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If you are in any doubt as to any aspect of this circular, 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 **Bank of Qingdao Co., Ltd.***, you should at once hand this circular and the proxy form 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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BQD  **青岛银行**
Bank of Qingdao Co., Ltd.*
青島銀行股份有限公司*

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

(H Shares Stock code: 3866)

(Preference Shares Stock code: 4611)

WORK REPORT OF THE BOARD OF DIRECTORS FOR 2020
WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2020
REPORT FOR FINAL FINANCIAL ACCOUNTS FOR 2020
PROFIT DISTRIBUTION PLAN FOR 2020
ENGAGEMENT OF EXTERNAL AUDITORS FOR 2021
AND THEIR REMUNERATION
PROPOSED ELECTION OF DIRECTORS OF THE EIGHTH SESSION
OF THE BOARD OF DIRECTORS
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SPECIAL REPORT ON RELATED PARTY TRANSACTIONS FOR 2020
ESTIMATED AMOUNT OF THE ORDINARY RELATED PARTY
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GENERAL MANDATE FOR THE ISSUE OF SHARES
EVALUATION REPORT ON THE PERFORMANCE OF DUTIES
BY THE BOARD OF DIRECTORS AND DIRECTORS FOR 2020
EVALUATION REPORT ON THE PERFORMANCE OF DUTIES
BY THE SUPERVISORS FOR 2020
PERFORMANCE REPORT OF THE
INDEPENDENT NON-EXECUTIVE DIRECTORS FOR 2020
AND
NOTICE OF 2020 ANNUAL GENERAL MEETING

The letter from the Board is set out on pages 3 to 15 of this circular.

The Bank will hold the 2020 AGM at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Tuesday, 11 May 2021. The notice of the 2020 AGM and related proxy form have been despatched to the shareholders pursuant to the Hong Kong Listing Rules in due course.

If you intend to attend and/or vote at the 2020 AGM, you are required to complete such proxy form in accordance with the instructions printed thereon and return it to the Bank's H Share Registrar (for H Shareholder(s)) or the Bank's PRC registered office and principal place of business (for A Shareholder(s)) not less than 24 hours before the designated time for convening the related meeting or any adjournment thereof. Completion and return of the proxy form shall not affect your right to attend or vote at such meeting or any adjournment thereof in person.

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

20 April 2021

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DEFINITIONS

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

“2020 AGM”	the 2020 annual general meeting of the Bank to be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Tuesday, 11 May 2021
“A Shareholder(s)”	holder(s) of A Shares
“A Share(s)”	the Bank’s ordinary shares of RMB1.00 each, which are listed on SZSE (stock code: 002948) and traded in RMB
“Articles of Association”	the Articles of Association of the Bank
“ASBE”	Accounting Standards for Business Enterprises
“Bank”	Bank of Qingdao Co., Ltd. and its branches
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Company”	Bank of Qingdao Co., Ltd. and its subsidiaries and branches
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Bank
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shareholder(s)”	holder(s) of H Shares
“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: 03866) and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“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” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRSs”	International Financial Reporting Standards
“Latest Practicable Date”	15 April 2021, being the Latest Practicable Date prior to the publication of this circular for ascertaining certain information contained herein
“PBOC”	The People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this circular, Hong Kong, Macau Special Administrative Region and Taiwan
“Preference Shares”	Non-cumulative perpetual overseas preference shares with a total size of US\$1.203 billion and dividend rate of 5.50% issued by the Bank
“Qingdao CBIRC”	Qingdao Supervision and Administration Bureau of China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會青島監管局)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Shares and/or H Shares of the Bank
“Shareholder(s)”	holder(s) of Shares
“Supervisor(s)”	the supervisor(s) of the Bank
“SZSE”	the Shenzhen Stock Exchange

In case of any discrepancy between the Chinese and English versions of this circular, the Chinese version shall prevail.

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

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Members of the Board:

Executive Directors:

GUO Shaoquan (*Chairman*)
WANG Lin
LU Lan

Non-executive Directors:

ZHOU Yunjie
Rosario STRANO
TAN Lixia
Marco MUSSITA
DENG Youcheng
CHOI Chi Kin, Calvin

Independent Non-executive Directors:

CHEN Hua
DAI Shuping
Simon CHEUNG
FANG Qiaoling
Tingjie ZHANG

**Registered Address and
Address of Head Office:**

Building No. 3, No. 6 Qinling Road
Laoshan District
Qingdao, Shandong Province
the PRC

**Address of the Registered Office in
Hong Kong:**

31st Floor, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

To the shareholders

**WORK REPORT OF THE BOARD OF DIRECTORS FOR 2020
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LETTER FROM THE BOARD

I. INTRODUCTION

The Board of Directors invite you to attend the 2020 AGM to be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Tuesday, 11 May 2021. This circular aims to provide more information on matters set out in the notice of the 2020 AGM.

II. MATTERS TO BE CONSIDERED AT THE 2020 AGM

1. Work Report of the Board of Directors for 2020

An ordinary resolution on the *Work Report of the Board of Directors of Bank of Qingdao Co., Ltd. for 2020* will be proposed at the 2020 AGM for approval. Please refer to Appendix I to this circular for the full text of the Work Report of the Board of Directors of the Bank for the year 2020.

2. Work Report of the Board of Supervisors for 2020

An ordinary resolution on the *Work Report of the Board of Supervisors of Bank of Qingdao Co., Ltd. for 2020* will be proposed at the 2020 AGM for approval. Please refer to Appendix II to this circular for the full text of the Work Report of the Board of Supervisors of the Bank for the year 2020.

3. Report for Final Financial Accounts for 2020

An ordinary resolution on the *Report for Final Financial Accounts of Bank of Qingdao Co., Ltd. for 2020* will be proposed at the 2020 AGM for approval.

The financial statements of the Company for 2020 prepared in accordance with ASBE have been audited by KPMG Huazhen LLP which has issued an audit report with standard unqualified opinions and the financial statements of the Company for 2020 prepared in accordance with IFRSs have been audited by KPMG which has issued an audit report with unqualified opinions. There is no difference in the net profit and the Shareholders' equity between the two sets of statements.

The final financial accounts for 2020 of the Company are reported as below (based on ASBE):

In 2020, the Company realized operating income of RMB10,541 million, representing a year-on-year increase of RMB924 million or 9.61%; net profit of RMB2,453 million, representing a year-on-year increase of RMB118 million or 5.04%.

As at the end of 2020, total assets amounted to RMB459,828 million, representing a growth of RMB86,205 million or 23.07% as compared with that as at the end of the previous year; with non-performing loan ratio of 1.51%, representing a decrease of 0.14 percentage

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point as compared with that as at the end of the previous year. Provision coverage was 169.62%, representing an increase of 14.53 percentage points as compared with that as at the end of the previous year; and the capital adequacy ratio was 14.11%, all of which had complied with the regulatory requirements.

For details of the audited financial information for the year ended 31 December 2020 prepared based on IFRSs, please refer to the financial statements as set out in the 2020 annual report to be published by the Bank.

4. Profit Distribution Plan for 2020

An ordinary resolution on the *Profit Distribution Plan of Bank of Qingdao Co., Ltd. for 2020* will be proposed at the 2020 AGM for approval.

The financial statements of the Bank for 2020 prepared in accordance with ASBE have been audited by KPMG Huazhen LLP which has issued an audit report with standard unqualified opinions and the financial statements of the Bank for 2020 prepared in accordance with IFRSs have been audited by KPMG which has issued an audit report with unqualified opinions. Based on the above audited financial statements, the net profit realized by the Bank for 2020 recorded in both of the financial statements prepared in accordance with ASBE and IFRSs were RMB2.331 billion.

To this end, pursuant to the profit of the Bank, the Articles of Association and relevant regulatory requirements, the Bank intends to implement the profit distribution plan for 2020 as below:

- (i) 10% of the net profit of the Bank shall be appropriated to the statutory reserve amounting to RMB233 million;
- (ii) To appropriate RMB581 million to general reserve;
- (iii) The Bank has distributed dividends of approximately RMB497 million to the Shareholders of offshore Preference Shares on 19 September 2020;
- (iv) Based on the total Shares on the record date for the profit appropriation, the Bank shall distribute a cash dividend of RMB1.80 (inclusive of tax) for every 10 Shares held to all ordinary Shareholders. The dividends for H Shares will be paid in Hong Kong dollars, and the applicable exchange rate is the average of the central parity rates of RMB of the interbank foreign exchange market as announced by the PBOC on five working days preceding the date of declaration of the dividends at the 2020 AGM (inclusive of the date of the 2020 AGM); and
- (v) The retained profit will be carried forward to the next year.

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Taxation applying to dividends on ordinary Shares

In accordance with the *Enterprise Income Tax Law of the People's Republic of China* and the related implementation provisions, the Company shall withhold and pay enterprise income tax at the rate of 10% for non-resident enterprise shareholders whose names appear on the register of holders of H Shares on 20 May 2021.

Pursuant to the *Notice on Issues Concerning Individual Income Tax After the Annulment of Document Guo Shui Fa [1993] No. 045* (Guo Shui Han [2011] No. 348) promulgated by the State Taxation Administration of the PRC on 28 June 2011, dividend received by overseas resident individual shareholders from the shares issued by domestic non-foreign invested enterprises in Hong Kong are subject to individual income tax, which shall be withheld and paid by withholding agents according to relevant laws; however, the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements between the countries where they reside and China and the tax arrangements between Mainland China and Hong Kong/Macau.

In accordance with the above tax regulations, the Bank shall generally withhold and pay individual income tax at the rate of 10% for individual Shareholders of H Shares of the Bank unless otherwise specified by the relevant tax regulations and tax agreements, in which case the Bank will conduct specific procedures according to the relevant regulatory requirements of tax authorities.

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares of the Bank listed on SZSE (the “**Shenzhen Southbound Trading**”), the Bank will distribute the dividends in RMB through the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such Shares. The Bank will withhold income taxes at the rate of 10% on behalf of the investors and will report to the competent tax authorities for the withholding. For investors of Shenzhen Southbound Trading involved in the enjoying of tax treaty (arrangement) treatment, the withholding will be implemented in accordance with the *Notice of the State Administration of Taxation on Issues about the Administrative Measures for Non-residents to Enjoy the Treatments of Tax Treaties* (Notice of the State Administration of Taxation [2015] No. 60) (《國家稅務總局關於發佈〈非居民納稅人享受稅收協議待遇管理辦法〉的公告》(國家稅務總局公告2015年第60號)) and *Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets* (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)).

The record date and the distribution date of cash dividends and other arrangements for the investors of Shenzhen Southbound Trading will be the same as those for the A Shareholders of the Bank. Details of the payment of dividends to the A Shareholders of the Bank and related matters will be announced in due course.

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For investors of the Shanghai Stock Exchange and the SZSE (including enterprises and individuals) investing in the H Shares of the Bank listed on the Hong Kong Stock Exchange (the “**Southbound Trading**”), China Securities Depository and Clearing Corporation Limited, as the nominee holder for the investors of the Southbound Trading, shall receive the cash dividend distributed by the Bank and distribute the cash dividends received from the Bank to the relevant investors of the Southbound Trading through their depository and clearing systems. The cash dividends for the investors of Southbound Trading will be paid in RMB. Pursuant to the *Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect* (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the *Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect* (Caishui [2016] No. 127) (《財政部、國家稅務總局、中國證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date and the distribution date of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the H Shareholders of the Bank.

The Bank held no liability in respect of any claims arising from any delay in, or inaccurate determination of the identity of the Shareholders or any disputes over the mechanism of withholding and payment.

If in any doubt as to the above arrangement, the relevant H Shareholders of the Bank may consult with their tax consultants on the advices of the tax implications in Mainland China, Hong Kong and other countries (regions) in respect of holding and disposing of the relevant H Shares of the Bank.

The Bank will make a separate announcement regarding the payment of the 2020 final dividend to A Shareholders and any related matters.

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Closure of register of members and eligibility for final dividend distribution

The Share register for H Shares of the Bank will be closed from Saturday, 15 May 2021 to Thursday, 20 May 2021 (both days inclusive). In order to be entitled to the final dividend distribution, the H Shareholders of the Bank who have not registered the transfer documents are required to deposit the transfer documents together with relevant Share certificates at the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 14 May 2021. Shareholders whose names appear on the register of members of the Bank at the close of business on Thursday, 20 May 2021 are entitled to the final dividend distribution.

The Board is set to distribute the final dividends of 2020 on or before Friday, 9 July 2021. If there are any changes to the dividend payment date, an announcement will be published regarding such changes.

5. Engagement of External Auditors for 2021 and their Remuneration

An ordinary resolution on the *Engagement of External Auditors for 2021 and their Remuneration of Bank of Qingdao Co., Ltd.* will be proposed at the 2020 AGM for approval.

The Bank proposes to continue to engage KPMG Huazhen LLP as the domestic auditor of the Bank for 2021 and KPMG as the foreign auditor of the Bank for 2021.

The audit fees for 2021 amounted to RMB5.10 million, same as the previous year. Of which: the audit fee for annual financial statements, the review fee for half-yearly financial statements and the fee for performing the agreed-upon procedures for the first and third quarter financial information amounted to RMB4.50 million, and the internal control audit fee amounted to RMB0.6 million. The fees include taxes and other miscellaneous expenses such as travel, office and travel allowance.

6. Proposed Election of Directors of the Eighth Session of the Board of Directors

The term of Directors of the seventh session of the Board will expire in May 2021. According to the requirements of the laws and regulations such as the *Company Law of the People's Republic of China* and the *Guidelines on Corporate Governance of Commercial Banks* and the Articles of Association, the eighth session of the Board is proposed to consist of fifteen members, including six non-executive Directors, four executive Directors and five independent non-executive Directors. The list of candidates for Directors is as follows:

Candidates for non-executive Directors: Mr. ZHOU Yunjie, Mr. Rosario STRANO, Ms. TAN Lixia, Mr. Marco MUSSITA, Mr. DENG Youcheng and Mr. CHOI Chi Kin, Calvin

Candidates for executive Directors: Mr. GUO Shaoquan, Mr. WANG Lin, Mr. LIU Peng and Ms. LU Lan

LETTER FROM THE BOARD

Candidates for independent non-executive Directors: Mr. Simon CHEUNG, Ms. FANG Qiaoling, Mr. Tingjie ZHANG, Mr. XING Lecheng and Mr. ZHANG Xu

Save for the adjustment pursuant to the requirements of the relevant policies and regulations, the Directors of the eighth session of Board shall have a term of three years. The qualification of newly elected Directors shall be subject to the approval by the Qingdao CBIRC, and the term of the newly elected Directors will take effect from the date on which such qualification is approved. The term of the re-appointed Directors will be with effect from the date on which such appointment is approved at the 2020 AGM.

For biographies and further information of the candidates for Directors of the eighth session of the Board, please refer to Appendix III to this circular.

7. Proposed Election of Supervisors of the Eighth Session of the Board of Supervisors

The term of office of Supervisors of the seventh session of the Board of Supervisors will expire in May 2021. In accordance with the requirements of laws and regulations such as the *Company Law of the People's Republic of China*, the *Guidelines on Corporate Governance of Commercial Banks* and *Working Guidelines of the Board of Supervisors of Commercial Banks* and the Articles of Association, the eighth session of the Board of Supervisors shall consist of seven members, including one Shareholder Supervisor, three external Supervisors and three employee Supervisors. Employee Supervisors are elected democratically by the employee representative congress of the Bank and the list of candidates for Shareholder Supervisor and external Supervisors is as follows:

The candidate for Shareholder Supervisor: Mr. HE Liangjun

The candidates for external Supervisors: Mr. HAO Xianjing, Mr. JIANG Shenglu, Mr. LU Kun

Save for the adjustment pursuant to the requirements of the relevant applicable policies and regulations, the Supervisors of the eighth session of the Board of Supervisors shall have a term of three years with effect from the date of approval at the 2020 AGM.

For biographies and further information of the candidates for Shareholder Supervisor and external Supervisors of the eighth session of the Board of Supervisors, please refer to Appendix IV to this circular.

8. Special Report on Related Party Transactions for 2020

An ordinary resolution on the *Special Report on Related Party Transactions of Bank of Qingdao Co., Ltd. for 2020* will be proposed at the 2020 AGM for approval. Please refer to Appendix V to this circular for the full text of the Special Report on Related Party Transactions for 2020 of the Bank.

LETTER FROM THE BOARD

9. Estimated Amount of the Ordinary Related Party Transactions for 2021

An ordinary resolution on the *Estimated Amount of the Ordinary Related Party Transactions of Bank of Qingdao Co., Ltd. for 2021* will be proposed at the 2020 AGM for approval.

Pursuant to the relevant provisions of the CSRC, the SZSE and the Bank's related party transaction management system, after the Bank makes reasonable estimates of the ordinary related party transactions and fulfills the corresponding approval and disclosure procedures, a single related party transaction within the estimate scope of the year is exempted from re-approval and disclosure in accordance with the standards of the CSRC and the SZSE. However, major related party transactions that comply with the standards of the CBIRC shall be submitted to the Related Party Transactions Control Committee of the Board for review and to the Board for approval on a case-by-case basis.

The Bank has estimated the ordinary related party transactions in 2021. For details, please refer to Appendix VI to this circular.

10. General Mandate for the Issue of Shares

A special resolution on the *Resolution on General Mandate for the Issue of Shares of Bank of Qingdao Co., Ltd.* will be proposed at the 2020 AGM for approval.

With a view to fully leveraging on the financing advantages of the capital market, capitalizing on the financing channel in the market and promoting the flexibility of capital management of the Bank, the Board, with reference to market practices, proposes to the 2020 AGM for the approval of granting a general mandate to issue Shares to the Board and further delegation of authority by the Board in accordance with the requirements of relevant laws and regulations and the provisions of the Articles of Association.

(i) *Specific plan on the general mandate to issue Shares*

- (1) Pursuant to the condition listed in (2) below and under the premise of compliance with the laws and regulations, the Board shall be authorized to separately or concurrently issue, allocate or otherwise deal with A Shares and/or ordinary Share, Preference Share of H Shares during the Relevant Period (as defined below).

“Relevant Period” means the period from the date of passing this resolution on authorization by 2020 AGM until the earliest of: (1) the conclusion of 2021 annual general meeting of the Bank; (2) the expiration of the 12-month period following the passing of this resolution at the 2020 AGM of the Bank; (3) the date on which the authorization referred to in this resolution is revoked or varied by a special resolution at any general meeting of the Bank.

LETTER FROM THE BOARD

- (2) The Board shall be authorized to issue, allocate or otherwise deal with the numbers of A Shares and/or ordinary Share, Preference Share of H Shares (among which, the number of Preference Share shall be calculated based on the number of A Shares and/or ordinary Share of H Shares to be fully converted from Preference Shares at the mandatory conversion price), and the respective amount shall not exceed 20% of the respective total number of issued class of Shares of A Shares and/or ordinary Share of H Shares of the Bank at the date on which this resolution is passed by the 2020 AGM.
- (3) The Board shall be authorized to: (1) formulate and implement the detailed issuing plan which includes, but without limitation, the class of Shares to be issued and allocated, the pricing method and/or the issue price (including a price range), the number of Shares to be issued, the target subscribers and the investment direction of the proceeds raised; to determine the timing of the issue, the issue period and the use of the proceeds raised, and to determine whether to offer to existing Shareholders; (2) deal with matters in relation to the increase in registered capital of the Bank so as to reflect the Shares of the Bank to be issued under the authorization granted under this resolution, and make any amendments to clauses in the Articles of Association in relation to issue of Shares and registered capital as it duly thinks necessary; (3) to consider and approve statutory documents submitted to relevant regulatory authorities related to the aforesaid issuance, and carry out relevant approval procedures under the requirements of regulatory authorities and the place where the Shares of the Bank are listed; (4) take any other necessary actions and proceed with other necessary procedures in order to implement the issue proposal and realize the increase in registered capital; (5) determine other matters related to the aforesaid issuance.

(ii) Relevant authorization

To increase the efficiency in decision-making, reduce the internal approval procedures and seize market opportunities, in relation to dealing with the matters on issuing Shares under the general mandate, it is proposed to the 2020 AGM for approval to authorize the Board, and the Board further authorizes the authorized person(s) of the Board, to deal with matters regarding the general mandate to issue Shares during the Relevant Period. The above authorization to the authorized person by the Board shall be determined by the Board upon the exercise of the general mandate under this resolution.

LETTER FROM THE BOARD

III. MATTERS TO BE REPORTED AT THE 2020 AGM

1. Evaluation Report on the Performance of Duties by the Board of Directors and Directors for 2020

The Board of Supervisors of the Bank conducted supervision and evaluation of the performance of duties by the Board and Directors for 2020 in accordance with the *Guidelines for Corporate Governance of Commercial Banks*, *Guidelines for Due Diligence of the Board of Directors of Joint-Stock Commercial Banks (Trial)*, *Measures on Evaluation of Performance of Duties by Directors of Commercial Banks (Trial)* and other regulatory regulations, as well as the *Articles of Association of the Bank of Qingdao Co., Ltd.* and the provisions of the *Measures on Evaluation of Performance of Duties by the Board and Directors of Bank of Qingdao Co., Ltd.* The evaluation report is hereby made as follows:

(i) *Evaluation basis*

The Board of Supervisors evaluated the annual performance of duties by the Board of Directors and Directors based on the following information:

- (1) Convening the meetings of the Board of Directors and the special committees;
- (2) Convening the general meetings;
- (3) During the intersessional period of the Board meetings and the special committee meetings, the work status of the Directors in the Bank, the opinions and suggestions made on the Bank's operation and management, and the reading and feedback on the information provided by the Bank;
- (4) The annual *Self-Evaluation Report on Performance of Duties by the Directors* signed by the Directors themselves;
- (5) The supervision opinions of the Qingdao CBIRC on the performance of duties by the Board of Directors and Directors, and the opinions of the internal and external audit institutions on evaluation of the performance of duties by the Board of Directors and Directors.

(ii) *Evaluation of the performance of duties by the Board of Directors*

The Board of Supervisors is of the view that in 2020, the Board was able to perform its duties in accordance with laws and regulations and the Articles of Association, and the proceedings were legal and compliant. No violation of the laws and regulations and the Articles of Association was found during the performance of duties by the Board of Directors. However, the Board of Supervisors also suggests that there is a need to further strengthen the role of the Board of Directors in Shareholder management and consolidate the base of corporate governance.

LETTER FROM THE BOARD

(iii) Evaluation of performance of duties by Directors

As at the end of 2020, there were a total of fourteen Directors in the seventh session of the Board of Directors of the Bank, including three executive Directors, six non-executive Directors and five independent non-executive Directors, all of whom participated in this year's performance evaluation.

According to the daily supervision record of the Board of Supervisors, the self-evaluation of the Directors on their performance of duties, the supervision opinions of the Qingdao CBIRC, and the special reports of the external audit institutions, the Board of Supervisors is of the view that all Directors of the Bank have faithfully fulfilled their obligations and duties of diligence in 2020. Their performance evaluation results are all satisfactory.

2. Evaluation Report on the Performance of Duties by the Supervisors for 2020

The Board of Supervisors of the Bank conducted supervision and evaluation of the performance of duties by the Supervisors for 2020 in accordance with the *Guidelines for Corporate Governance of Commercial Banks*, *Guidelines for Work of the Board of Supervisors of Commercial Banks* and other regulatory regulations, as well as the *Articles of Association of the Bank of Qingdao Co., Ltd.* and the provisions of the *Measures on Evaluation of Performance of Duties by the Supervisors of Bank of Qingdao Co., Ltd.* The evaluation report is hereby made as follows:

As at the end of 2020, the Board of Supervisors of the Bank had a total of six Supervisors, including a Shareholder Supervisor, two external Supervisors and three employee Supervisors, all of whom participated in this year's performance evaluation. In 2020, upon the elected by the Board of Supervisors and the general meeting, Mr. Yang Fengjiang served as the employee Supervisor and the chairman of the Board of Supervisors of the Bank and assumed office since 26 March 2020.

The Board of Supervisors evaluated the annual performance of duties by the Supervisors based on the following information:

- (i) Attendance at the meetings of the Board of Supervisors and the special committees by the Supervisors;
- (ii) Opinions expressed at the meetings of the Board of Supervisors by the Supervisors, and opinions or suggestions provided on the operation and management of the Bank during the intersessional period of the meetings of the Board of Supervisors;
- (iii) Reading and feedback of the Supervisors regarding the information provided by the Bank;
- (iv) The *Self-Evaluation Report on Performance of Duties by the Supervisors* signed by the Supervisors themselves;
- (v) The supervision opinions of the Qingdao CBIRC on the performance of duties by the Supervisors, and the opinions of the internal and external audit institutions on evaluation of the performance of duties by the Supervisors.

LETTER FROM THE BOARD

According to the daily supervision records of the Board of Supervisors, the self-evaluation of the Supervisors themselves on their performance of duties, the supervision opinions of the Qingdao CBIRC, and the special reports of the external audit institutions, the Board of Supervisors is of the view that all Supervisors of the Bank have faithfully fulfilled their obligations and duties of diligence in 2020. Their performance evaluation results are all satisfactory.

3. Performance Report of the Independent Non-executive Directors for 2020

The *Performance Report of the Independent Non-executive Directors of Bank of Qingdao Co., Ltd. for 2020* will be proposed at the 2020 AGM for review by Shareholders, but no need for their approval. For the Performance Report of the Independent Non-executive Directors for 2020, please refer to Appendix VII to this circular.

IV. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Bank. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

V. THE 2020 AGM

The Bank intends to convene the 2020 AGM at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC, at 9:00 a.m. on Tuesday, 11 May 2021 to consider and, if thought fit, to pass matters as set out in the notice of the 2020 AGM. Notice and form of proxy of the 2020 AGM dated 12 April 2021 have been published in accordance with the Hong Kong Listing Rules. The notice of the 2020 AGM is set out on pages 58 to 63 of this circular.

Completion and return of the form(s) of proxy(ies) will not preclude you from attending and voting in person at the 2020 AGM or at any adjournment.

Closure of Register of Members and Eligibility to Attend and Vote at the 2020 AGM

The Share register of members of the Bank will be closed from Thursday, 6 May 2021 to Tuesday, 11 May 2021 (both days inclusive), during which period no Share transfer will be registered. In order to be eligible to attend and vote at the 2020 AGM, H Shareholders of the Bank must lodge the Share transfer documents accompanied by the relevant Share certificates and other appropriate documents 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 Wednesday, 5 May 2021. Shareholders whose names appear in the register of members of the Bank at the close of business on Thursday, 6 May 2021, will be eligible to attend and vote at the 2020 AGM.

LETTER FROM THE BOARD

VI. METHODS OF VOTING AT THE 2020 AGM

Pursuant to the requirements of Rule 13.39(4) of the Hong Kong Listing Rules, voting by the Shareholders at the 2020 AGM shall be taken by the way of poll.

To the best knowledge of the Bank, Qingdao Haier Investment and Development Co., Ltd., Qingdao Haier Air-Conditioner Electronics Co., Ltd., Haier Smart Home Co., Ltd., Qingdao Haier Mold Co., Ltd., Qingdao Haier Tooling Development Co., Ltd., Qingdao Haier Robot Co., Ltd., Qingdao Haier Air-Conditioner Co., Ltd., Qingdao Haier Special Refrigerator Co., Ltd., Intesa Sanpaolo S.p.A., Qingdao Conson Industrial Co., Ltd., Haitian (HK) Holdings Limited and Qingdao Guoxin Capital Investment Co., Ltd., were deemed to have a material interest in the *Resolution on the Estimated Amount of the Ordinary Related Party Transactions of Bank of Qingdao Co., Ltd. for 2021*, therefore, they should abstain from voting on the resolution. Save as disclosed above, no other Shareholder or its associate is deemed to have a material interest in any of the resolutions at the 2020 AGM, and no other Shareholder is required to abstain from voting on any resolutions.

Please be advised that pursuant to the Article 60 of the Articles of Association, where a Shareholder pledges 50% or more of his/her equity interests in the Bank, the voting rights of such Shareholder at the 2020 AGM shall be subject to restrictions.

VII. RECOMMENDATIONS

The Board (including the independent non-executive Directors) considers that the resolutions to be proposed at the 2020 AGM are in the interests of the Bank and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of all resolutions to be proposed at the 2020 AGM.

By order of the Board
Bank of Qingdao Co., Ltd.*
GUO Shaoquan
Chairman

Qingdao, Shandong, the PRC
20 April 2021

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

WORK REPORT OF THE BOARD OF DIRECTORS OF BANK OF QINGDAO CO., LTD. FOR 2020

2020 was an extraordinary year in the history of new China. Under the firm leadership of the Communist Party of China Central Committee (“CPCCC”), the whole nation maintained strategic determination, adopted decisive actions, put in a lot of hard work, resolutely fought the major battle of pandemic prevention and control and resumed work and production, even though being confronted with severe and complex domestic and international situations, especially the blows of COVID-19. China was the only major economic entity in the world that has achieved positive economic growth, and its achievement is universally acknowledged. At the same time, we are also aware that there are still many uncertainties of COVID-19 and the internal and external environment. In terms of the international environment, the world economy in 2021 is still complex and severe. The recovery is unstable and unbalanced. Various risks caused by the blows of the COVID-19 cannot be ignored. In terms of the domestic environment, the foundation of China’s economic recovery is still not solid. China will take deepening the supply side structural reform as the main line, and accelerate the construction of a new development pattern with domestic circulation as the main body and domestic and international dual circulation promoting each other.

The Board of Bank of Qingdao Co., Ltd. (the “**Bank**”) analyzed the situation both at home and abroad in a deep-going way. We dealt with the challenges posed by the COVID-19 composedly, maintained strategic stability, adhered to compliant operations, focused on the business objectives set in the general meeting, improved corporate governance in a sustained way, strictly abided by the bottom line of risk control, steadily pushed forward the high quality development of the Bank, and achieved sustained growth in business efficiency and Shareholders’ value. By the end of 2020, the total assets of the Bank and its subsidiaries (hereinafter referred to as the “**Company**”) were RMB459.828 billion, representing an increase of 23.07% over the beginning of the year; the total deposits were RMB272.231 billion, representing an increase of 27.93% over the beginning of the year; and the total loans were RMB206.747 billion, representing an increase of 19.65% over the beginning of the year; the operating income exceeded RMB10 billion for the first time, reaching RMB10.541 billion, representing an increase of 9.61% over the beginning of the year; the net profit attributable to the parent company was RMB2.394 billion, representing an increase of 4.78% over the beginning of the year; the non-performing loan ratio was 1.51%, representing a decrease of 0.14 percentage point over the beginning of the year. In 2020, the basic earnings per share of the Company was RMB0.42, representing an increase of RMB0.03 over the previous year; the net assets per share attributable to ordinary shareholders of the Company at the end of the year was RMB4.97, representing an increase of RMB0.08 over the previous year.

As of 2020, the Bank had been among Top 300 Banks in the world for three consecutive years. The Bank was among Top 500 Asian Brands and Top 500 Most Valuable Brands in China for the fourth time. The Bank was awarded the Five Star Diamond Award for the fifth time. The Bank had been awarded the Golden Dragon Award for the tenth times. Our credit cards were

selected as the Best Co-branded Credit Cards by the Asian Banker. As the only financial enterprise in the new list of “Qingdao Jinhua” Cultivation Enterprises, the social recognition of the Bank and the Bank’s reputation consistently improved.

I. SUMMARY OF THE MAIN WORK OF THE BOARD IN 2020

(I) Adhered to the characteristic practice and implemented corporate governance with great care in a sustained fashion

The Board of Directors of the Bank adhered to the concept of legal compliance and market-oriented operation. After ten years of unremitting efforts, it has gradually built a sound equity foundation with high-quality shareholders, diversified and reasonable structure, win-win cooperation and mutual checks and balances among the top three shareholders, established and continuously improved a corporate governance mechanism with clear rights and responsibilities and smooth operation. All of these actions have laid a solid foundation for the Bank to achieve high-quality development. In recent years, the Bank’s corporate governance work has been highly appraised by the regulatory agencies and industry experts. In the 2019 corporate governance evaluation of the CBIRC, the Bank’s regulatory evaluation was leading in the industry. Relevant experts from the Chinese Academy of Social Sciences conducted a special research on the Bank’s governance model and practical experience, and published the corresponding research results. Corporate governance has become an important aspect of the core competitiveness of the Bank.

- 1. Strictly implemented the resolutions of the general meeting and safeguarded the legal rights and interests of Shareholders.** The Board was responsible to the general meeting. In accordance with the law, the Board convened an annual general meeting and an extraordinary general meeting, considered and approved 12 proposals including the work report of the Board of Directors and the work report of the Board of Supervisors, the report for final financial accounts and the profit distribution plan, and received 3 reports. According to the resolution of the general meeting, the Board of Directors promoted and completed 2019 profit distribution and the reappointment of external audit institutions, conscientiously implemented the decisions of the general meeting, and protected the legal rights and interests of shareholders.
- 2. Standardized the organization of the Board meeting and gave full play to the core role of decision-making.** The Board of Directors bore the ultimate responsibility for the operation and management of the Bank, gave full play to the role of strategic guidance and scientific decision-making, and promoted the implementation of strategies and the achievement of business objectives. In 2020, the Board of Directors convened 10 meetings, 2 of which were on-site meetings, and 8 of which were held by way of written communications voting. Resolutions on 36 major issues were offered, including the work report of President, the report for final financial accounts, the integrated business plan, the profit distribution plan, periodic

reports, the strategic plan for information technology, and received or reviewed 61 special reports, including various risk management reports, internal and external audit reports and external auditors' recommendation letter to management and rectification reports.

3. **Broadened the channels of performance and gave full play to the professional role of independent Directors.** The Board of Directors gave full play to the professional role of the special committees, conducted pre-discussion on the matters to be submitted to the Board of Directors for consideration, put forward constructive opinions and suggestions, gave full play to the role of decision-making, and promoted the scientific decision-making and efficient operation of the Board of Directors. In 2020, the special committees of the Board of Directors convened 22 meetings, considered 33 proposals and reviewed 47 reports. Independent Directors further broadened the channels for performing their duties, organized and carried out several special research on credit risk control, related party transaction management, internal audit, information technology and other aspects, formed special research reports which were improved item by item by senior management, promoting the continuous improvement of the Bank's internal management.
4. **Strengthened their self-development and their abilities in performing duties.** In 2020, all Directors were dedicated and diligent. They regularly reviewed all kinds of business analysis reports such as "Directors and Supervisors' Newsletter", actively comprehended the operation and management of various businesses of the Bank, conscientiously participated in all kinds of training organized by regulatory agencies and the Bank, and continuously studied the laws and regulations newly revised and promulgated such as the Securities Law, regulatory policy guidance of regulatory agencies to strengthen corporate governance construction, as well as macroeconomic situation and development trends of the banking industry. We also improved our professional performance ability in a sustained fashion.

(II) Strengthened strategic guidance and created a new situation of sustainable development

1. **Adhered to strategic guidance and regular evaluation to promote steady development.** 2020 is the key year for the Bank's 2019-2021 strategic plan. The Board of Directors, by considering the evaluation report and the implementation report of the strategic plan for 2020, promoted the dynamic connection and high degree of agreement between the strategic plan and the implementation of the strategy. In 2020, the Board of Directors of the Bank strengthened the strategic management function and fully supported the management to promote the implementation of the strategy. The Board of Directors supported the management in adhering to the business guiding philosophy of "going with the stream, strengthening characteristics, tackling difficulties and developing steadily", and reserved energy in the adverse situation, comprehensively promoted business and management, and good business development results were achieved. In the face of COVID-19, the Board of Directors supported management to adhere to the main position of financial services and ensure stability on the six fronts and security in the

six areas. Every effort was devoted to support pandemic prevention and control and the resumption of work and production of enterprises. The Board of Directors supported the management to organize and carry out the “630 Offensive of Improvement Plan 2.0 – Aiming at RMB300 billion” action and achieved remarkable results. The Bank’s deposits and loans achieved strong growth throughout the year, and its market share and competitiveness continued to improve. The Board of Directors supported the management to promote the establishment of branches. Heze branch of the Bank has officially opened, and Rizhao branch has been approved for construction, the overall deployment of branches in Shandong will soon be completed.

2. **The operation of our wealth management subsidiary added new impetus to the Group’s development.** At the beginning of this year, Qingyin Wealth Management, the Bank’s wholly-owned subsidiary, was approved for establishment. In the second half of 2020, Qingyin Wealth Management officially opened and launched the first direct selling application in China and the new “Bright Life” brand. The Bank and its affiliated BQD Financial Leasing and Qingyin Wealth Management have initially formed a new group development pattern of “one body, two wings”, which added new impetus to the Bank’s sustainable and steady development in the future. Qingyin Wealth Management was the first financial management subsidiary approved by the CBIRC in 2020. It was also the first wealth management subsidiary of city commercial bank approved in northern China and the sixth in China. In 2020, the scale of the Bank’s wealth management business continued to grow steadily. At the end of the year, the scale of wealth management products reached RMB124.123 billion, representing an increase of 22.93%; the balance of wealth management investment assets was RMB140.849 billion; the profitability of wealth management business increased strongly, realizing the income of handling fees and commission of wealth management products of RMB1.008 billion, representing an increase of 45.04%.
3. **We formulated a three-year plan for information technology and accelerated the integration and empowerment of financial technology and business development.** In 2020, the Board of Directors paid close attention to the new trend of financial technology development, took the application of information technology as an important driving force for transformation and development, considered and approved the “Information Technology Strategic Plan (2020-2022)”, continued to strengthen the strategic layout in the field of financial technology, further clarified the key direction in the construction and application of information technology in the next three years. The Board of Directors strove to build a financial technology governance system and service guarantee platform that effectively supports the Bank’s digital transformation and development, with the goal of quickly meeting business needs and improving customer experience as well as in line with the direction of future technology development, and promoted the Bank to build an online, digital and intelligent financial boutique bank.

(III) Strengthened our capital management and prepared for sustainable development

In 2020, the Board of Directors firmly established capital awareness, attached importance to improving the efficiency of capital use, regularly monitored the use of capital, and supervised the Bank to maintain a reasonable level of capital adequacy ratio.

1. **Promoted multi-level capital replenishment.** The Board of Directors considered and approved the “Capital Management Plan for 2021-2025” to comprehensively coordinate capital management and make forward-looking capital planning; The Board of Directors considered and approved the proposal of issuing tier-2 capital bonds to support the Bank to establish multi-level capital replenishment channels; while continuously enhancing the capacity of endogenous capital replenishment, the Board of Directors coordinated and promoted exogenous capital replenishment to further increase the core Tier-1 capital and consolidate the foundation of capital for our business development.
2. **Strengthened capital intensive management.** Guided by sustainable and high-quality transformation and development, the Board of Directors supported the management to strengthen the concept of capital constraint, continuously strengthened asset liability management, supervised the Bank to optimize the asset liability structure, effectively revitalized the existing assets, reasonably determined the growth rate of asset scale, ensured the capital level to adapt to business development, risk preference and risk management ability, and continuously improved the efficiency of capital use.
3. **Regularly monitored the capital situation.** By reviewing the 2020 internal capital adequacy evaluation report, the Board of Directors had a comprehensive understanding of the Bank’s capital adequacy indicators, capital adequacy stress test results, risk preference and implementation of capital planning, assessed the Bank’s major risk management under capital coverage and the implementation of annual risk preference and risk limits, ensured the Bank’s reasonable capital adequacy and continuous compliance with regulatory requirements.

(IV) Focused on key areas and improved comprehensive risk management

In 2020, in the face of a complex and volatile internal and external economic environment, the Board of Directors insisted on prudent and steady risk preference, urged the management to focus on risk control in key areas, took forward-looking measures, and continuously improved the overall risk management. The Bank collected all kinds of risk assets amounting to RMB923 million in cash during the year, and the non-performing loan ratio decreased by 0.14 percentage point over the beginning of the year. The asset quality improved significantly.

1. **Formulated the overall strategy of risk management.** The Board of Directors adhered to the consolidated management of the Group’s accounts, prudently formulated the business operation risk preference plan for 2020 from the two dimensions of the Group

and the Bank, determined the risk constraint indicator system on the basis of giving consideration to risks and benefits, regularly reviewed various risk management reports, and regularly evaluated the implementation of risk management strategies and objectives.

2. **Regularly monitored all kinds of risk management.** Through regular review of various risk reports on credit risk, market risk, liquidity risk and compliance risk, the Board of Directors carefully assessed the Bank's overall risk management status and the effectiveness of work measures, and put forward work requirements and guidance suggestions for the key points of risk management. During the year, the Bank had no major risk events, and all major risk management indicators were stable and good.
3. **Focused on risk management and control in key areas.** In the face of the negative effects brought by COVID-19, the Board of Directors supported the management to implement the national policies, and made full use of the preferential measures such as deferring repayment of principal and interest, and increasing credit loans, so as to enhance the ability of inclusive financial services and help enterprises resume work and production. The Board of Directors strengthened risk management and control in key areas such as real estate and Internet loans; The management was supported to continuously increase the write-off and collection of non-performing loans, improved the asset quality of the Bank, and improved the ability of sustainable development; paid close attention to information technology risks, The Board of Directors supported the management to complete the launch of the core banking system and business continuity emergency drill, and continuously improved information security.
4. **Strengthened the compliance management of related party transactions.** In accordance with the requirements of the CBIRC, China Securities Regulatory Commission, the SZSE and Hong Kong Stock Exchange, the Board of Directors strictly implemented the reporting, approval and disclosure process of related party transactions, considered the compliance of major related party transactions, and paid close attention to the fairness of related party transactions. In this year, all indicators of the Bank's related party transactions met the regulatory requirements, and there was no violation of the principle of fairness or damage to the interests of the Bank and Shareholders.

(V) Improved internal control and supervision, consolidated the basis of compliance operation

In 2020, the Board of Directors continued to improve the internal control evaluation mechanism, gave full play to the multi-dimensional supervision role of internal and external audit, and supervised the Bank to firmly establish the concept of active compliance and achieved legal compliance. This year, there were no major cases caused by internal reasons or external events.

1. **Continuously improved the internal control mechanism.** The Board of Directors guided the Bank to carry out self-evaluation of internal control in accordance with regulatory requirements at home and abroad, reviewed internal control evaluation reports

regularly, promoted the Bank to continuously improve the construction of internal control mechanism, focused on the problems found in various inspections by regulatory agencies and the implementation of rectification, urged the management to adhere to be problem-oriented and carry out inspection and reform in a timely fashion, organically combined problem rectification with management improvement and constantly improved the level of internal management. This year, the Bank found no major defects in the design or implementation of internal control.

2. **Gave full play to internal and external audit supervision.** The Board of Directors attached great importance to the supervision role of internal and external audit institutions, carefully listened to internal and external audit work reports and various special audit reports and rectification reports, paid attention to communication with external audit institutions, supported external audit institutions to issue audit management proposals, and continued to follow up on the improvement of the Bank; continued to strengthen the construction of internal audit, strengthened the application of big data audit, and continued to improve the breadth and depth of internal audit, promoted the transformation of internal audit from post audit to in-process and pre audit, and brought the important role of “firewall” and “early warning device” of internal audit into blossom.

(VI) Standardized performance evaluation and optimized incentive and restraint mechanism

In 2020, the Board of Directors took the standardized performance evaluation as the starting point, gave full play to the important role of incentive and restraint mechanism, effectively guided the management to adhere to a target-oriented approach, improved management efficiency, and promoted the effective achievement of business objectives.

1. **Standardized performance evaluation.** The Board of Directors established and continuously improved the records of Directors’ performance of duties and integrity, and kept the documents of the Board meetings and the general meetings in strict accordance with the regulatory requirements, including Directors’ attendance at the meeting, their speeches at the meeting, and their voting on proposals. We earnestly cooperated with the Board of Supervisors to carry out the evaluation of Directors’ performance through the combination of “self-evaluation + external-evaluation”, and urged Directors to continuously improve their performance.
2. **Continuously improved the performance management system.** According to the internal and external conditions and strategic development goals, the Board of Directors adhered to the combination of incentives and constraints, established a reasonable performance management mechanism, optimized the market-oriented remuneration system, and considered and approved the proposal on the annual total bonus for employees and performance bonus of senior management in accordance with the principle of “managing senior management and managing the total amount”, ensuring reasonable, timely and effective incentives.

(VII) Improved the quality of information disclosure to establish a good market image

1. **Standardized information disclosure and continuously improved the quality of information disclosure.** The Board of Directors guided the Bank to follow the principle of authenticity, accuracy, completeness, timeliness and fairness, prepared and disclosed periodic reports and interim reports to continuously improve the effectiveness and transparency of information disclosure, effectively protect investors' right to know, and showed investors the real operation and investment value of the Bank. On the basis of standardizing the release of regular reports, the Board of Directors continuously improved the quality of information disclosure and strove to provide investors with more abundant, effective and comprehensive information. In 2020, the Bank normatively issued 182 announcements on the Hong Kong Stock Exchange and the SZSE.
2. **Actively carried out investor relationship management to establish a good market image.** With the increasing number of analysts and institutional investors paying close attention to the Bank, in light of the characteristics of domestic and overseas capital markets, the Board of Directors guided the Bank to build a working mechanism taking the active investor relationship management as the link and paying equal attention to frequency and depth, the combination of "inviting in" and "going out", actively carried out all kinds of investor exchange activities, and delivered the Bank's development strategy, characteristic advantages and operating results with a frank and open mind, continuously accumulated recognition of the Bank's value amongst investors who are the backbone of the market, and established a good market image.
3. **Actively practiced social responsibility and paid attention to the return of Shareholders' investment.** In 2020, the Board of Directors resolutely implemented the CPC's requirements of "ensuring stability on the six fronts and security in the six areas", launched Qingdao's first anti-pandemic loan and production resumption loan, launched a number of inclusive financial products such as "Anti-coronavirus Loan", "Loan for Restaurant Enterprises" and "Anti-pandemic Subsidy", and made use of low-cost policy funds such as refinancing and rediscounting to benefit enterprises. In the whole year, loans of RMB16.675 billion were issued to the enterprises with difficulties and pandemic prevention enterprises, supporting the enterprises to fight the pandemic and resume work and production. Over RMB10 million was donated to the COVID-19-affected areas, front-line medical staff and overseas cooperative institutions, actively practicing the social responsibility. The Board of Directors focused on providing Shareholders with sustainable and reasonable return on investment. In 2020, the dividend scheme proposed by the Board of Directors was considered and approved by the general meeting, which effectively guaranteed the Shareholders to share the Bank's high-quality business achievements in accordance with the law.

II. PROSPECTS FOR THE KEY WORK OF THE BOARD OF DIRECTORS IN 2021

In 2021, there are still many uncertain factors in the internal and external environment of China's economy. In terms of the external environment, the evolution of the COVID-19 and the potential risks caused by the conduction effect deserve continuous attention. The global economic recovery will be gradual and unbalanced. In the short term, the global economy is still facing greater uncertainty. In terms of the internal environment, the focus of macroeconomic policy will shift from supply side structural reform to a situation where the supply side reform and demand side management advancing together. Building a new development pattern featuring the core of internal circulation and the coordination of internal and external circulations will further stimulate the potential of domestic demand and increase the role of policy support for economic growth.

In 2021, the Board of Directors will actively comply with the national macroeconomic policies, maintain strategic determination, boost development confidence, actively respond to challenges, seize development opportunities, and continuously improve the Bank, taking the Bank's high-quality development to the next level. The main tasks are as follows:

(I) Taking strengthening strategic guidance as the driving force to promote the realization of high-quality development

2021 is the final year of the Bank's 2019-2021 strategic plan. The Board of Directors will take strengthening the strategic guidance as the driving force, guide the whole Bank to maintain the strategic strength, support and supervise the senior management to ensure the implementation of the established strategy. At the same time, we will pay close attention to the changes in the internal and external economic environment, regulatory policies and the latest trends in the development of the Banking industry, based on our own resource endowments and the implementation and evaluation of the early strategy, pay close attention to the study and preparation of the new strategic specifications, maintained the continuity, scientificity and foresight of the development strategy, and promote the sustainable and high-quality development of the Bank.

(II) Taking promoting capital replenishment as the starting point to improve the fine management of our capital

In 2021, the Board of Directors will continue to perform the responsibilities of capital planning and capital management, further strengthen the capital intensive management and performance appraisal constraints, integrate the concept of economic capital management into the whole process of business development, continuously optimize the capital allocation and improve the level of capital return. On the basis of strengthening the endogenous accumulation of capital, combined with the latest regulatory policy guidance and capital market dynamics, actively promote multi-channel capital replenishment, and consolidate the capital guarantee for the Bank's sustainable development.

(III) Promoting the compliance of the general meeting, the Board of Directors and the Board of Supervisors and the Management based on perfecting corporate governance

In 2021, the Board of Directors will adhere to the principles of laws, regulations and regulatory policies, focus on the supervision and evaluation of corporate governance, continuously improve the standardization and effectiveness of the Bank's corporate governance, steadily implement the re-election of the Board of Directors, promote the smooth performance of the new Board of Directors, and continuously broaden the channels for Directors to perform their duties. By improving the discussion mechanism of the special committees of the Board of Directors, organizing special topic research and enriching training and exchange activities, we will continue to strengthen Directors' ability to perform their duties.

(IV) Taking adhering to the compliance operation as the bottom line to improve the comprehensive risk management ability

In 2021, the Board of Directors will continue to adhere to the concept of compliance operation, adhere to the prudent and steady risk preference strategy in combination with the Bank's business development goals, continue to strengthen the construction of the internal control system of "risk management, compliance and internal audit", and continuously improve the level of compliance management. At the same time, we should pay close attention to the changes of internal and external business environment, regularly monitor and evaluate various risk indicators, continuously supervise the senior management to strengthen the comprehensive risk management of credit risk, liquidity risk, market risk and operational risk, accelerate the construction of information system, and further improve the foresight and effectiveness of risk management.

(V) Focusing on serving investors to show good market image

In 2021, the Board of Directors will focus on serving investors, earnestly safeguard the legal rights and interests of investors, fully display the Bank's good market image and continuously enhance mutual understanding and trust with investors through compliant and effective information disclosure and multi-level and all-round investor exchanges. At the same time, we should establish a two-way transmission mechanism of external information transmission and internal feedback, absorb and draw lessons from market value judgment, and gradually build a virtuous circle of operation management and value growth.

Please review.

WORK REPORT OF THE BOARD OF SUPERVISORS OF BANK OF QINGDAO CO., LTD. FOR 2020

In 2020, the Board of Supervisors of Bank of Qingdao Co., Ltd.(hereinafter referred to as the “**Bank**”) took the protection of the legal rights and interests of the Bank, Shareholders and other stakeholders as the starting point, diligently performed its supervisory duties, issued independent opinions in accordance with laws, and promoted the continuous improvement of risk management and internal control of the Bank to ensure the steady development of various businesses in accordance with the Company Law, the Guidelines on the Corporate Governance of Commercial Banks and other laws and regulations as well as the relevant provisions of the Articles of Association. The main work in 2020 is reported as follows:

I. MAIN WORK OF THE BOARD OF SUPERVISORS IN 2020**(I) Efficient compliance to ensure strict supervision**

In 2020, the Board of Supervisors convened meetings of the Board of Supervisors and special committees in accordance with the relevant provisions of the Articles of Association, Rules of Procedure and the needs of performing supervision work. All Supervisors earnestly attended the meeting, expressed their opinions independently, and effectively performed their supervisory duties. In the whole year, the Board of Supervisors convened 7 meetings, 3 of which were on-site meetings, and 4 of which were voted via written communications. 20 proposals were considered and passed, including the work report of President, periodic reports, profit distribution plan, the internal control self-evaluation report, the performance evaluation report of the Directors, Supervisors and the senior management. The Board of Supervisors received 57 reports, including various risk management reports, internal audit reports, financial supervision circulars and rectification reports. In the whole year, the special committees of the Board of Supervisors convened a total of 8 meetings, 5 of which were meetings convened by the supervision committee, and 3 of which were convened by the nomination and evaluation committee. 14 relevant proposals were considered, and 46 reports were received.

(II) Enriched supervision means to improve performance evaluation

In 2020, the Board of Supervisors took various supervision and inspection opinions as the starting point, enriched the supervision means and enhanced the supervision of duty performance. First, the Board of Supervisors strengthened daily supervision in a sustained way. During the year, the Supervisors attended one annual general meeting and one extraordinary general meeting, attended two on-site meetings of the Board of Directors and some special committee meetings of the Board of Directors, reviewed the documents of 8 meetings of the Board of Directors voted via written communications, and supervised the convening procedures, the matters considered, the voting procedures and the performance of Directors’ duties in accordance with the law; the employee Supervisors attended the president office meeting, operation analysis meetings, the internal control review meeting and other important meetings of the senior management. They supervised the consideration and decision-making process of major issues and key matters related to the operation and management of the whole

bank, and put forward objective and independent opinions and suggestions from the perspective of the Board of Supervisors. Second, the Board of Supervisors focused on the integration of supervision resources, strengthened the coordination with internal audit, compliance, discipline inspection and other departments, and constantly expanded the depth and breadth of supervision work. Third, the employee Supervisors went deep into the front line, visited the grass-roots organizations and enterprise customers more than 20 times in the year, earnestly understood the actual situation of the operation and management and marketing services of the grass-roots organizations, and played the role of guidance and assistance while performing the supervision duties. Fourth, the Board of Supervisors continuously improved the performance evaluation content and enriched the evaluation dimensions according to the regulatory requirements. On the basis of daily supervision, the Board of Supervisors, with reference to the self-evaluation of Directors, Supervisors and the senior management, the opinions of regulatory agencies and external audit institutions, completed the performance evaluation of the Board of Directors, Directors, senior management, senior executives and Supervisors in 2020. In the evaluation report, the Board of Supervisors clearly pointed out the shortcomings in the performance process, put forward corresponding improvement suggestions, and reported the evaluation results to the Board of Directors and the general meeting, promoting the continuous improvement of the performance of Directors and senior management.

(III) Strengthened financial supervision to present operating results in an all-round way

In 2020, the Board of Supervisors focused on the decision-making and implementation of the Bank's financial activities and important financial matters, and strengthened financial supervision. First, the regular reports were carefully reviewed. The Board of Supervisors considered the annual report of 2019 and the interim report of 2020, supervised the preparation and audit procedures of the periodic reports and the authenticity and completeness of the report contents, and considered that the preparation and audit procedures of periodic reports were in line with the law, and the contents reflected the actual situation of the Bank in a true, accurate and complete way. Second, the Board of Supervisors paid attention to the decision-making of important financial matters. The Board of Supervisors considered the profit distribution plan in 2019 and the proposal on the appointment of domestic and foreign auditors and their remuneration in 2020, supervised the decision-making process, and had no objection to the profit distribution plan and the appointment of auditors. Third, the Board of Supervisors regularly reviewed the financial data and timely tracked the financial operation. The Board of Supervisors reviewed the financial indicators such as deposits and loans, asset quality and provisions on a quarterly basis to keep abreast of the operation and development status in a timely manner. The financial reports were reviewed on a semi-annual basis, focusing on the implementation of the financial budget.

(IV) Strengthened risk internal control and supervision to ensure the steady development of compliance

In 2020, the Board of Supervisors paid close attention to the far-reaching impact of COVID-19 on the operation and development of the Bank, and further strengthened the supervision of overall risk and internal control. First, the Board of Supervisors continued to strengthen the supervision of the Board of Directors and senior management in performing comprehensive risk management and control responsibilities such as liquidity risk, credit risk, market risk, operational risk, consolidated risk and compliance risk, carefully considered relevant proposals, received special reports, timely understood the Bank's comprehensive risk management status. The Board of Supervisors put forward constructive supervision opinions on the construction of risk management system and mechanism, control of large amount risk exposure, credit investment and asset quality and other key aspects. Second, The Board of Supervisors continuously paid attention to the performance of "three lines of defense" and the construction of compliance management mechanism, mainly focused on the implementation of internal control in key areas such as case prevention, terrorist financing and anti-money laundering, employee abnormal behavior management, and supervised the effectiveness of internal control mechanism. Third, the Board of Supervisors carefully studied all kinds of supervision and inspection reports issued by regulatory agencies, regularly received the work reports of the internal audit department, timely reviewed the special audit reports and rectification reports, supervised and tracked the rectification of key issues by management in real time, formed a closed work loop of "supervision, improvement, feedback and promotion", and promoted the continuous improvement of the Bank's compliance operation. Fourth, the Board of Supervisors carried out special research and paid attention to the transformation of research value. During the year, the Board of Supervisors conducted a special research on the system construction and implementation of RMB interbank settlement account management of the Bank, extracted systemic problems reflecting the overall situation, and put forward systematic and targeted opinions and suggestions. The special research report was highly valued by the Board of Directors and the senior management, the relevant opinions and suggestions were seriously studied and implemented, and the Bank was driven to revise and improve the corresponding internal management system.

(V) Strengthened self-construction to improve performance ability continuously

In 2020, the Board of Supervisors kept strengthening its self-construction according to the needs of performing its duties. Through organizing various kinds of special trainings, the Board of Supervisors strengthened exchange and learning, firmly established the awareness of performing its duties in compliance, and continuously improved its ability to perform its duties. First, the Board of Supervisors organized supervisors to participate in various training and learning activities organized by the regulatory agencies to learn and master the latest regulatory policies as well as requirements and clarify the focus and direction of their future duties. Second, the Board of Supervisors organized all Supervisors to participate in several special training on laws and regulations organized by the Bank, including the Securities Law (revised in 2019), Opinions of the State Council for Further Improving the Quality of Listed Companies and other laws and regulations newly revised, promulgated and implemented by

domestic and foreign regulatory agencies in the past two years. The Board of Supervisors continuously improved the awareness and ability of compliance performance. Third, all Supervisors reviewed the “Directors and Supervisors’ Newsletters” prepared by the Bank every month to keep abreast of the Bank’s operation and management.

II. INDEPENDENT OPINIONS ISSUED BY THE BOARD OF SUPERVISORS ON RELEVANT MATTERS

(I) Legal operation

The business activities of the Bank in 2020 complied with the provisions of the Company Law, the Commercial Bank Law and the Articles of Association of the Bank, and the decision-making procedures were legal and effective. The Directors and senior management of the Bank faithfully and diligently performed their duties in the process of business operation and management, and no violation of laws and regulations, the Articles of Association of the Bank or damage to the interests of the Bank and Shareholders was found in the performance of their duties.

(II) The true situation of financial report

KPMG Huazhen LLP and KPMG have separately audited the Bank’s financial statements for 2020 prepared in accordance with the Accounting Standards for Business Enterprises and the International Financial Reporting Standards, and separately issued standard unqualified audit reports thereon. The Board of Supervisors considered that the financial statements were true, accurate and complete, reflecting the Bank’s financial position and operating results.

(III) Acquisition and disposition of assets

During the reporting period, the Board of Supervisors did not find any insider trading, any conduct that damaged Shareholders’ rights and interests or caused loss of assets in the process of acquisition or disposition of assets.

(IV) Related party transactions

As for the related party transactions occurred during the reporting period, the Board of Supervisors did not find any behaviors that violated the principle of fairness or damaged the interests of the Bank and Shareholders.

(V) Internal control

The Board of Supervisors considered the Internal Control Self-assessment Report of Bank of Qingdao Co., Ltd. for 2020 and had no objection to the contents of the report. During the reporting period, no major defect was spotted in the integrity, rationality, effectiveness and implementation of the Bank’s internal control mechanism and system.

(VI) Implementation of resolutions of the general meeting

The Board of Supervisors had no objection to the reports and proposals submitted by the Board of Directors to the general meeting of the Bank for consideration in 2020, supervised the implementation of the resolutions of the general meeting, and believed that the Board of Directors had conscientiously implemented the relevant resolutions of the general meeting.

III. WORK PLAN FOR 2021

In 2021, the Board of Supervisors will optimize the supervision mechanism, highlight the key points of supervision, strengthen its own construction, give full play to the important role of the Board of Supervisors in supervision and balance, and effectively guarantee the Bank's compliance and steady operation in accordance with the regulatory requirements of the Guidelines for the Corporate Governance of Commercial Banks, the Guidance on the Functioning of Supervisory Board of Commercial Banks and the Guidelines for the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange.

(I) Optimizing the supervision mechanism and improving the performance efficiency

First, we will successfully complete the re-election of the Board of Supervisors, build a new Board of Supervisors with reasonable structure and capable personnel, and continuously improve the organizational structure of the special committees of the Board of Supervisors. Second, we will standardize the quarterly regular meeting of the Board of Supervisors, mainly focus on the financial report, the President's work report, various risk management reports and other related contents, and timely put forward targeted supervision suggestions. Third, we will integrate the supervision resources, form the linkage of internal audit, external audit, risk control, discipline inspection and compliance, expand the depth and breadth of supervision, and provide richer and more professional support and guarantee for the decision-making of the Board of Supervisors. Fourth, we will give full play to the role of employee supervisors, make use of the advantages of employee supervisors working in the Bank, go deep into the front lines of the head office's departments and branches, and mainly focus on the specific implementation of strategy implementation, risk management and internal control. Fifth, we will select regulatory focus key points and weak points of internal control as the main research direction, establish a normalized research mechanism of work, and promote the continuous improvement of the Bank's internal risk control.

(II) Highlighting the key points of supervision and strengthening the effectiveness of supervision

First, we will focus on the implementation of the strategic plan and the start of preparation of the new strategic plan. COVID-19 pandemic has brought far-reaching influence to the internal and external business environment of commercial banks. The Board of Supervisors will evaluate the rationality and effectiveness of strategic planning, and promote a new strategic planning scientifically prepared by the Board of Directors. Second, we will strengthen the supervision of duty performance, with duty performance supervision as the

starting point, give full play to the supervision and balance role of corporate governance, and promote the compliance and full duty performance of the Board of Directors and senior management. Third, we will continue to do a good job in financial supervision and risk internal control supervision, audit and supervise the annual financial budget and final accounts, annual reports, profit distribution plans, business development plans, risk internal control reports and other relevant contents, aiming to ensure the steady operation of the Bank. Fourth, we will focus on the rectification and implementation of problems found by regulatory agencies and internal and external audit, adhere to the problem orientation approach, and promote the implementation of rectification and improvement by senior management.

(III) Strengthening self-construction and enhancing the ability to perform duties

First, we will carry out regular special training on laws and regulations, timely understand the guidance of regulatory policies, firmly establish compliance awareness, and continuously improve the ability to perform duties. Second, we will establish a normalized communication mechanism with external audit institutions and internal audit and risk internal control departments, integrate supervision forces, expand supervision means, and have a more comprehensive and in-depth understanding of the Bank's business development and risk internal control, aiming to lay a solid foundation for the effective implementation of supervision functions. Third, we will conduct in-depth study on regulatory policy guidance, combine with regulatory opinions in the Bank issued by regulatory authorities at all levels, and focus on key areas such as improving corporate governance and improving the quality of listed companies to conduct works.

Please review.

Candidates for Non-executive Directors

Mr. Zhou Yunjie, aged 54, a doctor of business administration of Xi'an Jiaotong University and a chief senior engineer.

Mr. Zhou was appointed as non-executive Director of the Bank in April 2015, he has been the president and deputy chairman of the board of directors of Haier Group since December 2016 and now serves as deputy to the 13th National People's Congress. Mr. Zhou is currently the director of Qingdao Haier Biomedical Co., Ltd., a company listed on Shanghai Stock Exchange (stock code: 688139), the chairman of the board of Qingdao Goodaymart Supply Chain Technology Co., Ltd. (青島日日順供應鏈科技股份有限公司), and the director and general manager of Haier Kaos Co., Ltd. (海爾卡奧斯股份有限公司). Mr. Zhou served as, among others, the vice president, senior vice president, executive vice president, chief marketing officer and alternative president in Haier Group, and the chairman of the board of directors of Haier Electronics Group Co., Ltd..

Mr. Rosario Strano, aged 57, a bachelor of law of University of Bari in Italy.

Mr. Strano was appointed as non-executive Director of the Bank in April 2012 and has been the head of China development project of Intesa Sanpaolo S.p.A. since 1 January 2020. Mr. Strano served as, among others, the chief operating officer of Intesa Sanpaolo S.p.A. Group, the chief human resources officer of Intesa Sanpaolo S.p.A., the head of human resources and organization management department at the international subsidiary banks division of Intesa Sanpaolo S.p.A.

Ms. Tan Lixia, aged 50, a doctor of finance of PBC School of Finance, Tsinghua University (in-service study), a master of business administration of China Europe International Business School, a senior engineer, a Chartered Global Management Accountant (CGMA), a Certified Practising Accountant Australia (CPA Australia) and a certified senior international internal control officer.

Ms. Tan was appointed as non-executive Director of the Bank in April 2012. She has been the executive vice president of Haier Group since December 2016. Ms. Tan is currently the chairlady of Haier Group (Qingdao) Finance Holding Co., Ltd., a director of Haier Kaos Co., Ltd. (海爾卡奧斯股份有限公司), chairlady of Qingdao Haier Biomedical Co., Ltd., a company listed on Shanghai Stock Exchange (stock code: 688139), and chairlady of INKON Life Technology Co., Ltd., a company listed on SZSE (stock code: 300143). Ms. Tan served as the director of department of overseas market development of Haier Group, chief financial officer of Haier Group, head of Wanchain Platform and the deputy chairlady of Haier Smart Home Co., Ltd., a company listed on Shanghai Stock Exchange (stock code: 600690); a company listed on the China Europe International Exchange AG D-Share Market and quoted on the Frankfurt Stock Exchange (stock code: 690D); a company listed on the main board of the Hong Kong Stock Exchange (stock code: 6690).

Mr. Marco Mussita, aged 61, a bachelor of oriental literature and language of Università Ca' Foscari Venezia (Ca' Foscari University of Venice) in Italy.

Mr. Mussita was appointed as non-executive Director of the Bank in September 2011. He has been the supervisor of Qingdao Yicai Fund Distribution Co., Ltd. from September 2016 to now. Mr. Mussita is currently a director of OMR (China) Automotive Components Co., Ltd., a supervisor of Meccanotecnica Umbra S.p.A. (Qingdao) Mechanical Seal Co., Ltd., and a director of Chongqing Italian Gasket Rubber & Plastic, Co., Ltd. (重慶凱恩斯橡膠有限公司). Mr. Mussita served as, among others, vice general manager of the Shanghai branch and vice general manager of the Tokyo branch in Banca Commerciale Italiana (now known as ISP).

Mr. Deng Youcheng, aged 49, a master of business administration of Tongji University, a certified public accountant, a certified public valuer, a senior auditor, a senior consultant and an accountant.

Mr. Deng was appointed as non-executive Director of the Bank in May 2018. He has been the general manager, deputy secretary to the party committee and the director of Qingdao Conson Development (Group) Co., Ltd. (青島國信發展(集團)有限責任公司) from July 2019 to now. Mr. Deng is currently the director of Lujiazui International Trust Co., Ltd., director of Zhonglu Property and Casualty Insurance Co., Ltd., and director of Qingdao Conson Industrial Co., Ltd. Mr. Deng served as, among others, director and deputy general manager of Qingdao Conson Development (Group) Co., Ltd. (青島國信發展(集團)有限責任公司).

Mr. Choi Chi Kin, Calvin, aged 42, an honorary bachelor of arts majoring in chartered accountants of University of Waterloo in Canada.

Mr. Choi was appointed as non-executive Director of the Bank in October 2016, and has been the chairman and chief executive officer of AMTD Group Company Limited since January 2016. Meanwhile, with approval by the government of Hong Kong Special Administrative Region, Mr. Choi has been the member of advisory committee of Hong Kong Cyberport Management Company Limited, a technology innovation platform wholly-owned by the government of Hong Kong Special Administrative Region from November 2019 to now, and member of investment advisory committee of Prisoners' Education Trust Fund of the government of the Hong Kong Special Administrative Region from December 2019 to now. Mr. Choi also serves as the 12th Special Invited Vice President of the China Young Entrepreneurs Association, vice chairman of the Greater Bay Area Common Home Youth Charity Fund, and director of the ASEAN Financial Innovation Network, etc. Mr. Choi served as, among others, managing director of investment banking division of Union Bank of Switzerland and member of the Asian-Pacific Committee of Global family office, the chief strategy officer of Citigroup's investment banking division in China and a director of AMTD International Inc., a company listed on New York Stock Exchange (stock code: HKIB) and a company listed in Singapore Exchange (stock code: HKB).

The Bank will enter into a service contract with each non-executive Director. During his/her tenure as a non-executive Director, he/she will receive non-executive Director allowance of RMB80,000 per year and a subsidy of RMB5,000 for each meeting attended from the Bank. These allowance and subsidy are determined in accordance with applicable laws, regulations and relevant remuneration policy of the Bank. Apart from the aforesaid allowance and subsidy, each non-executive Director will not receive any other remuneration from the Bank.

Save as disclosed above, each non-executive Director has not held any directorship in any public companies whose securities are listed on any securities market in Hong Kong or overseas during the past three years, nor held any other position in the Bank or its subsidiaries. Each non-executive Director does not have any relationship with any other Directors, Supervisors, members of senior management, substantial Shareholders or controlling Shareholders of the Bank. As at the Latest Practicable Date, Ms. Tan held 375 A Shares of the Bank. Save as disclosed above, each non-executive Director has no interest in the Shares of the Bank within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong).

Save as disclosed in this circular, each non-executive Director does not have any other information that is required to be disclosed under Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Hong Kong Listing Rules, nor any other matters that are required to be disclosed under the abovementioned rules at present or in the past. Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders of the Bank.

Candidates for Executive Directors

Mr. Guo Shaoquan, aged 58, holds an EMBA degree from Nankai University and an EMBA degree from Peking University, and is a senior economist.

Mr. Guo joined our Bank in November 2009 as secretary of the party committee. He was appointed as executive Director and Chairman of the Bank in January 2010. Mr. Guo served as, among others, the head of the Qingdao branch and the head of the Tianjin branch in China Merchants Bank.

Mr. Wang Lin, aged 57, holds an EMBA degree from Peking University, and is a senior economist.

Mr. Wang joined the Bank in July 2011 as the deputy secretary of the party committee. He was appointed as executive Director of the Bank in September 2011 and was appointed as President of the Bank in March 2012. Mr. Wang served as, among others, the general manager of the corporate banking department and pension finance department of the head office in China Merchants Bank.

Mr. Liu Peng, aged 40, holds a master degree of business administration from Oxford University.

Mr. Liu joined the Bank in January 2011 and was appointed as Vice President of the Bank in August 2019. Mr. Liu serves as the chairman of Qingyin Wealth Management Company Limited, a wholly-owned subsidiary of the Bank. Mr. Liu served as, among others, the financial market business director and president of the financial market business unit of the Bank.

Ms. Lu Lan, aged 56, a master of law majoring in sociology of Nankai University.

Ms. Lu joined the Bank in August 2010, was appointed as Secretary to the Board of the Bank in August 2010 and was appointed as executive Director of the Bank in October 2016. Ms. Lu served as, among others, a senior manager of the office of board of directors in the headquarter of China Merchants Bank.

The Bank will enter into a service contract with each executive Director. The administrative measures on the remuneration and performance of senior management of the Bank was formulated by the Remuneration Committee of the Board and reviewed and approved by the Board. The remuneration of executive Directors is determined in accordance with the administrative measures on the remuneration and performance of senior management of the Bank, which is mainly composed of basic remuneration, performance remuneration and welfare income. Among them, performance remuneration shall be determined according to the Bank's performance and personal annual assessment results and be paid after consideration and approval by the Board. Each executive Director is not entitled to additional Director allowance from the Bank for his/her position as the executive Director of the Bank.

Save as disclosed above, each executive Director has not held any directorship in any public companies whose securities are listed on any securities market in Hong Kong or overseas during the past three years, nor held any other position in the Bank or its subsidiaries. Each executive Director does not have any relationship with any other Directors, Supervisors, members of senior management, substantial Shareholders or controlling Shareholders of the Bank. As at the Latest Practicable Date, Mr. Guo Shaoquan and Mr. Wang Lin held 500,000 A Shares of the Bank respectively and Ms. Lu Lan held 380,000 A Shares of the Bank. Save as disclosed above, none of the executive Directors hold any equity interest of the Bank within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed in this circular, each executive Director does not have any other information that is required to be disclosed under Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Hong Kong Listing Rules, nor any other matters that are required to be disclosed under the abovementioned rules at present or in the past. Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders of the Bank.

Candidates for Independent Non-executive Directors

Mr. Simon Cheung, aged 50, a bachelor of arts majoring in computer science of the University of Wisconsin-Madison in United States.

Mr. Cheung was appointed as independent non-executive Director of the Bank in May 2017. He has been the chief technology officer of Ping An Puhui Enterprise Management Co., Ltd. since December 2019. Mr. Cheung served as, among others, a deputy general manager of China Ping An Technology Co., Ltd., the director of IT architecture planning of SF Express (Group) Co., Ltd., and the deputy general manager of Shenzhen Qianhai WeBank Co., Ltd.

Ms. Fang Qiaoling, aged 46, a doctor of management in accounting of Renmin University of China and a professor.

Ms. Fang was appointed as independent non-executive Director of the Bank in May 2018. She has been working in Management College of Ocean University of China since July 1999, and is currently a professor and supervisor for Ph.D. candidates in Management College of Ocean University of China. Ms. Fang is currently an independent non-executive director of Triangle Tyre Co., Ltd.

Mr. Tingjie Zhang, aged 49, holds a master degree of business administration from the Richard Ivey School of Business at the University of Western Ontario, Canada.

Mr. Zhang was appointed as an independent non-executive Director of the Bank in February 2020, and has been the managing director of Auster Capital Partners Limited since July 2020. Mr. Zhang served as the chief representative of the Shanghai Representative Office of Rothschild China Holdings Co., Ltd. (洛希爾中國控股有限公司) and the China co-director and managing director of the Shanghai branch of Rothschild Financial Consulting (Beijing) Co., Ltd.

Mr. Xing Lecheng, aged 58, holds a doctoral degree in administration from Nankai University, and is a professor.

Mr. Xing has been the dean of Shandong Institute of Inclusive Financial Research (山東省普惠金融研究院), the director of Investment and Financing Research Center of University of Jinan (濟南大學投融資研究中心) and a Ph.D. tutor since December 2018. He is currently the member of Shandong National People's Congress Standing Committee, an expert entitled to special government allowance by the State Council, and holds different positions such as the committee member of the Investment Association of China and the vice president of Shandong Capital Venture Association (山東省創業投資協會). Mr. Xing served as, among others, the associate dean of Jinan Institute of Social Science (濟南社會科學院), the dean of Jinan School of Management (濟南管理科學院), the president of Jiangjun Holdings Company (將軍控股公司), the chairman of Shandong Jinan Department Store (Group) Company Limited (山東濟南百貨大樓(集團)股份有限公司), a company listed on Shanghai Stock Exchange (stock code:

600807), the chairman of Huasu Holdings Co., Ltd. (華塑控股股份公司) (a company listed on the SZSE, stock code: 000509), as well as the dean of each of the School of Economics and Institute of Financial Research of University of Jinan.

Mr. Zhang Xu, aged 52, holds a doctoral degree in western economics from Wuhan University, and is a professor.

Mr. Zhang has been a lecturer of Qingdao University since July 1993, and is currently a professor in the School of Economics of Qingdao University. Mr. Zhang is currently a member of Qingdao CPPCC Standing Committee, the deputy director of Qingdao Committee of Jiusan Society (九三學社青島市委員會), a member of Central Economy Special Committee of Jiusan Society (九三學社中央經濟專門委員會), the deputy director of Shandong Economy Special Committee of Jiusan Society (九三學社山東省委經濟專門委員會), the committee member of Economy Development Society of China Association for Study of Foreign Economics (中華外國經濟學說研究會發展經濟學分會), the vice president of Qingdao Financial Society (青島市金融學會), the vice president of Qingdao Urban Economics Society (青島市城市經濟學會), an expert of 20-Party Forum of Qingdao Development (青島發展20人論壇). From 2006 to 2015, Mr. Zhang was an external Supervisor of the Board of Supervisors of the Bank.

The Bank will enter into a service contract with each independent non-executive Director. During his/her tenure as an independent non-executive Director of the Bank, he/she will receive independent non-executive Director allowance of RMB120,000 per year and a subsidy of RMB5,000 for each meeting attended. These allowance and subsidy are determined in accordance with applicable laws, regulations and relevant remuneration policy of the Bank. Apart from the aforesaid allowance and subsidy, each independent non-executive Director will not receive any other remuneration from the Bank.

Save as disclosed above, each independent non-executive Director has not held any directorship in any public companies whose securities are listed on any securities market in Hong Kong or overseas during the past three years, nor held any other position in the Bank or its subsidiaries. Each independent non-executive Director does not have any relationship with any other Directors, Supervisors, members of senior management, substantial Shareholders or controlling Shareholders of the Bank, or any interests in the Shares of the Bank within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong).

Regarding the proposed nomination of Mr. Simon Cheung, Ms. Fang Qiaoling, Mr. Tingjie ZHANG, Mr. Xing Lecheng and Mr. Zhang Xu as candidates for independent non-executive Directors of the eighth session of the Board, the Nomination Committee under the Board and the Board of the Bank have complied with the Director's qualifications and electoral procedures under the Articles of Association. Considering the actual situation of the Bank, the candidates' professional experience, skills and knowledge, the possibility of the candidates for independent non-executive Directors in improving the efficiency of the Board,

and the time may be devoted to the Bank by such candidates, the Nomination Committee under the Board of the Bank nominated Mr. Simon Cheung, Ms. Fang Qiaoling, Mr. Tingjie ZHANG, Mr. Xing Lecheng and Mr. Zhang Xu as the candidates for independent non-executive Directors.

Mr. Simon Cheung has professional knowledge on information technology, while Ms. Fang Qiaoling, Mr. Tingjie ZHANG, Mr. Xing Lecheng and Mr. Zhang Xu have financial expertise. The Board believes that Mr. Simon Cheung, Ms. Fang Qiaoling, Mr. Tingjie ZHANG, Mr. Xing Lecheng and Mr. Zhang Xu are capable of giving objective, independent and sufficient opinions and analysis in terms of finance, market operation, corporate management and other aspects with the help of their extensive experience and knowledge. Furthermore, they can contribute to Board diversity on various aspects, including but not limited to gender, culture, professional skills and qualifications.

Mr. Simon Cheung, Ms. Fang Qiaoling, Mr. Tingjie ZHANG, Mr. Xing Lecheng and Mr. Zhang Xu have respectively confirmed their independence in accordance with the factors set out in Rule 3.13 of the Hong Kong Listing Rules. After assessing the independence of Mr. Simon Cheung, Ms. Fang Qiaoling, Mr. Tingjie ZHANG, Mr. Xing Lecheng and Mr. Zhang Xu in accordance with the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules, the Nomination Committee under the Board and the Board of the Bank are of the view that such candidates meet the independence standard set out in Rule 3.13 of the Hong Kong Listing Rules and confirm that they are all independent persons.

Save as disclosed in this circular, each independent non-executive Director does not have any other information that is required to be disclosed under Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Hong Kong Listing Rules, nor any other matters that are required to be disclosed under the abovementioned rule at present or in the past. Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders of the Bank.

Mr. He Liangjun, aged 48, holds a master degree of business administration from China Europe International Business School and is a senior engineer.

Mr. He was appointed as a shareholder Supervisor of the Bank in October 2019, and has served as a director and secretary to the board of Qingdao East Steel Tower Stock Co., Ltd. (青島東方鐵塔股份有限公司) since April 2007. Mr. He serves as, among others, a supervisor of Qingdao Hairen Investment Co., Ltd. (青島海仁投資有限責任公司), an executive director of Nanjing Shineng New Energy Technology Co., Ltd. (南京世能新能源科技有限公司) and the chairman and general manager of Sichuan Huiyuanda Potash Fertilizer Co., Ltd. (四川省匯元達鉀肥有限責任公司). Mr. He served as the manager of the East China business department and the head of the marketing department of Qingdao East Steel Tower Stock Co., Ltd. (青島東方鐵塔股份有限公司).

Mr. Hao Xianjing, aged 56, holds a master degree in national economic planning from Liaoning University, and is a certified public accountant, a certified tax agent, and a senior accountant.

Mr. Hao serves as the vice president and partner of ShineWing Certified Public Accountants since September 2009, a director of Shandong ShineWing Engineering Management Consulting Co., Ltd. (山東信永中和工程管理諮詢有限公司) since February 2015, and a director of Jinan ShineWing Certified Tax Agents Co., Ltd. (濟南信永中和稅務師事務所有限公司) since April 2017. Mr. Hao also serves as an independent director of Warburg Pincus Information Technology Co., Ltd., (華平信息技術股份有限公司), an independent director of RemeGen Co., Ltd. (榮昌生物製藥(煙台)股份有限公司), and a standing director of the Shandong Institute of Certified Public Accountants. Mr. Hao served as, among others, a director of Shandong Zhonghe Zhengxin Risk Management Consulting Co., Ltd. (山東中和正信風險管理諮詢有限公司).

Mr. Jiang Shenglu, aged 50, holds a bachelor degree in law from Shandong University.

Mr. Jiang serves as the general manager of Shandong Blue Economy Industrial Fund Management Co., Ltd. (山東藍色經濟產業基金管理有限公司) since January 2015 and an executive partner of Qingdao Yulin Fund Management Center (Limited Partnership) (青島昱林基金管理中心(有限合夥)). Mr. Jiang also serves as, among others, an independent director of Liqun Commercial Group Co., Ltd. (利群商業集團股份有限公司), Tsingtao Brewery Co., Ltd. (青島啤酒股份有限公司), Hailier Pharmaceutical Group Co., Ltd. (海利爾藥業集團股份有限公司) and Qingdao Eastsoft Communication Technology Co., Ltd. (青島東軟載波科技股份有限公司). Mr. Jiang served as, among others, a senior partner of Shandong Qindao Law Office (山東琴島律師事務所), a partner of Grandall Law Firm and a partner of King & Wood Mallesons (Beijing).

Mr. Lu Kun, aged 42, has a doctorate degree in technology economics and management from Renmin University of China, a postdoctoral degree in fishery science and is a professor.

Mr. Lu joined Ocean University of China in 2007 and currently serves as a professor and master tutor at Ocean University of China, a senior researcher at the Centre for Blue Governance at the University of Portsmouth in the United Kingdom, and an exchange ambassador to China for the Centre for Blue Governance at the University of Portsmouth in the United Kingdom. Mr. Lu also serves as the standing director and deputy secretary-general of the Fishery Economy Professional Committee of the Chinese Society of Forestry, Animal Husbandry and Fishery Economy (中國林牧漁業經濟學會漁業經濟專業委員會), the director and deputy secretary-general of the Shandong Society for Applied Statistics (山東省應用統計學會), a standing member of the Shandong Marine Economy Professional Committee (山東省海洋經濟專業委員會), and an expert of Marine Economy High-quality Development Think Tank (海洋經濟高質量發展智庫) of Shandong Provincial Development and Reform Commission, a performance appraisal expert of Qingdao Municipal Government Office, etc. Mr. Lu served as, among others, the Deputy Mayor (temporary post) of Tongcheng People's Government of Anqing City, Anhui Province.

The Bank will enter into service contracts with each of the Shareholder Supervisor and external Supervisors. During his term of office as a Shareholder Supervisor of the Bank, the Shareholder Supervisor will be entitled to receive the allowance of RMB56,000 per annum and subsidy of RMB3,500 per attendance for attending meetings of the Bank. During his term of office as an external Supervisor of the Bank, the external Supervisor will be entitled to receive the allowance of RMB84,000 per annum and subsidy of RMB3,500 per attendance for attending meetings of the Bank. Such allowance and subsidy have been determined in accordance with applicable laws, regulations and relevant remuneration policy of the Bank. Apart from the aforesaid allowance and subsidy, the Shareholder Supervisor and external Supervisors will not receive any other remuneration from the Bank.

Save as disclosed above, each of the Shareholder Supervisor and external Supervisors has not held any directorship in any public companies whose securities are listed on any securities market in Hong Kong or overseas during the past three years, nor held any other position in the Bank or its subsidiaries. Each of the Shareholder Supervisor and external Supervisors does not have any relationship with any other Directors, Supervisors, members of senior management, substantial Shareholders or controlling Shareholders of the Bank or has any interest in any Shares of the Bank within the meaning under Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong).

Save as disclosed in this circular, each of the Shareholder Supervisor and external Supervisors does not have any other information that is required to be disclosed under Rule 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules, nor any matters that are required to be disclosed under the abovementioned rules at present or in the past. Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders of the Bank.

**SPECIAL REPORT ON RELATED PARTY TRANSACTIONS OF
BANK OF QINGDAO CO., LTD. FOR 2020**

In 2020, the Bank strictly complied with the relevant regulations of domestic and overseas regulatory authorities and stock exchanges, effectively prevented the risk of related party transactions, and improved the quality and efficiency of related party transaction management. All indicators of related party transactions are controlled within the scope allowed by regulatory requirements. The related party transactions of the Bank for 2020 are reported below:

I. COMPOSITION OF RELATED PARTY TRANSACTIONS CONTROL COMMITTEE UNDER THE BOARD OF DIRECTORS AND SUMMARY OF CONVENING OF ANNUAL MEETING FOR 2020

The Related Party Transactions Control Committee under the Board of Directors of the Bank consists of 7 members and the post of chairman of the committee was held by an independent Director. The proportion of independent Directors set in the committee was more than half.

In 2020, the Related Party Transactions Control Committee under the Board of Directors of the Bank held 6 meetings in total and reviewed and approved 9 resolutions and received 4 reports, including the resolutions on confirmation of the list of related parties, the review on major related party transactions and receiving of quarterly report on related party transactions status.

II. MANAGEMENT MEASURES FOR RELATED PARTY TRANSACTIONS FOR 2020

In 2020, the Bank maintained zero non-performing related party transactions while also imposing strict internal control requirements via system optimization and other means to improve the work efficiency of statistics compilation and update of list of related parties. In particular, the Bank adopted the following measures:

(I) Imposed stricter asset quality control over major related party transactions

Adhering to the principles of compliance and fairness, the Bank improved the business operation mechanism and strengthened advance asset quality inspection for credit-related related party transactions, with consideration of the historical risks faced by the same type of business, ensuring “best among the best” for its major transactions.

(II) Further optimized the related party transaction management system

Firstly, the Bank enhanced the monitoring function for non-credit-related related party transactions, enabled systemic business optimization of, among others, wealth management sales agency, financial investments and financial approval, monitored related party transactions automatically and effectively reminded the business personnel. Secondly, the Bank successfully brought the related party transaction reporting system online which automatically generates monthly related transaction reports and detailed ledger, with the scope of business covering loans for organizations, financial market businesses, personal loans, credit cards and business cards, effectively enhancing the efficiency for statistics compilation.

(III) Achieved the automatic collection of the list of related parties

The Bank annually dispatches letters to its over a thousand employees to comprehensively update the information on related parties previously declared, which involves the processing of nearly 10,000 pieces of data. In 2020, the Bank gave full play to the IT technology and developed a brand-new set of related party information collection templates, which realized automatic summarization of tens of thousands of pieces of data and the automatic generation of regulatory requirement fields, effectively improving work efficiency and accuracy.

III. STATISTICS OF RELATED PARTIES AT THE END OF 2020

The Bank managed the list of related parties by the specifications in accordance with the regulatory requirements of the CBIRC, the Stock Exchange, the CSRC and the SZSE. In 2020, the Bank successively supplemented and updated the list of related parties four times. As at the end of 2020, according to the specifications of CBIRC, the Bank had 1,187 related legal persons or other organizations and 9,593 related nature persons; according to the specifications of the Stock Exchange, there are 1,149 related legal persons or other organizations and 153 related nature persons; according to the specifications of the CSRC and the SZSE, there were 188 related legal persons or other organizations and 204 related nature persons.

IV. APPROVAL OF RELATED PARTY TRANSACTIONS FOR 2020

In accordance with commercial principles, the Bank approved related party transactions on conditions not more favorable than those for comparable transactions with non-related parties. The terms of the transactions were fair and reasonable and in the interest of all Shareholders and the Bank as a whole. The Bank implemented the corresponding approval process and approval requirements for the related party transactions in specifications of CBIRC, the Stock Exchange, CSRC and the SZSE. The details are as follows:

(I) Related party transactions in specifications of CBIRC

In 2020, the Bank strictly complied with regulatory requirements. It did not provide any credits to related parties using the Bank's equity as a pledge, nor did it provide guarantees for financing activities of related parties.

In respect of the approval of major related party transactions, in 2020, there were a total of 3 major related party transactions considered and approved by the Board of Directors, namely related party transactions with 3 related companies of Haier Group, and the businesses approved were all credit-related with the amount of RMB1.230 billion. The major related party transactions of the Bank were reviewed by the Related Party Transactions Control Committee under the Board of Directors and submitted to the Board of Directors for approval, and reported to the Board of Supervisors and the Qingdao CBIRC within ten working days upon approval. Independent Directors of the Bank issued written opinions on the fairness of major related party transactions and the performance of internal approval procedures.

For approval of general related party transactions, the Bank approved general related party transactions in accordance with internal authorization procedures, and submitted the general related party transactions to the Related Party Transactions Control Committee under the Board of Directors annually for filings through making special reports on related party transactions.

(II) Related party transactions in specifications of the Stock Exchange

In 2020, the related party transactions in specifications of the Stock Exchange carried out by the Bank were exempted from submission to the Board of Directors and the general meeting for review and from external disclosure. The transactions were approved according to the internal authorization procedures of the Bank.

(III) Related party transactions in specifications of CSRC and SZSE

In 2020, the Bank has made reasonable estimates of daily related party transactions in accordance with the relevant requirements of the CSRC and the SZSE, and the Board of Directors and Shareholders' general meeting has approved and performed the procedures for external disclosure. A single related party transaction within the scope of estimates is not subject to repeated approval and disclosure in accordance with the standards of the CSRC and the SZSE; None of the related party transactions outside the scope of estimates have met the standards for submission to the Board of Directors and Shareholders' general meeting for consideration and external disclosure, and such transactions have been considered and approved in accordance with the internal authorization procedures of the Bank.

V. STATISTICS OF RELATED PARTY TRANSACTIONS AT THE END OF 2020

The statistics of the Bank's related party transactions at the end of the year was categorized into related party transactions in specifications of CBIRC, the Stock Exchange, the CSRC and the SZSE, the details of which are as follows:

(I) Related party transactions in specifications of CBIRC

1. Credit related party transactions

As at the end of 2020, the total credit balance of the Bank's credit related party transactions in specifications of CBIRC amounted to RMB1.688 billion. The transaction interest rate or handling fee was determined based on general commercial principles and standards not more favorable than those for similar transactions with non-related parties. The nature of the equity of the related parties in the transaction was debts, with the proportion of 100%. The details of which are as follows:

Names of Related Parties	Types of Transactions	Transaction Balance (RMB100 million)	Interest Rate/ Handling Fee Rate (%) ¹	Income from Annual Interest/ Handling Fees (RMB10 thousand) ²
Major related party transactions	–	16.88	–	8,261.84
Haier Consumer Finance Co., Ltd.	Interbank borrowing	8.00	6.50	5,277.64
Qingdao Haichen Real Estate Development Co., Ltd.	Loan	3.72	6.50/7.00/ 8.00	2,984.20
Qingdao Hailiju Technology Co., Ltd.* (青島海驪住居科技股份有限公司)	Commercial bill financing and letter of guarantee	1.74	–	–
Qingdao Haizhi Weichuang Estate Co., Ltd.	Commercial bill financing	1.06	–	–
Haier Group Finance Co., Ltd.	Interbank bill credit	0.85	–	–
Qingdao Haitang Real Estate Co., Ltd.	Commercial bill financing	0.61	–	–
Qingdao Haier Industry and City Innovation Group Co., Ltd.	Factoring and guarantee	0.59	–	–
Qingdao Haiqi Real Estate Development Co., Ltd.	Commercial bill financing	0.31	–	–
General related transactions	–	5.65	–	5,044.83
Total	–	22.53	–	13,306.67

- Notes:* 1. Interest rate/handling fee rate refers to the interest rate or handling fee rate applicable to the business with transaction balance at the end of the year. In 2020, for the transactions between the Bank and Qingdao Hailiju Technology Co., Ltd.* (青島海驪住居科技股份有限公司), Qingdao Haizhi Weichuang Estate Co., Ltd., Haier Group Finance Co., Ltd., Qingdao Haitang Real Estate Co., Ltd., Qingdao Haier Industry and City Innovation Group Co., Ltd. and Qingdao Haiqi Real Estate Development Co., Ltd., the income were all derived from non-related party customers, thus the income from related parties was nil.
2. The income from annual interest/handling fee refers to the interest income or income from handling fee actually obtained from the related party transactions between the Bank and its related parties during the year on a cash basis; part of the business is one-off repayment of principal and interest, and the business has not expired at the end of the year, thus the Bank have not actually obtained interest or handling fee income from related parties in certain businesses in the current year. For the related party transaction between the Bank and Haier Consumer Finance Co., Ltd., an additional RMB800 million was settled during the year, and the total income during the year was RMB52,776,400.

In 2020, credit related party transactions were mainly interbank borrowing and loan businesses. In respect of major related party transactions, loans granted to the related parties accounted for 0.18% of total loans to customers (excluding accrued interest) of the Bank. The non-performing ratio of loans for related parties has remained nil, and the quality of credit facilities granted to related parties was better than the average quality of credit facilities granted by the Bank. The Bank judged that the existing credit related party transactions would have no material impact on the normal operation of the Bank.

As at the end of 2020, after deducting cash guarantees, the related party with the Bank's largest balance of credit facilities was Haier Consumer Finance Co., Ltd., accounting for 2.11% of the net capital; the related party group with the largest balance of credit facilities was Haier Group, accounting for 4.46% of the net capital; and the balance of credit facilities granted to all related parties accounted for 5.93% of the net capital. The above indicators have not exceeded the regulatory limits as required by CBIRC.

2. Non-credit-related related party transactions

In 2020, the non-credit-related related party transactions in specifications of CBIRC were primarily asset management service provided by related parties to the Bank and the agency sales of trust products released by the related parties, with a total transaction amount of RMB105 million, and all of them were general related party transactions. The prices of non-credit-related related party transactions were determined based on general commercial principles and standards not more favorable than those for similar transactions with non-related parties.

(II) Related party transactions in specifications of the Stock Exchange

In 2020, the Bank's related party transactions in specifications of the Stock Exchange during the year were primarily the funds established by related parties relevant to wealth management fund investment with a total transaction amount of RMB7.1372 million during the year.

(III) Related party transactions in specifications of CSRC and SZSE

In 2020, the related party transactions of the Bank in specifications of the CSRC and the SZSE were mainly credit business on and off balance sheet and non-credit business such as agency sales of financial products of related parties, of which the balance of credit business was RMB1.206 billion and the total transaction amount of non-credit business was RMB54.1520 million.

In 2021, the Bank will strictly comply with the laws and regulations as well as the requirements of the administrative measures on related party transactions of the Bank and its implementation rules. The Bank will continuously regulate its management on related party transactions, tirelessly advance the development of the related party transaction management system and improve the level of intelligent management to firmly safeguard the interests of the Bank and the Shareholders as a whole.

Please review.

ESTIMATED AMOUNT OF THE ORDINARY RELATED PARTY TRANSACTIONS
OF BANK OF QINGDAO CO., LTD. FOR 2021I. ESTIMATED CLASSIFICATION AND AMOUNT OF THE ORDINARY RELATED
PARTY TRANSACTIONS

No.	Related party	Contents of Related Party Transactions	2021 Estimated Amount	Trading Balance as at the End of Last Year
1	Haier Group Corporation and its related parties	Credit businesses	RMB3,890 million	RMB1,988 million
2	Intesa Sanpaolo S.p.A. and its related parties	Credit businesses Non-credit businesses	RMB250 million RMB19.9 million	- RMB6,537,200
3	Qingdao Conson Development (Group) Co., Ltd. and its related parties	Credit businesses Non-credit businesses	RMB1,200 million RMB61.4 million	RMB281 million RMB54,456,000
4	BQD Financial Leasing Company Limited	Credit businesses Non-credit businesses	RMB600 million RMB2.23 million	- RMB2,082,600
5	Qingyin Wealth Management Company Limited	Non-credit businesses	RMB570 million	RMB18,321,300
6	Related natural persons	Credit businesses	RMB395 million	RMB216 million
Sub-total of credit businesses			<u>RMB6,335 million</u>	<u>RMB2,485 million</u>
Sub-total of non-credit businesses			<u>RMB653.52 million</u>	<u>RMB81,397,100</u>

Notes:

- The estimated amount above is applicable to the related party transactions between the Bank or the holding subsidiaries of the Bank and the related parties of the Bank but does not constitute the Bank's or the holding subsidiaries of the Bank's credit commitment to its customers. When the related party transaction within the estimated amount actually occurs, the business risk approval and related party transaction approval will be implemented in accordance with the Bank's authorization plan. The actual transaction plan shall be subject to the written documents issued by the Bank's authorized examination and approval authority.
- If the amount of related party transactions set out in the above table is within the approval authority of the Board, it shall take effect from the date of approval by the Board; for those not within the scope of the Board's authority, it shall take effect from the date of approval at the annual general meeting of the year. The validity period of related party transactions set out above shall be valid until the date on which the new estimated amount of the ordinary related party transactions is considered and approved at the next annual general meeting of the Bank.
- As at the end of the Reporting Period, the balance of credit-related business with Haier Group Corporation and its related parties was RMB1,988 million, including the RMB300 million balance of credit-related businesses between BQD Financial Leasing Company Limited and Haier Group and its related parties.
- Save as the table above, the estimated amount of ordinary related party transactions for 2020 of the AMTD Group Company Limited and its related parties was RMB30 million while its business balance as at the end of 2020 was RMB23,446,900.

II. INTRODUCTION OF THE RELATED PARTIES AND RELATED RELATIONSHIP**(I) Haier Group Corporation****1. Basic information**

Haier Group Corporation, with Zhang Ruimin as its legal representative, has a registered capital of RMB311.18 million. It is principally engaged in the technology development, technology consultancy, technology transfer, technology services; data processing; engaged in digital technology, intelligent technology, software technology; research and development, sales and after-sales services of robots and automation equipment products; logistics information services; the research and development and sales of intelligent household equipment and solution system software technology (方案系統軟件技術); the production of household appliances, electronic products, communication equipments, electronic computers and accessories, general machinery, kitchen appliances and robots for industrial purpose; economic technology consultancy; and research, development and transfer of technological achievements, etc. Its domicile is located in Haier Industrial Park, Qingdao City, Shandong Province.

2. Related relationship with the Bank

Haier Group Corporation is a substantial shareholder of the Bank with its subsidiaries holding a total of more than 5% of the Bank's Shares, which is in line with the related relationship as set out in the provisions of Article 8(1) of the *Administrative Measures for the Related Party Transactions between Commercial Banks and Their Insiders and Shareholders*.

3. Duty performance analysis

The above-mentioned related party has strong operating strength, continuous growth in main business and results, and good duty performance ability.

(II) Intesa Sanpaolo S.p.A.**1. Basic information**

Intesa Sanpaolo S.p.A., with Gian Maria GROS-PIETRO as its legal representative, has a registered capital of EUR9,086 million. It is principally engaged in commercial banking business. Its domicile is located in Piazza San Carlo, 156 10121 Torino. As at the end of September 2020, the total asset was EUR996.848 billion and the net asset was EUR68.364 billion, realizing main business income of EUR13.733 billion and net profit of EUR6.376 billion in the first nine months of the year.

2. Related relationship with the Bank

Intesa Sanpaolo S.p.A. is a substantial shareholder of the Bank with its subsidiaries holding a total of more than 5% of the Bank's Shares, which is in line with the related relationship as set out in the provisions of Article 8(1) of the *Administrative Measures for the Related Party Transactions between Commercial Banks and Their Insiders and Shareholders*.

3. Duty performance analysis

The above-mentioned related party is a large multinational bank headquartered in Italy. It has strong operating strength in fields of retail banking, corporate banking and wealth management. It has good major financial indicators and good duty performance ability.

(III) Qingdao Conson Development (Group) Co., Ltd.

1. Basic information

Qingdao Conson Development (Group) Co., Ltd., with Wang Jianhui as its legal representative, has a registered capital of RMB3 billion. It is principally engaged in the investment, construction and operation of major infrastructure projects in urban and rural areas and major public welfare programs of the government; and engaged in businesses covering real estate, tourism, land development, non-banking financial and other service industries. Its domicile is located at No. 15 Donghai West Road, Shinan District, Qingdao City, Shandong Province. As at the end of September 2020, the total asset was RMB87,545 million and the net asset was RMB33,952 million, realizing main business income of RMB4,763 million and net profit of RMB732 million in the first nine months of the year.

2. Related relationship with the Bank

Qingdao Conson Development (Group) Co., Ltd. is a substantial shareholder of the Bank with its subsidiaries holding a total of more than 5% of the Bank's Shares, which is in line with the related relationship as set out in the provisions of Article 8(1) of the *Administrative Measures for the Related Party Transactions between Commercial Banks and Their Insiders and Shareholders*.

3. Duty performance analysis

The above-mentioned related party is a high-quality large-scale state-owned enterprise engaged in the investment and operation of state-owned capital. Its major financial indicator is good, and the business operations in various fields are stable and have good duty performance ability.

(IV) BQD Financial Leasing Company Limited**1. Basic information**

BQD Financial Leasing Company Limited, with Jiang Fuxin as its legal representative, has a registered capital of RMB1 billion. It is principally engaged in the finance leasing business; transferring in and out assets under a finance lease; fixed income securities investment business; accepting guaranteed deposit of the lessee; absorbing fixed deposits over 3 months (inclusive) from non-bank shareholders; interbank lending and borrowing; obtaining loans from financial institutions; lending loans to offshore borrowers; disposal of and dealing with leased articles; economic consulting, etc. As at the end of December 2020, the total asset was RMB11.52 billion and the net asset was RMB1,269 million, realizing main business income of RMB440 million and net profit of RMB121 million in the year.

2. Related relationship with the Bank

The Bank initiated and established BQD Financial Leasing Company Limited and holds 51% of its share capital. It is a holding subsidiary of the Bank and the Bank nominates directors to it, which is in line with the related relationship as set out in the provisions of Article 8(3) of the *Administrative Measures for the Related Party Transactions between Commercial Banks and Their Insiders and Shareholders*.

3. Duty performance analysis

The above-mentioned related party constantly improves its operating ability and profitability with solid risk control and steady operation. It has good major financial indicators and good duty performance ability.

(V) Qingyin Wealth Management Company Limited**1. Basic information**

Qingyin Wealth Management Company Limited, with Liu Peng as its legal representative, has a registered capital of RMB1 billion. It is primarily engaged in public offering of wealth management products to the general public, private placement of wealth management products to eligible investors, investment and management of properties entrusted by investors, and provision of wealth management advisory and consulting services. As at the end of December 2020, the total asset was RMB1,032 million and the net asset was RMB1,003 million, realizing main business income of RMB22 million and net profit of RMB3 million in the year.

2. *Related relationship with the Bank*

The Bank initiated and established Qingyin Wealth Management Company Limited and holds its entire share capital. The Bank nominates directors, supervisors and senior management to it, which is in line with the related relationship as set out in the provisions of Article 8(3) of the *Administrative Measures for the Related Party Transactions between Commercial Banks and Their Insiders and Shareholders*.

3. *Duty performance analysis*

The above-mentioned related party is the first wealth management subsidiary of a city commercial bank approved in the Northern China and the sixth within the whole country. It adheres to the business philosophy of “establishment with compliance, governance with professionalism, emergence with innovation and enhancement with technology”, has enjoyed stable operation since its opening, and is well capable of performing its duties.

(VI) **Related Natural Persons**

According to the provisions of the *Administrative Measures for the Information Disclosure of Listed Companies*, the *Rules Governing Listing of Stocks on Shenzhen Stock Exchange*, the *Administrative Measures for the Related Party Transactions between Commercial Banks and Their Insiders and Shareholders*, the *Interim Measures for the Equity Management of Commercial Banks* and the administrative system for related party transactions of the Bank, the related natural persons of the Bank include:

1. natural persons directly or indirectly holding more than 5% of the Shares of the Bank;
2. the Directors, Supervisors and senior management of the Bank;
3. senior managers of the branches of the Bank and other officers of the Bank who have the right to decide or participate in the grant of credit and asset transfer of the Bank;
4. the directors, supervisors and senior management of the legal persons or other organizations which have direct or indirect control over the Bank;
5. the related legal persons of the Bank or the controlling natural-person shareholders, directors and key members of the management of other organizations; the related legal persons or other organizations as referred to in this paragraph shall not include the legal persons or other organizations controlled directly, indirectly or jointly or possibly materially influenced by a commercial bank’s insiders and substantial natural-person shareholders and their close relatives;

6. a close family member of persons specified in paragraphs 1 and 2 (including spouse, parents, children at 18 years of age or older and their spouses, siblings and their spouses, spouses' parents and siblings, and parents of children's spouses);
7. a close relative of persons specified in paragraphs 1 to 3 (including parents, spouse, siblings and their spouses, adult children and their spouses, spouses' parents, siblings and their spouses, and parents' siblings and their spouses, and adult children of parents' siblings and their spouses);
8. natural persons involved in one of the circumstances mentioned above (except for paragraphs 3, 5 and 7) in the past 12 months or in the next 12 months under relevant agreements and arrangements;
9. any other natural persons who have such a special relationship with the Bank as may make the Bank tilted towards his/her interests, as determined by the CBIRC, the CSRC, and the SZSE in accordance with the principle that essence is more important than form.

III. MAIN CONTENTS AND PURPOSE OF RELATED PARTY TRANSACTIONS AND THEIR IMPACT ON THE BANK

The estimated ordinary related party transactions of the Bank are mainly credit and non-credit businesses within the normal business scope of the Bank, and the counterparties are quality customers and subsidiaries of the Bank. In accordance with the general business principles and market principles, the Bank conducts fair review from the aspects of business pricing and guarantee methods, and conducts related party transactions on terms that are not superior to those of similar transactions of non-related parties. Specific transaction terms are established according to business nature, transaction amount and duration, relevant national policies and regulations and applicable industry practices. It is in line with the overall interests of the Bank and shareholders, and does not affect the independence of the Bank. The Bank's main business will not depend on the related parties for such transactions.

**PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE
DIRECTORS OF BANK OF QINGDAO CO., LTD. FOR 2020**

In 2020, the independent non-executive Directors of the Bank faithfully and diligently performed their duties in accordance with the Company Law, the Guidelines for Corporate Governance of Commercial Banks, the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, the Guidelines for the Standardized Operation of Listed Companies and other laws and regulations, as well as the relevant provisions of the Articles of Association of the Bank. They independently, objectively and fairly expressed their opinions on the matters considered by the Board of Directors, and safeguarded the legal rights and interests of the Bank, minority Shareholders and other stakeholders.

I. BASIC INFORMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

As of the end of 2020, the Bank had five independent non-executive Directors, namely Mr. CHEN Hua, Ms. DAI Shuping, Mr. Simon CHEUNG, Ms. FANG Qiaoling and Mr. Tingjie ZHANG. The basic information of independent non-executive Directors is as follows:

Mr. CHEN Hua, born in July 1967, holds a doctorate degree in economics of the finance major from Suzhou University, and is a professor. Mr. CHEN was appointed as an independent non-executive Director of the Bank in April 2015 and has been the head of the modern finance research institute of Shandong University of Finance and Economics since August 2014. Mr. CHEN was the head of the finance and taxation research institute of Shandong Economics University and the head of the center of economics research of Shandong University of Finance and Economics. Mr. CHEN is currently the independent non-executive director of Jining Rural Commercial Bank, the external director of Shandong State-owned Assets Investment Holdings Co., Ltd. and the independent non-executive director of Shandong Baogang International Port Co., Ltd. and so on.

Ms. DAI Shuping, born in June 1960, holds a master's degree in business administration of Inter American University. Ms. DAI was appointed as an independent non-executive Director of the Bank in October 2016. Ms. DAI has served as an adviser to the chairman and the dean of Shenzhen Qianhai Institute of Financial Management Limited since December 2017. Ms. DAI worked in China Merchants Bank, serving as the general manager of headquarters credit management department, the general manager of headquarters credit approval department, the general manager of headquarters legal and compliance department and so on. She was an executive director of China Banking Law Society, a director of China Banking Audit Society and so on.

Mr. Simon CHEUNG, born in July 1970, holds a bachelor of arts degree in computer science of University of Wisconsin – Madison. Mr. CHEUNG was appointed as an independent non-executive Director of the Bank in May 2017, and has served as the chief technology officer of Ping An Puhui Enterprise Management Co. Ltd. since December 2019. He was a deputy general manager of China Ping An Technology Co., Ltd., the IT architectural planning director at SF Express (Group) Co., Ltd., the deputy general manager at Shenzhen Qianhai Webank Co., Ltd. and so on.

Ms. FANG Qiaoling, born in October 1975, holds a doctorate degree in management from Renmin University of China, and is a professor. Ms. FANG was appointed as an independent non-executive Director of the Bank in May 2018. Ms. FANG has been working in Management

**APPENDIX VII PERFORMANCE REPORT OF THE INDEPENDENT
NON-EXECUTIVE DIRECTORS FOR 2020**

College of Ocean University of China since July 1999, her current position is professor and doctoral supervisor. Ms. FANG is currently an independent non-executive director of Triangle Tyre Co., Ltd. and an executive director of the Accounting Institute of Shandong Province.

Mr. Tingjie ZHANG, born in April 1971, holds a master degree of business administration from the Richard Ivey School of Business at the University of Western Ontario, Canada. Mr. ZHANG was appointed as an independent non-executive Director of the Bank in February 2020, and has been the managing director of Auster Capital Partners Limited since July 2020. Mr. ZHANG served as the chief representative of the Shanghai Representative Office of Rothschild China Holdings Co., Ltd. (洛希爾中國控股有限公司) and the China co-director and managing director of the Shanghai branch of Rothschild Financial Consulting (Beijing) Co., Ltd.

II. PERFORMANCE OF DUTIES IN 2020

(I) Attendance

In 2020, the Board convened 2 general meetings, including 1 annual general meeting and 1 extraordinary general meeting, at which 12 resolutions were considered and 3 reports were received; the Board convened 10 meetings, 2 of which were on-site meetings and 8 of which were voted via written communications, at which 36 resolutions were considered and 61 reports were received or reviewed; the Board special committees organized 22 meetings, including 5 Audit Committee meetings, 2 Remuneration Committee meetings, 6 Related Party Transaction Control Committee meetings, 2 Risk Management and Consumer Protection Committee meetings, 3 Strategy Committee meetings, 3 Information Technology Committee meetings and 1 Nomination Committee meetings, at which 33 resolutions were considered and 47 reports were received or reviewed. Independent non-executive Directors participated in the general meetings in person, Board meetings and special committee meetings. They carefully reviewed the meeting documents before the meetings, and expressed their opinions objectively and independently at the meetings, which played a positive role in improving the decision-making level and decision-making efficiency of the Board. The attendance at the meetings was as follows:

Name	Actual attendance/Number of meetings requiring attendance									
	Board special committee meetings						Related Party Transaction Control Committee meetings	Audit Committee meetings	Risk Management and Consumer Protection Committee meetings	Information Technology Committee meetings
	General meetings	Board meetings	Strategy Committee meetings	Remuneration Committee meetings	Nomination Committee meetings					
CHEN Hua	2/2	10/10	3/3	2/2	-	6/6	5/5	2/2	-	
DAI Shuping	2/2	10/10	3/3	2/2	1/1	6/6	5/5	-	-	
Simon CHEUNG	2/2	10/10	-	2/2	1/1	6/6	-	-	3/3	
FANG Qiaoling	2/2	10/10	-	-	1/1	6/6	5/5	2/2	-	
Tingjie ZHANG	2/2	9/9	3/3	2/2	1/1	6/6	5/5	-	-	

Note: Actual number of attendance does not include attendance by proxy. The above Directors who did not attend the meetings in person had appointed other Directors to attend such meetings on their behalf.

(II) Investigation and training

In addition to attending the meetings of the Board of Directors and special committees, the independent non-executive Directors also conducted in-depth communication with the management departments of various business lines of the Bank through methods like conducting research and discussion, and put forward constructive opinions and suggestions in combination with the responsibilities of the Board of Directors and special committees, their rich practical experience and professional advantages, bringing the professional and independent nature of the independent non-executive Directors into blossom.

In June 2020, the independent non-executive Directors conducted four special surveys on the management of related party transactions, internal audit, asset quality management and control and information technology planning of the Bank, formed corresponding special research reports, and put forward many targeted and forward-looking opinions and suggestions on the relevant business management of the Bank. The senior management drafted improvement measures item by item according to relevant opinions and suggestions and then delivered to the independent Directors, which effectively promoted the continuous improvement of the Bank's operation and management and internal risk control ability.

In December 2020, the independent non-executive Directors participated in the special training on laws and regulations organized by the Bank, including the Securities Law (revised in 2019), Opinions of the State Council for Further Improving the Quality of Listed Companies and other laws and regulations newly revised, promulgated and implemented by domestic and foreign regulatory agencies in the past two years, leading to an enhanced abilities in performing their duties in compliance with laws. In 2020, independent non-executive Directors reviewed the "Directors and Supervisors' Newsletters" prepared by the Bank every month to keep abreast of the Bank's operation and management.

III. ISSUANCE OF INDEPENDENT OPINIONS

In 2020, the independent non-executive Directors focused on the lawfulness and fairness of major related party transactions, the profit distribution plan, and issued independent opinions pursuant to the Articles of Association of the Bank. The details are as follows:

1. On 16 March 2020, in terms of the proposals considered at the 32nd meeting of the 7th session of the Board of Directors, prior approval opinions and independent opinions on the Estimated Amount of the Ordinary Related Party Transactions of Bank of Qingdao Co., Ltd. for 2020 and the independent opinions on the Special Report on Storage and Usage of Raised Funds of Bank of Qingdao Co., Ltd. for 2019 were issued.
2. On 20 March 2020, in terms of the proposals considered at the 33rd meeting of the 7th session of the Board of Directors, prior approval opinions and independent opinions on the engagement of external auditors for 2020 and their remuneration of Bank of Qingdao Co., Ltd., independent opinions on Profit Distribution Plan of Bank of Qingdao Co., Ltd. for 2019, independent opinions on the Withdrawal of

**APPENDIX VII PERFORMANCE REPORT OF THE INDEPENDENT
NON-EXECUTIVE DIRECTORS FOR 2020**

Staff Bonuses and Senior Management Performance Bonuses of Bank of Qingdao Co., Ltd. for 2019, independent opinions on the internal control self-assessment report of Bank of Qingdao Co., Ltd. for 2019, independent opinions on the external guarantees and the misappropriation of funds by related parties of Bank of Qingdao Co., Ltd. and independent opinions on the investment in derivatives and risk control situation of Bank of Qingdao Co., Ltd. were issued.

3. On 13 July 2020, in terms of the proposals considered at the 35th meeting of the 7th session of the Board of Directors, the independent opinions on the related party transactions between Bank of Qingdao Co., Ltd. and Haier Consumer Financing Company Limited were issued.
4. On 28 August 2020, in terms of the proposals considered at the 37th meeting of the 7th session of the Board of Directors, the independent opinions on the external guarantees and the misappropriation of funds by related parties of Bank of Qingdao Co., Ltd. were issued.
5. On 24 November 2020, in terms of the proposals considered at the 40th meeting of the 7th session of the Board of Directors, the independent opinions on the related party transactions between Bank of Qingdao Co., Ltd. and Haier Group Finance Co., Ltd. and the independent opinions on the related party transactions between Bank of Qingdao Co., Ltd. and Qingdao Haier Industry and City Innovation Group Co., Ltd. were issued.

IV. OTHERS

In 2020, the independent non-executive Directors did not conduct on-site inspection, propose to convene a Board meeting, appoint or dismiss the accounting firm, or engage an external auditor and consulting institution independently.

In 2021, independent non-executive Directors of the Bank will continue to earnestly participate in the meetings of the Board of Directors and special committees in accordance with requirements of domestic and foreign laws and regulations, express opinions independently and objectively, and perform their duties faithfully and diligently, actively carry out special investigations, enrich their performance methods, bring their professional and independent nature into blossom, provide advice and suggestions for the Bank's business development, promote the Bank to achieve sustainable and high-quality development, and earnestly safeguard the legal rights and interests of the Bank and Shareholders, especially minority Shareholders.

The report is hereby made.

Independent non-executive Directors of Bank of Qingdao Co., Ltd.
CHEN Hua, DAI Shuping, Simon CHEUNG, FANG Qiaoling and Tingjie ZHANG

11 May 2021

NOTICE OF 2020 ANNUAL GENERAL MEETING

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BQD  青岛银行

Bank of Qingdao Co., Ltd.*

青島銀行股份有限公司*

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

(H shares stock code: 3866)

(Preference shares stock code: 4611)

NOTICE OF 2020 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 annual general meeting (the “**2020 AGM**”) of Bank of Qingdao Co., Ltd. (the “**Bank**”) will be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the People’s Republic of China (the “**PRC**”), at 9:00 a.m. on Tuesday, 11 May 2021 for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. to consider and approve the work report of the board of directors of Bank of Qingdao Co., Ltd. for 2020
2. to consider and approve the work report of the board of supervisors of Bank of Qingdao Co., Ltd. for 2020
3. to consider and approve the final financial accounts of Bank of Qingdao Co., Ltd. for 2020
4. to consider and approve the profit distribution plan of Bank of Qingdao Co., Ltd. for 2020
5. to consider and approve the resolution on the engagement of external auditors of Bank of Qingdao Co., Ltd. for 2021 and their remuneration
6. to consider and approve the resolution on the election of directors of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
 - 6.1 to consider and approve the election of Mr. Zhou Yunjie as a non-executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.

NOTICE OF 2020 ANNUAL GENERAL MEETING

- 6.2 to consider and approve the election of Mr. Rosario Strano as a non-executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.3 to consider and approve the election of Ms. Tan Lixia as a non-executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.4 to consider and approve the election of Mr. Marco Mussita as a non-executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.5 to consider and approve the election of Mr. Deng Youcheng as a non-executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.6 to consider and approve the election of Mr. Choi Chi Kin, Calvin as a non-executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.7 to consider and approve the election of Mr. Guo Shaoquan as an executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.8 to consider and approve the election of Mr. Wang Lin as an executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.9 to consider and approve the election of Mr. Liu Peng as an executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.10 to consider and approve the election of Ms. Lu Lan as an executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.11 to consider and approve the election of Mr. Simon Cheung as an independent non-executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.12 to consider and approve the election of Ms. Fang Qiaoling as an independent non-executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.

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- 6.13 to consider and approve the election of Mr. Tingjie ZHANG as an independent non-executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.14 to consider and approve the election of Mr. Xing Lecheng as an independent non-executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 6.15 to consider and approve the election of Mr. Zhang Xu as an independent non-executive director of the eighth session of the board of directors of Bank of Qingdao Co., Ltd.
- 7. to consider and approve the resolution on the election of supervisors of the eighth session of the board of supervisors of Bank of Qingdao Co., Ltd.
 - 7.1 to consider and approve the election of Mr. He Liangjun as the shareholder supervisor of the eighth session of the board of supervisors of Bank of Qingdao Co., Ltd.
 - 7.2 to consider and approve the election of Mr. Hao Xianjing as an external supervisor of the eighth session of the board of supervisors of Bank of Qingdao Co., Ltd.
 - 7.3 to consider and approve the election of Mr. Jiang Shenglu as an external supervisor of the eighth session of the board of supervisors of Bank of Qingdao Co., Ltd.
 - 7.4 to consider and approve the election of Mr. Lu Kun as an external supervisor of the eighth session of the board of supervisors of Bank of Qingdao Co., Ltd.
- 8. to consider and approve the special report on related party transactions of Bank of Qingdao Co., Ltd. for 2020
- 9. to consider and approve the resolution on the estimated amount of the ordinary related party transactions of Bank of Qingdao Co., Ltd. for 2021

SPECIAL RESOLUTION

- 10. to consider and approve the resolution on the general mandate for the issue of shares by Bank of Qingdao Co., Ltd.

NOTICE OF 2020 ANNUAL GENERAL MEETING

MATTERS TO BE REPORTED

1. Evaluation Report on the Performance of Duties by the Board of Directors and Directors of Bank of Qingdao Co., Ltd. for 2020
2. Evaluation Report on the Performance of Duties by the Supervisors of Bank of Qingdao Co., Ltd. for 2020
3. Performance Report of the Independent Non-executive Directors of Bank of Qingdao Co., Ltd. for 2020

The Bank will despatch the circular of the 2020 AGM to shareholders on or before 20 April 2021.

By order of the Board
Bank of Qingdao Co., Ltd.*
Guo Shaoquan
Chairman

Qingdao, Shandong Province, the PRC
12 April 2021

As at the date of this notice, the board of directors of the Bank comprises Mr. Guo Shaoquan, Mr. Wang Lin and Ms. Lu Lan as executive directors; Mr. Zhou Yunjie, Mr. Rosario Strano, Ms. Tan Lixia, Mr. Marco Mussita, Mr. Deng Youcheng and Mr. Choi Chi Kin, Calvin as non-executive directors; Mr. Chen Hua, Ms. Dai Shuping, Mr. Simon Cheung, Ms. Fang Qiaoling and Mr. Tingjie Zhang as independent non-executive directors.

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

Notes:

1. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), all resolutions proposed at the meeting shall be voted by poll, except for those related to procedural or administrative matters to be voted by a show of hands as permitted by the chairman. Results of the poll voting will be published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Bank (www.qdccb.com) as required by the Listing Rules.

NOTICE OF 2020 ANNUAL GENERAL MEETING

2. Closure of register of members and eligibility for attending and voting at the 2020 AGM

H Shareholders of the Bank are advised that the share register will be closed from Thursday, 6 May 2021 to Tuesday, 11 May 2021 (both days inclusive). To be eligible for attending and voting at the 2020 AGM, the transfer documents together with relevant share certificates and other appropriate documents must be deposited at the H share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Wednesday, 5 May 2021. Shareholders whose names appear on the register of members of the Bank at the close of business on Thursday, 6 May 2021 are entitled to attend and vote at the 2020 AGM. Pursuant to the requirement of the Articles of Association of the Bank, where a shareholder pledges 50% or more of his/her equity interests in the Bank, the voting rights of such shareholder at the 2020 AGM shall be subject to restrictions.

3. Arrangement on dividend distribution

The board of directors of the Bank has recommended the distribution of a final cash dividend of RMB1.80 (inclusive of tax) per ten shares for the year ended 31 December 2020. Subject to approval of the proposal at the 2020 AGM, the dividend will be paid to A Shareholders and H Shareholders whose names appear on the register of members of the Bank at the close of business on the respective record dates. The proposed dividends payable are denominated in Renminbi, and will be paid to A Shareholders in Renminbi and H Shareholders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars will be based on the average of central parity rates of Renminbi of the interbank foreign exchange market as announced by the People's Bank of China for the five working days preceding the date of declaration of the dividend at the 2020 AGM (including the day the 2020 AGM will be held).

4. Closure of register of members and eligibility for final dividend distribution

The H share register of the Bank will be closed from Saturday, 15 May 2021 to Thursday, 20 May 2021 (both days inclusive). In order to be entitled to the final dividend distribution, the H Shareholders of the Bank who have not registered are required to deposit the transfer documents together with relevant share certificates at the H share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 14 May 2021. Shareholders whose names appear on the register of members of the Bank on Thursday, 20 May 2021 are entitled to the final dividend distribution.

5. Proxy

Any shareholder entitled to attend and vote at the 2020 AGM is entitled to appoint one or more persons (whether such person is a shareholder of the Bank or not) as his/her proxy or proxies to attend and vote on his/her behalf at the 2020 AGM. As far as all joint shareholders of any shares are concerned, only the joint shareholder whose name appears first in the register of members has the right to receive the share certificate of the relevant shares from the Bank, to receive notices of the Bank and any notice served on such a shareholder shall be treated as having been served on all the other joint shareholders of those shares. In the case of joint shareholders, any one shareholder may sign the proxy form(s). The vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint shareholding.

The appointment of a proxy must be in writing with a form under the hand of the appointer or his/her attorney duly authorised in writing. For a corporate appointer, the proxy form must be affixed with the common seal or signed by its director or attorney duly authorised in writing. To be valid, the instrument appointing a proxy together with the power of attorney or other authorisation document (if any) or a notarially certified copy of that power of attorney or other authorisation document must be completed and returned to the Bank's H share registrar (for H Shareholder(s)) or the Bank's PRC registered office and principal place of business (for A Shareholder(s)) not less than 24 hours before the designated time for the convening of the 2020 AGM or any adjournment thereof. Completion and return of the form(s) of proxy will not preclude shareholders from attending and voting in person at the 2020 AGM or at any adjournment if he/she so wishes.

NOTICE OF 2020 ANNUAL GENERAL MEETING

6. Others

(1) The 2020 AGM is estimated to last no longer than a working day. Shareholders who attend the meeting in person or by proxy shall bear their own traveling and accommodation expenses.

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

17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990

Address of the PRC registered office and principal place of business of the Bank:

No. 6 Qinling Road
Laoshan District
Qingdao
Shandong Province
the PRC
Tel: +86 40066 96588 ext 6
Fax: +86 (532) 8578 3866