

**VI. 2019 ANNUAL REPORT**

For details, please refer to the 2019 Annual Report published by the Bank.

The 2019 Annual Report has been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

**VII. PROPOSED APPOINTMENT OF AUDITORS FOR 2020**

In order to maintain the consistency, continuity and stability of the audit, ensure the quality of auditing work, and continuously improve the quality of financial report disclosure and the social recognition of our audit reports, the Board proposed to re-appoint Ernst & Young and Ernst & Young Hua Ming LLP as the international and domestic external auditors of the Bank for 2020, respectively, to provide annual audit and interim review in respect of the consolidated and parent company financial statements of the Bank in 2020, and to provide other professional services in accordance with regulatory requirements and needs arising from the Bank's actual business development.

The aggregate fee for the audit of consolidated and parent company financial statements of the Bank in 2020 (in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises) and the review of the interim financial statements in 2020 (in accordance with the International Financial Reporting Standards) will be RMB5 million (excluding value added tax and surcharges, including miscellaneous expenses such as travel expenses, documentation and liaison expenses). The fee increase is mainly due to the greater workload to be caused by the business growth of the Bank and its subsidiaries, as well as the increase in variety of businesses in 2020.

The above proposal has been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

**VIII. REPORT ON THE MANAGEMENT OF RELATED PARTY TRANSACTIONS IN 2019**

The Report on the Management of Related Party Transactions in 2019 has been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

Details of the Report on the Management of Related Party Transactions in 2019 are set out in Annex D to this circular.

**IX. THE REMUNERATION DISTRIBUTION PLAN FOR THE EXECUTIVE DIRECTORS FOR 2019**

In accordance with the relevant requirements of the Guidelines for Corporate Governance of Commercial Banks of the CBIRC and the Articles of Association, and based on the performance evaluation and assessment results of the executive Directors of the Company for 2019, the remuneration distribution plan for the executive Directors for 2019 is proposed as follows:

*Unit: RMB10 thousand (before tax)*

Name	Position	Remuneration and allowances	Discretionary bonuses	Scheme contributions	Total emoluments before tax	Of which: deferred payment	Actual amount paid
Guo Zhiwen	Executive Director and Chairman	77.86	222.02	0.00	299.88	101.56	198.32
Lyu Tianjun	Executive Director and President	58.06	204.13	1.24	263.43	99.01	164.42
Sun Feixia	Executive Director, Vice Chairman and Secretary of the Board	47.96	157.54	0.00	205.50	71.23	134.27

The remuneration distribution plan for the executive Directors for 2019 has been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

**X. THE REMUNERATION DISTRIBUTION PLAN FOR THE CHAIRMAN OF THE BOARD OF SUPERVISORS FOR 2019**

In accordance with the relevant requirements of the Guidelines for Corporate Governance of Commercial Banks of the CBIRC and the Articles of Association, and based on the performance evaluation and assessment results of the Chairman of the Board of Supervisors for 2019, the remuneration distribution plan for the Chairman of the Board of Supervisors for 2019 is proposed as follows:

*Unit: RMB10 thousand (before tax)*

Name	Position	Remuneration and allowances	Discretionary bonuses	Scheme contributions	Total emoluments before tax	Of which: deferred payment	Actual amount paid
Deng Xinquan	Employee Representative Supervisor and Chairman of the Board of Supervisors	49.80	86.82	0.00	136.62	52.09	84.53

The remuneration distribution plan for the Chairman of the Board of Supervisors for 2019 has been considered and approved at a meeting of the Board of Supervisors held on 29 March 2020, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.



**XI. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Pursuant to laws, regulations and regulatory requirements including the Company Law, the *Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period for the Convention of Shareholders' General Meeting for Overseas Listed Companies* (Guo Han [2019] No. 97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函[2019]97號)), the *Guidelines on the Corporate Governance of Commercial Banks* (《商業銀行公司治理指引》), the *Notice of the CBRC on Strengthening Management of Pledge of Equity Interest in Commercial Banks* (Yin Jian Fa [2013] No. 43) (《中國銀監會關於加強商業銀行股權質押管理的通知》(銀監發[2013]43號)) and 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 Board resolved on 30 March 2020 to propose to make relevant amendments (the “**Proposed Amendments**”) to the Articles of Association which is currently in effect and the Articles of Association which will come into effect after the issuance of Offshore Preference Shares.

The resolution in relation to the Proposed Amendments will be put forward at the AGM for Shareholders' consideration and approval by way of a special resolution. The Proposed Amendments are also subject to the approval by the banking and insurance regulatory authority under the State Council.

The Board also proposed to the AGM to authorise the Board to make relevant adjustments and revisions to the Articles of Association in accordance with the requirements and opinions of the relevant government departments and regulatory authorities (including but not limited to adjustments and revisions to characters, chapters and articles).

Detailed information in relation to the Proposed Amendments are set out in Annex E to this circular.

**XII. PROPOSED AMENDMENTS TO RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETING**

In order to further enhance the work efficiency of the Shareholders' general meeting and improve the operation mechanism of the Shareholders' general meeting, the Board resolved on 30 March 2020 to propose to make relevant amendments to the Rules of Procedures for the Shareholders' General Meeting currently in effect in accordance with the relevant requirements of the Company Law and the *Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period for the Convention of Shareholders' General Meeting for Overseas Listed Companies* (Guo Han [2019] No. 97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函[2019]97號)) after taking into consideration of the actual circumstance of the Company.



The resolution in relation to the proposed amendments to the Rules of Procedures for the Shareholders' General Meeting will be put forward at the AGM for Shareholders' consideration and approval by way of a special resolution.

The Board also proposed to the AGM to authorise the Board to make relevant adjustments and revisions to the Rules of Procedures for the Shareholders' General Meeting in accordance with the requirements and recommendations of the relevant government departments and regulatory authorities (including but not limited to adjustments and revisions to characters, chapters and articles). The proposed amendments to the Rules of Procedures of Shareholders' General Meeting will become effective from the date of approval of the Articles of Association by the banking and insurance regulatory authority under the State Council.

Detailed information in relation to the proposed amendments to the Rules of Procedures for the Shareholders' General Meeting are set out in Annex F to this circular.

### **XIII. PROPOSAL ON GRANTING THE BOARD A GENERAL MANDATE TO ISSUE H SHARES**

To meet the needs of the Bank's development, it is proposed by the Board that the AGM considers and approves granting the Board a general mandate to issue additional H Shares by way of a special resolution, the details of which are as follows:

- (1) Subject to the conditions set out below, the Board or the Directors authorised by the Board be granted an unconditional and general mandate to issue, allot and deal with additional H Shares in the share capital of the Bank and to make or grant offers, agreements or options in respect of such H Shares:
  - (a) save as in relation to offers, agreements or options made or granted by the Board during the Relevant Period (defined as below) which might require to be conducted or exercised after the end of the Relevant Period, the mandate shall not exceed the Relevant Period;
  - (b) the aggregate nominal value of H Shares of the Bank to be allotted and issued, or agreed (conditionally or unconditionally) to be allotted and issued (whether pursuant to an option or otherwise), by the Board shall not exceed 20% of the aggregate nominal value of the issued H Shares of the Bank at the date on which the relevant resolution is passed at the AGM; and
  - (c) the Board will only exercise its power under the mandate mentioned above in accordance with the Company Law (as amended from time to time) and the Hong Kong Listing Rules (as amended from time to time) and after obtaining the approvals of the CSRC and/or other relevant PRC government authorities.

- (2) The “**Relevant Period**” means the period from the date of passing the relevant resolution until the earliest of:
- (a) the conclusion of the next annual general meeting of the Bank following the passing of the relevant resolution;
  - (b) the expiration of the 12-month period following the passing of the relevant resolution; or
  - (c) the revocation or variation of the authority granted under the relevant resolution by the Bank at a Shareholders’ general meeting.
- (3) After the resolution on the issuance of H Shares pursuant to the authorisation specified in item (1), the Board or the Director authorised by the Board is hereby authorised to:
- (a) approving, executing, doing, procuring to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of such new H Shares, including but not limited to determining the time and place of issue, the specific issuance plan (including but not limited to the method of pricing, issuance price/price range, issuance size, target subscribers and engagement of intermediaries), making all necessary applications to the relevant authorities and entering into underwriting agreements (or any other agreements);
  - (b) determining the use of proceeds and making relevant applications and necessary filings and registrations with the relevant authorities in the PRC, Hong Kong and other authorities; and
  - (c) increasing the registered share capital of the Bank pursuant to the issuance of H Shares and making such amendments to the Articles of Association as it thinks fit so as to reflect the corresponding changes in registered share capital, total share capital and shareholding structure of the Bank.

The above proposal has been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM for Shareholders’ consideration and approval by way of a special resolution.

**XIV. PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE OFFSHORE  
ISSUANCE PLAN AND RELEVANT SHAREHOLDERS' RESOLUTIONS**

Reference is made to the announcement of the Bank dated 30 March 2020 in relation to the proposed extension of the validity period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions and the proposed extension of the validity period of the authorisation to the Board and the persons authorised by the Board to deal with all matters relating to the issuance of Offshore Preference Shares.

In accordance with the Company Law, the Securities Law, the State Council Guidance Opinion, the Capital Management Rules, the Joint Guidance Opinion and the Hong Kong Listing Rules and other relevant laws, administrative regulations and normative documents and with reference to the Administrative Measures on Preference Shares, the Bank formulated relevant plan for non-public issuance of Offshore Preference Shares. The Proposal on the Non-public Issuance of Offshore Preference Shares by the Bank was considered and approved at each of the 2017 first extraordinary general meeting, the 2017 first domestic shareholders' class meeting and the 2017 first H shareholders' class meeting of the Bank held on 10 February 2017. According to the resolution as approved at the 2017 first extraordinary general meeting, the 2017 first domestic shareholders' class meeting and the 2017 first H shareholders' class meeting, respectively (collectively, "**Relevant Shareholders' Resolutions**"), the validity period of both the Offshore Issuance Plan and Relevant Shareholders' Resolutions is 36 months from the date of being approved at the 2017 first extraordinary general meeting, i.e. from 10 February 2017 to 9 February 2020.

The Proposal on the Extension of the Validity Period of the Resolution of Shareholders' General Meeting in respect of the Non-public Issuance of Offshore Preference Shares was considered and approved at each of the 2018 annual general meeting, the 2019 first domestic shareholders' class meeting and the 2019 first H shareholders' class meeting of the Bank held on 17 May 2019. According to the resolution as approved at the 2018 annual general meeting, the 2019 first domestic shareholders' class meeting and the 2019 first H shareholders' class meeting, respectively, the validity period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions was extended for 12 months from the date of being approved at the 2018 annual general meeting, i.e. from 17 May 2019 to 16 May 2020.

As the extended validity period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions is going to expire and in order to ensure the continuity and effectiveness of the work related to the issuance of Offshore Preference Shares, the Bank proposes to seek Shareholders' approval at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting on further extension of the validity period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions for 12 months from the date of being approved at the AGM, i.e. from 15 May 2020 to 14 May 2021. The Proposal on the Extension of the Validity Period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions has been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting for Shareholders' approval by way of a special resolution.

The Offshore Issuance Plan as approved by the 2017 first extraordinary general meeting, the 2017 first domestic shareholders' class meeting and the 2017 first H shareholders' class meeting of the Bank is disclosed in Annex G to this circular for Shareholders' reference.

The initial mandatory conversion price of the Offshore Preference Shares is HK\$3.49. The closing price of the H Shares on the Latest Practicable Date is HK\$1.21 and the initial mandatory conversion price represents a premium of 188.43% to such price. Assuming that an issue size equivalent to RMB8 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, the number of H Shares to be issued upon conversion of the Offshore Preference Shares would not exceed 2,572,347,266 H Shares. As of the Latest Practicable Date, there were 3,023,570,000 H Shares in issue. Assuming that there is no change in the Company's issued share capital after the Latest Practicable Date and immediately before the completion of the issuance of the Offshore Preference Shares, the maximum number of H Shares may be issued upon conversion represents (i) 85.08% of the total number of H Shares in issue, (ii) 45.97% of the enlarged H share capital of the Bank, and (iii) 23.40% of the current total issued share capital of the Bank.

# APPENDIX I

# BUSINESS OF THE ANNUAL GENERAL MEETING, THE DOMESTIC SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING

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 are converted into H Shares pursuant to the conversion:

Share Capital	As at the Latest Practicable Date		After issuance of the Offshore Preference Shares <sup>1</sup>		After conversion of all the Offshore Preference Shares	
	Shares	Percentage of share capital	Shares	Percentage of share capital	Shares	Percentage of share capital
<b>Domestic Shares<sup>2</sup></b>	7,972,029,553	72.50%	7,972,029,553	72.50%	7,972,029,553	58.76%
Harbin Economic Development and Investment Company	3,257,943,986	29.63%	3,257,943,986	29.63%	3,257,943,986	24.01%
Heilongjiang Financial Holdings Group Co., Ltd. (黑龍江省金融控股集團有 限公司) and Harbin Dazheng Microcredit Co., Ltd. (哈爾濱市大正小額 貸款有限責任公司)	2,039,975,058	18.55%	2,039,975,058	18.55%	2,039,975,058	15.04%
Other Domestic Shareholders	2,674,110,509	24.32%	2,674,110,509	24.32%	2,674,110,509	19.71%
<b>H Shares</b>	<u>3,023,570,000<sup>4</sup></u>	<u>27.50%</u>	<u>3,023,570,000</u>	<u>27.50%</u>	<u>5,595,917,266</u>	<u>41.24%</u>
<b>Total</b>	<u>10,995,599,553</u>	<u>100%</u>	<u>10,995,599,553</u>	<u>100%</u>	<u>13,567,946,819</u>	<u>100%</u>

## Notes:

1. If there is no trigger event for mandatory conversion, the issuance of the Offshore Preference Shares will not affect the ordinary share capital of the Bank.
2. The Domestic Shares are unlisted non-tradable shares, which do not count as shares held by the public for the purpose of calculating the percentage of public float of the Bank.
3. As at the Latest Practicable Date, Heilongjiang Financial Holdings Group Co., Ltd. directly held 2,035,675,058 Domestic Shares of the Bank, and indirectly through its controlled entity Harbin Dazheng Microcredit Co., Ltd. held 4,300,000 Domestic Shares of the Bank.
4. As at the Latest Practicable Date, the H Shares are all held by the public based on the public information available to the Bank.

Based on the public information available to the Bank and on the basis that all the Offshore Preference Shares will be initially placed to persons independent from the Bank and persons that are not connected persons of the Bank, the percentage of share capital held by the

public is (i) 27.50% as at the Latest Practicable Date, (ii) 27.50% after the issuance of the Offshore Preference Shares, and (iii) 41.24% 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.

Upon obtaining the approval by the Shareholders at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, the proposed issuance of Offshore Preference Shares is still subject to (i) the approval by the Heilongjiang Bureau of the CBIRC, (ii) the approval by the CSRC, and (iii) the filing and registration with the National Development and Reform Commission. The Bank had previously obtained the approval by the Heilongjiang Bureau of the CBIRC (the **"Approval"**) and had made the relevant filing and registration with the National Development and Reform Commission (the **"Filing and Registration"**) in relation to the issuance of Offshore Preference Shares, and had obtained the approval by the National Development and Reform Commission on the extension of the validity period of the Filing and Registration. However, both the validity period of the Approval and the extended validity period of the Filing and Registration have expired. The Bank had previously communicated with the relevant regulatory authorities in respect of the issuance of Offshore Preference Shares for several times. As at the Latest Practicable Date, none of the above-mentioned conditions to the proposed issuance of Offshore Preference Shares has been met. Upon obtaining the approval by the Shareholders at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting on the relevant resolution, the Bank will, in the coming 12 months, continue to look for an appropriate timing for the issuance of Offshore Preference Shares, and when appropriate, (i) reapply for the approval by the Heilongjiang Bureau of CBIRC, (ii) apply for the approval by the CSRC, and (iii) complete the relevant filing and registration with the National Development and Reform Commission. The delay in completing the issuance of Offshore Preference Shares will not have a material adverse effect on the Bank's operations and financial condition.

#### **XV. PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE AUTHORISATION TO THE BOARD AND THE PERSONS AUTHORISED BY THE BOARD TO DEAL WITH ALL MATTERS RELATING TO THE ISSUANCE OF OFFSHORE PREFERENCE SHARES**

Reference is made to the announcement of the Bank dated 30 March 2020 in relation to the proposed extension of the validity period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions and the proposed extension of the validity period of the authorisation to the Board and the persons authorised by the Board to deal with all matters relating to the issuance of Offshore Preference Shares.

The Proposal on the Authorisation to the Board and the Persons Authorised by the Board to Deal with All Matters Relating to the Issuance of Offshore Preference Shares was considered and approved at each of the 2017 first extraordinary general meeting, the 2017 first domestic shareholders' class meeting and the 2017 first H shareholders' class meeting of the Bank held

on 10 February 2017. According to the resolution approved at the 2017 first extraordinary general meeting, the 2017 first domestic shareholders' class meeting and the 2017 first H shareholders' class meeting, respectively, the Board and the persons authorised by the Board were authorised by the Shareholders' general meeting to deal with all matters relating to the issuance of Offshore Preference Shares (the "**Authorisation**"). The validity period of the Authorisation is 12 months from the date of being approved at the 2017 first extraordinary general meeting.

The Proposal on the Extension of the Validity Period of the Authorisation to the Board and the Persons Authorised by the Board to Deal with All Matters Relating to the Issuance of Offshore Preference Shares was considered and approved at each of the 2017 annual general meeting, the 2018 first domestic shareholders' class meeting and the 2018 first H shareholders' class meeting of the Bank on 18 May 2018. According to the resolution approved at the 2017 annual general meeting, the 2018 first domestic shareholders' class meeting and the 2018 first H shareholders' class meeting, respectively, the extended validity period of the Authorisation is 12 months from the date of being approved at the 2017 annual general meeting.

The Proposal on the Extension of the Validity Period of the Authorisation to the Board and the Persons Authorised by the Board to Deal with All Matters Relating to the Issuance of Offshore Preference Shares was considered and approved at each of the 2018 annual general meeting, the 2019 first domestic shareholders' class meeting and the 2019 first H shareholders' class meeting of the Bank held on 17 May 2019. According to the resolution approved at the 2018 annual general meeting, the 2019 first domestic shareholders' class meeting and the 2019 first H shareholders' class meeting, respectively, the further extended validity period of the Authorisation is 12 months from the date of being approved at the 2018 annual general meeting.

As the extended validity period of the Authorisation is going to expire and in order to ensure the continuity and effectiveness of the work related to the issuance of Offshore Preference Shares, the Bank proposes to seek Shareholders' approval at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting on the further extension of the validity period of the Authorisation for 12 months from the date of being approved at the AGM. The Proposal on the Extension of the Validity Period of the Authorisation by the Shareholders' General Meeting to the Board and the Persons Authorised by the Board to Deal with All Matters Relating to the Issuance of Offshore Preference Shares has been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting for Shareholders' approval by way of a special resolution.



Relevant authorization matters are set out as follow:

**1. Matters Authorised in Connection with the Issuance of Offshore Preference Shares**

To ensure the successful implementation of the issuance of Offshore Preference Shares, it is proposed that the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting authorise the Board, and the Board will then delegate the authority to the Chairman, the President and the Secretary to the Board of the Bank, in accordance with the principles for the issuance of Offshore Preference Shares considered and approved at the Shareholders' general meeting, to individually or jointly exercise the full power to deal with all matters relating to the issuance of Offshore Preference Shares within the validity period of the authorisation for the issuance of Offshore Preference Shares, including but not limited to those set out below:

- (1) to formulate and implement the final issuance plan for the Offshore Preference Shares, including but not limited to:
  - (a) 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;
  - (b) to determine the method for determining the dividend rate as well as the specific dividend rate and adjusted dividend rate period of the Offshore Preference Shares;
  - (c) to determine whether the Offshore Preference Shares will be issued at or above par value, the issue price, the subscription currency, and the specific commencement date of the redemption period, redemption conditions and the issuance method of the Offshore Preference Shares, according to market conditions prior to the issuance of the Offshore Preference Shares;
  - (d) to determine the timing of issuance, the arrangements relating to issuance in multiple series, the target investors and the size issued to each investor of the Offshore Preference Shares according to the approvals from regulatory authorities and market conditions; and
  - (e) to determine other matters in relation to the issuance plan of Offshore Preference Shares (including but not limited to rating arrangements, special account for the proceeds, the tax arrangements in relation to any dividend payment, the arrangements with respect to subscription procedures and the listing of the Offshore Preference Shares) and to make necessary adjustments to the issuance plan of offshore preference shares according to the latest regulatory requirements or opinions of regulatory authorities (including



suspension and termination, similarly construed hereafter), except those matters that require a separate vote at a Shareholders' general meeting in accordance with the relevant laws and regulations and the Articles of Association of the Bank.

- (2) if there are any new regulations by the State or policies by relevant regulatory authorities on preference shares or any changes to market conditions occurring prior to the issuance of the Offshore Preference Shares, to exercise full power to amend the issuance plan of the Offshore Preference Shares accordingly to reflect such changes, except for those amendments that require a separate vote at the Shareholders' general meeting according to relevant laws, regulations and the Articles of Association of the Company;
- (3) to produce, amend, execute, implement and file the application materials relating to the issuance, trading and transfer of the Offshore Preference Shares, the documents relating to the issuance and transfer of the Offshore Preference Shares and other documents (such as offering circular, issuing circular and/or prospectus, as applicable) of the Offshore Preference Shares, to deal with related matters, such as approval, registration, filing, authorisation and consent by relevant regulatory authorities and to conduct all acts relating to the issuance or transfer of the Offshore Preference Shares that are deemed necessary, proper or appropriate by such authorised person(s), in each case, according to the requirements of relevant domestic and offshore governmental bodies and regulatory authorities (including the Hong Kong Stock Exchange);
- (4) to draft, amend, execute, implement, submit and publish all agreements, contracts and documents (including but not limited to sponsor and underwriting agreements, agreements relating to the issuance proceeds, subscription agreements entered into with investors, announcements, circulars and other disclosure documents) in relation to the issuance of the Offshore Preference Shares;
- (5) to make appropriate 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 and the actual circumstances of the Company to the extent permitted by laws and regulations;

- (6) to amend those provisions in the Articles of Association of the Company and the annexes thereto relating to the issuance of Offshore Preference Shares, to deal with regulatory approvals, to handle the formalities in relation to the approval and filing of the amendments to the Articles of Association of the Company, and to register with the administration for industry and commerce and other competent governmental bodies for the change of registration as well as other matters, in each case, according to the opinions of the relevant regulatory authorities, the result of the issuance of Offshore Preference Shares and the actual situation of the Company; and
- (7) to deal with other matters relating to the issuance of Offshore Preference Shares.

The authorisation for the issuance of Offshore Preference Shares shall remain valid during the 12 months following the consideration and passing of the resolution at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting. If the issuance of Offshore Preference Shares is not completed by the Company before the expiration of the validity period of such authorisation, then such authorisation will lapse, but the Board has the right to seek approval at a Shareholders' general meeting to extend the validity period of such authorisation or grant another authorisation.

## **2. Matters Authorised in Connection with the Offshore Preference Shares that Remain Outstanding**

So long as the Offshore Preference Shares remain outstanding, it is proposed that the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting authorise the Board (including the authority for the Board to sub-delegate), to exercise full power to deal with the following matters in accordance with laws and regulations, the Articles of Association, relevant regulatory rules and the framework and principles for the issuance of Offshore Preference Shares as considered and approved at the Shareholders' general meeting:

- (1) 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, implementing the procedures for conversion, amending the relevant provisions in the Articles of Association, dealing with regulatory approvals, registering with the administration for industry and commerce and other competent governmental bodies for the change of registration as well as other matters;
- (2) 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 banking regulatory authority under the State Council and other regulatory authorities; and

- (3) 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 in whole or in part of the Offshore Preference Share dividends shall still require the approval of the Shareholders' general meeting.

#### **XVI. PROPOSED ISSUANCE OF ELIGIBLE TIER-2 CAPITAL INSTRUMENTS**

With an aim to further boosting the capital strength, optimising the capital structure and enhancing the Company's ability to serve the real economy, and in consideration of the Company's plan to redeem in 2021 the tier-2 capital bonds of Harbin Bank Co., Ltd. issued in 2016, the Company proposed to issue eligible tier-2 capital instruments to replenish the tier-2 capital of the Bank in accordance with the requirements of the *Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)* (《商業銀行資本管理辦法(試行)》), the *Administrative Measures for the Issuance of Financial Bonds in the National Interbank Bond Market* (《全國銀行間債券市場金融債發行管理辦法》), the *Announcement of the PBOC [2018] No. 3* (《中國人民銀行公告[2018]第3號》) and the other relevant laws, regulations, and regulatory documents.

The proposed issuance of the eligible tier-2 capital instruments in accordance with the following issuance plan has been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM for Shareholders' consideration and approval by way of a special resolution. The details are as follows:

- (1) Nature of the bonds: eligible tier-2 capital instruments which comply with the requirements of the *Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)* and other regulatory policies.
- (2) Size of issuance: no more than RMB20 billion (inclusive), subject to the market conditions and regulatory approval.
- (3) Term: fixed rate bonds with a term of ten years, and the issuer may redeem the bonds at the end of the fifth year subject to certain conditions.
- (4) Interest rate: based on the market interest rates.
- (5) Method of issuance: issued by means of book building and centralised placing underwritten by an underwriting group led by the lead underwriter in the national interbank bond market of China.
- (6) Use of proceeds: the proceeds will be fully used to replenish the tier-2 capital of the Company pursuant to applicable laws and as approved by regulatory authorities.

- (7) Term of validity of the resolution: 36 months from the date on which the proposal on the issuance of eligible tier-2 capital instruments is considered and approved at the AGM.

Meanwhile, it is proposed by the Board that the AGM grants the Board of Directors with full authorisation and authorises the Board to delegate the authority to the President of the Company to deal with the all matters relating to the issuance of eligible tier-2 capital instruments in compliance with the requirements of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation):

- (1) Scope of authorisation: the Board to decide on all matters relating to the issuance of eligible tier-2 capital instruments with absolute discretion, including but not limited to determining the specific issuance plan (including but not limited to the size of issuance, whether to issue in tranches and the number of tranches, term, currency, means of issuance, interest rate, use of proceeds, whether to exercise the right of redemption, repayment of the principal and interests), engaging intermediaries, signing, executing and completing all the relevant legal documents relating to the issuance of eligible tier-2 capital instruments, handling relevant regulatory application and approval matters, deciding on the timing of issuance, handling listing and circulation of the capital instruments, and approving, ratifying and confirming the aforesaid actions and steps in respect of the eligible tier-2 capital instruments to the extent already taken by the Company as well as the other relevant matters;
- (2) Term of authorisation: 36 months from the date on which the proposal on the issuance of eligible tier-2 capital instruments is considered and approved at the AGM, unless the authorisation is revoked by the shareholders' general meeting by way of a special resolution.
- (3) Authorisation and delegation: the shareholders' general meeting to grant the Board of Directors with full authorisation and to authorise the Board to delegate the authority to the President of the Company (by way of a special resolution) to determine and handle all specific matters relating to the issuance of eligible tier-2 capital instruments based on the specific circumstances at the time of issuance.

In 2019, the Board of Directors of the Company faithfully, diligently and prudently performed its duties in strict accordance with laws, regulations, regulatory requirements and the Articles of Association, strictly implemented the resolutions of the Shareholders' general meetings and continued to improve corporate governance. The Company accurately grasped the macroeconomic environment, calmly responded to pressures and challenges, actively optimised and adjusted business structure, thus maintained the momentum of "steady improvement and comprehensive improvement", striving to create value for the Shareholders and the society.

In 2019, the Company achieved net profit of RMB3,635 million attributable to the Shareholders of the Company, representing a year-on-year decrease of RMB1,939 million or 34.79%; achieved an earnings per share of RMB0.32; achieved an average return on total assets of 0.61% and an average return on equity of 7.41%; had a non-performing loan ratio of 1.99% and a provision coverage ratio of 152.50%; and had a capital adequacy ratio of 12.53%. As of 31 December 2019, the Company's total assets amounted to RMB551.3 billion, representing an decrease of RMB30.538 billion or 5.25% as compared to the end of last year. The Company maintained relatively steady operation throughout the year and achieved sustained, steady and healthy development.

## **I. STRENGTHENING THE LEADING POSITION OF STRATEGIES AND MAINTAINING STABLE DEVELOPMENT OF OPERATION**

- (I) Accurately grasping market environment.** In 2019, the Board of Directors closely monitored changes in domestic and international economic and financial situations, kept abreast of the accurate orientation of macroeconomic policies and regulatory requirements, and set the general principle of "progress in general stability and comprehensive improvement". Based on the Company's actual development and market competitions, the Board of Directors formulated the annual business plan, investment plan and financial final account plan, continuously supervised and guided the senior management to carry out various tasks according to the plans, and regularly listened to reports on the operation, so as to maintain the stable development of the Company's operation.
- (II) Strengthening the leading position of strategies.** In 2019, the Board of Directors of the Company highly valued the Company's strategy management, strengthened the responsibilities of the Development Strategy Committee under the Board of Directors, formulated the Group's basic system of strategic management based on the new three-year strategic plan, and completed the appraisal for the implementation of the strategies for 2018 and the first half of 2019. Under the leadership of the overall strategies, the management enhanced implementation. Company strategies were steadily carried out, and results began to manifest, laying a solid foundation for achieving the Group's development plans and strategic goals.

**(III) Serving the development of the real economy.** The Board of Directors of the Company expedited the development of the Group's strategic, featured and advantage businesses while with a focus on serving the needs of the real economy. The percentage of the retail credit business significantly increased. The agriculture-benefiting finance business was actively expanded, and the featured brand of Sino-Russia financial service continued to strengthen its position. The Company extensively established cooperative relationships. HB Leasing, a subsidiary, devoted itself to the development of the agricultural machinery leasing brand, in order to open up the resources of first class agricultural machinery manufacturers at home and abroad; HBCF successfully completed its pilot work and further deepened the platform cooperation relationship. As the number of customers of the 32 village and township banks significantly increased, the Company's influence on the local market continued to enhance.

## **II. OPTIMIZING THE CORPORATE GOVERNANCE MECHANISM AND IMPROVING THE CORPORATE GOVERNANCE CAPABILITIES**

**(I) Improving the overall level of governance.** The Board of Directors of the Company fully understood the objective requirements under a strong regulatory environment and the Company's actual situation. By closely revolving around the annual work theme of "comprehensive improvement", it comprehensively improved corporate governance operations and effectiveness. The Board of Directors implemented the requirements in relation to Party building, optimised the working mechanism and process, and promoted the organic integration of Party leadership and corporate governance. The Company newly established the Consumer Rights Protection Committee under the Board of Directors, further improving the Board structure. The Board of Directors completed the amendments to the Articles of Association, the Rules of Procedures for the Board of Directors, the Terms of Reference of the Development Strategy Committee, and the Measures of Proposal Management, and formulated the Terms of Reference of the Consumer Rights Protection Committee, in order to optimise the corporate governance system. The Board of Directors strengthened its tracking and feedback mechanism for decision-making, and focused on its communication with the Board of Supervisors and the senior management, which effectively supported the Board of Directors' scientific and efficient decision-making and improved the Company's decision-making and management capacity.

**(II) Strengthening Shareholder equity management.** In 2019, the Board of Directors of the Company strictly implemented the requirements of regulatory authorities in relation to equity management, enhanced communication with Shareholders (especially substantial Shareholders), transmitted regulatory policy requirements in a timely manner, duly performed in the collection and management of Shareholders' information and assessment of Shareholders' performance, in order to better support the Company's long-term healthy development.

- (III) **Improving the management of related party transactions.** The Company revised and improved the Rules for the Implementation of Related Party Transactions, strictly carried out the review procedures of related party transactions, updated the list of related parties in a timely manner, considered and approved the report on the management of related party transactions and the proposal on the estimated cap of related party transactions, gave full play to the internal audit's supervision on the related party transactions, and strengthened the ability to coordinate management and control of related party transactions to raise the awareness in management of related party transactions throughout the Company.

### **III. IMPROVING CAPITAL MANAGEMENT CAPACITY AND COMPREHENSIVELY STRENGTHENING RISK MANAGEMENT AND CONTROL**

- (I) **Scientifically carrying out capital management.** In 2019, the Board of Directors of the Company continued to raise capital through multiple channels and multiple means, in order to improve capital adequacy. Adhering to the concept of high-quality development, the capital budget allocation mechanism was further improved. The Board of Directors actively promoted external financing, and promoted the issuance of capital bonds without a fixed term and the non-public issuance of Offshore Preference Shares. It also comprehensively utilised various capital replenishment instruments, reasonably controlled the rhythm of external investment, and effectively conducted assessment on capital adequacy.
- (II) **Continuing to strengthen risk prevention.** Adhering to the principle of “stable with prudence”, the Board of Directors of the Company led the Company in strictly complying with risk preference and risk policies, continued to strengthen in the role of risk management, optimised risk measurement and control methods and improved the risk management mechanism. The Board of Directors facilitated the progress of basic technology construction and management system innovation, effectively carried out evaluation for information technology system, and improved systems such as data management, technology emergency support and system R&D protection.
- (III) **Consolidating defense in internal control.** The Board of Directors continued to enhance internal control and compliance management, strictly implemented various regulatory requirements, regularly considered internal control evaluation reports, and guided the senior management to comprehensively carry out strategies in system building, implementing rectification, strengthening accountability and supervision and inspection. The Board of Directors strengthened authorisation management by enhancing management of weak links and rigid internal control; optimised the top design of anti-money laundering and consumer rights protection, advanced the anti-crime battle, continued to promote anti-fraud in internal control, and enhanced its capacity in risk identification, supervision and analysis.



**(IV) Increasing efforts in audit supervision.** The Board of Directors of the Company listened to various audit reports of the Audit Committee on remuneration assessment, market risk, liquidity risk, related party transactions and capital management, as well as the work reports and management advice in external auditing, being timely aware of issues in the Company's operation and management, in particular issues repeatedly discovered in audit and inspections. It also urged the management to carry out rectification measures while enhancing the relevance and effectiveness in internal auditing, in order to ensure effective supervision and control of the Board of Directors.

#### **IV. STRENGTHENING INVESTOR RELATIONSHIP MANAGEMENT AND OPTIMISING INFORMATION DISCLOSURE CAPACITY**

**(I) Continuing to strengthen investor communication.** In 2019, the Bank held press conferences for its 2018 annual results and 2019 interim results in Hong Kong, inviting the analysts from overseas institutions, investors and news media to attend, and actively carried out results roadshows, publicized its development strategy and operations and broadly contacted potential domestic and overseas investors, responded to investors' concerns and carefully listened to market feedback, in order to enhance its attractiveness in the capital market.

**(II) Effectively enhancing information disclosure.** The Board of Directors of the Company diligently performed the duty of information disclosure, strictly complied with the requirements of Hong Kong Stock Exchange and domestic regulatory authorities, performed information disclosure in the principle of "true, accurate, complete, timely and fair", completed the preparation and disclosure of the 2018 Annual Report, 2019 Interim Report and the 2018 ESG Report on schedule, disclosed such information as amendments to the Articles of Association and obtaining the approval of qualifications of Directors of the Company on a timely basis, and provided explanations to relevant media reports so as to protect the information rights of the investors.

**(III) Actively fulfilling social responsibilities.** The Company actively responded to the call of national and regulatory policies, actively supported national and local development strategies, vigorously developed inclusive finance, and supported poverty alleviation with respect to the people's livelihood. It focused on featured businesses such as Sino-Russia finance, green finance and small and micro finance as well as featured themes such as charity and marathon, and actively fulfilled its social responsibilities.



**V. STEADILY IMPROVING THE DUTY PERFORMANCE CAPACITIES OF THE BOARD OF DIRECTORS AND ENSURING SCIENTIFIC DECISION-MAKING IN COMPLIANCE WITH LAWS AND REGULATIONS**

- (I) Strictly implementing resolutions of the Shareholders' general meetings.** In 2019, the Board of Directors of the Company convened a total of three general meeting and class meetings in accordance with the laws and regulations, and considered and approved 17 proposals including the Proposal on the Amendments to the Articles of Association. The Board of Directors of the Company earnestly implemented the resolutions of the Shareholders' general meeting, and all the resolutions were effectively implemented or being processed.
- (II) Efficient and scientific decision-making of the Board of Directors.** In 2019, the Board of Directors of the Company convened 10 board meetings. The procedures of these meeting are in compliance with laws, regulations and the Articles of Association. The Board of Directors considered and approved major issues concerning the Company's development strategy, operation plan, financial policies, and rule amendments, and considered and approved 87 major proposals and reports including financial budget reports, profit distribution plans and comprehensive business plans. The meetings of the Board continued to improve in quality and efficiency. The Board of Directors ensured effective implementation of the resolutions, and reasonable suggestions of the Directors were fully adopted.
- (III) Giving full play to the role of special committees.** In 2019, the special committees under the Board of Directors of the Company leveraged professional advantages and diligently fulfilled their duties. In accordance with the Board of Directors' authorisation and the rules of procedures of the special committees, the five committees, namely the Development Strategy Committee, the Audit Committee, the Nomination and Remuneration Evaluation Committee, the Risk Management and Related Transactions Control Committee, and the Consumer Rights Protection Committee, held a total of 31 meetings throughout the year, at which 99 proposals and reports were considered and heard.
- (IV) Continuously improving the Directors' ability to perform their duties.** All Directors of the Company were able to attend the meeting on time, effectively exercised their voting rights, actively participated in special training on compliance risks and prevention, promoting the Group's implementation of strategies and operation management work. The Board of Directors strictly implemented the work system for independent non-executive Directors, arranged them to attend symposiums with the Chairman of the Board of Directors, scientifically formulated the research plans of independent non-executive Directors and conducted researches in subsidiaries and branches while focusing on key and focal issues such as risk management, strategy implementation and staff building, providing decision-making guidance for the Company's operation and management, and improving the professionalism and performance of independent non-executive Directors.

In 2020, the Board of Directors of the Company will unswervingly strive to excel at the close of the new three-year development strategy plan, uphold the underlying principle of pursuing progress while ensuring stability, optimise the operating mechanism of the Board of Directors, strengthen the construction of a sound Board culture, steadily improve the corporate governance and financial services, so as to create greater value for the Shareholders.

In 2019, under the guidance of Heilongjiang Branch of the CBIRC and with the full support and cooperation from the Board of Directors and the senior management of the Company, the Board of Supervisors of the Bank performed its duties mandated by the Company Law and the Articles of Association in the common interests of Shareholders, employees, debtors and other stakeholders and centred around the Group's strategies, operating decisions and key management issues. The Board of Supervisors of the Bank independently and effectively exercised its powers according to the law, and successfully completed all tasks. We hereby report our work for 2019 as follows:

## **I. MAJOR WORK OF THE BOARD OF SUPERVISORS**

### **(I) Improving the selection mechanism and optimising composition.**

During the reporting period, the Board of Supervisors improved its selection mechanism and implemented necessary adjustments. Two Supervisors resigned before their terms of office reached six years. The Board of Supervisors optimised its composition, adjusted the members of the special committees, and ensured the performance effectiveness of the Board of Supervisors and consistency in the corporate governance.

### **(II) Convening the meetings in a standardized way and reviewing and supervising major issues.**

The Board of Supervisors adhered to standardised operation in accordance with the law, effectively implemented the resolution consideration system, and timely convened meetings of the Board of Supervisors and its special committees. During the reporting period, the Board of Supervisors convened 5 meetings in total and considered 16 proposals at the meetings; the special committees convened 7 meetings and considered 15 proposals. The proposals being considered included the annual and interim reports of the Company, the work report of the Board of Supervisors, the profit distribution report, the performance evaluation reports of the Board of Directors and its Directors, the Board of Supervisors and its Supervisors and the senior management, the audit report of the senior management in respect of their resignation, and the internal control appraisal report. All Supervisors attended the meetings in time according to the requirements of their duties. During the meetings, they actively contributed to the discussions and expressed their independent and objective opinions. The number of meetings and procedures for the meetings were in accordance with regulatory requirements.

### **(III) Attending meetings according to the law and supervising operation decision-making in a timely manner.**

During the reporting period, the Supervisors attended the Shareholders' general meeting and the Board meetings 11 times and attended the annual and quarterly working meetings 4 times. At the meetings, the Supervisors supervised the legality and compliance of the procedures and proposals in accordance with the regulations, focused on major issues such as

bank-wide operations, financial management, risk management, internal control and compliance and equity structure adjustment, and supervised the participation of the Directors and the senior management in decision-making and operation.

**(IV) Focusing on implementation of investigations and conducting in-depth supervision of operation management.**

During the reporting period, the Board of Supervisors interviewed six branches, eight village and township banks and four sub-branches, paid special attention to their operation management, risks, internal control, implementation of regulatory opinions and rectification measures adopted, as well as the difficulties and problems encountered in the work; interviewed the Human Resources Department, the Internal Audit Department, the Compliance Management Department, the Asset and Liability Management Department and other departments to supervise the scientificity, rationality and specific implementation of the group-wide management policies and systems. 22 meeting minutes were formed during the year, with 113 suggestions submitted to the Board of Directors and the senior management in the areas of risk prevention measures, talent team building, innovative technology service, reform of village and township banks' equity structure, and construction of honest and clean Party conduct. External Supervisors were organised to conduct special investigations in the areas of group management for internal control and compliance, studies of litigation cases and others, in order to provide suggestions for the Group's development, which were highly valued by the Board of Directors and the senior management, and subsequently carried out and implemented in a timely manner.

**(V) Carrying out objective evaluations and promoting the performance effectiveness**

During the reporting period, the Board of Supervisors continued to evaluate the performance of the Board of Directors, the senior management and their members in accordance with the requirements of the Articles of Association and the systems relating to the evaluation of performance. Through attending relevant meetings, investigations and interviews, reviewing documents and other methods, the Board of Supervisors monitored the performance of the Board of Directors, the senior management and their members in terms of material strategic decision-makings and their implementation, operation management, risk management, internal control and other aspects. Based on the work performance, management effectiveness and assessment results, the Board of Supervisors implemented performance evaluation for the Board of Directors, the senior management and their members in the faithfulness and diligence of performing their duties, in order to continuously improve their work ability and duty performance. During the reporting period, based on the proposals of the Board of Directors, the Board of Supervisors also completed the auditing work on the economic responsibility of Li Qiming and Gao Shuzhen in respect of their resignation, so as to promote the Company's senior management personnel to strengthen their self-discipline, self-improvement and faithful performance of duties.

**(VI) Scientifically implemented evaluation and effectively monitored strategic decisions.**

During the reporting period, the Board of Supervisors evaluated the scientificity, rationality and effectiveness of the 2016-2020 Strategic Development Plan of Harbin Bank (Revised Edition), pinpointed highlights and shortcomings and put forward rational proposals, so as to provide beneficial reference for the strategic development of the Group.

**(VII) Strengthening self-construction and continuously improving its performance capabilities.**

During the reporting period, the Board of Supervisors conducted a comprehensive review of its working mechanism, in conjunction with the regulatory inspections, improved its systems, and modified the Measures for the Evaluation by the Board of Supervisors on Duty Performance of Directors of Harbin Bank Co., Ltd. and the Measures for the Evaluation of Duty Performance of Senior Management of Harbin Bank Co., Ltd., which clarified the contents of evaluation and quantified the evaluation criteria. The Board of Supervisors further implemented the reporting system of senior management to the Board of Supervisors, clarified reporting issues, frequency and time limit, and unblocked information channels to ensure that Supervisors have timely information on the Group's operations to implement effective supervision. The Board of Supervisors organised Supervisors to study the regulatory requirements and relevant national laws and regulations to understand the spirit of supervision and their responsibilities, and arranged the Supervisors to attend the "Practices in relation to the Governance of the Board of Supervisors and Improvement on Performance Capabilities of the Supervisors of Commercial Banks" in order to enrich their thinking and improve their theoretical skills. Integrity and self-discipline education was emphasised, striving to build a team of Supervisors that are "loyal, responsible, clean and accountable". During the reporting period, the Board of Supervisors strengthened the management of files in relation to the duty performance of Supervisors, paid attention to evaluation in terms of daily accumulation and trace management, as well as detailed assessment of the Supervisors' meeting attendance and status of comments, in order to fully evaluate the performance of Supervisors in accordance with the Measures for the Evaluation of Duty Performance of Supervisors of Harbin Bank Co., Ltd..

**II. INDEPENDENT OPINION PROVIDED BY THE BOARD OF SUPERVISORS ON RELATED MATTERS****(I) Legal compliance of operations**

During the reporting period, the operation activities of the Company were in compliance with the Company Law, the Commercial Bank Law and the Articles of Association, and the decision-making processes were legal and valid. No instances of the Directors or the senior management of the Company committing, during the performance of their duties, acts in violation of the laws and regulations and the Articles of Association or in compromise of the interests of the Company and the Shareholders have been identified.

**(II) Truthfulness of the financial reports**

During the reporting period, the annual financial statement of the Company was audited by Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young in accordance with the PRC and international auditing standards, respectively, who issued standard unqualified audit reports in respect thereof. The Board of Supervisors was of the opinion that the Company's annual financial statement was a true, accurate and complete representation of the Company's financial position and operation results.

**(III) Related party transactions**

During the reporting period, the Risk Management and Related Party Transactions Control Committee under the Board of Directors and other relevant departments of the Company identified, reviewed and disclosed related party transactions in accordance with relevant provisions of the Administrative Measures for Related Party Transactions of the Company. The administration of related party transactions was in compliance with the relevant provisions of the national laws, regulations and the Articles of Association, and no act to the prejudice of the interests of the Company and the Shareholders was identified.

During the reporting period, the Board of Supervisors, in accordance with its duties, performed its supervisory duties and safeguarded the interests of the Shareholders, the Company, the employees and the public in compliance with laws and regulations, playing a positive role in the business development and continuous improvement of corporate governance structure of our Bank. In 2020, the Board of Supervisors will continue to maintain effective communication with the Board of Directors and the senior management, strengthen self-construction, enhance its supervision in the Company's major decision-making, operation activities, financial management, risk management and internal control management, make greater efforts to carry out supervision, inspection and investigation, and promote the stable and healthy development of the Company.

## I. OVERALL OPERATION OVERVIEW

In 2019, against the backdrop of the tension in international trade and the slowdown of China's domestic economic growth, and facing the increasingly severe and complicated economic and financial situation and intensified interbank competition, the Company focused on the theme of "comprehensive enhancement" under the leadership of the Board and supervision of the Board of Supervisors. The Company further optimised key financial indicators by insisting on microcredit development strategy, strengthening risk management, proactively addressing challenges posed by such changes, maintaining stable operation and management with favourable progress.

The Group (based on the International Financial Reporting Standards, the same below) recorded net profit of RMB3,635 million, representing a year-on-year decrease of RMB1,939 million or 34.8%. The net profit attributable to shareholders of the parent company amounted to RMB3,558 million, representing a year-on-year decrease of RMB1,990 million or 35.9%. The basic earnings per share were RMB0.32, representing a year-on-year decrease of RMB0.18. The return on average equity was 7.41%. The return on average total assets was 0.61%.

As at the end of 2019, the Company had NPL balance of RMB5,251 million, representing an increase of RMB855 million as compared to the end of last year. The NPL ratio amounted to 1.99%, representing an increase of 0.26 percentage point as compared to the end of last year, which is lower than the average level of city commercial banks in China, and the asset quality was generally kept at a manageable level. The rise in NPLs and NPL ratio was mainly affected by changes in the external operating environment and the pressure of economic downturn. The impairment coverage ratio amounted to 152.50%, representing a decrease of 17.38 percentage points as compared to the end of last year. The impairment losses on loans ratio was 3.04%, representing an increase of 0.10 percentage point as compared to the end of last year.

**Table 1. Key accounting data and financial indicators**

<i>Unit: RMB100 million, %</i>		
Item	2019	2018
1. Profitability		
1.1 Net profit	<b>36.35</b>	55.74
Of which: Net profit attributable to		
Shareholders of the parent company	<b>35.58</b>	55.49
1.2 Return on average equity	<b>7.41%</b>	12.68%
1.3 Return on average total assets	<b>0.61%</b>	0.94%
1.4 Basic earnings per share (RMB)	<b>0.32</b>	0.50
1.5 Net interest margin (NIM)	<b>1.95%</b>	1.87%

Item	2019	2018
2. Income structure		
2.1 Net fee and commission income to operating income ratio	<b>14.72%</b>	16.69%
2.2 Cost-to-income ratio	<b>32.71%</b>	30.88%
3. Asset quality		
3.1 Balance of NPLs	<b>52.51</b>	43.96
3.2 NPL ratio	<b>1.99%</b>	1.73%
3.3 Impairment coverage ratio	<b>152.50%</b>	169.88%
3.4 Impairment losses on loans ratio	<b>3.04%</b>	2.94%
4. Capital adequacy ratios		
4.1 Core tier 1 capital adequacy ratio	<b>10.22%</b>	9.74%
4.2 Tier 1 capital adequacy ratio	<b>10.24%</b>	9.75%
4.3 Capital adequacy ratio	<b>12.53%</b>	12.15%

## II. MAJOR INCOME AND EXPENSES

(I) Operating income. The Company recorded operating income of RMB15,124 million, representing a year-on-year increase of RMB799 million or 5.6%.

1. Net interest income. The Company actively responded to the changing external operating environment, enhanced comprehensive and balanced management of the assets and liabilities, resulting in continuous growth in assets and liabilities and continuously optimized structure. The Company recorded net interest income of RMB10,836 million, representing a year-on-year increase of RMB709 million or 7.0%.

The Company had interest income of RMB28,422 million, representing a year-on-year increase of RMB790 million or 2.9%, mainly because the Company's average balance of interest-earning assets increased by 2.5% from RMB542,596 million at the end of 2018 to RMB556,297 million at the end of 2019. The average yield of the Company's interest-earning assets increased from 5.09% at the end of 2018 to 5.11% at the end of 2019. The changes in the above indicators were primarily due to the increase in yield of loans and advances to customers and long-term receivables for 2019.

The Company recorded interest expense of RMB17,586 million, representing a year-on-year increase of RMB80.8 million or 0.5%, which was primarily attributable to an increase of 6.0% in the average balance of the interest-bearing liabilities from RMB512,140 million at the end of 2018 to RMB542,834 million at the end of 2019 resulting from an increase in the Company's customer deposits, amounts due to banks and amounts due to the



Central Bank. The average cost rate of interest-bearing liabilities decreased from 3.42% in 2018 to 3.24% in 2019, which was mainly due to a decrease in the average cost rate of amounts due to a banks and negotiable certificates of deposit issued in 2019.

2. Net fee and commission income. Confronted with the market changes and fierce interbank competition, the Company continued to adjust the profit structure, deepen product innovation, increase investment in channel construction, and further improve service technologies and service standard. The Company recorded net fee and commission income of RMB2,226 million, representing a year-on-year decrease of RMB166 million or 6.9% and, which accounted for 14.72% of the operating income.
  3. Other non-interest income. Other non-interest income increased by RMB256 million or 14.2% year on year to RMB2,063 million, which was mainly due to an increase in the interest income of financial assets at fair value through profit and loss and gain on disposal of financial assets at fair value through other comprehensive income. This includes a decrease of RMB61 million year on year in other net operating income, mainly due to the effect of changes in exchange rates and a decrease in net gain on sale of property and equipment.
- (II) Operating expenses. In 2019, the Company's operating expenses increased by RMB559 million or 12.2% year on year to RMB5,153 million. Under the principles of practicing strict economy and running the Company by thrift and hard work, the Company strengthened the delicacy management on finance, optimized the fee and expense structure, strictly controlled the administrative and operating expenses and improved the efficiency of the use of funds. The cost-to-income ratio (tax and surcharge exclusive) was 32.71%, representing an increase of 1.83 percentage points year on year.

The business and administrative expenses increased by RMB525 million or 11.9% year on year to RMB4,948 million. The staff costs of the Company were RMB2,762 million, representing an increase of RMB493 million or 21.7% year on year, mainly due to more branches being established by the Bank, the increase in wages and benefits, the improved remuneration structure, and more emphasis on performance element under the performance appraisal. Depreciation and amortisation were RMB761 million, representing an increase of RMB213 million or 39.0% year on year, primarily as a result of an increase in the capital costs related to the information technology and the operating offices of the Bank. The Company paid business tax and surcharges of RMB205 million, representing an increase of RMB34 million or 20.1% year on year, primarily attributable to the increase of tax expenses due to the changes in tax policy and the development of business of the Bank.

Table 2. Increase in operating expenses

Unit: RMB100 million

Item	Balance	2019 Year-on- year change in amount	Rate of year-on- year change	2018
Operating expenses	<b>51.53</b>	5.59	12.2%	45.94
1. Business & administrative expenses	<b>49.48</b>	5.25	11.9%	44.23
(1) Staff costs	<b>27.62</b>	4.93	21.7%	22.70
Of which: Salaries, bonuses and allowances	<b>20.99</b>	3.83	22.4%	17.16
(2) Depreciation and amortisation	<b>7.61</b>	2.13	39.0%	5.47
(3) Other operating expenses	<b>14.25</b>	-1.81	-11.3%	16.06
2. Business tax and surcharges	<b>2.05</b>	0.34	20.1%	1.71

(III) Asset impairment losses. The Company's asset impairment losses increased by RMB275.5 million or 113.6% year on year to RMB5,181 million, primarily attributable to the continuation of the prudent and dynamic principle for impairment provision for loans given the comprehensive consideration as to the uncertainties in economic environment and pursuant to the relevant requirements of the regulatory authorities. Meanwhile, the Bank increased its efforts to speed up the disposal of NPLs which led to an increase in the write-off amount of NPLs and in turn led to an increase in impairment losses on assets.

(IV) Income tax expenses. The Company's income tax expenses decreased by RMB575 million or 33.2% year on year to RMB1,155 million.

Table 3. Major income and expenses

Unit: RMB100 million

Item	2019		Rate of Year-on-year change in amount	2018
	Balance	Year-on-year change in amount		
Operating income	151.24	7.99	5.6%	143.25
Net interest income	108.36	7.09	7.0%	101.27
Of which: Interest income	284.22	7.90	2.9%	276.32
Interest expense	175.86	0.81	0.5%	175.05
Net fee and commission income	22.26	-1.65	-6.9%	23.91
Other non-interest income	20.63	2.56	14.2%	18.07
Less: Operating expenses	51.53	5.59	12.2%	45.94
Less: Impairment losses	51.81	27.55	113.6%	24.26
Profit before tax	47.91	-25.14	-34.4%	73.05
Less: Income tax expense	11.55	-5.75	-33.2%	17.31
Net profit	36.35	-19.39	-34.8%	55.74
Attributable to: Shareholders of the parent company	35.58	-19.91	-35.9%	55.49
Minority shareholders	0.77	0.51	212.0%	0.26

### III. MAIN ASSETS AND LIABILITIES

- (I) Loans. The Company enhanced the credit scale management and optimised the credit structure by resolutely executing the macro control policies and regulatory requirements, and insisted on supporting and serving the real economy. As at the end of 2019, the Company's total loans increased by RMB9,841.4 million or 3.9% from the end of last year to RMB263,604 million, of which, the Company's corporate loans increased by 1.6% to RMB140,578 million, mainly due to the strengthening of support for loans to the clients of the Company as an continuation of support of the real economy development. The balance of personal loans increased by 3.2% to RMB119,084 million.
- (II) Due from and placement with banks (including assets held under reverse repurchase agreements). The balance of our due from and placement with banks was RMB3,725 million, representing a decrease of RMB283.83 million or 82.5% as compared to the end of last year, which was mainly because the Company adjusted the weight of such non-credit assets based on the capital condition and changes in liquidity in the market in order to keep a high capital return on the basis of maintaining the liquidity.

- (III) Investments in securities and other financial assets. The total investments in securities and other financial assets amounted to RMB233,697 million, representing an increase of RMB7,692 million or 3.4% as compared to the end of last year, which was mainly attributable to the Company's increased use of various investment tools and expansion of capital utilisation channels aiming at improving the Company's efficiency of the use of funds.
- (IV) Customer deposits. As at the end of 2019, total customer deposits were RMB425,684 million, representing an increase of RMB30,167 million or 7.6% as compared to the end of last year, which was mainly attributable to the Company's strengthening of pricing management, improvement in service quality and marketing capability.
- (V) Due to and placement from banks (including assets sold under reverse repurchase agreements). The Company's due to and placement from banks was RMB43,526 million, representing a decrease of RMB2,160 million or 4.7% as compared to the end of last year, which mainly reflected the Company's adjustment of the portion of the amount of due from and placement with banks and repurchased assets sold in the liabilities based on market liquidity and the Company's capital needs in view of the need to match assets and liabilities.

Table 4. Major assets and liabilities

Unit: RMB100 million

Item	Balance	2019 Year-on- year change in amount	Rate of Year-on- year amount	2018
1. Total assets	<b>5,830.89</b>	-325.00	-5.3%	6,155.89
Of which:				
(1) Total loans	<b>2,636.04</b>	98.41	3.9%	2,537.63
(2) Due from and placement with banks (including assets held under reverse repurchase agreements)	<b>37.25</b>	-283.83	-88.4%	321.08
(3) Investment securities and other financial assets	<b>2,336.97</b>	76.92	3.4%	2,260.05
2. Total liabilities	<b>5,314.48</b>	-366.49	-6.5%	5,680.97
Including:				
(1) Due to customers	<b>4,256.84</b>	301.67	7.6%	3,955.17
(2) Due to and placement from banks (including assets sold under reverse repurchase agreements)	<b>435.26</b>	-21.60	-4.7%	456.86
3. Shareholders' equity	<b>516.41</b>	41.49	8.7%	474.92

In 2019, in accordance with the regulatory requirements of the CBIRC and the relevant requirements of the Hong Kong Stock Exchange, the Bank continued to strengthen its daily monitoring, statistics and analysis capabilities of related party transactions, refine the management and control process of related party transactions, optimize the management mechanism of related party transactions, improve the management system of related party transactions, and carry out review and approval of related party transactions in compliance with relevant requirements, so as to ensure the effective operation of related party transactions. In accordance with the Administrative Measures for the Related Party Transactions between Commercial Banks and their Insiders or Shareholders (《商業銀行與內部人和股東關聯交易管理辦法》) and the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》) issued by the CBIRC, as well as the Bank's Articles of Association and the Administrative Measures for Related Party Transactions and other management requirements, the execution of related party transactions in 2019 is reported as follows:

## **I. MANAGEMENT OF RELATED PARTY TRANSACTIONS**

### **(I) The Risk Management and Related Transactions Control Committee under the Board of Directors performed its duties diligently and effectively prevented and controlled the risks of related party transactions.**

The Risk Management and Related Transactions Control Committee under the Board of Directors of the Bank consists of three independent non-executive Directors and an executive Director, and the Chairman of the Committee is an independent non-executive Director. The Committee reviews related party transactions on behalf of minority Shareholders. In 2019, the Risk Management and Related Transactions Control Committee under the Board of Directors convened a total of 14 meetings, at which 10 proposals were considered including the list of related party transactions and the Rules for Implementation of the Management of Related Party Transaction. During the reporting period, the Risk Management and Related Transactions Control Committee maintained independent operations, and all Directors performed their duties diligently, actively promoted the construction of related party transaction management system, and safeguarded the interests of the Bank and its Shareholders.

### **(II) The Bank optimized the management and control system of related party transactions and consolidated the compliance foundation of related party transactions.**

During the reporting period, the Bank was committed to optimizing the management mechanism of related party transactions, improving the management process of credit for related parties, revising the Rules for Implementation of Management of Related Party Transactions, strengthening the management mechanism of related party transactions lines, and ensuring the compliance and orderly execution of related party transactions. The Bank strengthened the development of related party transaction system, constructed the related party transaction system in stages, effectively implemented the rigid control of credit loans for related parties, strengthened the effectiveness and timeliness of daily management of related party transactions, and enhanced the identification of related party transactions.

**(III) The Bank followed the disclosure procedures of related party transactions to safeguard the interests of Shareholders as a whole.**

In 2019, the Bank continued to improve the disclosure mechanism for related party transactions, supplemented, adjusted and verified the list of related parties in strict accordance with the relevant requirements of the CBIRC and the Hong Kong Stock Exchange, and carried out various approval procedures for ordinary related party transactions and major related party transactions in compliance with regulations, and fulfilled the obligations in relation to the disclosure of related party transactions.

**(IV) The Bank conducted special audit on related party transactions to refine management and control measures for related party transactions.**

During the Reporting Period, the Bank actively conducted special audit on related party transactions, and coordinated the three lines of defense to reinforce the management and control of related party transactions. For relevant issues identified during the audit process, the Bank strictly put the opinions on rectification into practice, formulated adequate rectification measures, and timely promoted the continuous improvement of management on related party transactions.

## **II. RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

In 2019, the Bank carried out the management of related parties and related party transactions in strict compliance with the relevant requirements of the CBIRC, the Hong Kong Stock Exchange and the accounting standards. As at the end of the reporting period, the related party transactions between the Bank and its related parties were all conducted on normal commercial terms, and the transaction terms were fair and reasonable and in the interests of the Bank and its Shareholders as a whole. The specific details are as follows:

**(I) Identification of related parties**

As at the end of the reporting period, the Bank had a total of 5,313 related parties.

In respect of related legal persons: as at the end of the reporting period, the Bank identified a total of 174 related legal persons or other organizations, increasing by 92 as compared to the end of 2018. Related legal persons or other organizations primarily include the legal persons or other organization directly or indirectly under common control of an enterprise with the Bank, the Bank's substantial shareholders and their controlling shareholders, actual controllers, related parties, parties acting in concert and ultimate beneficiaries, as well as the legal persons or other organizations controlled or significantly influenced by the Bank's Directors, Supervisors, senior management and their close relatives. The increase in number of related legal persons or other organizations in 2019 as compared with the previous year was mainly due to the change in shareholding structure of the Bank in 2019 and the change in the shareholding structure of its Shareholder, Harbin Economic Development and Investment

Company (“**Harbin Economic Development**”). According to the requirements of the CBIRC in relation to the management of related parties, Heilongjiang Financial Holdings Group Co., Ltd. (“**Heilongjiang Financial Holdings**”, a new substantial shareholder of the Bank in 2019) and its controlling shareholders, actual controllers, related parties, parties acting in concert and ultimate beneficiaries, as well as the controlling shareholders, actual controllers, related parties, parties acting in concert and ultimate beneficiaries of Harbin Economic Development upon completion of the change in its shareholding should be included in the management of related parties of the Bank.

In terms of related natural persons: as at the end of the reporting period, the Bank identified a total of 5,139 related natural persons, increasing by 787 as compared to the end of 2018, which was mainly due to the adjustment in insiders of the Bank during 2019. Related natural persons mainly include the substantial natural person shareholders of the Bank and their close relatives; the controlling natural person shareholders, directors and key management personnel of related legal persons or other organization; insiders and Directors, Supervisors and senior management of the Bank and their close relatives, as well as the key management personnel of the substantial shareholders of the Bank.

## (II) Execution of related party transactions relating to credit

During the reporting period, the related party transactions of the Bank were conducted in compliance with laws and regulations, and the overall quality of related party transactions relating to credit was excellent, all of which were normal transactions, and no related party transaction relating to credit detrimental to the interests of the Bank and its Shareholders was identified. In accordance with the disclosure standard of the audited financial report, the related party transactions in 2019 are as follows:

### 1. Overall credit for related legal persons

As at the end of the reporting period, according to the requirements of the CBIRC on the management of related party transactions, the controlling shareholders, actual controllers and related parties of Harbin Economic Development (“**The Related Parties of Harbin Economic Development**”), and Heilongjiang Financial Holdings and its controlling shareholders, actual controllers and related parties (“**Heilongjiang Financial Holdings and its related parties**”) conducted related party transactions or had outstanding business balances with the Bank. The information of the above related legal persons is as follows:

Table 1: Related legal persons

Name of related party		Economic nature or type	Principal business	Legal representative	Place of registration	Registered capital
Harbin Economic Development and Investment Company and its related parties	Harbin Economic Development and Investment Company	Limited liability company	Financial investments such as fixed assets in municipal enterprises and receipt of share of funds	Zhang Xianjun	Harbin	RMB2,307.52201 million
	Harbin Automobile Exchange Market Co., Ltd. (哈爾濱汽車交易市場有限公司)	Limited liability company	Purchase and sale: motor vehicles, auto parts and general merchandise; wholesale: automotive accessories; undertaking the automobile trading market; property management in the market; after-market automotive services (excluding maintenance); acquisition, sales, consignment sales, buying and selling through agency, leasing, spare parts supply and information services of old motor vehicles; provision of automobile transaction transfer, licensing and insurance agency services; undertaking exhibitions and exhibitions; organizing corporate culture exchange activities; leasing of commercial facilities; leasing of premises and leasing of housing.	Hu Xiaoping	Harbin	RMB50 million



Name of related party	Economic nature or type	Principal business	Legal representative	Place of registration	Registered capital
Harbin Property Heating Supply Group Co., Ltd. (哈爾濱物業供熱集團有限責任公司)	Limited liability company	Property management, heating source and heating network construction, real estate operation and management, heating supply production, and car park operation and management.	Zhao Zhifeng	Harbin	RMB687.811 million
Heilongjiang Jinxin Financial Leasing Co., Ltd. (黑龍江金信融資租賃有限公司)	Limited liability company	Finance leasing business; leasing business; purchase of leased properties at home and abroad; treatment and maintenance of residual value of leased assets; leasing transaction consultation and guarantee; assignment of accounts receivable to third party institutions; acceptance of rental deposits; commercial factoring business related to the principal business.	Cui Yu	Harbin	RMB200 million
Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司)	Limited liability company (wholly state-owned)	Investment in fixed assets, infrastructure, energy, heating supply, high-tech industries, resource development projects and investment information consultation thereof; organizing and implementing the thermal power projects and heating supply projects and infrastructure construction, land consolidation, equity investment and operation (the operation of above projects shall be subject to national special approval certificate).	Zhao Hongbo	Harbin	RMB5,000 million

Name of related party		Economic nature or type	Principal business	Legal representative	Place of registration	Registered capital
Heilongjiang Financial Holdings Group Co., Ltd. and its related parties	Heilongjiang Financial Holdings Group Co., Ltd.	Limited liability company (wholly state-owned)	Investment and asset management, capital investment services; private placement of securities investment funds; holding company services; financial information services.	Yu Hong	Harbin	RMB13,600 million
	Heilongjiang Xinzheng Investment Guarantee Group Co., Ltd. (黑龍江省鑫正投資擔保集團有限公司)	Other limited liability company	Financing guarantee; re-guarantee; bonds issuance guarantee; litigation preservation guarantee; performance guarantee; entrusted loans; logistics supervision; financing consultation, financial advisory and other intermediary services related to guarantee business; investments with own funds.	Lang Shufeng	Harbin	RMB3,401 million
	Heilongjiang University Student Startup Loan Guarantee Co., Ltd. (黑龍江省大學生成業貸款擔保有限公司)	Limited liability company	Financing guarantee business in relation to university students' entrepreneurship; bonds issuance guarantee; tender guarantee, prepayment guarantee and performance guarantee; intermediary services such as financing consultation and financial advisory in relation to university students' entrepreneurship; investment in entrepreneurship projects of university students with own funds; Internet financial guarantee business. If the above scope is subject to the administration under special provisions of the state, such provisions shall prevail.	Gu Tianjiao	Harbin	RMB200 million

As at the end of the reporting period, a total of four corporate entities of the Related Parties of Harbin Economic Development had business balances in the Bank, but no related party transaction was conducted during the reporting period<sup>1</sup>. Harbin Automobile Exchange Market Co., Ltd. had the highest proportion of credit balance as a single entity in the net capital of the Bank, accounting for 0.17%, and the aggregate credit balance of Harbin Economic Development and its related parties accounted for 0.44% of the net capital of the Bank, which was in compliance with the regulatory standards.

A total of four corporate entities of Heilongjiang Financial Holdings and its related parties had credit balance in the Bank. The highest proportion of credit balance as a single entity in the net capital of the Bank was 1.21%. The total credit balance of Heilongjiang Financial Holdings and its related parties accounted for 1.90% of the net capital of the Bank, which was in compliance with the regulatory standards.

The credit balance of all related legal persons did not exceed 50% of the net capital of the Bank, and there was no material related party transaction.

**Table 2: Statistics of related party transactions relating to credit with related parties<sup>2</sup>**

*Unit: RMB100 million*

Name of related party		Type of business	Amount of related party transactions	Business balance	Proportion of net capital as a single entity	Proportion of business	Proportion of capital
Harbin Economic Development and Investment Company and its related parties	Harbin Automobile Exchange Market Co., Ltd.	On-balance sheet credit	-	1.06	0.17%		
	Harbin Property Heating Supply Group Co., Ltd.	On-balance sheet credit	-	0.80	0.13%	0.25%	0.44%
	Heilongjiang Jinxin Financial Leasing Co., Ltd.	On-balance sheet credit	-	0.85	0.14%		
	Harbin Investment Group Corporation Limited	Off-balance sheet bond investments under wealth management products	-	3.30		0.50%	

<sup>1</sup> The Related Parties of Harbin Economic Development, namely Harbin Automobile Exchange Market Co., Ltd., Harbin Property Heating Supply Group Co., Ltd., Heilongjiang Jinxin Financial Leasing Co., Ltd. and Harbin Investment Group Corporation Limited, became the related parties of the Bank on 29 October 2019, and have not conducted any related party transaction with the Bank up to 31 December 2019.

<sup>2</sup> The net capital stated in Table 2 represents the net capital as at the end of 2019.

Name of related party		Type of business	Amount of related party transactions	Business balance	Proportion of net capital as a single entity	Proportion of business	Proportion of capital
Heilongjiang Financial Holdings Group Co., Ltd. and its related parties	Heilongjiang Financial Holdings Group Co., Ltd.	On-balance sheet credit	0.28	7.51	1.21%	0.32%	
	Heilongjiang Xinzheng Investment Guarantee Group Co., Ltd.	External guarantees	-	0.18	0.03%		
	Heilongjiang University Student Startup Loan Guarantee Co., Ltd.	External guarantees	-	0.03	0.00%	0.69%	1.90%
	Heilongjiang Agricultural Financing Guarantee Co., Ltd. (黑龍江省農業融資擔保有限責任公司) (former name: Heilongjiang Agricultural Credit Guarantee Co., Ltd. (黑龍江省農業信貸擔保有限責任公司))	External guarantees	-	4.07	0.65%		
	Total			14.50			2.33%

## 2. Ordinary related party transactions

During the reporting period, there were a total of six related party transactions relating to loans between the Bank and its related legal persons, all of which were working capital loans between Heilongjiang Financial Holdings and the Bank. The loan interest rate was 4.75% and the total transaction amount was RMB28 million. The loan balance of Heilongjiang Financial Holdings in the Bank was RMB751 million upon completion of the transactions. Given the amount of a single transaction was not more than 1% of the net capital<sup>3</sup> of the Bank, and the credit balance of Heilongjiang Financial Holdings and its related parties upon completion of any single transaction was not more than 5% of the net capital of the Bank, the transactions constitute ordinary related party transactions in accordance with the relevant requirements of the CBIRC.

## 3. Credit for related natural persons

As at the end of 2019, the balance of credit granted to related natural persons amounted to RMB297 million, representing less than 1% of the net capital of the Bank, all of which were ordinary related party transactions.

<sup>3</sup> According to the Administrative Measures for the Related Party Transactions between Commercial Banks and their Insiders or Shareholders of the CBIRC, the net capital stated in this part represents the unaudited net capital as at the end of the third quarter of 2019.

**(III) Execution of related party transactions not relating to credit**

During the reporting period, the Bank conducted a comprehensive service transaction with a related legal person.

Zhongwen Law Firm is a related party of the Bank as it is an entity under significant influence from a close family member of Gong Tiemin, a senior management personnel of the Bank. During the reporting period, the law firm entered into a long-term legal service contract with the Bank to provide legal services to the Bank's credit card center. The annual legal advisory fee amounted to RMB150,000. In 2019, the Bank paid a total of RMB1.69 million to the law firm.

## The Articles of Association of Harbin Bank Co., Ltd. currently in effect

Original Articles	Proposed Amendments
<p>Article 52 Registration of change in the H share register of members due to shares transfer shall not be allowed within thirty (30) days prior to the date of a general meeting or within five (5) days before the base date set by the Company for the purpose of distribution of dividends.</p>	<p>Article 52 <b><u>If the relevant laws, administrative regulations, department rules and the listing rules of the stock exchange where the Company's shares are listed stipulate that</u></b> registration of change in the H share register of members due to shares transfer <del>shall not be allowed within thirty (30) days prior to the date of a general meeting or within five (5) days before the base date set by the Company for the purpose of distribution of dividends</del> <b><u>prior to the date of a general meeting or the record date set by the Company for the purpose of distribution of dividends shall not be allowed, such provisions shall prevail.</u></b></p>
<p>Article 65 Shareholders of the Company shall perform the following obligations:</p> <p>(1) ...</p> <p>... (9) credit balance of the same shareholder in the Company shall not exceed 10% of the net capital of the Company; credit extension in the Company of connected enterprises of the shareholder shall be aggregated with that of the shareholders, and it shall not exceed 15% of the net capital of the Company;</p>	<p>Article 65 Shareholders of the Company shall perform the following obligations:</p> <p>(1) ...</p> <p>... (9) credit balance of <del>the same shareholder</del> <b><u>a related party</u></b> in the Company shall not exceed 10% of the net capital of the Company; credit extension in the Company of <del>connected enterprises of the shareholder</del> <b><u>group customers, to which a related legal person or other organization is subordinated,</u></b> shall be aggregated with that of <del>the shareholders-related legal person or other organization</del> <b><u>the shareholders-related legal person or other organization</u></b>, and it shall not exceed 15% of the net capital of the Company;</p>

Original Articles	Proposed Amendments
<p>Article 66 Where a shareholder holding 5% or more voting shares of the Company pledges any domestic shares in his possession, he shall report the pledge to the Company in writing on the day on which he pledges his shares. A shareholder shall not make any pledge of its shares in the Company if the outstanding amount of its borrowing from the Company exceeds the audited net value of the equities it held in the previous year. Where the number of shares of the Company pledged by a shareholder reaches or exceeds fifty (50) percent of the shares held by such shareholder in the Company, its voting rights at the general meeting of shareholders and the voting rights of its dispatched directors at the meetings of the board of directors will be restricted.</p>	<p>Article 66 <b><u>Where a shareholder pledges his equity interests in the Company, he shall comply with the following provisions:</u></b></p> <p><b><u>(1) Where a shareholder pledges his equity interests in the Company as guarantee for the benefit of his own or that of any third parties, he shall strictly comply with all applicable laws and regulations, and the requirements of regulatory authorities, and notify the Board of Directors of the Company in advance. The Company's Board of Directors office or other department designated by the Board of Directors shall be responsible for the daily work of collecting, collating and reporting of the Company's equity pledge information.</u></b></p> <p><b><u>Where a shareholder who has representation on the Board of Directors or the Board of Supervisors, or directly, indirectly or jointly holds or controls more than 2% of shares or voting rights in the Company pledges his equity interests in the Company, it shall make prior filing to the Board of Directors of the Company, which shall state the basic information of the pledge including the reasons for the pledge, the number of shares involved, the term of pledge and the particulars of the pledgees. Where the Board of Directors considers the pledge to be materially adverse to the stability of the Company's shareholding structure, the corporate governance as well as the risk and connected transaction control, the filing shall not be accepted. The Director(s) nominated by a shareholder proposing to pledge his shares in the Bank shall abstain from voting at the meeting of the Board of Directors at which such proposal is considered;</u></b><del>Where a shareholder holding 5% or more voting shares of the Company pledges any domestic shares in his possession, he shall report the pledge to the Company in writing on the day on which he pledges his shares.</del></p>

Original Articles	Proposed Amendments
	<p><b><u>(2) Upon the registration of pledge of equity interests, the shareholders involved shall provide the Company with the relevant information in relation to the pledged equity interests in a timely manner, so as to facilitate the Company's risk management and information disclosure compliance;</u></b></p> <p><b><u>(3)</u></b> A shareholder shall not make any pledge of its shares in the Company if the outstanding amount of its borrowing from the Company exceeds the audited net value of the equities it held in the <b><u>Company in the</u></b> previous year;-</p> <p><b><u>(4)</u></b> Where the number of shares of the Company pledged by a shareholder reaches or exceeds fifty <del>(50%)</del> percent of the shares held by such shareholder in the Company, its voting rights at the general meeting of shareholders and the voting rights of its dispatched directors at the meetings of the board of directors will be restricted.</p>
<p>Article 83 Where the Company shall convene a shareholders' general meeting, the Company shall send out a written notice to all registered shareholders on the matters to be reviewed as well as the meeting date and place forty-five (45) days before the meeting. Shareholders intend to attend the meeting shall submit their written replies to the Company twenty (20) days before the meeting.</p>	<p>Article 83 Where the Company shall convene a shareholders' general meeting, the <del>Company convener</del> shall send out a written notice to all registered shareholders on the matters to be reviewed as well as the meeting date and place <del>forty-five (45)</del> <b>twenty (20)</b> days before the <b><u>annual general meeting (excluding the date of the meeting), or fifteen (15) days before the extraordinary general meeting (excluding the date of the meeting)</u></b>—meeting. Shareholders intend to attend the meeting shall submit their written replies to the Company <del>twenty (20) days before the meeting.</del> <b><u>If the listing rules of the stock exchange where the Company's shares are listed have otherwise provisions, such provisions shall prevail.</u></b></p>



Original Articles	Proposed Amendments
<p>Article 84 The Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting according to the received written replies twenty (20) days before the shareholders' general meeting. Where the number of voting shares represented by the shareholders intending to attend the meeting reaches more than half (1/2) of the total number of voting shares, the Company can convene a shareholders' general meeting; where it fails, the Company shall inform the shareholders on the matters to be examined, assembly date and location again within five (5) days in the form of public notice, after the notification, the Company can convene a shareholders' general meeting.</p> <p>An extraordinary general meeting of shareholders may not decide any matters not stated in the notice.</p>	<p><del>Article 84 The Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting according to the received written replies twenty (20) days before the shareholders' general meeting. Where the number of voting shares represented by the shareholders intending to attend the meeting reaches more than half (1/2) of the total number of voting shares, the Company can convene a shareholders' general meeting; where it fails, the Company shall inform the shareholders on the matters to be examined, assembly date and location again within five (5) days in the form of public notice, after the notification, the Company can convene a shareholders' general meeting.</del></p> <p>An extraordinary general meeting of shareholders may not decide any matters not stated in the notice.</p>
<p>Article 87 Unless otherwise required by relevant laws, regulations, listing rules of place(s) where the Company's shares are listed or the Articles of Association, the notice, information or written statement for the shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the general meeting) by special appointed person or prepaid mail, or publication on our website or other methods stipulated in the Articles of Association. The recipient address in the register of shareholders shall prevail. For the holders of domestic shares, the notice of the shareholders' general meeting may be issued in the form of public notice.</p> <p>The public notice in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council between forty-five (45) to fifty (50) days before the date of the general meeting. After the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>	<p>Article 87 Unless otherwise required by relevant laws, regulations, listing rules of place(s) where the Company's shares are listed or the Articles of Association, the notice, information or written statement for the shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the general meeting) by special appointed person or prepaid mail, or publication on our website or other methods stipulated in the Articles of Association. The recipient address in the register of shareholders shall prevail. For the holders of domestic shares, the notice of the shareholders' general meeting may be issued in the form of public notice.</p> <p>The public notice in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council <del>between forty-five (45) to fifty (50) days before the date of the general meeting.</del> After the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>

Original Articles	Proposed Amendments
<p>Article 131 If the Company intends to convene a meeting of classified shareholders, it should issue a written notice forty-five (45) days in advance to inform all registered shareholders of the relevant class about the issues to be reviewed at the meeting, meeting date and meeting place. The shareholders who intend to attend the meeting shall send their written replies of attendance to the Company 20 days before the meeting is held.</p> <p>If the number of shares with voting right on the meeting held by shareholders who intend to attend meeting reaches more than half of the total number of the shares of such category with voting right at the meeting, the Company may convene a meeting of classified shareholders; if not, the Company should, within five days, notify shareholders, through public notice, the issues to be reviewed at the meeting, meeting date and place, and then the Company may convene a meeting of classified shareholders.</p>	<p>Article 131 If the Company intends to convene a meeting of classified shareholders, it should issue a written notice <del>forty-five (45) days in advance</del> to inform all registered shareholders of the relevant class about the issues to be reviewed at the meeting, meeting date and meeting place <u>in accordance with the relevant requirements of the notice period for convening a shareholders' general meeting in Article 83 of Chapter VI of the Articles of Association</u>. <del>The shareholders who intend to attend the meeting shall send their written replies of attendance to the Company 20 days before the meeting is held.</del></p> <p><del>If the number of shares with voting right on the meeting held by shareholders who intend to attend meeting reaches more than half of the total number of the shares of such category with voting right at the meeting, the Company may convene a meeting of classified shareholders; if not, the Company should, within five days, notify shareholders, through public notice, the issues to be reviewed at the meeting, meeting date and place, and then the Company may convene a meeting of classified shareholders.</del></p>

Original Articles	Proposed Amendments
<p>Article 136 The way and procedures for the nomination and election of directors are as follows:</p> <p>(1) ...</p> <p>... (6) A shareholder shall not simultaneously nominate directors and supervisors; if a director nominated by a shareholder has been appointed as a director, and before the expiration of the term of office of the director, the shareholder is not allowed to nominate any supervisor candidate. Any exemption due to special ownership structure shall make an application to the banking regulatory authority of the State Council and provide the reasons in support.</p> <p>...</p>	<p>Article 136 The way and procedures for the nomination and election of directors are as follows:</p> <p>(1) ...</p> <p>... (6) A shareholder <b><u>and its related parties</u></b> shall not simultaneously nominate directors and supervisors; if a director <b><u>(supervisor)</u></b> nominated by a shareholder <b><u>and its related parties</u></b> has been appointed as a director <b><u>(supervisor)</u></b>, and before the expiration of the term of office <b><u>or replacement</u></b> of the director, the shareholder is not allowed to nominate any supervisor <b><u>(director)</u></b> candidate. Any exemption due to special ownership structure shall make an application to the banking regulatory authority of the State Council and provide the reasons in support.</p> <p>...</p>
<p>Article 217 The way and procedures for nomination of supervisions are as follows:</p> <p>(1) ...</p> <p>... (3) A shareholder shall not simultaneously nominate directors and supervisors to the shareholders' general meeting; if a supervisor candidate nominated by one shareholder has held the office as a supervisor, before the expiration of his/her term of office, the shareholder shall not nominate any director candidate.</p> <p>...</p>	<p>Article 217 The way and procedures for nomination of supervisions are as follows:</p> <p>(1) ...</p> <p>... (3) A shareholder <b><u>and its related parties</u></b> shall not simultaneously nominate directors and supervisors to the shareholders' general meeting; if a supervisor <b><u>(director)</u></b> candidate nominated by one shareholder <b><u>and its related parties</u></b> has held the office as a supervisor <b><u>(director)</u></b>, before the expiration of his/her term of office <b><u>or replacement</u></b>, the shareholder shall not nominate any director <b><u>(supervisor)</u></b> candidate.</p> <p>...</p>

The Articles of Association of Harbin Bank Co., Ltd. coming into effect subsequent to the issuance of preference shares

Original Articles	Proposed Amendments
<p>Article 52 Registration of change in the H share register of members due to shares transfer shall not be allowed within thirty (30) days prior to the date of a general meeting or within five (5) days before the base date set by the Company for the purpose of distribution of dividends.</p>	<p>Article 52 <b><u>If the relevant provisions of relevant laws, administrative regulations, department rules and the listing rules of the stock exchange where the Company's shares are listed stipulate that</u></b> registration of change in the H share register of members due to shares transfer <del>shall not be allowed within thirty (30) days prior to the date of a general meeting or within five (5) days before the base date set by the Company for the purpose of distribution of dividends</del> <b><u>prior to the date of a general meeting or the record date set by the Company for the purpose of distribution of dividends shall not be allowed, such provisions shall prevail.</u></b></p>
<p>Article 65 Shareholders of the Company shall perform the following obligations:</p> <p>(1) ...</p> <p>... (9) credit balance of the same shareholder in the Company shall not exceed 10% of the net capital of the Company; credit extension in the Company of connected enterprises of the shareholder shall be aggregated with that of the shareholders, and it shall not exceed 15% of the net capital of the Company;</p>	<p>Article 65 Shareholders of the Company shall perform the following obligations:</p> <p>(1) ...</p> <p>... (9) credit balance of <del>the same shareholder</del> <b><u>a related party</u></b> in the Company shall not exceed 10% of the net capital of the Company; credit extension in the Company of <del>connected enterprises of the shareholder</del> <b><u>group customers, to which a related legal person or other organization is subordinated,</u></b> shall be aggregated with that of <del>the shareholders-related legal person or other organization</del> <b><u>the shareholders-related legal person or other organization</u></b>, and it shall not exceed 15% of the net capital of the Company;</p>

Original Articles	Proposed Amendments
<p>Article 66 Where a shareholder holding 5% or more voting shares of the Company pledges any domestic shares in his possession, he shall report the pledge to the Company in writing on the day on which he pledges his shares.</p> <p>A shareholder shall not make any pledge of its shares in the Company if the outstanding amount of its borrowing from the Company exceeds the audited net value of the equities it held in the previous year.</p> <p>Where the number of shares of the Company pledged by a shareholder reaches or exceeds fifty (50) percent of the shares held by such shareholder in the Company, its voting rights at the general meeting of shareholders and the voting rights of its dispatched directors at the meetings of the board of directors will be restricted.</p>	<p>Article 66 <b><u>Where a shareholder pledges his equity interests in the Company, he shall comply with the following provisions:</u></b></p> <p><b><u>(1) Where a shareholder pledges his equity interests in the Company as guarantee for the benefit of his own or that of any third parties, he shall strictly comply with all applicable laws and regulations, and the requirements of regulatory authorities, and notify the Board of Directors of the Company in advance. The Company's Board of Directors office or other department designated by the Board of Directors shall be responsible for the daily work of collecting, collating and reporting of the Company's equity pledge information.</u></b></p> <p><b><u>Where a shareholder who has representation on the Board of Directors or the Board of Supervisors, or directly, indirectly or jointly holds or controls more than 2% of shares or voting rights in the Company pledges his equity interests in the Company, it shall make prior filing to the Board of Directors of the Company, which shall state the basic information of the pledge including the reasons for the pledge, the number of shares involved, the term of pledge and the particulars of the pledgees. Where the Board of Directors considers the pledge to be materially adverse to the stability of the Company's shareholding structure, the corporate governance as well as the risk and connected transaction control, the filing shall not be accepted. The Director(s) nominated by a shareholder proposing to pledge his shares in the Bank shall abstain from voting at the meeting of the Board of Directors at which such proposal is considered;</u></b><del>Where a shareholder holding 5% or more voting shares of the Company pledges any domestic shares in his possession, he shall report the pledge to the Company in writing on the day on which he pledges his shares.</del></p>

Original Articles	Proposed Amendments
	<p><b><u>(2) Upon the registration of pledge of equity interests, the shareholders involved shall provide the Company with the relevant information in relation to the pledged equity interests in a timely manner, so as to facilitate the Company's risk management and information disclosure compliance;</u></b></p> <p><b><u>(3)</u></b> A shareholder shall not make any pledge of its shares in the Company if the outstanding amount of its borrowing from the Company exceeds the audited net value of the equities it held in the Company in the previous year;-</p> <p><b><u>(4)</u></b> Where the number of shares of the Company pledged by a shareholder reaches or exceeds fifty <del>(50%)</del> percent of the shares held by such shareholder in the Company, its voting rights at the general meeting of shareholders and the voting rights of its dispatched directors at the meetings of the board of directors will be restricted.</p>
<p>Article 83 Where the Company shall convene a shareholders' general meeting, the Company shall send out a written notice to all registered shareholders on the matters to be reviewed as well as the meeting date and place forty-five (45) days before the meeting. Shareholders intend to attend the meeting shall submit their written replies to the Company twenty (20) days before the meeting.</p>	<p>Article 83 Where the Company shall convene a shareholders' general meeting, the <del>Company convener</del> shall send out a written notice to all registered shareholders on the matters to be reviewed as well as the meeting date and place <del>forty-five (45)</del> <b><u>twenty (20)</u></b> days before the <b><u>annual general meeting (excluding the date of the meeting), or fifteen (15) days before the extraordinary general meeting (excluding the date of the meeting)</u></b>—meeting. <del>Shareholders intend to attend the meeting shall submit their written replies to the Company twenty (20) days before the meeting.</del> <b><u>If the listing rules of the stock exchange where the Company's shares are listed have otherwise provisions, such provisions shall prevail.</u></b></p>

Original Articles	Proposed Amendments
<p>Article 84 The Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting according to the received written replies twenty (20) days before the shareholders' general meeting. Where the number of voting shares represented by the shareholders intending to attend the meeting reaches more than half (1/2) of the total number of voting shares, the Company can convene a shareholders' general meeting; where it fails, the Company shall inform the shareholders on the matters to be examined, assembly date and location again within five (5) days in the form of public notice, after the notification, the Company can convene a shareholders' general meeting.</p> <p>An extraordinary general meeting of shareholders may not decide any matters not stated in the notice.</p>	<p><del>Article 84 The Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting according to the received written replies twenty (20) days before the shareholders' general meeting. Where the number of voting shares represented by the shareholders intending to attend the meeting reaches more than half (1/2) of the total number of voting shares, the Company can convene a shareholders' general meeting; where it fails, the Company shall inform the shareholders on the matters to be examined, assembly date and location again within five (5) days in the form of public notice, after the notification, the Company can convene a shareholders' general meeting.</del></p> <p>An extraordinary general meeting of shareholders may not decide any matters not stated in the notice.</p>
<p>Article 87 Unless otherwise required by relevant laws, regulations, listing rules of place(s) where the Company's shares are listed or the Articles of Association, the notice, information or written statement for the shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the general meeting) by special appointed person or prepaid mail, or publication on our website or other methods stipulated in the Articles of Association. The recipient address in the register of shareholders shall prevail. For the holders of domestic shares, the notice of the shareholders' general meeting may be issued in the form of public notice.</p> <p>The public notice in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council between forty-five (45) to fifty (50) days before the date of the general meeting. After the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>	<p>Article 87 Unless otherwise required by relevant laws, regulations, listing rules of place(s) where the Company's shares are listed or the Articles of Association, the notice, information or written statement for the shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the general meeting) by special appointed person or prepaid mail, or publication on our website or other methods stipulated in the Articles of Association. The recipient address in the register of shareholders shall prevail. For the holders of domestic shares, the notice of the shareholders' general meeting may be issued in the form of public notice.</p> <p>The public notice in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council <del>between forty-five (45) to fifty (50) days before the date of the general meeting.</del> After the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>



Original Articles	Proposed Amendments
<p>Article 131 If the Company intends to convene a class meeting of shareholders, it should issue a written notice forty-five (45) days in advance to inform all registered shareholders of the relevant class about the issues to be reviewed at the meeting, meeting date and meeting place. The shareholders who intend to attend the meeting shall send their written replies of attendance to the Company 20 days before the meeting is held.</p> <p>If the number of shares with voting right on the meeting held by shareholders who intend to attend meeting reaches more than half of the total number of the shares of such category with voting right at the meeting, the Company may convene a meeting of classified shareholders; if not, the Company should, within five days, notify shareholders, through public notice, the issues to be reviewed at the meeting, meeting date and place, and then the Company may convene a meeting of classified shareholders.</p>	<p>Article 131 If the Company intends to convene a class meeting of shareholders, it should issue a written notice <del>forty-five (45) days in advance</del> to inform all registered shareholders of the relevant class about the issues to be reviewed at the meeting, meeting date and meeting place <u>in accordance with the relevant requirements of the notice period for convening a shareholders' general meeting in Article 83 of Chapter VI of the Articles of Association</u>. The <del>shareholders who intend to attend the meeting shall send their written replies of attendance to the Company 20 days before the meeting is held.</del></p> <p><del>If the number of shares with voting right on the meeting held by shareholders who intend to attend meeting reaches more than half of the total number of the shares of such category with voting right at the meeting, the Company may convene a meeting of classified shareholders; if not, the Company should, within five days, notify shareholders, through public notice, the issues to be reviewed at the meeting, meeting date and place, and then the Company may convene a meeting of classified shareholders.</del></p>
<p>Article 136 The way and procedures for the nomination and election of directors are as follows:</p> <p>(1) ...</p> <p>... (6) A shareholder shall not simultaneously nominate directors and supervisors; if a director nominated by a shareholder has been appointed as a director, and before the expiration of the term of office of the director, the shareholder is not allowed to nominate any supervisor candidate. Any exemption due to special ownership structure shall make an application to the banking regulatory authority of the State Council and provide the reasons in support.</p> <p>...</p>	<p>Article 136 The way and procedures for the nomination and election of directors are as follows:</p> <p>(1) ...</p> <p>... (6) A shareholder <b><u>and its related parties</u></b> shall not simultaneously nominate directors and supervisors; if a director (<b><u>supervisor</u></b>) nominated by a shareholder <b><u>and its related parties</u></b> has been appointed as a director (<b><u>supervisor</u></b>), and before the expiration of the term of office <b><u>or replacement</u></b> of the director, the shareholder is not allowed to nominate any supervisor (<b><u>director</u></b>) candidate. Any exemption due to special ownership structure shall make an application to the banking regulatory authority of the State Council and provide the reasons in support.</p> <p>...</p>



Original Articles	Proposed Amendments
<p>Article 217 The way and procedures for nomination of supervisions are as follows:</p> <p>(1) ...</p> <p>... (3) A shareholder shall not simultaneously nominate directors and supervisors to the shareholders' general meeting; if a supervisor candidate nominated by one shareholder has held the office as a supervisor, before the expiration of his/her term of office, the shareholder shall not nominate any director candidate.</p> <p>...</p>	<p>Article 217 The way and procedures for nomination of supervisions are as follows:</p> <p>(1) ...</p> <p>... (3) A shareholder <b><u>and its related parties</u></b> shall not simultaneously nominate directors and supervisors to the shareholders' general meeting; if a supervisor <b><u>(director)</u></b> candidate nominated by one shareholder <b><u>and its related parties</u></b> has held the office as a supervisor <b><u>(director)</u></b>, before the expiration of his/her term of office <b><u>or replacement</u></b>, the shareholder shall not nominate any director <b><u>(supervisor)</u></b> candidate.</p> <p>...</p>

Original Articles	Proposed Amendments
<p>Rule 24 Where the Company shall convene a shareholders' general meeting, the Company shall send out a written notice to all registered shareholders on the matters to be reviewed as well as the meeting date and place forty-five (45) days before the meeting. Shareholders intend to attend the meeting shall submit their written replies to the Company twenty (20) days before the meeting.</p>	<p>Rule 24 Where the Company shall convene a shareholders' general meeting, the <del>Company</del> <b>convener</b> shall send out a written notice to all registered shareholders on the matters to be reviewed as well as the meeting date and place <del>forty-five (45)</del> <b>twenty (20)</b> days before the <b>annual general meeting (excluding the date of the meeting), or fifteen (15) days before the extraordinary general meeting (excluding the date of the meeting)</b> <del>meeting</del>. Shareholders <del>intend to attend the meeting</del> shall submit their written replies to the Company <del>twenty (20) days before the meeting</del>. <b><u>If the listing rules of the stock exchange where the Company's shares are listed have otherwise provisions, such provisions shall prevail.</u></b></p>
<p>Rule 25 The Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting according to the received written replies twenty (20) days before the shareholders' general meeting. Where the number of voting shares represented by the shareholders intending to attend the meeting reaches more than half (1/2) of the total number of voting shares, the Company can convene a shareholders' general meeting; where it fails, the Company shall inform the shareholders on the matters to be examined, assembly date and location again within five (5) days in the form of public notice, after the notification, the Company can convene a shareholders' general meeting.</p>	<p>Deleted</p>

Original Articles	Proposed Amendments
<p>Rule 29 The notice of the shareholders' general meeting shall determine the date of equity registration. The interval between the date of equity registration and the date of the meeting should generally be no more than seven (7) working days. Once the date of equity registration is confirmed, it shall not be changed.</p> <p>Registration of change in the H share register of members due to shares transfer shall not be allowed within thirty (30) days prior to the date of a general meeting or within five (5) days before the base date set by the Company for the purpose of distribution of dividends.</p>	<p><del>Rule—29</del><b>Rule 28</b> The notice of the shareholders' general meeting shall determine the date of equity registration. The interval between the date of equity registration and the date of the meeting should generally be no more than seven (7) working days. Once the date of equity registration is confirmed, it shall not be changed.</p> <p><b><u>If the relevant laws, administrative regulations, department rules and the listing rules of the stock exchange where the Company's shares are listed stipulate that</u></b> registration of change in the H share register of members due to shares transfer <del>shall not be allowed within thirty (30) days prior to the date of a general meeting or within five (5) days</del> <b><u>the record date set by the Company for the purpose of distribution of dividends shall not be allowed, such provisions shall prevail.</u></b></p>
<p>Rule 86 If the Company intends to convene a meeting of classified shareholders, it should issue a written notice forty-five (45) days in advance to inform all registered shareholders under this category about the issues to be reviewed at the meeting, meeting date and meeting place. The shareholders who intend to attend the meeting shall send their written replies of attendance to the Company 20 days before the meeting is held.</p>	<p><del>Rule 86</del><b>Rule 85</b> If the Company intends to convene a meeting of classified shareholders, it should issue a written notice <del>forty-five (45) days in advance</del> to inform all registered shareholders under this category about the issues to be reviewed at the meeting, meeting date and meeting place <b><u>in accordance with the relevant requirements of the notice period for convening a shareholders' general meeting in Rule 24 of Chapter V of the Rules of Procedures for.</u></b> <del>The shareholders who intend to attend the meeting shall send their written replies of attendance to the Company 20 days before the meeting is held.</del></p>

<b>Original Articles</b>	<b>Proposed Amendments</b>
Rule 87 If the number of shares with voting right on the meeting held by shareholders who intend to attend meeting reaches more than half of the total number of the shares of such category with voting right at the meeting, the Company may convene a meeting of classified shareholders; if not, the Company should, within five days, notify shareholders, through public notice, the issues to be reviewed at the meeting, meeting date and place, and then the Company may convene a meeting of classified shareholders.	Deleted

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

**PLAN FOR NON-PUBLIC ISSUANCE OF OFFSHORE PREFERENCE SHARES BY HARBIN BANK CO., LTD.**

**1. Type of preference shares to be issued**

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

**2. Number of preference shares to be issued and issue size**

The aggregate number of Offshore Preference Shares to be issued will not exceed 80 million, with an aggregate amount not exceeding RMB8 billion or its equivalent. The actual issue size is to be determined by the Board within the abovementioned limit, in accordance with the authorisation given by the Shareholders' general meeting.

**3. Par value and issue price**

The par value of the Offshore Preference Shares will be RMB100 per Offshore Preference Share. 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 market conditions and in accordance with relevant laws, regulations and market practice and the authorisation given by the Shareholders' general meeting.

**4. Maturity**

The Offshore Preference Shares will not have any maturity date.

**5. 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 to be obtained from existing preference shareholders for each such issuance.

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

## **6. Lock-up period**

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

## **7. Dividend Distribution Terms**

### ***(1) Principles for determining the nominal 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 by way of market pricing, in accordance with the authorisation given by the Shareholders' general meeting together with other factors including relevant policies and regulations, market conditions at the time of issuance, investors' need and the actual circumstances of the Bank. In any adjusted dividend rate period, 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 the reset date, the new dividend rate for the next adjusted dividend rate period will be determined, and will equal to the sum of the benchmark rate as at the reset date and the fixed spread as determined at the time of issuance.

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

<sup>1</sup> As 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.

*(2) Conditions to distribution of dividends*

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, provided that the capital adequacy ratio of the Bank meets regulatory requirements. The Offshore Preference Shareholders shall rank in priority to the ordinary shareholders 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.

In order to meet the regulatory requirements for the eligibility criteria for Additional Tier 1 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 in accordance with the authorisation 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 investors at least ten working days prior to the dividend payment date.

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

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2 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 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.

**(3) *Method of dividend payment***

Dividends on the Offshore Preference Shares shall be payable in cash. The principal amount bearing dividend of the Offshore Preference Shares shall be the aggregate value of the relevant series of Offshore Preference Shares then issued and outstanding (namely, the product of the issue price of the Offshore Preference Shares and the number of shares under the relevant series of Offshore Preference Shares 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.

**(4) *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 following dividend periods.

**(5) *Distribution of residual profits***

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

**8. Terms of mandatory conversion**

**(1) *Mandatory conversion trigger events***

- (i) Upon the occurrence of an Additional Tier 1 Capital Instrument Trigger Event (namely, the Core Tier 1 capital adequacy ratio<sup>4</sup> 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 1 capital adequacy ratio of the Bank to above 5.125%. In case of partial conversion, the Offshore Preference Shares shall be converted pro rata 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.

<sup>4</sup> The Core Tier 1 capital adequacy ratio of the Bank as at 31 December 2019 was 9.38%.



- (ii) Upon the occurrence of a Tier 2 Capital Instrument 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 2 Capital Instrument Trigger Event means the earlier of the following events: (a) the CBRC having concluded that without a conversion or write-off of the Bank's capital, the Bank would become non-viable, and (b) 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 banking regulatory authorities under the State Council for review and determination and shall fulfil its relevant information disclosure obligations such as making provisional reports or announcements in accordance with relevant regulatory requirements.

**(2) *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.

**(3) *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 net asset value per share disclosed in the Bank's 2016 interim report as at 30 June 2016 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 resolution on the Offshore Preference Share issuance plan (rounded up to the nearest 2 decimal places).

In the event that the Bank, among other things, distributes bonus shares with respect to the H Shares, makes capitalisation issues with respect to the H Shares, issues shares 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 makes any rights issues with respect to the Bank's H Shares, from the date when the Board approves the Offshore Preference Share issuance plan, 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 capitalisation issue:  $P1 = P0 \times N / (N + n)$ ;

Issuance of new H Shares below the market price of the H Shares or by way of a rights issue:  $P1 = P0 \times (N + k) / (N + n)$ ;  $k = n \times A / M$

Where, “P0” denotes the effective mandatory conversion price before adjustment; “P1” denotes the effective mandatory conversion price after adjustment; “N” denotes the aggregate number of H Shares before such bonus share issuance, capitalisation 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, capitalisation 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.

***(4) The ratio and number for mandatory conversion and determination principle***

Upon the occurrence of a trigger event, the Board will, in accordance with the approval of the China banking regulatory authorities and the authorisation 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 less than one share resulting from the mandatory conversion of the Offshore Preference Shares 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 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 relevant series of 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 Offshore Preference Share issuance plan.

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 ratable basis.

**(5) *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.

**9. Terms of conditional redemption**

**(1) *Redemption right***

The Bank shall have the right to redeem the Offshore Preference Shares subject to obtaining the approval of the China 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.

**(2) *Redemption conditions and period***

From the fifth year following the date of issuance of the Offshore Preference Shares, and subject to obtaining the approval of the China banking regulatory authorities and the 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 authorised by the Shareholders’ general meeting) 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 fulfilment of the following conditions:

- (i) 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
- (ii) the capital position of the Bank immediately after redemption of the Offshore Preference Shares will remain significantly higher than the regulatory capital requirements prescribed by the China Banking Regulatory Commission.

**(3) *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 current period.

**10. Restrictions on voting rights and terms of restoration of voting rights**

**(1) *Restrictions on voting rights***

Under normal circumstances, the Offshore Preference Shareholders are not entitled to convene or attend any Shareholders' general meetings 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:

- (i) amendments to the Articles of Association of the Bank that relate to preference shares;
- (ii) reduction of the registered capital of the Bank by more than 10% on a single or aggregate basis;
- (iii) merger, division, dissolution or change of corporate form of the Bank;
- (iv) issuance of preference shares by the Bank; and
- (v) 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).

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

Following the 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 two consecutive financial years, the Offshore 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, and each Offshore Preference Share will be entitled to the voting rights as provided in the Articles of Association of the Bank. The formula for calculating the voting rights of the Offshore Preference Shares 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 whole 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; and the "conversion exchange rate" refers to the cross rate between Hong Kong dollars and the currency in which the relevant series of 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 resolution in respect of the Offshore Preference Share issuance plan.

After the date of the announcement of the passing of the Board resolution with respect to the Offshore Preference Share issuance plan, in the event of any distribution of bonus shares with respect to the H Shares, capitalisation issue with respect to the H Shares, issuance of new 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 with respect to the Bank's H Shares, 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 detailed adjustment method shall be consistent with the adjustment method applicable to the mandatory conversion price as specified in "8. Terms of mandatory conversion".

**(3) *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 current dividend period. After the cancellation of the restored voting rights, if the Bank fails to make any scheduled dividend payment, then “(2) Terms of restoration of voting rights” above shall apply again.

**11. Order of distribution on liquidation and procedures for liquidation**

According to the Articles of Association of the Bank, after paying the liquidation cost, staff salary, labour insurance, statutory compensation and the outstanding taxes respectively, and after repayment of its debts, the remaining assets of the Bank shall be distributed to the shareholders of the Bank according to the type and proportion of their respective shareholdings.

The Offshore Preference Shareholders shall rank *pari passu* with the holders of other preference shares that may be issued by the Bank in the future, and shall take precedence over ordinary shareholders in distribution of the residual property of the Bank. 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 current period. If there are insufficient residual assets, the distribution will be made ratably according to the aggregate value of the Offshore Preference Shares held by each Offshore Preference Shareholder as a proportion of the aggregate value of all preference shares.

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 the shareholding of ordinary shares held by them.

**12. Security**

The Offshore Preference Shares will not have any security arrangements.

**13. Ratings arrangement**

The specific rating arrangement for the Offshore Preference Shares (if necessary) shall be determined according to relevant laws and regulations and issuance market conditions.

**14. Use of proceeds**

The proceeds from the issuance of the Offshore Preference Shares, after deduction of the expenses relating to the issuance, will be used to replenish the Bank's Additional Tier 1 Capital.

**15. Listing/trading arrangements**

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

**16. Validity period of the resolution for the issuance of Offshore Preference Shares**

The Offshore Preference Share issuance plan will be valid for 36 months from the date on which the resolution is approved at the Shareholders' general meeting.

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## NOTICE OF 2019 ANNUAL GENERAL MEETING

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**Harbin Bank Co., Ltd.**  
**哈爾濱銀行股份有限公司\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 6138)**

### NOTICE OF 2019 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2019 annual general meeting (“AGM”) of Harbin Bank Co., Ltd. (the “**Bank**”) will be held at Conference Hall 3, Harbin Shangri-La Hotel, 555 Youyi Road, Daoli District, Harbin, China, at 8:30 a.m. on Friday, 15 May 2020 for the purposes of considering and, if thought fit, passing the following resolutions. Capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Bank dated 30 March 2020 (the “**Circular**”) unless otherwise stated.

#### ORDINARY RESOLUTIONS

1. To consider and approve the “Proposal on the 2019 Work Report of the Board of Directors”.
2. To consider and approve the “Proposal on the 2019 Work Report of the Board of Supervisors”.
3. To consider and approve the “Proposal on the 2019 Final Account Report”.
4. To consider and approve the “Proposal on the 2020 Financial Budgets”.
5. To consider and approve the “Proposal on the 2019 Profit Distribution Plan”.
6. To consider and approve the “Proposal on the 2019 Annual Report”.
7. To consider and approve the “Proposal on the Appointment of Auditors for 2020”.
8. To consider and approve the “Proposal on the Report on the Management of Related Party Transactions in 2019”.
9. To consider and approve the “Proposal on the Remuneration Distribution Plan for the Executive Directors for 2019”.
10. To consider and approve the “Proposal on the Remuneration Distribution Plan for the Chairman of the Board of Supervisors for 2019”.



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## NOTICE OF 2019 ANNUAL GENERAL MEETING

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### SPECIAL RESOLUTIONS

11. To consider and approve the “Proposal on the Amendments to the Articles of Association”.
12. To consider and approve the “Proposal on the Amendments to the Rules of Procedures for the Shareholders’ General Meeting”.
13. To consider and approve the “Proposal on Granting the Board a General Mandate to Issue H Shares”.
14. To consider and approve the “Proposal on the Extension of the Validity Period of the Offshore Issuance Plan and Relevant Shareholders’ Resolutions”.
15. To consider and approve the “Proposal on the Extension of the Validity Period of the Authorisation to the Board and the Persons Authorised by the Board to Deal with All Matters Relating to the Issuance of Offshore Preference Shares”.
16. To consider and approve the “Proposal on the Issuance of Eligible Tier-2 Capital Instruments”.

By order of the Board of Directors  
**Harbin Bank Co., Ltd.**  
**Guo Zhiwen**  
*Chairman*

Harbin, China, 30 March 2020

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

*Notes:*

1. Additional information on the 2019 Work Report of the Board of Directors, the 2019 Work Report of the Board of Supervisors, the 2019 Final Account Report, the Report on the Management of Related Party Transactions in 2019, the proposed amendments to the Articles of Association, the proposed amendments to the Rules of Procedures for the Shareholders’ General Meeting and the Offshore Issuance Plan referred to in Resolutions No. 1, 2, 3, 8, 11, 12 and 14 are set out in Annex A, Annex B, Annex C, Annex D, Annex E, Annex F and Annex G to the Circular, respectively. Details of the other resolutions are set out in Appendix I of the Circular.

**2. Closure of register of members**

In order to determine the shareholders who are entitled to attend and vote at the AGM, the H share register of members of the Bank will be closed from Wednesday, 15 April 2020 to Friday, 15 May 2020 (both days inclusive), during which period no share transfer will be registered. Any Shareholders whose name appear on the H share register of members and domestic share register of members of the Bank on Wednesday, 15 April 2020 will be entitled to attend and vote at the AGM. The H Shareholders who intend to attend and vote at the AGM must lodge all the transfer documents together with the relevant H share certificates with the Bank’s H share registrar, Computershare Hong Kong Investor Services Limited (address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong) not later than 4:30 p.m. on Tuesday, 14 April 2020.

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## NOTICE OF 2019 ANNUAL GENERAL MEETING

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To determine the identity of the Shareholders entitled to receive the final dividend, the register of members of the Bank will be closed from Friday, 22 May 2020 to Wednesday, 27 May 2020 (both days inclusive), during which period no share transfer will be registered. Any H Shareholder or Domestic Shareholder whose name appears on the Bank's register of members on Wednesday, 27 May 2020 is entitled to receive the final dividend. Those H Shareholders of the Bank who intend to receive the final dividend must lodge all the transfer documents together with the relevant H Share certificates with the Bank's H Share registrar, Computershare Hong Kong Investor Services Limited (address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) no later than 4:30 p.m. on Thursday, 21 May 2020.

### 3. Registration procedures for attending the AGM

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

### 4. Notice of attendance

Shareholders who intend to attend the AGM in person or by proxy should return the reply slips in person, by post or by facsimile to Computershare Hong Kong Investor Services Limited (for H Shareholders) or the Bank's Board of Directors' Office (for Domestic Shareholders) on or before Friday, 24 April 2020.

The Bank's Board of Directors' Office is located at No. 888 Shangjiang Street, Daoli District, Harbin 150070, Heilongjiang Province, China (Contact Person: Chang Boyan, Tel: 86-451-86779995, Fax: 86-451-86779829).

The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Tel: (852) 2862 8555, Fax: (852) 2865 0990).

### 5. Proxy

Any Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more persons (whether such person is a Shareholder or not) as his/her proxy or proxies to attend and vote on his/her behalf.

The instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorised in writing. For a corporate Shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorised in writing. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other documents of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together with the instrument appointing the proxy at Computershare Hong Kong Investor Services Limited (for H Shareholders) or the Bank's Board of Directors' Office (for Domestic Shareholders).

To be valid, the proxy form together with the power of attorney or other authorisation document (if any) signed by the authorised person or certified by a notary must be delivered to Computershare Hong Kong Investor Services Limited (for H Shareholders) or the Bank's Board of Directors' Office (for Domestic Shareholders) not less than 24 hours before the designated time for the holding of the AGM or any adjourned meeting thereof.

Completion and return of a proxy form will not preclude a shareholder from attending in person and voting at the AGM or any adjourned meeting thereof if he/she so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked.

### 6. Publication of poll results

Pursuant to the Hong Kong Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. As such, each of the resolutions set out in this notice will be voted by poll. Results of the poll voting will be published on the Bank's website at [www.hrbb.com.cn](http://www.hrbb.com.cn) and the HKExnews website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> after the AGM.

### 7. Other business

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

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## NOTICE OF 2020 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING

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**Harbin Bank Co., Ltd.**  
**哈爾濱銀行股份有限公司\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 6138)**

### NOTICE OF 2020 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING

**NOTICE IS HEREBY GIVEN** that the 2020 first class meeting of holders of domestic shares (“**Domestic Shareholders’ Class Meeting**”) of Harbin Bank Co., Ltd. (the “**Bank**”) will be held at Conference Hall 3, Harbin Shangri-La Hotel, 555 Youyi Road, Daoli District, Harbin, China, at 9:30 a.m. on Friday, 15 May 2020 or immediately after the conclusion of the 2019 annual general meeting (whichever is later) for the purposes of considering and, if thought fit, passing the following resolutions. Capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Bank dated 30 March 2020 (the “**Circular**”) unless otherwise stated.

#### SPECIAL RESOLUTIONS

1. To consider and approve the “Proposal on the Extension of the Validity Period of the Offshore Issuance Plan and Relevant Shareholders’ Resolutions”.
2. To consider and approve the “Proposal on the Extension of the Validity Period of the Authorisation to the Board and the Persons Authorised by the Board to Deal with All Matters Relating to the Issuance of Offshore Preference Shares”.

By order of the Board of Directors  
**Harbin Bank Co., Ltd.**  
**Guo Zhiwen**  
*Chairman*

Harbin, China, 30 March 2020

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

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## NOTICE OF 2020 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING

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*Notes:*

1. Additional information on the Offshore Issuance Plan referred to in Resolution No. 1 is set out in Annex G to the Circular. Details of the other resolution are set out in Appendix I of the Circular.
2. Domestic Shareholders whose names appear on the domestic share register of members of the Bank on Wednesday, 15 April 2020 will be entitled to attend and vote at the Domestic Shareholders' Class Meeting.

**3. Registration procedures for attending the Domestic Shareholders' Class Meeting**

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

**4. Notice of attendance**

Domestic Shareholders who intend to attend the Domestic Shareholders' Class Meeting in person or by proxy should return the reply slips in person, by post or by facsimile to the Bank's Board of Directors' Office on or before Friday, 24 April 2020.

The Bank's Board of Directors' Office is located at No. 888 Shangjiang Street, Daoli District, Harbin 150070, Heilongjiang Province, China (Contact Person: Chang Boyan, Tel: 86-451-86779995, Fax: 86-451-86779829).

**5. Proxy**

Any Domestic Shareholder entitled to attend and vote at the Domestic Shareholders' Class Meeting is entitled to appoint one or more persons (whether such person is a Shareholder or not) as his/her proxy or proxies to attend and vote on his/her behalf.

The instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorised in writing. For a corporate Shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorised in writing. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other documents of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together with the instrument appointing the proxy at the Bank's Board of Directors' Office.

To be valid, the proxy form together with the notarised power of attorney or other authorisation document (if any) must be delivered to Bank's Board of Directors' Office not less than 24 hours before the designated time for the holding of the Domestic Shareholders' Class Meeting or any adjourned meeting thereof.

Completion and return of a proxy form will not preclude any Domestic Shareholder from attending in person and voting at the Domestic Shareholders' Class Meeting or any adjournment thereof if he/she so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked.

**6. Publication of poll results**

Pursuant to the Hong Kong Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. As such, each of the resolutions set out in this notice will be voted by poll. Results of the poll voting will be published on the Bank's website at [www.hrbb.com.cn](http://www.hrbb.com.cn) and the HKExnews website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> after the Domestic Shareholders' Class Meeting.

**7. Other business**

The Domestic Shareholders' Class Meeting is estimated to last no longer than half a day. Holders of domestic shares who attend the meeting in person or by proxy shall bear their own traveling, dining and accommodation expenses.

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## NOTICE OF 2020 FIRST H SHAREHOLDERS' CLASS MEETING

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**Harbin Bank Co., Ltd.**  
**哈爾濱銀行股份有限公司\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 6138)**

### NOTICE OF 2020 FIRST H SHAREHOLDERS' CLASS MEETING

**NOTICE IS HEREBY GIVEN** that the 2020 first class meeting of holders of H shares (**"H Shareholders' Class Meeting"**) of Harbin Bank Co., Ltd. (the **"Bank"**) will be held at Conference Hall 3, Harbin Shangri-La Hotel, 555 Youyi Road, Daoli District, Harbin, China, at 10:00 a.m. on Friday, 15 May 2020 or immediately after the conclusion of the 2020 first class meeting of holders of domestic shares (whichever is later) for the purposes of considering and, if thought fit, passing the following resolutions. Capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Bank dated 30 March 2020 (the **"Circular"**) unless otherwise stated.

#### SPECIAL RESOLUTIONS

1. To consider and approve the "Proposal on the Extension of the Validity Period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions".
2. To consider and approve the "Proposal on the Extension of the Validity Period of the Authorisation to the Board and the Persons Authorised by the Board to Deal with All Matters Relating to the Issuance of Offshore Preference Shares".

By order of the Board of Directors  
**Harbin Bank Co., Ltd.**  
**Guo Zhiwen**  
*Chairman*

Harbin, China, 30 March 2020

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

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## NOTICE OF 2020 FIRST H SHAREHOLDERS' CLASS MEETING

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*Notes:*

1. Additional information on the Offshore Issuance Plan referred to in Resolution No. 1 is set out in Annex G to the Circular. Details of the other resolution are set out in Appendix I of the Circular.

2. **Closure of register of members**

In order to determine the shareholders who are entitled to attend and vote at the H Shareholders' Class Meeting, the H share register of members of the Bank will be closed from Wednesday, 15 April 2020 to Friday, 15 May 2020 (both days inclusive), during which period no Share transfer will be registered. Any Shareholders whose name appear on the H share register of members of the Bank on Wednesday, 15 April 2020 will be entitled to attend and vote at the H Shareholders' Class Meeting. The H Shareholders who intend to attend and vote at the H Shareholders' Class Meeting must lodge all the transfer documents together with the relevant H share certificates with the Bank's H share registrar, Computershare Hong Kong Investor Services Limited (address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) not later than 4:30 p.m. on Tuesday, 14 April 2020.

3. **Registration procedures for attending the H Shareholders' Class Meeting**

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

4. **Notice of attendance**

H Shareholders who intend to attend the H Shareholders' Class Meeting in person or by proxy should return the reply slips in person, by post or by facsimile to Computershare Hong Kong Investor Services Limited on or before Friday, 24 April 2020.

The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Tel: (852) 2862 8555, Fax: (852) 2865 0990).

5. **Proxy**

Any H Shareholder entitled to attend and vote at the H Shareholders' Class Meeting is entitled to appoint one or more persons (whether such person is a Shareholder or not) as his/her proxy or proxies to attend and vote on his/her behalf.

The instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorised in writing. For a corporate Shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorised in writing. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other documents of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together with the instrument appointing the proxy at Computershare Hong Kong Investor Services Limited.

To be valid, the proxy form together with the notarised power of attorney or other authorisation document (if any) must be delivered to Computershare Hong Kong Investor Services Limited not less than 24 hours before the designated time for the holding of the H Shareholders' Class Meeting or any adjourned meeting thereof.

Completion and return of a proxy form will not preclude any H Shareholder from attending in person and voting at the H Shareholders' Class Meeting or any adjournment thereof if he/she so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked.

6. **Publication of poll results**

Pursuant to the Hong Kong Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. As such, each of the resolutions set out in this notice will be voted by poll. Results of the poll voting will be published on the Bank's website at [www.hrbb.com.cn](http://www.hrbb.com.cn) and the HKExnews website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> after the H Shareholders' Class Meeting.

7. **Other business**

The H Shareholders' Class Meeting is estimated to last no longer than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own traveling, dining and accommodation expenses.