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

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

This circular is for your information only and is not intended to constitute or form part of an invitation or offer to acquire, purchase, or subscribe for securities of the Bank.



BANK OF CHONGQING CO., LTD.*

重慶銀行股份有限公司*

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

(Stock Code: 1963)

(Stock Code of Preference Shares: 4616)

**PROPOSED ISSUANCE OF A SHARE
CONVERTIBLE CORPORATE BONDS
PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR
AND
PROPOSED CHANGE OF AUDITORS**

A letter from the Board is set out on pages 4 to 14 of this circular.

The 2020 AGM of the Bank will be held at 9:30 a.m. on Thursday, May 20, 2021 at Multi-Function Conference Hall, 3/F of the Building of the Head Office of Bank of Chongqing, No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the PRC.

The H Shareholders' Class Meeting of the Bank will be held at 11:00 a.m. on Thursday, May 20, 2021 at Multi-Function Conference Hall, 3/F of the Building of the Head Office of Bank of Chongqing, No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the PRC.

The notices, forms of proxy and reply slips of the AGM and the H Shareholders' Class Meeting have been despatched to the Shareholders and have also been uploaded to the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Bank (www.cqcbank.com) on April 19, 2021. Whether or not you are able to attend the AGM and/or the H Shareholders' Class Meeting, you are requested to complete the relevant form of proxy in accordance with the instructions printed thereon and return the same to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time specified for holding the AGM and/or the H Shareholders' Class Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM and/or the H Shareholders' Class Meeting or any adjournment thereof if you so wish.

* *The Bank holds a financial licence number B0206H250000001 approved by the regulatory authority of the banking industry of the PRC and was authorised by the Administration for Market Regulation of Chongqing to obtain a corporate legal person business licence with a unified social credit code 91500000202869177Y. The Bank is not an authorised 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 authorised to carry on banking and/or deposit-taking business in Hong Kong.*

April 26, 2021

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DEFINITIONS

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

“AGM”	the 2020 annual general meeting of the Bank to be held at Multi-Function Conference Hall, 3/F of the Building of the Head Office of Bank of Chongqing, No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the PRC at 9:30 a.m. on Thursday, May 20, 2021
“A Share(s)”	domestic share(s) in the share capital of the Bank with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB (Stock code: 601963)
“A Shareholder(s)”	holder(s) of A Shares
“A Shareholders’ Class Meeting”	the 2021 first A Shareholders’ class meeting to be held by the Bank at Multi-Function Conference Hall, 3/F of the Building of the Head Office of Bank of Chongqing, No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the PRC at 11:00 a.m. on Thursday, May 20, 2021
“A Share Convertible Corporate Bonds” or “A Share Convertible Bonds” or “Convertible Bonds”	convertible corporate bonds which can be converted into new A Shares proposed to be issued by the Bank in the PRC with an aggregate amount of not more than RMB13 billion (RMB13 billion inclusive)
“Articles of Association”	Articles of Association of Bank of Chongqing Co., Ltd., as amended, modified or otherwise supplemented from time to time
“Bank” or “Bank of Chongqing”	Bank of Chongqing Co., Ltd. (重慶銀行股份有限公司), a joint stock company incorporated in the PRC, whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange
“Board”	the board of Directors
“Board of Supervisors”	the board of Supervisors
“CB Conversion Price”	the price at which the new A Shares will be issued upon conversion of the Convertible Bonds, as may be adjusted from time to time

DEFINITIONS

“CB Holder(s)”	holders of the Convertible Bonds proposed to be issued
“Chongqing CBIRC”	Chongqing Bureau of China Banking and Insurance Regulatory Commission
“Class Meetings”	the A Shareholders’ Class Meeting and/or the H Shareholders’ Class Meeting (as the case may be)
“Company Law”	the Company Law of the People’s Republic of China, as amended from time to time
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Bank
“H Share(s)”	overseas-listed foreign shares in the share capital of the Bank with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“H Shareholders’ Class Meeting”	the 2021 first H Shareholders’ class meeting to be held by the Bank at Multi-Function Conference Hall, 3/F of the Building of the Head Office of Bank of Chongqing, No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the PRC at 11:00 a.m. on Thursday, May 20, 2021
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	April 20, 2021, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Offshore Preference Shares”	the U.S.\$750,000,000 5.40% non-cumulative perpetual offshore preference Shares issued by the Bank outside the PRC to investors on December 20, 2017
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)” or “Ordinary Share(s)”	A Share(s) and H Share(s) of the Bank
“Shareholder(s)” or “Ordinary Shareholder(s)”	holder(s) of the Shares
“State Council”	the State Council of the PRC
“Supervisor(s)”	the supervisor(s) of the Bank
“US\$”	the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



BANK OF CHONGQING CO., LTD.*
重慶銀行股份有限公司*

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

(Stock Code: 1963)

(Stock Code of Preference Shares: 4616)

Executive Directors:

Ms. LIN Jun
Mr. RAN Hailing
Mr. LIU Jianhua
Mr. WONG Wah Sing

Registered office:

No. 6 Yongpingmen Street
Jiangbei District
Chongqing
PRC

Non-executive Directors:

Mr. WONG Hon Hing
Mr. YANG Yusong
Mr. WU Heng
Ms. LIU Ying

*Principal place of business
in Hong Kong:*

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Independent non-executive Directors:

Dr. LIU Xing
Mr. WANG Rong
Dr. ZOU Hong
Dr. FUNG Don Hau
Mr. YUAN Xiaobin

April 26, 2021

To the Shareholders

Dear Sir or Madam,

**PROPOSED ISSUANCE OF A SHARE
CONVERTIBLE CORPORATE BONDS
PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR
AND
PROPOSED CHANGE OF AUDITORS**

I. INTRODUCTION

The AGM and the H Shareholders' Class Meeting of the Bank are proposed to be held on Thursday, May 20, 2021. The notices, forms of proxy and reply slips of the AGM and the H Shareholders' Class Meeting have been despatched to the Shareholders and have also been uploaded on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Bank (www.cqcbank.com) on April 19, 2021.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with all information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions set out in the notices of the AGM and the H Shareholders' Class Meeting.

II. PROPOSED ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS

Reference is made to the announcement of the Bank dated March 30, 2021 in relation to, among others, the proposed issuance of A Share Convertible Corporate Bonds and related matters.

1. Resolutions in Relation to the Proposed Issuance of A Shares Convertible Corporate Bonds

Resolutions in relation to the proposed issuance of A Shares Convertible Corporate Bonds include:

- (1) Proposal on the Plan for the Public Issuance of A Share Convertible Corporate Bonds by Bank of Chongqing Co., Ltd.;
- (2) Proposal on Fulfilling the Conditions for the Public Issuance of A Share Convertible Corporate Bonds by Bank of Chongqing Co., Ltd.;
- (3) Proposal on the Feasibility Report of the Use of Proceeds from the Public Issuance of A Share Convertible Corporate Bonds by Bank of Chongqing Co., Ltd.;
- (4) Proposal on the Report regarding the Use of Proceeds Previously Raised of Bank of Chongqing Co., Ltd.;
- (5) Proposal on the Dilution of Immediate Returns and Remedial Measures to the Public Issuance of A Share Convertible Corporate Bonds by Bank of Chongqing Co., Ltd.;
- (6) Proposal on the Authorization to be Granted by the General Meeting to Manage Matters Related to the Public Issuance of A Share Convertible Corporate Bonds;
- (7) Proposal on Preliminary Proposal for the Public Issuance of A Share Convertible Corporate Bonds by Bank of Chongqing Co., Ltd.; and
- (8) Proposal on the Rules of A Share Convertible Corporate Bondholders' Meeting of Bank of Chongqing Co., Ltd.

The details of the proposals above are set out in Appendix I to Appendix VIII to this circular.

LETTER FROM THE BOARD

2. Reasons for and Benefits of the Issuance of A Share Convertible Bonds

Over the years, commercial banks have been faced by increasingly strict capital regulation in the backdrop of heightened regulatory requirements. Pursuant to the Administrative Measures for Capital Management of Commercial Banks (Trial), the de minimus requirements on core Tier-1 capital adequacy ratio, Tier-1 capital adequacy ratio and capital adequacy ratio are respectively 7.5%, 8.5% and 10.5% for non-systemically important banks, and a countercyclical capital requirement of no up to 2.5% may be imposed where appropriate. As of December 31, 2020, the Bank's core Tier-1 capital adequacy ratio, Tier-1 capital adequacy ratio and capital adequacy ratio were at a relatively low level of 8.39%, 9.57% and 12.54%, respectively.

As its business scale continues to expand with ongoing optimization of business structure, the Bank is bound to face the pressure of capital replenishment going ahead. In order to better meet the regulatory requirements and enhance its risk resistance capacity, it is necessary for the Bank to issue the A Share Convertible Bonds to further improve its capital adequacy.

Currently, as the Bank can no longer meet the need from its rapid business development merely by relying on retained profit to supplement its core Tier-1 capital, it is necessary to establish a sustainable external capital replenishment method to broaden its capital replenishment channels. The proposed issuance of A Share Convertible Bonds is one of the effective refinancing methods for the Bank, as a commercial bank listed on the Shanghai Stock Exchange in February 2021, to improve its capital adequacy. The proposed issuance of A Share Convertible Bonds will enable the Bank to further broaden its capital replenishment channels and improve its capital quality. A sustainable securitized capital replenishment mechanism is conducive to better development of the Bank's business.

In light of its strategic vision of building a national top-notch listed commercial bank "remaining true to its original aspiration to create exceptional value through differentiated, safe and sound operations", the Bank adhered to serving local economy, small and micro enterprises as well as urban and rural residents, leading to continuous progress of various operations and a steady growth in asset size. With a commitment to serving the real economy, the Bank vigorously grows inclusive finance, focusing its small and micro enterprise banking business on technology-enabled and innovation-driven enterprises, green environmental industries and customers in the fields of agriculture, rural areas and farmers to contribute to rural revitalization. For its corporate banking business, the Bank focuses on state-owned enterprises, private enterprises and livelihood-concerned customers in key industries, seeking to improve its refined management level. In order to better support transformation and upgrade the real economy, the Bank needs to further enhance its capital strength. The proposed public issuance of A Share Convertible Bonds will allow the Bank to further enhance its capital strength, which will not only help the Bank meet its business development needs, but also contribute to its stronger capability in serving the real economy.

LETTER FROM THE BOARD

3. Effect on Shareholding Structure of the Bank

The initial CB Conversion Price of the A Share Convertible Bonds shall not be lower than the highest of the following: the average trading price of A Shares of the Bank for the 20 trading days immediately before the date of publication of the offering document of the A Share Convertible Bonds (in the event that during such 20 trading days the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted based on ex-rights or ex-dividend share price); the average trading price of A Shares of the Bank on the trading day immediately before the date of publication of the offering document of the A Share Convertible Bonds; the latest audited net asset value per Share; and the par value of a Share. The actual initial CB Conversion Price shall be determined by the Board (or its authorized person(s)) with reference to market conditions, according to the authorization by the Shareholders at the general meeting.

Average trading price of A Shares for the 20 preceding trading days = Total trading amount of A Shares for such 20 preceding trading days/Total trading volume of A Shares for such 20 trading days; Average trading price of A Shares for the preceding trading day = Total trading amount of A Shares for such preceding trading day/Total trading volume of A Shares for such day.

The above complies with the principle for determining the initial conversion price stated in the Measures for Administration of the Issue of Securities by Listed Companies. The actual CB Conversion Price shall be determined before the issuance of the A Share Convertible Bonds. Notwithstanding the above, the Bank has fixed a minimum initial CB Conversion Price of RMB11.28 per Share, which represents the audited net asset value per Share of the Bank as at December 31, 2020.

LETTER FROM THE BOARD

The shareholding structure of the Bank as at the Latest Practicable Date and immediately after completion of the proposed issuance of A Share Convertible Bonds and conversion of all the A Share Convertible Bonds into A Shares (assuming that (i) the Bank has issued the A Share Convertible Bonds at the maximum issuance amount of RMB13 billion; (ii) all A Share Convertible Bonds have been subscribed by existing A Shareholders in proportion to their current respective holding of A Shares; (iii) all A Share Convertible Bonds have been converted into A Shares at the minimum initial CB Conversion Price of RMB11.28 per Share; and (iv) the Bank will not further issue and allot any Shares before all the A Share Convertible Bonds are converted into A Shares) are as follows:

	As at the Latest Practicable Date		Immediately after completion of the proposed issuance of A Share Convertible Bonds and conversion of all the A Share Convertible Bonds into A Shares at RMB11.28 per Share	
	Number of Shares	As a percentage of total issued Shares	Number of Shares	As a percentage of total issued Shares
A Shares				
Chongqing Yufu Capital Operation Co., Ltd. ⁽¹⁾	407,929,748	11.7407%	655,956,991	14.1768%
RAN Hailing ⁽²⁾	45,374	0.0013%	72,962	0.0016%
LIU Jianhua ⁽²⁾	167,975	0.0048%	270,106	0.0058%
YANG Yusong ⁽²⁾	1,033	0.0000%	1,661	0.0000%
HUANG Changsheng and his spouse ⁽³⁾	184,098	0.0053%	296,032	0.0064%
WU Ping ⁽⁴⁾	65,625	0.0019%	105,526	0.0023%
Public Shareholders	1,487,090,674	42.8001%	2,391,263,518	51.6808%
Total issued A Shares	1,895,484,527	54.5541%	3,047,966,797	65.8737%
H Shares				
Dah Sing Bank, Limited ⁽⁵⁾	458,574,853	13.1983%	458,574,853	9.9109%
Chongqing Yufu (Hong Kong) Limited ⁽¹⁾	54,250,000	1.5614%	54,250,000	1.1725%
Public Shareholders	1,066,195,959	30.6863%	1,066,195,959	23.0430%
Total issued H Shares	1,579,020,812	45.4459%	1,579,020,812	34.1263%
Total issued Shares	3,474,505,339	100%	4,626,987,609	100%

Note (1) Chongqing Yufu Capital Operation Co., Ltd. is a substantial Shareholder of the Bank. Chongqing Yufu (Hong Kong) Limited is a subsidiary of Chongqing Yufu Capital Operation Co., Ltd. Each of Chongqing Yufu Capital Operation Co., Ltd. and Chongqing Yufu (Hong Kong) Limited is a connected person of the Bank as defined under Chapter 14A of the Listing Rules. As of the Latest Practicable Date, Chongqing Yufu Capital Operation Co., Ltd. holds 407,929,748 A Shares of the Bank and Chongqing Yufu (Hong Kong) Limited holds 54,250,000 H Shares of the Bank.

LETTER FROM THE BOARD

Note (2) RAN Hailing, LIU Jianhua and YANG Yusong are Directors and connected persons of the Bank as defined under Chapter 14A of the Listing Rules. As of the Latest Practicable Date, RAN Hailing, LIU Jianhua and YANG Yusong hold 45,374, 167,975 and 1,033 A Shares of the Bank respectively.

Note (3) HUANG Changsheng is a Supervisor of the Bank. Each of HUANG Changsheng and his spouse is a connected person of the Bank as defined under Chapter 14A of the Listing Rules. As of the Latest Practicable Date, HUANG Changsheng holds 123,451 A Shares of the Bank and the spouse of HUANG Changsheng holds 60,647 A Shares of the Bank.

Note (4) WU Ping is a Supervisor and a connected person of the Bank as defined under Chapter 14A of the Listing Rules. As of the Latest Practicable Date, WU Ping holds 65,625 A Shares of the Bank.

Note (5) Dah Sing Bank, Limited is a substantial Shareholder and a connected person of the Bank as defined under Chapter 14A of the Listing Rules. As of the Latest Practicable Date, Dah Sing Bank, Limited holds 458,574,853 H Shares of the Bank.

4. Relevant Regulatory Procedures and Conditions

Please refer to Appendix II for a summary of statutory conditions and requirements for the issuance of Convertible Bonds.

The plan for the issuance of A Share Convertible Bonds has been approved at the twenty-fourth meeting of the sixth session of the Board of the Bank. The plan for the issuance of A Share Convertible Bonds is subject to approval of the Chongqing State-Owned Assets Supervision and Administration Commission. Meanwhile, the plan for the issuance of A Share Convertible Bonds and supporting documents will be considered at the AGM and the Class Meetings. Upon approval at the AGM and the Class Meetings, the plan, together with supporting documents, will be submitted to Chongqing CBIRC for review and approval. After obtaining Chongqing CBIRC's approval, the plan has to be submitted to CSRC for review and approval.

After obtaining the approvals from all relevant PRC regulatory authorities, the Bank will issue the A Share Convertible Bonds subject to market opportunities.

Within the 12-month validity period of the CSRC approval, the Bank will discuss and determine the detailed terms of the proposed issuance with underwriters, including conversion price and the number and terms of bonds to be offered to existing A Shareholders. If the subscription by existing A Shareholders involves connected transaction(s) as defined under the Listing Rules, the Bank shall comply with requirements relating to connected transactions under Chapter 14A of the Listing Rules. Furthermore, the Bank will publish an announcement immediately following the issuance.

The plan shall be valid for 12 months from the date on which the resolution is approved at the AGM and the Class Meetings. In the event that the issuance has not been completed within 12 months after such date, the Bank will resubmit resolutions to the general meeting and class meetings for consideration and approval to extend the validity of the issuance plan and the relevant authorization(s).

LETTER FROM THE BOARD

5. Equity Financing Activities in the Past 12 Months

Reference is made to the announcement of the Bank dated February 4, 2021 in relation to the completion of the issuance of A Shares by the Bank and the listing of A Shares on the Shanghai Stock Exchange on February 5, 2021. On February 4, 2021, the Bank completed issuance of 347,450,534 A Shares. Net proceeds of RMB3.705 billion raised after deducting issuance costs including but not limited to underwriting and sponsor fees have been fully applied towards replenishing the core Tier-1 capital of the Bank.

Save for the above, in the past 12 months immediately before the date of this circular, the Bank has not conducted any equity financing activities involving the issuance of equity securities.

6. Relevant Risk of the Public Issuance of A Share Convertible Bonds

The public issuance of A Share Convertible Bonds is subject to certain relevant risks, including but not limited to risk of changes in politics, laws, regulations and policies, management risk, risk in approvals, etc. When evaluating the public issuance of A Share Convertible Bonds by the Bank, investors should take the aforementioned risk factors into due consideration.

7. Listing Rules Implications

Pursuant to Rule 19A.38 of the Listing Rules, the proposed public issuance of A Share Convertible Bonds shall be subject to the approval of the Shareholders at the AGM and the Class Meetings by way of special resolutions.

Certain A Shareholders of the Bank are connected persons of the Bank. For details, please refer to the section headed “3. Effect on Shareholding Structure of the Bank”. Under Chapter 14A of the Listing Rules, subscription of the A Share Convertible Bonds by such connected persons will constitute connected transaction(s) of the Bank, and shall be subject to relevant reporting, announcement and independent Shareholders’ approval requirements under the Listing Rules. In particular, pursuant to Rule 14A.36 of the Listing Rules, any subscription by such connected persons shall be conditional upon independent Shareholders’ approval at a general meeting of the Company. If it is proposed that connected person(s) will subscribe for A Share Convertible Bonds, the Bank will promptly make further announcement(s) and comply with the requirements of Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

III. PROPOSED CHANGE OF AUDITORS

Reference is made to the announcement of the Bank dated March 30, 2021 in relation to, among others, the proposed change of auditors.

Under the relevant requirements of the Measures for State-owned Financial Enterprises to Select and Appoint Accounting Firms promulgated by the Ministry of Finance of the PRC, a financial institution shall not engage the same accounting firm for more than 8 years. Given these requirements, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers (collectively, “**PwC**”) are required to retire as the auditors of the Bank with effect from the conclusion of the forthcoming AGM of the Bank and will not be re-appointed. As recommended by the audit committee of the Bank (the “**Audit Committee**”), the Board has resolved to propose to appoint Ernst & Young Hua Ming LLP and Ernst & Young as external auditors of the Bank for 2021 to provide relevant services in accordance with Chinese and international auditing standards, respectively.

PwC have confirmed in writing that there are no other matters or circumstances that need to be brought to the attention of the Shareholders of the Bank in connection with the above change. The Board confirms that there are no other matters or circumstances that need to be brought to the attention of the Shareholders of the Bank in connection with the above change. The Board and the Audit Committee also confirm that there are no disagreements or unresolved matters between the Bank and PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

The proposed appointment of auditors above shall be subject to the consideration and approval by the Bank at the AGM.

IV. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Bank dated March 30, 2021 in relation to, among others, the proposed appointment of Ms. ZHONG Xian (“**Ms. ZHONG**”) as a non-executive director of the Bank. As at March 30, 2021, the Board has considered and approved the proposed appointment of Ms. ZHONG as a non-executive director of the Bank and presentation at the 2020 AGM for approval.

In the event that Ms. ZHONG is appointed as a non-executive director of the Bank, her qualification of directorship shall be subject to the approval by the Chongqing CBIRC, and her term shall be effective from the date of approval by the Chongqing CBIRC for her qualification of directorship to the expiry of the term of office of the sixth session of the Board.

LETTER FROM THE BOARD

Upon approval of the appointment of Ms. ZHONG at the AGM and approval by the Chongqing CBIRC, the Bank will enter into a service contract with Ms. ZHONG. The annual remuneration of Ms. ZHONG will include a fixed remuneration of RMB37,500 (fixed remuneration will increase by RMB10,000 if serving as the chairman of a special committee of the Board) and a variable remuneration based on the number of on-site meetings and events organized by the Board attended in person (RMB3,000 each meeting/event) and the number of off-site meetings and meetings attended by way of conference call (RMB1,500 each meeting). Ms. ZHONG's remuneration is determined in accordance with applicable laws, regulations and regulatory requirements and the relevant remuneration policies of the Bank.

The biographical details of Ms. ZHONG is set out in Appendix IX to this circular.

V. AGM AND H SHAREHOLDERS' CLASS MEETING

The AGM will be held at 9:30 a.m. on Thursday, May 20, 2021 at the Multi-Function Conference Hall, 3/F of the Building of the Head Office of Bank of Chongqing, No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the PRC. The H Shareholders' General Meeting will be held at 11:00 a.m. on Thursday, May 20, 2021 at the Multi-Function Conference Hall, 3/F of the Building of the Head Office of Bank of Chongqing, No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the PRC. The notices, forms of proxy and reply slips of the AGM and the H Shareholders' Class Meeting have been despatched to the Shareholders and have also been uploaded on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Bank (www.cqcbank.com) on April 19, 2021.

The register of members of H Shares of the Bank will be closed from Wednesday, May 12, 2021 to Thursday, May 20, 2021 (both days inclusive), during which time no transfer of H Shares of the Bank will be effected and registered. Purchasers of H Shares who have submitted their instruments of share transfer to the H Share Registrar of the Bank and registered as Shareholders on the H Share register of members of the Bank before 4:30 p.m. on Tuesday, May 11, 2021 (the "**Last Registration Date**") are entitled to attend and vote in respect of all resolutions to be proposed at the AGM and/or the H Shareholders' Class Meeting. In order to attend the AGM and/or the H Shareholders' Class Meeting, holders of H Shares should ensure that all transfer documents, accompanied by the relevant H Share certificates, are lodged with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Tuesday, May 11, 2021 (i.e. the Last Registration Date).

Shareholders intending to attend the AGM and/or the H Shareholders' Class Meeting in person or by their proxies should complete and return the reply slips for attending the AGM and/or the H Shareholders' Class Meeting to the Bank's H Share Registrar (for holders of H Shares) on or before Wednesday, April 28, 2021.

LETTER FROM THE BOARD

To be valid, for holders of H Shares, the form of proxy and notarized power of attorney or other document of authorization must be delivered to the Bank's H Share Registrar not less than 24 hours before the time appointed for the AGM and/or the H Shareholders' Class Meeting. Completion and return of the proxy form will not preclude you from attending and voting at the AGM and/or the H Shareholders' Class Meeting in person if you so wish.

VI. LISTING RULES REQUIREMENTS

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions at the AGM and the H Shareholders' Class Meeting will be taken by way of a poll.

Pursuant to Rule 2.15 of the Listing Rules, where shareholders' approval is required with regard to a transaction or arrangement, any shareholder that has a material interest in such transaction or arrangement shall abstain from voting on the resolution(s) approving such transaction or arrangement at the general meeting.

Chongqing Yufu Capital Operation Group Co., Ltd., Chongqing Yufu (Hong Kong) Limited, Chongqing Land Group Co., Ltd., Lifan Technology (Group) Co., Ltd, Lifan International (Holdings) Limited, Chongqing Road & Bridge Co., Ltd., Chongqing Rural Commercial Bank Co., Ltd., Chongqing International Trust Inc., Chongqing Chuanyi Automation Co., Ltd., Chongqing Hotel Co., Ltd., Chongqing Kangju Real Estate Development Co., Ltd., Chongqing Union Property Right Exchange Co., Ltd., Southwest Securities Company, Ltd. and Chongqing Institute of Pest Control are regarded as having a material interest in the Proposal on the Estimated Annual Cap for Daily Connected Transactions for 2021 and shall abstain from voting on the resolution.

Save as disclosed above, as far as the Directors are aware, as of the Latest Practicable Date, no Shareholder is considered to have a material interest in the transactions or arrangements contemplated under the resolutions to be considered and approved at the AGM and/or the Class Meetings, therefore none of the Shareholders has to abstain from voting at the AGM and the Class Meetings.

LETTER FROM THE BOARD

VII. RECOMMENDATIONS

The Board has passed the relevant resolutions of the proposals to be submitted to the Shareholders for consideration and approval. At such Board meetings, Mr. YANG Yusong and Ms. LIU Ying were considered to have a material interest in, and therefore abstained from voting on, the Proposal on the Estimated Annual Cap for Daily Connected Transactions for 2021; otherwise, no Director was considered to have a material interest as defined under Rule 2.16 of the Hong Kong Listing Rules in any of the abovementioned resolutions nor was any of the Directors required to abstain from voting pursuant to the Articles of Association. Therefore, none of the Directors had abstained from voting at the relevant Board meetings.

The Board (including the independent non-executive Directors) considers that the resolutions to be proposed at the AGM and/or the H Shareholders' Class Meeting (if applicable) are in the interests of the Bank and the Shareholders as a whole and accordingly recommends that the Shareholders vote in favour of all the resolutions to be proposed at the AGM and/or the H Shareholders' Class Meeting (if applicable).

VIII. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendices I to IX to this circular.

Certain amounts and percentages figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

By order of the Board
Bank of Chongqing Co., Ltd.*
WONG Wah Sing
Executive Director

Chongqing, the PRC

* *The Bank holds a financial licence number B0206H250000001 approved by the regulatory authority of the banking industry of the PRC and was authorised by the Administration for Market Regulation of Chongqing to obtain a corporate legal person business licence with a unified social credit code 91500000202869177Y. The Bank is not an authorised 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 authorised to carry on banking and/or deposit-taking business in Hong Kong.*

**The Proposal on the Plan for the Public Issuance of A Share Convertible
Corporate Bonds by Bank of Chongqing Co., Ltd.**

Pursuant to the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Measures for Administration of the Issue of Securities by Listed Companies and the Administrative Measures for Capital Management of Commercial Banks (Trial) and other laws and regulations, the Bank formulated the plan for the public issuance of A share convertible corporate bonds ("**Convertible Bonds**") as detailed below:

1. TYPE OF SECURITIES TO BE ISSUED

The type of the securities to be issued is corporate bonds that can be converted into A Shares of the Bank. Such A Share Convertible Bonds and A Shares of the Bank to be converted into will be listed on the Shanghai Stock Exchange.

2. ISSUE SIZE

The total amount of the A Share Convertible Bonds proposed to be issued will be not more than RMB13 billion (RMB13 billion inclusive). The actual issue size shall be determined by the Board (or its authorized person(s)) within the above scope, according to the authorization by the Shareholders at the general meeting.

3. PAR VALUE AND ISSUE PRICE

The A Share Convertible Bonds will be issued at par value which is RMB100 each.

4. TERM

The term of the A Share Convertible Bonds will be six years from the date of issuance.

5. INTEREST RATE

The manner of determining the coupon rate of the A Share Convertible Bonds and the final interest rate of each interest accrual year shall be determined by the Board (or its authorized person(s)) with reference to government policies, market conditions and actual conditions of the Bank before the issuance, according to the authorization by the Shareholders at the general meeting.

6. TIMING AND METHOD OF INTEREST PAYMENT**(1) Calculation of the interest for interest accrual year**

The interest for each interest accrual year (the “**Annual Interest**”) refers to the interest accrued to the holders of the A Share Convertible Bonds (the “**CB Holders**”) in each year on each anniversary of the date of issuance of the A Share Convertible Bonds, calculated based on the aggregate nominal value of their A Share Convertible Bonds.

The formula for calculating the Annual Interest is: $I=B \times i$

I: denotes the Annual Interest;

B: denotes the aggregate nominal value of the A Share Convertible Bonds held by a CB Holder as at the record date for interest payment rights in an interest accrual year (“**that year**” or “**each year**”);

i: denotes the coupon rate of the A Share Convertible Bonds of that year.

(2) Means of payment

- a. Interest of the A Share Convertible Bonds will be paid annually, accruing from the date of issuance of the A Share Convertible Bonds.
- b. Interest payment date: The interest is payable annually on each anniversary of the date of issuance of the A Share Convertible Bonds. If such day falls on a statutory holiday or rest day, the interest payment date shall be postponed to the first trading day immediately thereafter, provided that no additional interest will be accrued during the period of postponement. The period between an interest payment date and the immediately following interest payment date will be an interest accrual year.
- c. Record date for interest payment rights: The record date for interest payment rights in each year will be the last trading day preceding the interest payment date. The Bank will pay the interest accrued in that year within five trading days from the interest payment date. The Bank will not pay any interest for that year and subsequent interest accrual years to the CB Holders whose A Share Convertible Bonds have been applied to be converted into the A Shares of the Bank on or before the record date for interest payment rights.
- d. Tax payable on the interest income of a CB Holder shall be borne by such CB Holder.

7. CONVERSION PERIOD

The conversion period of the A Share Convertible Bonds commences on the first trading day immediately following the expiry of the six-month period after the date of completion of the issuance of the A Share Convertible Bonds and ends on the maturity date of the A Share Convertible Bonds.

8. DETERMINATION AND ADJUSTMENT OF THE CB CONVERSION PRICE

(1) Basis for determining the initial CB Conversion Price

The initial CB Conversion Price of the A Share Convertible Bonds shall not be lower than the highest of the following: the average trading price of A Shares of the Bank for the 20 trading days immediately before the date of publication of the offering document of the A Share Convertible Bonds (in the event that during such 20 trading days the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted based on ex-rights or ex-dividend share price); the average trading price of A Shares of the Bank on the trading day immediately before the date of publication of the offering document of the A Share Convertible Bonds; the latest audited net asset value per Share; and the par value of a Share. The actual initial CB Conversion Price shall be determined by the Board (or its authorized person(s)) with reference to market conditions, according to the authorization by the Shareholders at the general meeting.

Average trading price of A Shares for the 20 preceding trading days = Total trading amount of A Shares for such 20 preceding trading days/Total trading volume of A Shares for such 20 trading days; Average trading price of A Shares for the preceding trading day = Total trading amount of A Shares for such preceding trading day/Total trading volume of A Shares for such day.

(2) Adjustments to the CB Conversion Price and the calculation formula

After the issuance, upon the occurrence of distribution of scrip dividend, capitalization issue, issuance of new shares, rights issue (excluding any increase in the share capital as a result of conversion of the A Share Convertible Bonds) or any other situation which affect the share capital of the Bank or distribution of cash dividend, the Bank will adjust the CB Conversion Price based on the actual situation and in accordance with the principles of fairness, impartiality and justice as well as the principle of fully protecting the CB Holders' interests. The specific CB Conversion Price adjustment formula will be specified by the Board (or its authorized person(s)) in the offering document in accordance with relevant regulations.

Where the abovementioned changes in share capital and/or shareholders' equity occur, the Bank will adjust the CB Conversion Price in accordance with the methods determined. The adjustment of the CB Conversion Price will be published in the form of an announcement on the media designated by the CSRC for the information disclosure of listed companies. The announcement will indicate the date of adjustment to the CB Conversion Price, adjustment method and suspension period of share conversion (if necessary). The Bank will also make announcement(s) in Hong Kong in accordance with requirements under the Listing Rules and the Articles of Association (if necessary). If the CB Conversion Price adjustment date is on or after the CB Holder's application for conversion, and before the share registration date, then such conversion will be based on the CB Conversion Price adjusted by the Bank.

In cases of repurchase, consolidation and subdivision of shares or any other situation that may change the type, amount, and/or shareholders' equity and therefore may affect the bond rights or conversion derivative rights of the CB Holders, the Bank will adjust the CB Conversion Price in accordance with the principles of fairness, impartiality and justice as well as the principle of fully protecting the CB Holders' interests. The content of the adjustment of the CB Conversion Price and the method of operation will be formulated in accordance with the applicable laws and regulations of the state and the relevant provisions of the securities regulatory authority.

9. DOWNWARD ADJUSTMENT TO THE CB CONVERSION PRICE

(1) Adjustment authorization and permitted adjustment magnitude

The CB Conversion Price may be subject to downward adjustments if, during the term of the A Share Convertible Bonds, the closing prices of the A Shares of the Bank in any 15 trading days out of any 30 consecutive trading days are lower than 80% of the prevailing CB Conversion Price. The Board may propose any such adjustments for the Shareholders to consider and seek their approval at a general meeting of the Bank.

In the event that an adjustment to the CB Conversion Price is made due to ex-rights or ex-dividend during the aforementioned trading days, in respect of the trading days prior to such adjustment, the calculation shall be made based on the unadjusted CB Conversion Price and the closing price of the Shares on each such day, and in respect of the days on which such adjustment is made and the trading days afterwards, the calculation shall be made based on the adjusted CB Conversion Price and the closing price of the Shares on each such day.

The abovementioned proposal is subject to approval of two-thirds of the voting rights held by the Shareholders of the Bank present at the meeting. Shareholders who hold the A Share Convertible Bonds issued hereunder should abstain from voting. The adjusted CB Conversion Price shall not be lower than the highest of the following: the average trading price of A Shares of the Bank for the 20 trading days immediately before the general meeting for consideration and approval of the aforementioned proposal (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted based on ex-rights or ex-dividend share price); the average trading price of A Shares of the Bank on the trading day immediately before the general meeting for consideration and approval of the aforementioned proposal; the latest audited net asset value per Share; and the par value of a Share.

(2) Procedure of adjustment

If the Bank decides to make a downward adjustment to the CB Conversion Price, the Bank will publish an announcement on the media designated by the CSRC for information disclosure of listed companies. Such announcement will include the resolutions of general meeting and will cover the magnitude of the adjustment, the share registration date, the suspension period of share conversion (if necessary). The Bank will also make announcement(s) in Hong Kong in accordance with requirements under the Listing Rules and the Articles of Association (if necessary). Share conversion will be restored for application based on the adjusted CB Conversion Price on the first trading day after the registration date (i.e. the effective date of the downward adjustment to the CB Conversion Price).

If the adjustment date is prior to the registration date and on or after the share conversion application date, the share conversion application shall be executed based on the CB Conversion Price after the adjustment.

10. METHOD FOR DETERMINING THE NUMBER OF SHARES FOR CONVERSION

Where a CB Holder applies to convert the A Share Convertible Bonds held by him during the conversion period, the formula for calculating number of Shares to be issued upon conversion is: $Q = V/P$. Any fractional Share shall be rounded down to the nearest whole number.

Where,

V: denotes the aggregate nominal value of the A Share Convertible Bonds in respect of which the CB Holders apply for conversion;

P: denotes the prevailing CB Conversion Price as at the date of application for conversion.

Within five trading days from the conversion of the A Share Convertible Bonds by the CB Holders, the Bank will pay the CB Holders in cash an amount equal to the nominal value of the remaining balance of such A Share Convertible Bonds which are insufficient to be converted into one Share and the interest accrued then on such balance in accordance with relevant requirements of the Shanghai Stock Exchange and such other authorities (please refer to “12. TERMS OF REDEMPTION” for details of the method of calculation of the interest accrued then).

11. DIVIDEND RIGHTS OF THE YEAR OF CONVERSION

The new A Shares of the Bank to be issued as a result of the conversion of the A Share Convertible Bonds shall rank pari passu with all the existing A Shares, and are entitled to dividend of that period for A Shareholders registered on the share registration date for dividend distribution.

12. TERMS OF REDEMPTION

(1) Terms of redemption at maturity

Within five trading days after the maturity of the A Share Convertible Bonds, the Bank will redeem all the A Share Convertible Bonds which have not been converted into Shares at a premium (including the annual interest of the final term) over the par value of the A Share Convertible Bonds. The actual premium shall be determined by the Board (or its authorized person(s)) with reference to market conditions, according to the authorization by the Shareholders at the general meeting.

(2) Terms of conditional redemption

During the conversion period of the A Share Convertible Bonds, if the closing price of the A Shares of the Bank is not lower than 130% (130% inclusive) of the prevailing CB Conversion Price in at least 15 trading days out of any 30 consecutive trading days, the Bank has the right to redeem all or part of the A Share Convertible Bonds which have not been converted into Shares based on the par value plus the interest accrued then, subject to the approval from relevant regulatory authorities (if necessary). In the event that an adjustment to the CB Conversion Price is made due to ex-rights or ex-dividend during the aforementioned trading days, in respect of the trading days prior to such adjustment, the calculation shall be made based on the unadjusted CB Conversion Price and the closing price of the Shares on each such day, and in respect of the trading days after the adjustment is made, the calculation shall be made based on the adjusted CB Conversion Price and the closing price of the Shares on each such day.

In addition, when the aggregate nominal value of the balance of the outstanding A Share Convertible Bonds issued hereunder is less than RMB30 million, the Bank shall have the right to redeem all the A Share Convertible Bonds which have not been converted into Shares at a price equal to the nominal value plus the interest accrued then.

The formula for calculating the interest accrued then is: $IA=B \times i \times t / 365$

IA: denotes the accrued interest for the current period;

B: denotes the aggregate nominal value of the A Share Convertible Bonds issued hereunder that are held by the CB Holders and will be redeemed;

i: denotes the coupon rate of the A Share Convertible Bonds for the current year;

t: denotes the number of days on which interest is accrued, meaning the actual number of calendar days from the last interest payment date (inclusive) to the redemption date (exclusive) of the interest accrual year.

13. TERMS OF SALE BACK

If the actual usage of the proceeds from the issuance of the A Share Convertible Bonds differs from the undertaking of the use of proceeds set out by the Bank in the offering document, and such difference is considered by the CSRC as a deviation from the use of the proceeds, the CB Holders will have a one-off right to sell the A Share Convertible Bonds back to the Bank at the nominal value plus the interest accrued then. Under this scenario, the CB Holders may sell their A Share Convertible Bonds back to the Bank during the sale back declaration period after it is announced by the Bank. If the CB Holders do not exercise their sale back rights during the sale back declaration period, the rights to sell back the A Share Convertible Bonds shall automatically lapse. Save as aforesaid, the A Share Convertible Bonds may not be sold back at the option of the CB Holders.

14. METHOD OF ISSUANCE AND TARGET INVESTORS

The actual method of the issuance of the A Share Convertible Bonds shall be determined by the Board (or its authorized person(s)), according to the authorization by the Shareholders at the general meeting. The target investors are natural persons, legal persons, securities investment funds and other investors that meet the conditions prescribed by the laws who have maintained securities accounts with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, except those prohibited by the state laws and regulations.

15. SUBSCRIPTION ARRANGEMENT FOR THE EXISTING SHAREHOLDERS

The existing A Shareholders of the Bank shall have preferential rights to subscribe for the A Share Convertible Bonds to be issued. The actual amount to be preferentially allocated to the existing A Shareholders shall be determined by the Board (or its authorized person(s)) with reference to the market conditions before issuance, according to the authorization by the Shareholders at the general meeting, and shall be disclosed in the offering document of the A Share Convertible Bonds.

Such preferential subscription shall be subject to the Company Law, the Listing Rules and any other applicable laws, regulations and rules of any government or regulatory authorities. If the subscription by existing Shareholders involves connected transaction as defined under the Listing Rules, the Bank shall comply with requirements relating to connected transactions under Chapter 14A of the Listing Rules.

16. MATTERS RELATED TO THE CB HOLDERS' MEETING**(1) Rights and obligations of CB Holders*****a. Rights of CB Holders***

- (i) Entitlement to interests in accordance with the amount of the convertible corporate bonds held by the CB Holders;
- (ii) Rights to convert A Share Convertible Bonds into A Shares of the Bank according to the conditions stipulated in the offering document of the A Share Convertible Bonds;
- (iii) Entitlement to exercise sale back rights according to the conditions stipulated in the offering document of the A Share Convertible Bonds;
- (iv) Assignment, bestowal or pledge of the A Share Convertible Bonds in accordance with the laws, administrative regulations and the Articles of Association;
- (v) Access to relevant information in accordance with the laws and the Articles of Association;
- (vi) Claim to the Bank for the principal and interests of the A Share Convertible Bonds in accordance with the period and manner stipulated in the offering document of the A Share Convertible Bonds;

- (vii) Participation in or entrusting agents to participate in CB Holders' meetings and exercising voting rights in accordance with the laws, administrative regulations, etc.;
- (viii) Other rights entitled to creditors of the Bank under the laws, administrative regulations and the Articles of Association.

b. Obligations of the CB Holders

- (i) Complying with the relevant terms of the Convertible Bonds of the Bank;
- (ii) Making due payment of the subscription amount for the Convertible Bonds;
- (iii) Complying with the valid resolutions passed by CB Holders' meeting;
- (iv) Except as specified in the laws, regulations, the Articles of Association or the offering document of the Convertible Bonds, the CB Holders may not request the Bank to make prepayment of the principal and interests of the Convertible Bonds;
- (v) Other obligations of the CB Holders prescribed by the laws, administrative regulations and the Articles of Association.

(2) CB Holders' meetings

a. Circumstances for convening CB Holders' meetings

Except as otherwise specified, a matter in any of the following circumstances shall be resolved through a resolution of CB Holders' meeting:

- (i) proposed changes to the important stipulations of the offering document of the bonds;
 - (A) changes to basic components of the bonds regarding repayment (including repaying party, term, coupon rate adjustment mechanism, etc.);
 - (B) changes to credit enhancement or other debt service coverage and relevant implementation arrangements;
 - (C) changes to the protection to bond investors and relevant implementation arrangements;

- (D) changes to the use of proceeds as stipulated in the offering document;
 - (E) changes to the redemption or sale back terms (if any) as stipulated in the offering document;
 - (F) other changes to significant events closely related to repayment arrangement for principal and interest of bonds and the solvency.
- (ii) proposed amendments to the rules of procedures for CB Holders' meeting;
 - (iii) proposed dismissal or change of the bond trustee manager or change to key terms of the bond trustee management agreement (including but not limited to the scope of mandate for entrusted management matters, the risk prevention and solving mechanism for conflicts of interest, the liability for breach of contract closely related to the rights and interests of CB Holders, and other stipulations);
 - (iv) any of the following events, where it is necessary to decide on or authorize to take corresponding measures (including but not limited to negotiating with the Bank and other relevant parties, initiating or participating in arbitration or litigation proceedings, whether to enforce the Bank and its guarantor (if any) to repay the principal and interest of bonds through litigation proceedings, whether to participate in legal procedures for the Bank's rectification, reconciliation, restructuring or bankruptcy, disposal of collaterals or other measures conducive to the protection of rights and interests of investors, etc.):
 - (A) the Bank has been or is expected to be unable to satisfy as scheduled the principal or interest of the Convertible Bonds;
 - (B) the Bank has been or is expected to be unable to satisfy as scheduled the interest-bearing liabilities other than the A Share Convertible Bonds, and the outstanding amount exceeds RMB50 million and reaches 10% or more of the latest audited net asset value of the Bank as the parent company, which may lead to a default of the A Share Convertible Bonds;
 - (C) the Bank is subject to capital reduction, consolidation, subdivision, an order to suspend its production or business, temporarily detained or revoked license, receivership, dissolution, application for bankruptcy, or bankruptcy proceedings according to law;

- (D) the Bank's solvency is in serious uncertainty due to failure of the Bank's management in performing its duties normally;
 - (E) the Bank's solvency is in serious uncertainty due to a transfer of assets at nil or obviously unreasonable consideration, waiver of debt, or provision of large-value guarantees to external parties by the Bank, its controlling shareholder or actual controller;
 - (F) material adverse changes to credit enhancement providers, credit enhancement measures or other debt service coverage;
 - (G) other events that may have a material adverse impact on the rights and interests of CB Holders.
- (v) a major debt restructuring plan proposed by the Bank;
 - (vi) other circumstances that shall be resolved by the CB Holders' meeting, as provided by the laws, administrative regulations, departmental rules, regulatory documents, or stipulated in the offering document of the Convertible Bonds and these terms.

b. Convening of CB Holders' meetings

- (i) CB Holders' meetings are convened mainly by the trustee manager.
- (ii) The Bank, the CB Holders holding individually or collectively 10% or more of the outstanding A Share Convertible Bonds, guarantors or other institutions or individuals providing credit enhancement or debt service coverage have the right to propose to the trustee manager for convening a CB Holders' meeting.
- (iii) If the trustee manager disagrees with or fails in convening the meeting as required, the Bank, the CB Holders holding individually or collectively 10% or more of the outstanding A Share Convertible Bonds, guarantors or other institutions or individuals providing credit enhancement or debt service coverage have the right to convene a CB Holders' meeting on their own account, in which case the trustee manager shall provide necessary assistance for convening the CB Holders' meeting, including: assisting in the disclosure of CB Holders' meeting notices, meeting results and other documents, causing searches on the CB Holder register on behalf of the convener and providing contact information, assisting the convener in contacting relevant institutions or individuals that should be present at the meeting, etc.

17. USE OF PROCEEDS

After deducting issuance expenses, the proceeds from the issuance of the A Share Convertible Bonds will be utilized in full to support sound business development of the Bank in the future, i.e. to replenish the core Tier-1 capital of the Bank in accordance with relevant regulatory requirements after the conversion of the A Share Convertible Bonds.

18. GUARANTEE AND SECURITIES

There is no guarantee or security in relation to the proposed issuance of the A Share Convertible Bonds.

19. VALIDITY PERIOD OF THE RESOLUTION

The resolution on issuance of the A Share Convertible Bonds is valid for 12 months from the date of approving the offering plan at the general meeting and the Class Meetings of the Bank.

The English version of this appendix is an unofficial translation of its Chinese version. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

Pursuant to the relevant requirements under the Company Law of the PRC (《中華人民共和國公司法》), the Securities Law of the PRC (《中華人民共和國證券法》), the Measures for Administration of the Issue of Securities by Listed Companies (《上市公司證券發行管理辦法》) and other relevant laws and regulations and regulatory documents, Bank of Chongqing Co., Ltd. (the “**Bank**”) deems that the Bank has a sound organizational structure, standardized operation, sustainable profitability, good financial condition, there are no false records in financial statements, the amount and use of proceeds comply with relevant regulations, and there are no major illegal acts nor circumstance where its public offering of securities is prohibited, and it is in compliance with the various qualifications and requirements in relation to the public issuance of convertible corporate bonds by listed companies set out in relevant laws, regulations and regulatory documents, by reference to the qualifications and conditions requirements for the public issuance of convertible corporate bonds by listed companies and by self-checks item by item.

Major Regulations on the Conditions for the Public Issuance of Convertible Corporate Bonds by Listed Companies

In accordance with the Bank’s general meeting, board meeting and other meeting systems, financial condition and internal control systems, and in light of the plan for the use of proceed from the issuance, the Bank has met the statutory requirements for the public issuance of convertible corporate bonds, which are detailed as follows:

I. RELEVANT PROVISIONS UNDER THE COMPANY LAW OF THE PEOPLE’S REPUBLIC OF CHINA

Article 161 Listed companies may issue corporate bonds convertible into shares upon a resolution of the shareholders’ general meeting, and specify specific conversion methods in the rules for the issuance of corporate bonds. The issuance of corporate bonds convertible into shares by a listed company shall be submitted to the securities regulatory authority under the State Council for approval.

The corporate bonds convertible into shares so issued shall be marked with the words “convertible corporate bonds” and the stub of corporate bonds shall indicate the amount of convertible corporate bonds.

Article 162 Companies issuing corporate bonds convertible into shares shall issue share certificates to bondholders based on its conversion methods, however, bondholders have the option to convert or not to convert into shares.

**II. RELEVANT PROVISIONS UNDER THE SECURITIES LAW OF THE PEOPLE'S
REPUBLIC OF CHINA**

Article 12 The issuance of new shares by a listed company shall meet the conditions prescribed by the securities regulatory authority under the State Council as approved by the State Council. The specific administrative measures shall be formulated by the securities regulatory authority under the State Council.

Article 15 The public issuance of corporate bonds shall satisfy the following conditions:

- (I) have a sound and well-operated organization;
- (II) the average distributable profit in the last three years is sufficient to pay a year's interest on the corporate bonds;
- (III) other conditions as stipulated by the State Council.

The proceeds from the public issuance of corporate bonds shall be used in accordance with the use of proceeds set out in the rules for issuance of corporate bonds; changes to the use of proceeds shall be resolved by the bondholders' meeting. The proceeds from the public issuance of corporate bonds shall not be used to make up for losses or non-productive expenditures.

When a listed company issues corporate bonds convertible into shares, in addition to satisfying the conditions specified in the first paragraph, it shall also comply with the provisions of the second paragraph of Article 12 of this Law. However, in accordance with the rules for the issuance of corporate bonds, except for listed companies convert corporate bonds through the acquisition of the company's shares.

**III. RELEVANT PROVISIONS UNDER THE MEASURES FOR ADMINISTRATION
OF THE ISSUE OF SECURITIES BY LISTED COMPANIES**

Article 6 The listed company's organizational structure is sound and functioning well, and meets the following requirements:

- (I) has lawful and effective articles of association, sound systems for shareholders' general meeting, board meeting, meeting of board of supervisors and independent directors in place, and can be able to effectively perform their duties according to law;
- (II) has sound internal control system which can effectively ensure the efficiency of its operation, legal compliance and the reliability of its financial reports; and there are no major defects in the integrity, rationality and effectiveness of the internal control system;

- (III) its current directors, supervisors and senior management have the qualifications to perform their duties faithfully and diligently, and there are no violations of the provisions of Article 147 and Article 148 of the Company Law, and have not been subject to any administrative penalties imposed by the CSRC in the last 36 months nor publicly condemned by the stock exchange within the last 12 months;
- (IV) the personnel, assets, and finances of the listed company and that of the controlling shareholder or de facto controller are separated, the organization and business are independent, and the company is capable of independent operation and management;
- (V) there has been no violation of regulations on provision of external guarantees in the last twelve months.

Article 7 The profitability of a listed company is sustainable and meets the following requirements:

- (I) record profits for the last three consecutive fiscal years, which is calculated based on the lower of the net profit after and before deducting non-recurring gains and losses;
- (II) have relatively stable business and the source of profit, and there is no relying heavily on controlling shareholders and de facto controllers;
- (III) have sustainable principal business or investment direction, stable business model and investment plan, broad market prospects of the major products or services, and no actual or foreseeable major adverse changes in the business environment or market demand of the industry;
- (IV) have stable senior management and core technical personnel, and no major adverse changes have occurred in the last twelve months;
- (V) the company's important assets, core technologies, or other major rights and interests are legally acquired, can be used continuously, and there are no actual or foreseeable major adverse changes;
- (VI) there are no guarantees, litigations, arbitrations or other major matters that may seriously affect the company's continued operations;
- (VII) if securities have been publicly issued in the last 24 months, there is no circumstance in which the operating profit of the year of issuance falls by more than 50% over the previous year.

Article 8 The listed company is in good financial condition and meets the following requirements:

- (I) has standard basic accounting work, and strictly abides by the provisions of the national unified accounting system;
- (II) have not been issued by a certified public accountant with a qualified opinion, a negative opinion or an audit report that is unable to express an opinion for the financial statements for the most recent three years and the most recent period; if an unqualified audit report with an emphasized item section is issued by a certified public accountant, the matters involved have no material adverse effects on the issuer or the material adverse effects have been eliminated before the issuance;
- (III) have high asset quality. The non-performing assets are not enough to cause a significant adverse impact on the company's financial condition;
- (IV) have real operating results and normal cash flow. The recognition of operating income and costs shall strictly follow the relevant national accounting standards for business enterprises, the provision for asset impairment in the last three years is fully and reasonable, and there is no circumstance of manipulation of operating performance;
- (V) the accumulated profits distributed in cash or shares in the last three years shall not be less than 30% of the annual distributable profits realized in the last three years.

Article 9 There is no false record in the financial and accounting documents of the listed company in the last 36 months, and there is no major illegal act as follows:

- (I) violation of securities laws, administrative regulations or rules, subject to administrative penalties by the CSRC due to serious violations, or criminal penalties;
- (II) violation of laws, administrative regulations or rules in relation to industry and commerce, taxation, land, environmental protection and customs, subject to administrative penalties due to serious violations, or criminal penalties;
- (III) acts that seriously violate other national laws and administrative regulations.

Article 10 The amount and use of proceeds raised by a listed company shall comply with the following regulations:

- (I) The amount of proceeds does not exceed the project requirements;
- (II) The use of proceeds complies with the provisions of the national industrial policies and relevant laws and administrative regulations on environmental protection and land management;
- (III) Except for enterprises in finance industry, the use of proceeds shall not be financial investments such as financial assets held for trading or financial assets available for sale, lending to others, entrusted wealth management, etc., and shall not directly or indirectly invest in companies primarily engaging in securities business;
- (IV) After the investment project is implemented, it will not have peer competition with the controlling shareholder or de facto controller or affect the independence of the company's production or operation;
- (V) A special storage system for proceeds is set up. The proceeds shall be deposited in a special account decided by the company's board of directors.

Article 11 A listed company shall not issue securities to the public under any of the following circumstances:

- (I) There are false records, misleading statements or major omissions of the application documents for the issuance;
- (II) Unauthorized alteration of the use of proceeds from the previous public issuance of securities without correction;
- (III) The listed company has been publicly condemned by the stock exchange in the last twelve months;
- (IV) The listed company and its controlling shareholder or de facto controller have failed to fulfill its public undertakings made to investors in the last twelve months;
- (V) The listed company or its current directors or senior management are filed for investigation by judicial organs for suspected crimes or are filed for investigation by the CSRC for suspected violations of laws and regulations;
- (VI) Other circumstances that seriously damage the legitimate rights and interests of investors and the public interests of the society.

Article 14 A company that publicly issues convertible corporate bonds shall, in addition to complying with the provisions of Section 1 of this chapter, also comply with the following provisions:

- (I) The weighted average return on net assets of the most recent three fiscal years shall not be less than 6% on average, which is calculated based on the lower of the net profit after and before deducting non-recurring gains and losses;
- (II) The cumulative balance of corporate bonds after the issuance does not exceed 40% of the net assets at the end of the most recent period;
- (III) The annual average distributable profit realized in the most recent three fiscal years shall not be less than a year's interest on the corporate bonds.

The “convertible corporate bonds” mentioned in the preceding paragraph refer to the corporate bonds which are issued by the issuer according to law and can be converted into shares within a certain period of time based on agreed conditions.

Article 15 The shortest term of convertible corporate bonds is one year and the longest term is six years.

Article 16 The par value of each convertible corporate bond is RMB100.

The interest rate of convertible corporate bonds is determined through negotiation between the issuer and the lead underwriter, subject to relevant national regulations.

Article 17 In the public issuance of convertible corporate bonds, a qualified credit rating agency shall be entrusted to conduct credit rating and follow-up rating.

The credit rating agency shall announce follow-up rating reports at least once a year.

Article 18 A listed company shall complete the repayment of the principal and interest of the bonds within five working days after the expiration of the term of the convertible corporate bonds.

Article 19 The public issuance of convertible corporate bonds shall agree on measures to protect the rights of bondholders, as well as the rights, procedures and conditions for the effective resolution of the bondholders' meeting.

If one of the following matters exists, a bondholders' meeting shall be convened:

- (I) The agreement of the offering document to be changed;
- (II) The issuer cannot pay the principal and interest on schedule;

- (III) The issuer reduces capital, merges, splits, dissolves, or applies for bankruptcy;
- (IV) There is a major change in the guarantor or the collateral;
- (V) Other matters that affect the material rights and interests of bondholders.

Article 20 A guarantee shall be provided for the public issuance of convertible corporate bonds, except for companies with audited net assets of not less than RMB1.5 billion at the end of the most recent period.

Where a guarantee is provided, it shall be a full guarantee, and the scope of the guarantee shall include the principal and interest of the bond, liquidated damages, damages and expenses for the realization of the creditor's rights.

Where a guarantee is provided by way of security, it shall be a joint liability guarantee, and the guarantor's most recent audited net assets shall not be less than the amount of its accumulated external guarantees. Securities companies or listed companies may not act as guarantors for the issuance of convertible bonds, except for listed commercial banks.

If a mortgage or pledge is created, the valuation of the mortgage or pledged property should not be less than the amount of the guarantee. The valuation should be assessed by a qualified asset appraisal agency.

Article 21 Convertible corporate bonds may not be converted into shares until six months from the date of completion of the issuance. The period of conversion shall be determined by the company based on the duration of the convertible corporate bonds and the company's financial condition.

Bondholders have the option to convert into shares or not, and they will become shareholders of the issuer on the next day after the conversion.

Article 22 The conversion price shall not be lower than the average trading price of the company's shares on the 20 trading days before the announcement of the offering document and the average price on the previous trading day.

The conversion price mentioned in the preceding paragraph refers to the price paid for the conversion of convertible corporate bonds into each share as agreed in advance in the offering document.

Article 23 The offering document may stipulate the terms of redemption, stipulating that the listed company may redeem the convertible corporate bonds that have not yet been converted into shares in accordance with the conditions and price agreed in advance.

Article 24 The offering document may stipulate the terms of the sale back, stipulating that the bondholders may sell back the bonds they hold to the listed company according to the conditions and prices agreed in advance.

The offering document shall stipulate that if the listed company changes the purpose of the proceeds announced, it shall give the bondholders the right to sell back once.

Article 25 The offering document shall stipulate the principles and methods for the adjustment of the conversion price. After the issuance of convertible corporate bonds, if the shares of the listed company change due to allotment, additional issuance, bonus shares, dividends, division, or other reasons, the conversion price shall be adjusted at the same time.

Article 26 Where the offering document stipulates the downward revision clause of the conversion price, it shall also stipulate:

- (I) The conversion price amendment plan shall be submitted to the company's shareholders' general meeting for voting, and shall be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting. When voting at the shareholders' general meeting, shareholders holding the company's convertible bonds shall abstain;
- (II) The revised conversion price shall not be lower than the average trading price of the company's shares on the 20 trading days before the shareholders' meeting as prescribed in the preceding paragraph and the average price on the previous trading day.

**APPENDIX III FEASIBILITY REPORT OF THE USE OF PROCEEDS FROM
THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE
CORPORATE BONDS BY BANK OF CHONGQING CO., LTD.**

The English version of this appendix is an unofficial translation of its Chinese version. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

**Feasibility Report of the Use of Proceeds from the Public Issuance of A Share
Convertible Corporate Bonds by Bank of Chongqing Co., Ltd.**

Bank of Chongqing Co., Ltd. (the “**Bank**”) proposes the public issuance of A share convertible corporate bonds (the “**Convertible Bonds**”). The total amount of proceeds to be raised shall not exceed RMB13 billion (RMB13 billion inclusive). Pursuant to the requirements of the Measures for Administration of the Issue of Securities by Listed Companies issued by China Securities Regulatory Commission (“**CSRC**”), if a listed company applies for issuance of securities, the feasibility report of the use of proceeds shall be resolved by its board of directors and put forward for review and approval at the general meeting.

The feasibility report of the use of proceeds by the Bank is set forth below:

**I. TOTAL AMOUNT OF PROCEEDS AND USE OF PROCEEDS FROM THE PUBLIC
ISSUANCE OF A SHARE CONVERTIBLE BONDS**

The total amount of proceeds to be raised for the public issuance of the Convertible Bonds shall not exceed RMB13 billion (RMB13 billion inclusive). After deducting issuance expenses, the proceeds will be used to support the future business development of the Bank, i.e. to replenish the core Tier-1 capital of the Bank after the conversion of the Convertible Bonds pursuant to the relevant regulatory requirements, improve the capital adequacy ratio of the Bank and further consolidate the capital foundation for the sustainable and healthy development of various businesses.

**II. NECESSITY AND FEASIBILITY ON THE USE OF PROCEEDS FROM THE
PUBLIC ISSUANCE OF A SHARE CONVERTIBLE BONDS**

(I) Necessity Analysis

1. Improve the level of capital adequacy to better meet regulatory requirements

Over the years, commercial banks have been faced by increasingly strict capital regulation in the backdrop of heightened regulatory requirements. Pursuant to the Administrative Measures for Capital Management of Commercial Banks (Trial), the de minimus requirements on core Tier-1 capital adequacy ratio, Tier-1 capital adequacy ratio and capital adequacy ratio are respectively 7.5%, 8.5% and 10.5% for non-systemically important banks, and a countercyclical capital requirement of no up to 2.5% may be imposed where appropriate. As of December 31, 2020, the Bank’s core Tier-1 capital adequacy ratio, Tier-1 capital adequacy ratio and capital adequacy ratio were at a relatively low level of 8.39%, 9.57% and 12.54%, respectively.

As its business scale continues to expand with ongoing optimization of business structure, the Bank is bound to face the pressure of capital replenishment going ahead. In order to better meet the regulatory requirements and enhance its risk resistance capacity, it is necessary for the Bank to issue the Convertible Bonds to further improve its capital adequacy.

2. Broaden external financing channels and establish sustainable capital replenishment methods

Currently, as the Bank can no longer meet the need from its rapid business development merely by relying on retained profit to supplement its core Tier-1 capital, it is necessary to establish a sustainable external capital replenishment method to broaden its capital replenishment channels. The proposed issuance of Convertible Bonds is one of the effective refinancing methods for the Bank, as a commercial bank listed on the Shanghai Stock Exchange in February 2021, to improve its capital adequacy. The proposed issuance of Convertible Bonds will enable the Bank to further broaden its capital replenishment channels and improve its capital quality. A sustainable securitized capital replenishment mechanism is conducive to better development of the Bank's business.

3. Conducive to business development needs and better serve the real economy

In light of its strategic vision of building a national top-notch listed commercial bank "remaining true to its original aspiration to create exceptional value through differentiated, safe and sound operations", the Bank adhered to serving local economy, small and micro enterprises as well as urban and rural residents, leading to continuous progress of various operations and a steady growth in asset size. With a commitment to serving the real economy, the Bank vigorously grows inclusive finance, focusing its small and micro enterprise banking business on technology-enabled and innovation-driven enterprises, green environmental industries and customers in the fields of agriculture, rural areas and farmers to contribute to rural revitalization. On corporate banking business, the Bank focuses on state-owned enterprises, private enterprises and livelihood-concerned customers in key industries, seeking to improve its refined management level. In order to better support transformation and upgrade the real economy, the Bank needs to further enhance its capital strength. The proposed public issuance of Convertible Bonds will allow the Bank to further enhance its capital strength, which will not only help the Bank meet its business development needs, but also contribute to its stronger capability in serving the real economy.

(II) Feasibility Analysis

The Bank will adopt prudent operation and steady development through the reasonable use of proceeds raised from the issuance of Convertible Bonds, and maintain a sound return on assets while maintaining a steady increase in assets scale. To achieve this goal, the Bank will continue to promote the following measures:

1. *Accelerating the transformation of retail business*

The retail business will continue to undergo strategic transformation. In the short and medium term, the Bank will further focus on structure optimization, proportion improvement and revenue contribution enhancement to drive the high-quality development of the Bank. The Bank will make more efforts to “mass affluent customers” and “urban blue-collar and young customers” to optimize the structure of retail customers, and actively promote online channel construction and offline channel transformation to enhance customer experience. It will strive to build independent core capabilities in the middle and back offices, build a smart risk control system driven by financial technology and big data, and strengthen the development of the wealth management business talent team.

2. *Focusing on small and micro businesses*

Small and micro businesses are an important support for the Bank to serve the real economy and return to its roots. It is necessary to strengthen industry focus, focus on rural finance, and strengthen the fine management of the middle and back offices. Small and micro businesses will focus on technological innovation enterprises, green and environmental protection industries, and customers in the three rural areas to help revitalize rural areas. It will accelerate the linkage between online channel construction and offline channels, deepen the transformation of outlets in offline channels, and strengthen channel marketing efforts. It will also improve risk management capabilities, reduce new and existing non-performing assets, accelerate the construction of information technology, and make good use of preferential policies.

3. *Expanding corporate business*

For corporate business, the Bank will mainly focus on state-owned enterprises, private enterprises, and people’s livelihood-related institutional customers, establish the concept of “prospering the Bank through deposits”, strengthen settlement deposit and transaction bank construction, and make efforts in trade finance and supply chain finance. Corporate business mainly focuses on state-owned enterprises, private enterprise customers and people’s livelihood customers in key industries, to improve the level of refined management. The Bank will accelerate the

establishment of a professional and compound product manager team, improve the professional level of branch account managers, further improve risk management level, and create a comprehensive and professional risk control system, while further strengthening the construction of linkage mechanisms between large and medium business lines, inter-bank business lines, and financial leasing companies.

4. Promoting inter-bank business steadily

For inter-bank business, the Bank will further return to its business origins, play the role of liquidity management and liability management, and pursue compliance and steady development. In terms of asset management business, the Bank will match the requirements of new asset management regulations, complete IT system transformation, carry out business transition transformation and capacity building, and coordinate retail transformation strategies to increase scale. In the investment banking business, as a breakthrough in business, the Bank will strengthen innovative businesses and take into account bond financing and ABS businesses. In terms of financial market business, the Bank will build a professional asset trading team, establish asset-side investment and research capabilities, and optimize direct investment channels.

5. Persisting in technology empowerment

For Internet financial business, the Bank will further improve the level of intelligence of big data. In the short term, the intelligentization of big data will promote the Bank's channel transformation and talent echelon building, and fully assist small and micro, retail, and corporate businesses; in the medium and long term, the Bank will build and expand a competitive Internet financial ecosystem, strengthen the ability to realize technology and drive profit growth.

In conclusion, the proceeds from the public issuance of the Convertible Bonds will be used to support the future business development of the Bank by replenishing core Tier-1 capital of the Bank after the conversion of the Convertible Bonds, which are in compliance with the regulatory requirements and the Bank's long-term strategic development direction and conducive to for the Bank further expanding external financing channels, providing capital support for the sustained and stable development of the Bank's business, improving risk resistance and market competitiveness and serving the real economy, so as to create sustainable investment returns for shareholders. At the same time, the Bank took effective measures to promote business development and the implementation of related strategies, which provided a good guarantee for the rational use of proceeds.

Based on the above, the proceeds from the public issuance of Convertible Bonds are necessary and feasible.

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Report regarding the Use of Proceeds Previously Raised of Bank of Chongqing Co., Ltd.

Pursuant to the requirements of the Regulations on the Report on the Use of Previous Raised Funds (Zheng Jian Fa Xing Zi [2007] No. 500) (《關於前次募集資金使用情況報告的規定》(證監發行字[2007]500號)) issued by the China Securities Regulatory Commission, the report on the use of previous raised funds of Bank of Chongqing Co., Ltd. (the “**Bank**”) as at March 31, 2020 (the “**Report on the Use of Previous Raised Funds**”) is as follows:

I. Information of the Previous Raised Funds

Pursuant to the Reply on Approval of Initial Public Offering of Shares by Bank of Chongqing Co., Ltd. (Zheng Jian Xu Ke [2020] No. 3511) (《關於核准重慶銀行股份有限公司首次公開發行股票的批覆》(證監許可[2020]3511號)) issued by the China Securities Regulatory Commission on December 18, 2020, the Bank was approved to issue 347,450,534 RMB-denominated ordinary shares to the public at an issue price of RMB10.83 per share. All the funds totaling RMB3,762,889,283.22 was paid up in RMB. After deducting the expenses relating to the issuance of RMB57,600,680.83, the total funds raised was RMB3,705,288,602.39 (hereinafter referred to as the “**Previous Raised Funds**”). The above funds were paid up on January 27, 2021 and verified by PricewaterhouseCoopers Zhong Tian LLP with the verification report PwC Zhong Tian Yan Zi (2021) No. 0154.

On March 31, 2021, the balance of the raised funds in the special account was RMB0.

II. Actual Use of the Previous Raised Funds

As of March 31, 2021, after deducting the securities firm’s underwriting commission and other issuance expenses, the actual raised funds of RMB3,705,288,602.39 from the Previous Raised Funds of the Bank have been used to replenish the Bank’s core Tier-1 capital and put into operation together with other funds of the Bank, which was consistent with the use of funds raised undertaken in the initial public offering of shares.

As of March 31, 2021, the use of the Previous Raised Funds of the Bank is as follows:

Monetary Unit: RMB

Total amount of raised funds: 3,705,288,602.39

Total amount of accumulatively used raised funds:
3,705,288,602.39

The total amount of raised funds used
in each year:

2021: 3,705,288,602.39

The total amount of raised funds of which the purpose has been changed: Nil

The proportion of raised funds of which the purpose has been changed: Nil

No.	Investment project	Total investment amount of raised funds				Accumulative investment amount of raised funds as at March 31, 2021				Date on which the project reached the status of designated use (or progress of construction of the project as at the cut-off date)
		Committed investment amount before fundraising	Committed investment amount after fundraising	Actual investment amount	Actual investment amount	Committed investment amount before fundraising	Committed investment amount after fundraising	Actual investment amount	Actual investment amount	
1	Replenishment of the core Tier-1 capital	3,705,288,602.39	3,705,288,602.39	3,705,288,602.39	3,705,288,602.39	3,705,288,602.39	3,705,288,602.39	3,705,288,602.39	3,705,288,602.39	100%

As of March 31, 2021, the Bank has used all the Previous Raised Funds to replenish the Bank's core Tier-1 capital according to the committed purpose of raised funds.

As of March 31, 2021, the realization of benefits from investment project funded by the Previous Raised Funds are as follows:

No.	Actual investment project Name of project	Accumulative utilisation rate of production capacity of the project as of March 31, 2021	Committed benefits	Actual gains in the most recent three years			Accumulative realised gains as of March 31, 2021	Whether the expectation of gains was met
				2021	2020	2019		
1	Replenishment of the core Tier-1 capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The Bank has used all the raised funds to replenish the Bank's core Tier-1 capital, but the realized benefits cannot be independently calculated due to the particularity of the banking business. The raised funds replenished the capital and enhanced the capital adequacy ratio of the Bank.

The actual uses of raised funds above have been compared on an item-by-item basis against the relevant information disclosed in the Bank's 2020 annual report and other disclosure documents and they were found consistent.

**APPENDIX V DILUTION OF IMMEDIATE RETURNS AND REMEDIAL MEASURES
TO THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE
CORPORATE BONDS BY BANK OF CHONGQING CO., LTD.**

The English version of this appendix is an unofficial translation of its Chinese version. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

**Dilution of Immediate Returns and Remedial Measures to the Public Issuance of A
Share Convertible Corporate Bonds by Bank of Chongqing Co., Ltd.**

Pursuant to the Several Opinions of the State Council on Further Promoting the Healthy Development of Capital Market (《國務院關於進一步促進資本市場健康發展的若干意見》) (Guo Fa [2014] No. 17), the Opinions of the General Office of the State Council on Further Strengthening the Protection of Small and Medium Investors' Legitimate Interests in Capital Market (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》) (Guo Ban Fa [2013] No. 110), the Guiding Opinions on Matters Relating to the Dilution of Current Returns As a Result of Initial Public Offering, Refinancing and Major Asset Restructuring (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) (CSRC Announcement [2015] No. 31) published by the CSRC and other relevant requirements, the Bank has conducted a careful analysis of the effects of the dilution of immediate returns by the public issuance of A share convertible corporate bonds (“**Convertible Bonds**”) on the Bank's major financial indicators, and the remedial measures taken are described below:

**I. ANALYSIS OF THE EFFECT OF DILUTION OF IMMEDIATE RETURNS BY THE
ISSUANCE OF THE CONVERTIBLE BONDS**

After the proceeds raised from the issuance have been received, they will be used to support the future development of the business of the Bank, and will be used to replenish the core Tier-1 capital of the Bank in accordance with relevant regulatory requirements after the conversion of the Convertible Bonds.

(I) Assumptions

The estimation of the effects of the issuance of the Convertible Bonds on major financial statistics and financial indicators of the Bank is based on the following assumptions:

1. Assuming that there are no major adverse changes in the macroeconomic environment, development conditions of the banking industry and the Bank's operating environment.
2. Assuming that there are no major changes in the Bank's share capital in 2021 and 2022, save as the initial offering.
3. Assuming the Bank completes the issuance of the Convertible Bonds on March 31, 2022 and the proceeds therefrom are in place. Such time is only used for calculating the effect of the dilution on immediate returns by the issuance of the Convertible Bonds on the major financial statistics and financial indicators, and the final time shall be subject to the approval of the CSRC and the actual completion time of the issuance of the Convertible Bonds of the Bank.

**APPENDIX V DILUTION OF IMMEDIATE RETURNS AND REMEDIAL MEASURES
TO THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE
CORPORATE BONDS BY BANK OF CHONGQING CO., LTD.**

4. Assuming the proceeds raised from the issue of the Convertible Bonds is RMB13 billion, without considering the effects of issuance expenses. The actual amount of proceeds raised from the issuance of the Convertible Bonds is subject to the approval of regulatory authority, the issuance and subscriptions and the issuance expenses, etc.
5. Assuming that the conversion price of the Convertible Bonds is RMB12.29 per share, being the highest of the average trading price of ordinary shares of the Bank for the last 20 trading days, the average trading price of ordinary shares of the Bank for the last trading day prior to the date of the 24th meeting of the sixth session of the board of directors of the Bank (i.e. March 30, 2021) and the latest audited net assets per share. Such conversion price is only available for calculating the effect of the dilution on immediate returns by the issuance of Convertible Bonds on major financial data and financial indicators. The final initial conversion price will be determined by the Board (or its authorized person(s)) according to the authorization by the general meeting based on market conditions before the issuance, and may be subject to ex-rights, ex-dividend adjustment or downward adjustment.
6. Assuming that the coupon rate of the the Convertible Bonds for the first year is 0.30%, which is only for interest rate calculation, and does not constitute a numerical prediction of actual coupon rate.
7. Assuming that impact of the proceeds received on the Bank's production, operation and financial conditions (such as the finance cost, efficiency of fund utilization, etc.) is not considered.
8. Assuming that the Bank's net profit attributable to shareholders of the parent company and the net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses in 2021 and 2022 increase by 0%, 5% and 10% respectively as compared with the same in previous year.

The hypothetical analysis above does not constitute the Bank's profit forecast. It is only for calculating the impact of the dilution of immediate returns by the issuance of Convertible Bonds on the main financial indicators. Investors should not make investment decisions on this basis. If investors make investment decisions on this basis and suffer from losses, the Bank shall not be liable for compensation.

9. the Bank issued non-cumulative perpetual offshore preference shares with an amount of USD750 million and a dividend rate of 5.40% on December 20, 2017 at overseas market, assuming the end of the first dividend period will be reached in 2021 and 2022.

**APPENDIX V DILUTION OF IMMEDIATE RETURNS AND REMEDIAL MEASURES
TO THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE
CORPORATE BONDS BY BANK OF CHONGQING CO., LTD.**

10. Save as the ordinary shares converted from the Convertible Bonds, assuming that there is no change in ordinary share capital due to any other factors, including profit distribution, mandatory conversion of preference shares, etc.
11. The earnings per share is calculated according to the relevant requirements of the Rules for Information Disclosure and Compilation of Companies Publicly Issuing Securities No.9 – Calculation and Disclosure of Return on Equity and Earnings per Shares (《公開發行證券的公司信息披露編報規則第9號–淨資產收益率和每股收益的計算及披露》).

(II) The Effects on Major Financial Indicators of the Bank

Subject to the foregoing assumptions, the impacts of the Convertible Bonds on the key financial data and financial indicators of the Bank are set out below:

Item	Year ended 2021/ 31 December 2021	Year ended 2022/ 31 December 2022	
		Prior to issuance	After issuance
Total ordinary share capital (million shares)	3,474.51	3,474.51	3,474.51
Total weighted average ordinary share capital (million shares)	3,441.19	3,474.51	3,474.51
Assumption I: there is no growth in both 2022 and 2021 as compared to that of the previous year			
Net profit attributable to shareholders of the parent company (RMB million)	4,423.63	4,423.63	4,401.70
Net profit attributable to the holders of ordinary shares of the parent company (RMB million)	4,116.66	4,116.66	4,094.72
Basic earnings per share attributable to the holders of ordinary shares of the parent company (yuan/per share)	1.20	1.18	1.18
Diluted earnings per share attributable to the holders of ordinary shares of the parent company (yuan/per share)	1.20	1.18	0.96
Net profit attributable to the shareholders of the parent company after deducting non-recurring gains and losses (RMB million)	4,373.87	4,373.87	4,351.94
Net profit attributable to the holders of ordinary shares of the parent company after deducting non-recurring gains and losses (RMB million)	4,066.90	4,066.90	4,044.96

**APPENDIX V DILUTION OF IMMEDIATE RETURNS AND REMEDIAL MEASURES
TO THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE
CORPORATE BONDS BY BANK OF CHONGQING CO., LTD.**

Item	Year ended 2021/ 31 December 2021	Year ended 2022/ 31 December 2022	
		Prior to issuance	After issuance
Basic earnings per share attributable to the holders of ordinary shares of the parent company after deducting non-recurring gains and losses (yuan/per share)	1.18	1.17	1.16
Diluted earnings per share attributable to the holders of ordinary shares of the parent company after deducting non-recurring gains and losses (yuan/per share)	1.18	1.17	0.95
Assumption II: there is a 5% increase in both 2022 and 2021 as compared to that of the previous year			
Net profit attributable to shareholders of the parent company (RMB million)	4,644.81	5,120.91	5,098.97
Net profit attributable to the holders of ordinary shares of the parent company (RMB million)	4,337.84	4,813.94	4,792.00
Basic earnings per share attributable to the holders of ordinary shares of the parent company (yuan/per share)	1.26	1.39	1.38
Diluted earnings per share attributable to the holders of ordinary shares of the parent company (yuan/per share)	1.26	1.39	1.12
Net profit attributable to the shareholders the parent company after deducting non-recurring gains and losses (RMB million)	4,592.57	4,822.19	4,800.26
Net profit attributable to the holders of ordinary shares of the parent company after deducting non-recurring gains and losses (RMB million)	4,285.60	4,515.22	4,493.29
Basic earnings per share attributable to the holders of ordinary shares of the parent company after deducting non-recurring gains and losses (yuan/per share)	1.25	1.30	1.29
Diluted earnings per share attributable to the holders of ordinary shares of the parent company after deducting non-recurring gains and losses (yuan/per share)	1.25	1.30	1.05

**APPENDIX V DILUTION OF IMMEDIATE RETURNS AND REMEDIAL MEASURES
TO THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE
CORPORATE BONDS BY BANK OF CHONGQING CO., LTD.**

Item	Year ended 2021/ 31 December 2021	Year ended 2022/ 31 December 2022	
		Prior to issuance	After issuance
Assumption III: there is a 10% increase in both 2022 and 2021 as compared to that of the previous year			
Net profit attributable to shareholders of the parent company (RMB million)	4,866.00	5,352.60	5,330.66
Net profit attributable to the holders of ordinary shares of the parent company (RMB million)	4,559.03	5,045.62	5,023.69
Basic earnings per share attributable to the holders of ordinary shares of the parent company (yuan/per share)	1.32	1.45	1.45
Diluted earnings per share attributable to the holders of ordinary shares of the parent company (yuan/per share)	1.32	1.45	1.18
Net profit attributable to the shareholders of the parent company after deducting non-recurring gains and losses (RMB million)	4,811.26	5,292.39	5,270.45
Net profit attributable to the holders of ordinary shares of the parent company after deducting non-recurring gains and losses (RMB million)	4,504.29	4,985.42	4,963.48
Basic earnings per share attributable to the holders of ordinary shares of the parent company after deducting non-recurring gains and losses (yuan/per share)	1.31	1.43	1.43
Diluted earnings per share attributable to the holders of ordinary shares of the parent company after deducting non-recurring gains and losses (yuan/per share)	1.31	1.43	1.16

Note 1: Growth rate of net profit refers to the growth of net profit attributable to shareholders of the parent company and the growth of net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses of the Bank in 2022 and 2021;

Note 2: The net profit attributable to ordinary shareholders of the parent company = the net profit attributable to shareholders of the parent company – the dividends declared for the preference shares for the current period; the net profit attributable to ordinary shareholders of the parent company after deducting non-recurring gains and losses = the net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses – the dividends declared for the preference shares for the current period;

Note 3: The basic earnings per share and the diluted earnings per share is calculated according to the relevant requirements of the Rules for Information Disclosure and Compilation of Companies Publicly Issuing Securities No. 9 – Calculation and Disclosure of Return on Equity and Earnings per Shares (《公開發行證券的公司信息披露編報規則第9號–淨資產收益率和每股收益的計算及披露》), and the weighted average of ordinary shares outstanding. The Bank completed the public issuance on February 5, 2021. 347 million shares were added and its share capital was increased to RMB3.475 billion.

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(III) Explanations for the estimation

1. The Bank's assumption analysis which is the basis of the abovementioned estimation does not constitute profit forecast of the Bank. Investors shall not make investment decisions based on them. The Bank will not be liable for any losses arising from investment decisions therefrom by any investor;
2. The total amount of funds raised from the Convertible Bond is only an estimate. The issuance time and completion time of conversion of the Convertible Bonds is merely illustrative assumptions. The total amount of the raised funds, the issue completion time and actual time of completion of the conversion that are approved by regulatory authorities and actually issued shall prevail.

**II. RISK WARNING ON THE DILUTION OF IMMEDIATE RETURN UPON THE
ISSUANCE OF THE CONVERTIBLE BONDS**

After the completion of the issuance of the Convertible Bonds and prior to the conversion of the Convertible Bonds into shares in full, the number of all outstanding potentially dilutive ordinary shares of the Bank will increase accordingly. The diluted earnings per share and diluted earnings per share after deducting non-recurring gains or losses of the Bank may decrease for the year in which the issuance of the Convertible Bonds is completed without taking account into the financial return of the proceeds to be raised.

After the completion of the issuance of the Convertible Bonds and prior to the conversion of the Convertible Bonds into shares, the Bank has to pay interests for the Convertible Bonds which have not been converted into shares at the coupon rate as agreed in advance. As the coupon rate of convertible bonds is generally low, the growth of the profit generated from the use of the proceeds through the issuance of the Convertible Bonds will exceed the amount of bond interests paid to the investors under normal circumstances; while under extreme circumstances, the immediate return of the ordinary shareholders of the Bank will be diluted due to the risk of the decrease in profit after tax of the Bank if the growth of the profit generated from the use of the proceeds through the issuance of the Convertible Bonds cannot cover the amount of bond interests paid to the investors.

After partial or full conversion of the Convertible Bonds, the aggregate amount of the Bank's share capital will increase accordingly, which will have a dilution effect on the original shareholding, return on net assets and earnings per share of the Bank to a certain extent.

In addition, the issuance of the Convertible Bonds is subject to the term of downward adjustment. When the term is triggered, the Bank may apply for the downward adjustment of the conversion price, which results in the increase of the total amount of the additional share capital through the issuance of the Convertible Bonds, and hence enlarging the potential dilution effect on the original shareholders of the Bank therefrom.

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Investors are hereby reminded to pay attention to the risk of dilution of the Convertible Bonds' immediate returns. Meanwhile, the Bank's measures to compensate for the dilution of immediate returns are not equivalent to guaranteeing the Bank's future profits. The Bank will continue to disclose in the periodic reports the completion status of the remedial measures for the dilution on the immediate returns and the fulfillment of commitments made by the relevant commitment parties.

III. THE NECESSITY AND RATIONALITY OF THE ISSUANCE OF THE CONVERTIBLE BONDS

(I) Improve the level of capital adequacy to better meet regulatory requirements.

After the implementation of the Administrative Measures on the Capital of Commercial Banks (Trial) on January 1, 2013, the regulatory authorities raised higher requirements on the capital adequacy ratio of commercial banks. It is therefore necessary for the Bank to further improve capital adequacy ratio through the issuance to satisfy future development needs while better meeting regulatory requirements, so as to improve the Bank's risk-resistant ability.

(II) Broaden external financing channels and establish sustainable capital replenishment methods.

With the rapid development of the Bank's businesses, replenishing core Tier-1 capital with retained profits has been unable to meet the needs of capital replenishment. The proposed issuance of Convertible Bonds is one of the effective refinancing methods for the Bank, as a commercial bank listed on the Shanghai Stock Exchange in February 2021, to improve its capital adequacy. The proposed issuance of Convertible Bonds will enable the Bank to further broaden its capital replenishment channels and improve its capital quality. A sustainable securitized capital replenishment mechanism is conducive to better development of the Bank's business.

(III) Support business development needs and better serve the real economy.

Upon the issuance, the Bank's capital strength will be further enhanced, which will not only enable the Bank to meet business development needs, but also help strengthen the Bank's ability to serve the real economy.

Considering development needs, regulatory requirements and shareholder value realization, the issuance complies with relevant laws, regulations and policies, and is in line with the Bank's long-term development strategy. It can further enhance the Bank's capital strength and market competitiveness, and is of great significance for the Bank to respond to future financial system reforms and banking industry competition, to achieve sustained and steady growth in various businesses, and to enhance market influence.

IV. RELATIONSHIPS BETWEEN THE INVESTMENT PROJECTS TO BE FINANCED WITH THE PROCEEDS AND THE EXISTING BUSINESSES OF THE BANK, AND PREPARATIONS IN TERMS OF HUMAN RESOURCES, TECHNOLOGIES AND MARKET MADE BY THE BANK FOR THE INVESTMENT PROJECTS TO BE FINANCED WITH THE PROCEEDS

The proceeds from the issuance of the Convertible Bonds are intended to be used to support for the continuous, steady and healthy development of the Bank's business, which complies with the regulatory requirements and the Bank's long-term strategic development direction. They will provide capital support for the steady and rapid development of the Bank's businesses, which is conducive to promoting the Bank's long-term sustainable development, future providing adequate credit support for the development of the real economy, and creating sustainable investment returns for shareholders.

The Bank attaches great importance to the construction of a talent team. Business transformation and improvement are inseparable from a professional talent team and the scientific guidance of the performance appraisal system. The Bank will further establish a flexible market-oriented talent mechanism, increase the staffing and resource allocation for professional positions, and implement an exit mechanism. Meanwhile, an evaluation system that matches the development strategy should be constructed, giving full play to the role of the "strategic baton" in performance evaluation, and guiding the implementation of the strategy.

The Bank attaches great importance to technological innovation, and will further enhance the position of technology in the Bank, gradually transforming from the current supporting business needs to developing together with the business. Besides, based on internal capabilities and business development considerations, the Bank will introduce more external cooperation in technology, match business needs through a more flexible, fast and low-cost development model, and drive comprehensive financial technology innovation.

In terms of market, the Bank will further consolidate and strengthen the local Chongqing market, and connect with Chongqing's strategic development positioning and direction in terms of planning institutional layout and adjusting business structure. In terms of channel construction, while optimizing offline channels and consolidating offline sites, the Bank actively seizes opportunities for the development of Internet finance and develops financial products and services with good experience. In the future strategy, based on the strategic positioning of building a "Customer Service Expert", the Bank will create distinctive business advantages adhering to the development path of differentiation, specialization and refinement, and provide customers with customized and distinctive products, services and comprehensive solutions to help customers realize value appreciation and become an "expert of financial services for the targeted customers".

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**V. REMEDIAL MEASURES ADOPTED BY THE BANK IN RESPECT OF DILUTION
IN IMMEDIATE RETURNS FROM THE PUBLIC ISSUANCE OF CONVERTIBLE
BONDS**

The public issuance of Convertible Bonds may result in the dilution of investors' immediate returns. In this regard, the Bank will take a variety of measures to improve operating performance and enhance sustainable returns. The specific measures are as follows:

(I) The current status of the Bank's operation and development

As of December 31, 2020, the Bank has total assets of RMB561.641 billion, representing an increase of RMB60.410 billion or 12.05% as compared to that of the end of 2019; net loans and advances of RMB272.259 billion, representing an increase of RMB33.633 billion or 14.09% as compared to that of the end of 2019; total deposits of RMB314.500 billion, representing an increase of RMB33.451 billion or 11.9% as compared to that of the end of 2019; and total shareholders' equity of RMB41.994 billion, representing an increase of RMB3.381 billion or 8.75% as compared to that of the end of 2019.

The principal business of the Bank includes corporate banking, retail banking and treasury business.

Corporate banking is one of the Bank's core businesses. The Bank provides various corporate business products and services to corporate customers, mainly including corporate loans, corporate deposits, and corporate intermediary business products and services. The Bank's corporate banking business position has gradually transformed from a traditional credit business to a professional financial service provider, and is committed to becoming a comprehensive financial solution provider.

In terms of retail banking business, the Bank provides diversified products and services for individual customers, including personal loans, personal deposits, bank cards, and personal intermediary services. With high-quality financial services and a good brand image, the Bank's retail banking business is showing a trend of rapid growth.

Treasury business mainly includes investment portfolio management business, inter-bank market business, client wealth management business and investment banking business. The treasury business effectively meets the needs of asset and liability management, fully implements the liquidity risk and interest rate risk management functions, comprehensively improves the profitability of the treasury business, and provides strong support for achieving the Bank's profit target. After years of operation and experience accumulation, the Bank's treasury business has continued to expand and a good market image has been established in the financial inter-bank market.

(II) Major risks and measures for improvement of current business segments of the Bank

1. Major risks

As a special corporate operating currency and credit, the Bank's risks mainly include credit risk, operational risk, market risk, liquidity risk, information technology risk, reputation risk, legal compliance risk, etc.

2. Major measures for improvement

The Bank adopts a prudent risk management strategy and is committed to achieving a balance between risk and return by building a comprehensive risk management system. Through continuous development and strengthening of risk management, the Bank strives to achieve the following goals: establishing a comprehensive risk management system covering all risk areas; optimizing risk management procedures and integrating risk identification, measurement, monitoring, reporting and control into all steps of the business process; developing and applying advanced risk management technologies and methods to improve risk identification and measurement capabilities; and building a "balanced, prudent, and sound" risk culture.

(III) Specific measures for improving operating performance

In order to ensure the effective use of proceeds, effectively prevent the risk of shareholders' immediate returns being diluted, and improve the Bank's ability to maintain returns in the future, the Bank intends to take the following specific measures:

1. Improving efficiency and reasonableness of capital utilisation

In order to improve the efficiency of capital utilisation, the Bank will endeavour to adjust and optimise the asset structure and develop capital-saving business. This will be put into implementation in terms of allocating credit resources more reasonably, increasing earnings for the customers; optimising the business model, strengthening financial innovation, exploring low-capital-consuming business, striving to achieving the transformation of asset structure, income structure, and profit model; appropriately improving risk mitigation level and reducing capital occupancy during business development; guiding the business departments and branches and sub-branches in terms of adjustment of business structure and customer base, restraining growth of risky assets with economic capital, achieving reasonable balance between capital and risk levels, and improving efficiency and reasonableness of capital utilisation.

2. *Maintaining stability of policies on returns to shareholders*

In order to maintain stable policies on returns to shareholders, the Articles of Association have specified the profit distribution policies and dividend rate and the minimum rate of cash dividend pursuant to the Guideline No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividend by Listed Companies so that investors would have an expectation of stable returns. The Bank attaches great importance to protection of Shareholders' interest, and will continue to maintain the continuity and stability of the profit distribution policies and to create long-term value for the Shareholders.

3. *Improving the risk management system*

For better identification, measurement, monitoring and reporting of major risk conditions, the Bank has established sound internal assessment procedures for capital adequacy to ensure that the capital level commensurate with major risks and risk management level and that the capital planning is in line with operational status, changes in risk profiles and long-term development strategies. The Bank will improve its comprehensive risk management and establish an integrated risk management system covering all risk areas to achieve organic integration of business development and risk management.

4. *Improving management and use of proceeds*

Given the distinctive nature of the commercial banking business, the proceeds will be used to replenish the capital, rather than for any particular projects. Therefore, it is not feasible to measure the income attributable to such proceeds separately. The Bank will strengthen the management on proceeds and use the proceeds in a reasonable and effective manner to improve the level of return on capital.

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**VI. UNDERTAKINGS OF THE BANK'S DIRECTORS AND SENIOR MANAGEMENT
ON THE IMPLEMENTATION OF REMEDIAL MEASURES FOR THE DILUTION
OF IMMEDIATE RETURNS CAUSED BY THE PUBLIC ISSUANCE OF
CONVERTIBLE BONDS**

Directors and senior management of the Bank will faithfully and diligently perform their duties, and safeguard the legitimate rights and interests of the Bank and all shareholders. According to relevant regulations of the CSRC and in order to secure the implementation of the Bank's remedial measures for the dilution of the returns, each of the Directors and senior management of the Bank made the following undertakings:

- (1) he/she will not transfer any benefits to other entities or persons unconditionally or unfairly nor otherwise make any actions prejudicing the interests of Bank of Chongqing;
- (2) he/she will restrict the expenditures of the Directors and senior management for performing his/her duties;
- (3) he/she will not use any assets of Bank of Chongqing for any investment or expenditure unrelated to the performance of his/her own duties;
- (4) that the remuneration policy formulated by the Board of Directors or the Remuneration and Appraisal Committee shall be in line with the implementation of Bank of Chongqing's remedial measures for the dilution of returns;
- (5) that the conditions of the proposed share incentive plan of Bank of Chongqing in the future, if any, shall be in line with the implementation of Bank of Chongqing's remedial measures for the dilution of returns.

The English version of this appendix is an unofficial translation of its Chinese version. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

Bank of Chongqing Co., Ltd. (hereinafter referred to as the “**Bank**”) intends to publicly issue A share convertible corporate bonds (hereinafter referred to as the “**Convertible Bonds**”). To ensure smooth implementation of the issuance of the Convertible Bonds, it is hereby proposed at the general meeting to authorize the Board, which will then delegate the authority to the president’s office, to handle with full authority the matters in relation to the issuance of the Convertible Bonds under the framework and principles as considered and approved at the general meeting, within the validity period of the resolution in respect of the issuance of the Convertible Bonds (for matters relating to the conversion of the Convertible Bonds, within the conversion period), and pursuant to the requirements of relevant laws, regulations and regulatory authorities, including but not limited to:

1. to formulate and implement the final plan for the issuance of the Convertible Bonds, including but not limited to determining the issue size, timing of issuance, method of issuance, target investors, interest rate, terms of conversion, terms of redemption, arrangement for preferential subscription by the existing A shareholders, arrangement for rating, setting up a special account for the funds to be raised, and handling all other matters in relation to the offering plan and the conversion of the Convertible Bonds in the future;
2. where the PRC government announces new regulations in relation to the issuance of the Convertible Bonds, or the relevant regulatory authorities have new policy requirements, or there are changes in market conditions, to adjust the offering plan for the Convertible Bonds accordingly except for matters required by relevant laws, regulations and the articles of association of the Bank to be re-voted at a general meeting;
3. to make appropriate amendments, adjustments and supplements to the issuance terms of the Convertible Bonds according to the requirements of regulatory authorities and in view of the actual condition of the Bank;
4. to produce, amend, improve, sign and file the application materials and documents in relation to the issuance and listing of the Convertible Bonds according to the requirements of the regulatory authorities;
5. to engage intermediaries, sign relevant contracts or agreements, and pay service fees in connection with the issuance of the Convertible Bonds, including but not limited to sponsors, underwriters, accounting firms, law firms, and credit rating agencies, according to relevant regulations on procurement;

6. to handle all matters relating to redemption, including but not limited to determining the time and ratio of redemption, execution procedures, etc.;
7. to handle all matters relating to conversion, including but not limited to adjusting conversion price (except down adjustment to conversion price), appropriately amending the terms of the articles of association of the Bank concerning the issuance of convertible bonds and registered capital based on the issuance and conversion of the Convertible Bonds, and handling approval procedures for amendments to the articles of association and the industrial and commercial filing thereof, approval procedures for change of registered capital and the industrial and commercial registration thereof, listing of the Convertible Bonds and other matters;
8. to handle other relevant matters in relation to the issuance of the Convertible Bonds.

If the above matters relate to “Three Important and One Major” matters, they shall be submitted to the Party Committee of the head office of the Bank for pre-study in accordance with the Implementation Measures for Collective Decision-making of Bank of Chongqing Co., Ltd. on Major Issues, Major Personnel Appointments and Dismissals, Investments in Major Projects and Use of Large Sums of Money.

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**Preliminary Proposal for the Public
Issuance of A Share Convertible Corporate
Bonds by Bank of Chongqing Co., Ltd.**

[Important Notice]

(1) Name and issuance method of the securities

Corporate bonds convertible into A shares of the Company (“**Convertible Bonds**”) with an aggregate amount of not more than RMB13 billion (RMB13 billion inclusive) under the public issuance. The actual issue size shall be determined by the Board (or its authorized person(s)) within the above scope, according to the authorization by the Shareholders at the general meeting of Bank of Chongqing Co., Ltd. (the “**Bank**”).

(2) Participation of affiliates in the issuance

The existing A Shareholders of the Bank shall have preferential rights to subscribe for the Convertible Bonds to be issued. The actual amount to be preferentially allocated to the existing A Shareholders shall be determined by the Board (or its authorized person(s)) with reference to the market conditions before issuance, according to the authorization by the Shareholders at the general meeting, and shall be disclosed in the offering document of the Convertible Bonds.

**I. THE ISSUANCE SATISFIES THE REQUIREMENTS IN RELATION TO THE
ISSUANCE OF THE SECURITIES SPECIFIED IN THE MEASURES FOR THE
ADMINISTRATIVE OF THE ISSUE OF SECURITIES BY LISTED COMPANIES**

Through careful self-inspection on an item-by-item basis, the Bank believes that it satisfies the regulations and requirements on and has the qualifications and conditions for public issuance of A share convertible corporate bonds by listed companies, with reference to the requirements on such qualifications and conditions as provided in the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Measures for Administration of the Issue of Securities by Listed Companies and other applicable laws, regulations and regulatory documents.

II. OVERVIEW OF THE ISSUANCE

(I) Type of Securities to be Issued

The type of the securities to be issued is corporate bonds that can be converted into A Shares of the Bank. Such Convertible Bonds and A Shares of the Bank to be converted into will be listed on the Shanghai Stock Exchange.

(II) Issue Size

The total amount of the Convertible Bonds proposed to be issued will be not more than RMB13 billion (RMB13 billion inclusive). The actual issue size shall be determined by the Board (or its authorized person(s)) within the above scope, according to the authorization by the Shareholders at the general meeting.

(III) Par Value and Issue Price

The Convertible Bonds will be issued at par value which is RMB100 each.

(IV) Term

The term of the Convertible Bonds will be six years from the date of issuance.

(V) Interest rate

The manner of determining the coupon rate of the Convertible Bonds and the final interest rate of each interest accrual year shall be determined by the Board (or its authorized person(s)) with reference to government policies, market conditions and actual conditions of the Bank before the issuance, according to the authorization by the Shareholders at the general meeting.

(VI) Timing and Method of Interest Payment

1. Calculation of the interest for interest accrual year

The interest for each interest accrual year (the “**Annual Interest**”) refers to the interest accrued to the holders of the Convertible Bonds (the “**CB Holders**”) in each year on each anniversary of the date of issuance of the Convertible Bonds, calculated based on the aggregate nominal value of their Convertible Bonds.

The formula for calculating the Annual Interest is: $I=B \times i$

I: denotes the Annual Interest;

B: denotes the aggregate nominal value of the Convertible Bonds held by a CB Holder as at the record date for interest payment rights in an interest accrual year (“**that year**” or “**each year**”);

i: denotes the coupon rate of the Convertible Bonds of that year.

2. *Means of payment*

- (1) Interest of the Convertible Bonds will be paid annually, accruing from the date of issuance of the Convertible Bonds.
- (2) Interest payment date: The interest is payable annually on each anniversary of the date of issuance of the Convertible Bonds. If such day falls on a statutory holiday or rest day, the interest payment date shall be postponed to the first trading day immediately thereafter, provided that no additional interest will be accrued during the period of postponement. The period between an interest payment date and the immediately following interest payment date will be an interest accrual year.
- (3) Record date for interest payment rights: The record date for interest payment rights in each year will be the last trading day preceding the interest payment date. The Bank will pay the interest accrued in that year within five trading days from the interest payment date. The Bank will not pay any interest for that year and subsequent interest accrual years to the CB Holders whose Convertible Bonds have been applied to be converted into the A Shares of the Bank on or before the record date for interest payment rights.
- (4) Tax payable on the interest income of a CB Holder shall be borne by such CB Holder.

(VII) Conversion Period

The conversion period of the Convertible Bonds commences on the first trading day immediately following the expiry of the six-month period after the date of completion of the issuance of the Convertible Bonds and ends on the maturity date of the Convertible Bonds.

(VIII) Determination and Adjustment of the CB Conversion Price

1. *Basis for determining the initial CB Conversion Price*

The initial CB Conversion Price of the Convertible Bonds shall not be lower than the highest of the following: the average trading price of A Shares of the Bank for the 20 trading days immediately before the date of publication of the offering document of the Convertible Bonds (in the event that during such 20 trading days the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted based on ex-rights or ex-dividend share price); the average trading price of A Shares of the Bank on the trading day immediately before the date of publication of the offering document of the Convertible Bonds; the latest audited net asset value per Share; and the par value

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of a Share. The actual initial CB Conversion Price shall be determined by the Board (or its authorized person(s)) with reference to market conditions, according to the authorization by the Shareholders at the general meeting.

Average trading price of A Shares for the 20 preceding trading days = Total trading amount of A Shares for such 20 preceding trading days/Total trading volume of A Shares for such 20 trading days; Average trading price of A Shares for the preceding trading day = Total trading amount of A Shares for such preceding trading day/Total trading volume of A Shares for such day.

2. *Adjustments to the CB Conversion Price and the calculation formula*

After the issuance, upon the occurrence of distribution of scrip dividend, capitalization issue, issuance of new shares, rights issue (excluding any increase in the share capital as a result of conversion of the Convertible Bonds) or any other situation which affect the share capital of the Bank or distribution of cash dividend, the Bank will adjust the CB Conversion Price based on the actual situation and in accordance with the principles of fairness, impartiality and justice as well as the principle of fully protecting the CB Holders' interests. The specific CB Conversion Price adjustment formula will be specified by the Board (or its authorized person(s)) in the offering document in accordance with relevant regulations.

Where the abovementioned changes in share capital and/or shareholders' equity occur, the Bank will adjust the CB Conversion Price in accordance with the methods determined. The adjustment of the CB Conversion Price will be published in the form of an announcement on the media designated by the China Securities Regulatory Commission ("CSRC") for the information disclosure of listed companies. The announcement will indicate the date of adjustment to the CB Conversion Price, adjustment method and suspension period of share conversion (if necessary). If the CB Conversion Price adjustment date is on or after the CB Holder's application for conversion, and before the share registration date, then such conversion will be based on the CB Conversion Price adjusted by the Bank.

In cases of repurchase, consolidation and subdivision of shares or any other situation that may change the type, amount, and/or shareholders' equity and therefore may affect the bond rights or conversion derivative rights of the CB Holders, the Bank will adjust the CB Conversion Price in accordance with the principles of fairness, impartiality and justice as well as the principle of fully protecting the CB Holders' interests. The content of the adjustment of the CB Conversion Price and the method of operation will be formulated in accordance with the applicable laws and regulations of the state and the relevant provisions of the securities regulatory authority.

(IX) Downward Adjustment to the CB Conversion Price

1. Adjustment authorization and permitted adjustment magnitude

The CB Conversion Price may be subject to downward adjustments if, during the term of the Convertible Bonds, the closing prices of the A Shares of the Bank in any 15 trading days out of any 30 consecutive trading days are lower than 80% of the prevailing CB Conversion Price. The Board may propose any such adjustments for the Shareholders to consider and seek their approval at a general meeting of the Bank.

In the event that an adjustment to the CB Conversion Price is made due to ex-rights or ex-dividend during the aforementioned trading days, in respect of the trading days prior to such adjustment, the calculation shall be made based on the unadjusted CB Conversion Price and the closing price of the Shares on each such day, and in respect of the days on which such adjustment is made and the trading days afterwards, the calculation shall be made based on the adjusted CB Conversion Price and the closing price of the Shares on each such day.

The abovementioned proposal is subject to approval of two-thirds of the voting rights held by the Shareholders of the Bank present at the meeting. Shareholders who hold the Convertible Bonds issued hereunder should abstain from voting. The adjusted CB Conversion Price shall not be lower than the highest of the following: the average trading price of A Shares of the Bank for the 20 trading days immediately before the general meeting for consideration and approval of the aforementioned proposal (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted based on ex-rights or ex-dividend share price); the average trading price of A Shares of the Bank on the trading day immediately before the general meeting for consideration and approval of the aforementioned proposal; the latest audited net asset value per Share; and the par value of a Share.

2. Procedure of adjustment

If the Bank decides to make a downward adjustment to the CB Conversion Price, the Bank will publish an announcement on the media designated by the CSRC for information disclosure of listed companies. Such announcement will include the resolutions of general meeting and will cover the magnitude of the adjustment, the share registration date, the suspension period of share conversion (if necessary). The Bank will also make announcement(s) in Hong Kong in accordance with requirements under the Listing Rules and the Articles of Association (if necessary). Share conversion will be restored for application based on the adjusted CB Conversion Price on the first trading day after the registration date (i.e. the effective date of the downward adjustment to the CB Conversion Price).

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If the adjustment date is prior to the registration date and on or after the share conversion application date, the share conversion application shall be executed based on the CB Conversion Price after the adjustment.

(X) Method for Determining the Number of Shares for Conversion

Where a CB Holder applies to convert the Convertible Bonds held by him during the conversion period, the formula for calculating number of Shares to be issued upon conversion is: $Q = V/P$. Any fractional Share shall be rounded down to the nearest whole number.

Where,

V: denotes the aggregate nominal value of the Convertible Bonds in respect of which the CB Holders apply for conversion;

P: denotes the prevailing CB Conversion Price as at the date of application for conversion.

Within five trading days from the conversion of the Convertible Bonds by the CB Holders, the Bank will pay the CB Holders in cash an amount equal to the nominal value of the remaining balance of such Convertible Bonds which are insufficient to be converted into one Share and the interest accrued then on such balance in accordance with relevant requirements of the Shanghai Stock Exchange and such other authorities (please refer to “(XII) Terms of Redemption” for details of the method of calculation of the interest accrued then).

(XI) Dividend Rights of the Year of Conversion

The new A Shares of the Bank to be issued as a result of the conversion of the Convertible Bonds shall rank pari passu with all the existing A Shares, and are entitled to dividend of that period for A Shareholders registered on the share registration date for dividend distribution.

(XII) Terms of Redemption

1. Terms of redemption at maturity

Within five trading days after the maturity of the Convertible Bonds, the Bank will redeem all the Convertible Bonds which have not been converted into Shares at a premium (including the annual interest of the final term) over the par value of the Convertible Bonds. The actual premium shall be determined by the Board (or its authorized person(s)) with reference to market conditions, according to the authorization by the Shareholders at the general meeting.

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2. *Terms of conditional redemption*

During the conversion period of the Convertible Bonds, if the closing price of the A Shares of the Bank is not lower than 130% (130% inclusive) of the prevailing CB Conversion Price in at least 15 trading days out of any 30 consecutive trading days, the Bank has the right to redeem all or part of the Convertible Bonds which have not been converted into Shares based on the par value plus the interest accrued then, subject to the approval from relevant regulatory authorities (if necessary). In the event that an adjustment to the CB Conversion Price is made due to ex-rights or ex-dividend during the aforementioned trading days, in respect of the trading days prior to such adjustment, the calculation shall be made based on the unadjusted CB Conversion Price and the closing price of the Shares on each such day, and in respect of the trading days after the adjustment is made, the calculation shall be made based on the adjusted CB Conversion Price and the closing price of the Shares on each such day.

In addition, when the aggregate nominal value of the balance of the outstanding Convertible Bonds issued hereunder is less than RMB30 million, the Bank shall have the right to redeem all the Convertible Bonds which have not been converted into Shares at a price equal to the nominal value plus the interest accrued then.

The formula for calculating the interest accrued then is: $IA=B \times i \times t / 365$

IA: denotes the accrued interest for the current period;

B: denotes the aggregate nominal value of the Convertible Bonds issued hereunder that are held by the CB Holders and will be redeemed;

i: denotes the coupon rate of the Convertible Bonds for the current year;

t: denotes the number of days on which interest is accrued, meaning the actual number of calendar days from the last interest payment date (inclusive) to the redemption date (exclusive) of the interest accrual year.

(XIII) Terms of Sale Back

If the actual usage of the proceeds from the issuance of the Convertible Bonds differs from the undertaking of the use of proceeds set out by the Bank in the offering document, and such difference is considered by the CSRC as a deviation from the use of the proceeds, the CB Holders will have a one-off right to sell the Convertible Bonds back to the Bank at the nominal value plus the interest accrued then. Under this scenario, the CB Holders may sell their Convertible Bonds back to the Bank during the sale back

declaration period after it is announced by the Bank. If the CB Holders do not exercise their sale back rights during the sale back declaration period, the rights to sell back the A Share Convertible Bonds shall automatically lapse. Save as aforesaid, the Convertible Bonds may not be sold back at the option of the CB Holders.

(XIV) Method of Issuance and Target Investors

The actual method of the issuance of the Convertible Bonds shall be determined by the Board (or its authorized person(s)), according to the authorization by the Shareholders at the general meeting. The target investors are natural persons, legal persons, securities investment funds and other investors that meet the conditions prescribed by the laws who have maintained securities accounts with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, except those prohibited by the state laws and regulations.

(XV) Subscription Arrangement for the Existing A Shareholders

The existing A Shareholders of the Bank shall have preferential rights to subscribe for the Convertible Bonds to be issued. The actual amount to be preferentially allocated to the existing A Shareholders shall be determined by the Board (or its authorized person(s)) with reference to the market conditions before issuance, according to the authorization by the Shareholders at the general meeting, and shall be disclosed in the offering document of the Convertible Bonds.

The remaining portion of the preferential issuance of the Convertible Bonds to the existing A Shareholders and those which have been given up by the existing A Shareholders will be issued offline to institutional investors and/or online through the Shanghai Stock Exchange system. If there remains under-subscription, the under-subscribed Convertible Bonds will be underwritten by the underwriting syndicate.

(XVI) Matters Related to the CB Holders' Meeting

1. Rights and obligations of CB Holders

(1) Rights of CB Holders

- ① Entitlement to interests in accordance with the amount of the convertible corporate bonds held by the CB Holders;
- ② Rights to convert Convertible Bonds into Shares of the Bank according to the conditions stipulated in the offering document of the Convertible Bonds;

- ③ Entitlement to exercise sale back rights according to the conditions stipulated in the offering document of the Convertible Bonds;
- ④ Assignment, bestowal or pledge of the Convertible Bonds in accordance with the laws, administrative regulations and the Articles of Association;
- ⑤ Access to relevant information in accordance with the laws and the Articles of Association;
- ⑥ Claim to the Bank for the principal and interests of the Convertible Bonds in accordance with the period and manner stipulated in the offering document of the Convertible Bonds;
- ⑦ Participation in or entrusting agents to participate in CB Holders' meetings and exercising voting rights in accordance with the laws, administrative regulations, etc.;
- ⑧ Other rights entitled to creditors of the Bank under the laws, administrative regulations and the Articles of Association.

(2) Obligations of the CB Holders

- ① Complying with the relevant terms of the Convertible Bonds of the Bank;
- ② Making due payment of the subscription amount for the Convertible Bonds;
- ③ Complying with the valid resolutions passed by CB Holders' meeting;
- ④ Except as specified in the laws, regulations, the Articles of Association or the offering document of the Convertible Bonds, the CB Holders may not request the Bank to make prepayment of the principal and interests of the Convertible Bonds;
- ⑤ Other obligations of the CB Holders prescribed by the laws, administrative regulations and the Articles of Association.

2. *CB Holders' meetings*

(1) Circumstances for convening CB Holders' meetings

Except as otherwise specified, a matter in any of the following circumstances shall be resolved through a resolution of CB Holders' meeting:

- ① proposed changes to the important stipulations of the offering document of the bonds;
 - a. changes to basic components of the bonds (including repaying party, term, coupon rate adjustment mechanism, etc.);
 - b. changes to credit enhancement or other debt service coverage and relevant implementation arrangements;
 - c. changes to the protection to bond investors and relevant implementation arrangements;
 - d. changes to the use of proceeds as stipulated in the offering document;
 - e. changes to the redemption or sale back terms (if any) as stipulated in the offering document; and
 - f. other changes to significant events closely related to repayment arrangement for principal and interest of bonds and the solvency.
- ② proposed amendments to the rules of procedures for CB Holders' meeting;
- ③ proposed dismissal or change of the bond trustee manager or change to key terms of the bond trustee management agreement (including but not limited to the scope of mandate for entrusted management matters, the risk prevention and solving mechanism for conflicts of interest, the liability for breach of contract closely related to the rights and interests of CB Holders, and other stipulations);

- ④ any of the following events, where it is necessary to decide on or authorize to take corresponding measures (including but not limited to negotiating with the Bank and other relevant parties, initiating or participating in arbitration or litigation proceedings, whether to enforce the Bank and its guarantor (if any) to repay the principal and interest of bonds through litigation proceedings, whether to participate in legal procedures for the Bank's rectification, reconciliation, restructuring or bankruptcy, disposal of collaterals or other measures conducive to the protection of rights and interests of investors, etc.):
- a. the Bank has been or is expected to be unable to satisfy as scheduled the principal or interest of the Convertible Bonds;
 - b. the Bank has been or is expected to be unable to satisfy as scheduled the interest-bearing liabilities other than the Convertible Bonds, and the outstanding amount exceeds RMB50 million and reaches 10% or more of the latest audited net asset value of the Bank as the parent company, which may lead to a default of the Convertible Bonds;
 - c. the Bank is subject to capital reduction, consolidation, subdivision, an order to suspend its production or business, temporarily detained or revoked license, receivership, dissolution, application for bankruptcy, or bankruptcy proceedings according to law;
 - d. the Bank's solvency is in serious uncertainty due to failure of the Bank's management in performing its duties normally;
 - e. the Bank's solvency is in serious uncertainty due to a transfer of assets at nil or obviously unreasonable consideration, waiver of debt, or provision of large-value guarantees to external parties by the Bank;
 - f. material adverse changes to credit enhancement providers, credit enhancement measures or other debt service coverage;
 - g. other events that may have a material adverse impact on the rights and interests of CB Holders.
- ⑤ a major debt restructuring plan proposed by the Bank;
- ⑥ other circumstances that shall be resolved by the CB Holders' meeting, as provided by the laws, administrative regulations, departmental rules, regulatory documents, or stipulated in the offering document of the Convertible Bonds and these terms.

(2) Convening of CB Holders' meetings

- ① CB Holders' meetings are convened mainly by the trustee manager.
- ② The Bank, the CB Holders holding individually or collectively 10% or more of the outstanding Convertible Bonds, guarantors or other institutions or individuals providing credit enhancement or debt service coverage have the right to propose to the trustee manager for convening a CB Holders' meeting.
- ③ If the trustee manager disagrees with or fails in convening the meeting as required, the Bank, the CB Holders holding individually or collectively 10% or more of the outstanding Convertible Bonds, guarantors or other institutions or individuals providing credit enhancement or debt service coverage have the right to convene a CB Holders' meeting on their own account, in which case the trustee manager shall provide necessary assistance for convening the CB Holders' meeting, including: assisting in the disclosure of CB Holders' meeting notices, meeting results and other documents, causing searches on the CB Holder register on behalf of the convener and providing contact information, assisting the convener in contacting relevant institutions or individuals that should be present at the meeting, etc.

(XVII) Use of Proceeds

After deducting issuance expenses, the proceeds from the issuance of the Convertible Bonds will be utilized in full to support sound business development of the Bank in the future, i.e. to replenish the core Tier-1 capital of the Bank in accordance with relevant regulatory requirements after the conversion of the Convertible Bonds.

(XVIII) Guarantee and Securities

There is no guarantee or security in relation to the proposed issuance of the Convertible Bonds.

(XIX) Validity Period of the Resolution

The resolution on issuance of the Convertible Bonds is valid for 12 months from the date of approving the offering plan at the general meeting of the Bank.

III. MATTERS RELATING TO AUTHORIZATION

To ensure smooth implementation of the issuance of the Convertible Bonds, it is hereby proposed at the general meeting to authorize the Board, which will then designate the authority to the president's office, to handle with full authority the matters in relation to the issuance of the Convertible Bonds under the framework and principles as considered and approved at the general meeting, within the validity period of the resolution in respect of issuance of the Convertible Bonds (for matters relating to the conversion of the Convertible Bonds, within the conversion period), and pursuant to the requirements of relevant laws, regulations and regulatory authorities, including but not limited to those set out below:

- (1) to formulate and implement the final plan for the issuance of the Convertible Bonds, including but not limited to determining the issue size, timing of issuance, method of issuance, target investors, interest rate, terms of conversion, terms of redemption, arrangement for preferential subscription by the existing A shareholders, arrangement for rating, setting up a special account for the funds to be raised, and handling all other matters in relation to the offering plan and the conversion of the Convertible Bonds in the future;
- (2) where the PRC government announces new regulations in relation to the issuance of the Convertible Bonds, or the relevant regulatory authorities have new policy requirements, or there are changes in market conditions, to adjust the offering plan for the Convertible Bonds accordingly except for matters required by relevant laws, regulations and the articles of association of the Bank to be re-voted at a general meeting;
- (3) to make appropriate amendments, adjustments and supplements to the issuance terms of the Convertible Bonds according to the requirements of regulatory authorities and in view of the actual condition of the Bank;
- (4) to produce, amend, improve, sign and file the application materials and documents in relation to the issuance and listing of the Convertible Bonds according to the requirements of the regulatory authorities;
- (5) to engage intermediaries, sign relevant contracts or agreements, and pay service fees in connection with the issuance of the Convertible Bonds, including but not limited to sponsors, underwriters, accounting firms, law firms, and credit rating agencies, according to relevant regulations on procurement;
- (6) to handle all matters relating to redemption, including but not limited to determining the time and ratio of redemption, execution procedures, etc.;

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- (7) to handle all matters relating to conversion, including but not limited to adjusting conversion price (except down adjustment to conversion price), appropriately amending the terms of the articles of association of the Bank concerning the issuance of convertible bonds and registered capital based on the issuance and conversion of the Convertible Bonds, and handling approval procedures for amendments to the articles of association and the industrial and commercial filing thereof, approval procedures for change of registered capital and the industrial and commercial registration thereof, listing of the Convertible Bonds and other matters;
- (8) to handle other relevant matters in relation to the issuance of the Convertible Bonds.

If the above matters relate to “Three Important and One Major” matters, they shall be submitted to the Party Committee of the head office of the Bank for pre-study in accordance with the Implementation Measures for Collective Decision-making of Bank of Chongqing Co., Ltd. on Major Issues, Major Personnel Appointments and Dismissals, Investments in Major Projects and Use of Large Sums of Money.

IV. FINANCIAL INFORMATION AND THE MANAGEMENT’S DISCUSSION AND ANALYSIS

The financial statements for 2018, 2019 and 2020 of the Bank have been audited by PricewaterhouseCoopers Zhong Tian LLP, which has issued the standard unqualified audit reports.

(I) Consolidated Financial Statements for the Previous Three Years

1. Consolidated Balance Sheet

Unit: '000 Yuan

Items	December 31, 2020	December 31, 2019	December 31, 2018
Assets			
Cash and balances with central bank	35,305,289	32,033,098	33,216,841
Due from other banks	4,288,991	5,408,118	7,481,143
Borrowings from other financial institutions	2,693,485	5,435,540	10,147,378
Derivative financial assets	4,543	433	–
Financial assets held under resale agreements	45,677,021	50,433,084	40,286,558
Loans and advances to customers	272,259,348	238,626,834	205,923,212
Financial investments:			
Financial assets held for trading	31,204,210	26,976,583	27,421,858
Debt investment	113,700,026	96,407,351	82,523,309

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Items	December 31, 2020	December 31, 2019	December 31, 2018
Other debt investment	45,604,180	35,817,078	34,478,567
Investment in other equity instrument	277,000	277,000	208,600
Long-term equity instrument	1,945,081	1,801,573	1,638,323
Fixed assets	3,233,280	3,070,011	3,023,292
Right-of-use assets	130,664	129,284	N/A
Intangible assets	379,381	344,972	269,790
Investment property	2,575	3,565	2,703
Held-for-sale assets	–	9,964	11,319
Deferred income tax assets	3,353,016	2,479,531	1,890,680
Other assets	1,583,307	1,977,845	1,845,400
Total assets	561,641,397	501,231,864	450,368,973
Liabilities			
Borrowings from central bank	27,724,168	12,449,180	3,233,727
Placements from banks and other financial institutions	32,054,204	27,311,508	29,116,619
Due to banks	22,279,169	16,957,946	14,158,401
Derivative financial liabilities	6,904	3,602	657
Financial assets sold under repurchase agreements	15,354,359	13,430,591	10,581,192
Customer deposits	314,500,257	281,048,911	256,394,193
Payroll payable	707,531	649,237	536,189
Taxes payable	734,444	807,019	838,137
Bonds payable	101,040,342	105,386,006	96,982,613
Provisions	390,402	441,834	215,112
Leased liabilities	125,844	112,012	N/A
Other liabilities	4,729,559	4,020,349	3,700,560
Total liabilities	519,647,183	462,618,195	415,757,400
Shareholders' equity			
Share capital	3,127,055	3,127,055	3,127,055
Other equity instrument	4,909,307	4,909,307	4,909,307
Capital reserve	4,680,638	4,680,638	4,680,638
Other comprehensive income	602,454	755,563	272,476
Surplus reserve	3,458,521	3,026,522	2,616,566
General risk reserve	6,295,346	5,516,685	5,400,150
Retained earnings	17,101,676	14,933,659	12,044,820
Total equity attributable to shareholders' of the Bank	40,174,997	36,949,429	33,051,012
Minority interests	1,819,217	1,664,240	1,560,561
Total shareholders' equity	41,994,214	38,613,669	34,611,573
Total liabilities and shareholders' equity	561,641,397	501,231,864	450,368,973

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2. *Consolidated income statement*

Unit: '000 Yuan

Items	2020	2019	2018
Interest income	25,191,048	22,201,722	19,322,772
Interest expense	(14,130,310)	(13,053,512)	(12,447,126)
Net interest income	11,060,738	9,148,210	6,875,646
Fee and commission income	1,151,897	1,054,603	1,453,712
Fee and commission expense	(114,850)	(106,091)	(111,790)
Net fee and commission income	1,037,047	948,512	1,341,922
Investment income	1,440,125	1,473,850	2,091,084
<i>Including: Income from investment in associates</i>	162,903	163,250	220,427
<i>Net gain from derecognition of financial assets measured at amortised costs</i>	–	–	–
Gain from disposal of assets	35,375	14,578	27,679
Other gains	60,142	37,728	33,619
Profit or loss from change in fair value	(248,532)	213,228	222,556
Foreign exchange gains	(358,726)	106,498	245,215
Other operating income	22,182	5,390	2,053
Operating income	13,048,351	11,947,994	10,839,774
Taxes and surcharges	(155,778)	(142,450)	(134,100)
Administrative expenses	(2,693,681)	(2,590,084)	(2,408,311)
Credit impairment losses	(4,316,721)	(3,614,481)	(3,436,383)
Impairment loss of other assets	(119,303)	900	(385)
Other operating expenses	(12,097)	(1,717)	(139)
Operating expenses	(7,297,580)	(6,347,832)	(5,979,318)
Operating profit	5,750,771	5,600,162	4,860,456
Non-operating income	6,655	6,293	10,737
Non-operating expense	(23,644)	(34,168)	(28,571)
Total profits	5,733,782	5,572,287	4,842,622
Less: Income tax expenses	(1,168,087)	(1,250,830)	(1,020,527)
Net profit	4,565,695	4,321,457	3,822,095
Net profit attributable to shareholders of the Bank	4,423,633	4,207,488	3,769,847
Profit or loss of minority shareholders	142,062	113,969	52,248
Net profit for the year	4,565,695	4,321,457	3,822,095
Other comprehensive income			
Net other comprehensive income after tax attributable to shareholders of the Bank	(153,109)	483,087	482,448

**APPENDIX VII PRELIMINARY PROPOSAL FOR THE PUBLIC ISSUANCE
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Items	2020	2019	2018
Items that may be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income	(215,709)	445,008	359,316
Credit loss provision of financial assets at fair value through other comprehensive income	62,707	(12,473)	(23,785)
Items that will not be reclassified to profit or loss:			
Change in fair value of other equity instrument investment	–	51,300	150,000
Re-measured variation of net liabilities or net assets of defined benefit plan	(107)	(748)	(3,083)
Net other comprehensive income after tax attributable to minority shareholders	–	–	–
Net other comprehensive income after tax	(153,109)	483,087	482,448
Total comprehensive income	4,412,586	4,804,544	4,304,543
Including:			
Total comprehensive income attributable to shareholders of the Bank	4,270,524	4,690,575	4,252,295
Total comprehensive income attributable to minority shareholders	142,062	113,969	52,248

3. *Consolidated cash flow statement*

Unit: '000 Yuan

Items	2020	2019	2018
I. Cash flow from/(used in) operating activities:			
Net increase in borrowings from central bank	15,319,224	9,047,912	1,486,207
Net decrease in balances with central bank and other banks	479,432	1,086,964	5,679,879
Net increase in loans and borrowings from other financial institutions	13,509,191	–	–
Net increase in customer deposits and deposits from other banks	36,923,907	22,595,197	2,374,348
Cash receipts of interests	17,485,658	15,378,235	14,017,750
Cash receipts of fees and commission	1,197,226	1,450,378	1,546,562

**APPENDIX VII PRELIMINARY PROPOSAL FOR THE PUBLIC ISSUANCE
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Items	2020	2019	2018
Cash receipts relating to other operating activities	1,350,193	739,722	1,486,978
Subtotal of cash inflow from operating activities	86,264,831	50,298,408	26,591,724
Net decrease in borrowings from central bank	–	–	–
Net increase in deposits with central bank and other banks	–	–	–
Net decrease in loans and borrowings from other financial institutions	–	(1,983,886)	(9,540,759)
Net increase in loans and advances to customers	(37,531,136)	(36,019,010)	(37,733,552)
Cash payment of interest	(10,449,073)	(9,134,980)	(8,376,482)
Cash paid for fees and commission	(114,850)	(106,091)	(111,790)
Net increase in financial assets held for trading	(158,592)	(6,682)	–
Cash paid to and on behalf of employees	(1,627,379)	(1,560,497)	(1,444,839)
Taxes paid	(3,160,144)	(3,067,018)	(1,768,522)
Cash paid for other operating activities	(1,016,939)	(1,131,969)	(1,779,091)
Subtotal of cash outflow from operating activities	(54,058,113)	(53,010,133)	(60,755,035)
Net cash flow generated from/(used in) operating activities	32,206,718	(2,711,725)	(34,163,311)
II. Cash flow (used in)/from investment activities:			
Proceeds from sale and redemption of investments	72,468,462	136,498,462	257,298,010
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	53,107	46,703	71,895
Cash received/(paid) for investment gains or losses	1,216,992	1,423,578	2,009,680
Net proceeds from acquisition of subsidiaries	212,007	–	–
Subtotal of cash inflow from investment activities	73,950,568	137,968,743	259,379,585
Cash paid for investment	(95,182,830)	(143,234,523)	(234,661,484)
Cash paid for purchasing property, plant and equipment, intangible assets and other long-term assets	(444,857)	(371,392)	(411,145)
Subtotal of cash outflow from investment activities	(95,627,687)	(143,605,915)	(235,072,629)

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Items	2020	2019	2018
Net cash flow (used in)/generated from investment activities	(21,677,119)	(5,637,172)	24,306,956
III. Cash flow (used in)/generated from financing activities:			
Proceeds from issuance of debt securities and inter-bank certificates of deposit	123,831,323	108,756,671	143,403,934
Capital contribution from non-controlling interests of subsidiaries	-	-	-
Proceeds from issuance of other equity instrument	-	-	-
Subtotal of cash inflow from financing activities	123,831,323	108,756,671	143,403,934
Cash paid for repayment of due debts	(130,720,000)	(103,180,000)	(138,990,000)
Cash paid for repayment of leased liabilities	(39,651)	(50,103)	N/A
Dividends paid	(1,064,190)	(804,213)	(670,109)
Cash paid for interest payment	(721,600)	(726,577)	(497,400)
Subtotal of cash outflow from financing activities	(132,545,441)	(104,760,893)	(140,157,509)
Net cash flow (used in)/generated from financing activities	(8,714,118)	3,995,778	3,246,425
IV. Impact of change in exchange rate on cash and cash equivalents	(249,939)	44,726	452,025
V. Net increase/(decrease) in cash and cash equivalents	1,565,542	(4,308,393)	(6,157,905)
Add: Balance of cash and cash equivalents at the beginning of the period/year	9,958,679	14,267,072	20,424,977
VI. Balance of cash and cash equivalents at the end of the period/year	11,524,221	9,958,679	14,267,072

(II) Financial Statements of the Parent Company in Last Three Years

1. Balance sheet of the parent company

Unit: '000 Yuan

Items	December 31, 2020	December 31, 2019	December 31, 2018
Assets			
Cash and deposits with central bank	35,211,108	32,033,098	33,216,841
Due from other banks	3,281,054	5,407,913	7,456,004
Borrowings from other financial institutions	2,643,550	5,485,591	11,749,604
Derivative financial assets	4,543	433	-

**APPENDIX VII PRELIMINARY PROPOSAL FOR THE PUBLIC ISSUANCE
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Items	December 31, 2020	December 31, 2019	December 31, 2018
Financial assets held under resale agreements	45,677,021	50,433,084	40,286,558
Loans and advances to customers	249,282,901	220,833,569	190,973,038
Financial investments:			
Financial assets held for trading	31,204,210	26,976,583	27,421,858
Debt investment	113,700,026	96,407,351	82,523,309
Other debt investment	45,604,180	35,817,078	34,478,567
Investment in other equity instrument	277,000	277,000	208,600
Long-term equity instrument	3,572,088	3,331,573	3,168,323
Fixed assets	2,993,287	2,979,716	2,978,159
Right-of-use assets	111,700	129,284	N/A
Intangible assets	372,753	340,592	266,693
Investment property	2,575	3,565	2,703
Held-for-sale assets	–	9,964	11,319
Deferred income tax assets	3,113,836	2,301,109	1,778,471
Other assets	1,569,507	1,735,774	1,845,296
Total assets	538,621,339	484,503,277	438,365,343
Liabilities			
Borrowings from central bank	27,724,168	12,449,180	3,233,727
Placements from banks and other financial institutions	32,446,515	27,708,293	29,267,834
Due to banks	3,502,802	2,851,736	4,362,236
Derivative financial liabilities	6,904	3,602	657
Financial assets sold under repurchase agreements	15,354,359	13,430,591	10,581,192
Customer deposits	313,590,102	281,048,911	256,394,193
Payroll payable	670,404	619,122	516,609
Taxes payable	686,724	723,514	769,138
Bonds payable	101,040,342	105,386,006	96,982,613
Provisions	390,402	441,834	215,112
Leased liabilities	106,213	112,012	N/A
Other liabilities	3,233,238	2,981,228	3,085,277
Total liabilities	498,752,173	447,756,029	405,408,588
Shareholders' equity			
Share capital	3,127,055	3,127,055	3,127,055
Other equity instrument	4,909,307	4,909,307	4,909,307
Capital reserve	4,680,638	4,680,638	4,680,638
Other comprehensive income	602,454	755,563	272,476
Surplus reserve	3,454,533	3,022,534	2,612,578
General risk reserve	6,144,809	5,429,484	5,352,694
Retained earnings	16,950,370	14,822,667	12,002,007
Total shareholders' equity	39,869,166	36,747,248	32,956,755
Total liabilities and shareholders' equity	538,621,339	484,503,277	438,365,343

**APPENDIX VII PRELIMINARY PROPOSAL FOR THE PUBLIC ISSUANCE
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2. *Income statement of the parent company*

Unit: '000 Yuan

Items	2020	2019	2018
Interest income	23,747,491	21,129,572	18,532,787
Interest expense	(13,534,167)	(12,539,050)	(11,951,934)
Net interest income	10,213,324	8,590,522	6,580,853
Fee and commission income	1,146,786	1,035,283	1,308,955
Fee and commission expense	(114,835)	(106,065)	(109,199)
Net fee and commission income	1,031,951	929,218	1,199,756
Investment income	1,469,195	1,484,560	2,091,084
<i>Including: Income from investment in associates</i>	162,903	163,250	220,427
<i>Net gain from derecognition of financial assets measured at amortised costs</i>	–	–	–
Gain from disposal of assets	35,375	14,578	27,679
Other gains	31,522	16,782	16,374
Profit or loss from change in fair value	(248,532)	213,228	222,556
Foreign exchange gains	(358,726)	106,498	245,215
Other operating income	1,961	736	2,053
Operating income	12,176,070	11,356,122	10,385,570
Taxes and surcharges	(154,070)	(138,107)	(129,474)
Administrative expenses	(2,624,552)	(2,526,641)	(2,347,476)
Credit impairment losses	(3,922,068)	(3,391,854)	(3,189,978)
Impairment loss of other assets	(104,175)	900	(385)
Other operating expenses	(251)	(119)	(139)
Operating expenses	(6,805,116)	(6,055,821)	(5,667,452)
Operating profit	5,370,954	5,300,301	4,718,118
Non-operating income	6,408	6,290	10,737
Non-operating expense	(23,644)	(34,016)	(28,571)
Total profits	5,353,718	5,272,575	4,700,284
Less: Income tax expenses	(1,033,735)	(1,173,011)	(984,817)
Net profit	4,319,983	4,099,564	3,715,467
Other comprehensive income	(153,109)	483,087	
Items that may be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income	(215,709)	445,008	359,316
Credit loss provision of financial assets at fair value through other comprehensive income	62,707	(12,473)	(23,785)

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Items	2020	2019	2018
Items that will not be reclassified to profit or loss:			
Change in fair value of other equity instrument investment	–	51,300	150,000
Re-measured variation of net liabilities or net assets of defined benefit plan	(107)	(748)	(3,083)
Net other comprehensive income after tax	(153,109)	483,087	482,448
Total comprehensive income	4,166,874	4,582,651	4,197,915

3. *Cash flow statement of the parent company*

Unit: '000 Yuan

Items	2020	2019	2018
I. Cash flow from/(used in) operating activities:			
Net increase in borrowings from central bank	15,319,224	9,047,912	1,486,207
Net decrease in balances with central bank and other banks	479,431	1,086,964	5,579,879
Net increase in loans and borrowings from other financial institutions	8,861,698	–	–
Net increase in customer deposits and deposits from other banks	36,814,916	22,840,767	2,499,249
Cash receipts of interests	15,344,544	14,022,599	13,205,383
Cash receipts of fees and commission	1,195,889	1,429,804	1,392,701
Cash receipts relating to other operating activities	759,465	309,393	662,094
Subtotal of cash inflow from operating activities	78,775,167	48,737,439	24,825,513
Net decrease in borrowings from central bank	–	–	–
Net increase in deposits with central bank and other banks	–	–	–
Net decrease in loans and borrowings from other financial institutions	–	(4,755,563)	(15,221,455)
Net increase in loans and advances to customers	(32,129,262)	(32,742,665)	(31,482,636)
Cash payment of interest	(9,845,145)	(8,556,723)	(7,933,867)
Cash paid for fees and commission	(114,835)	(106,065)	(109,200)
Net increase in financial assets held for trading	(158,592)	(6,682)	–
Cash paid to and on behalf of employees	(1,578,321)	(1,521,597)	(1,406,531)
Taxes paid	(2,971,960)	(2,900,022)	(1,631,871)

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Items	2020	2019	2018
Cash paid for other operating activities	(863,267)	(856,550)	(1,241,652)
Subtotal of cash outflow from operating activities	(47,661,382)	(51,445,867)	(59,027,212)
Net cash flow generated from/(used in) operating activities:	31,113,785	(2,708,428)	(34,201,699)
II. Cash flow (used in)/generated from investment activities:			
Proceeds from sale and redemption of investments	72,497,532	136,509,172	257,298,010
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	53,107	46,700	71,895
Cash received/(paid) due to investment gains or losses	1,216,992	1,423,578	2,009,680
Subtotal of cash inflow from investment activities	73,767,631	137,979,450	259,379,585
Cash paid for investment	(94,988,330)	(143,234,523)	(234,661,484)
Cash paid for capital contribution	(194,500)	-	-
Cash paid for purchasing property, plant and equipment, intangible assets and other long-term assets	(308,948)	(320,756)	(397,895)
Subtotal of cash outflow from investment activities	(95,491,778)	(143,555,279)	(235,059,379)
Net cash flow (used in)/generated from investment activities	(21,724,147)	(5,575,829)	24,320,206
III. Cash flow (used in)/generated from financing activities:			
Proceeds from issuance of debt securities and inter-bank certificates of deposit	123,831,323	108,756,671	143,403,934
Proceeds from issuance of other equity instrument		-	-
Subtotal of cash inflow from financing activities	123,831,323	108,756,671	143,403,934
Cash paid for repayment of due debts	(130,720,000)	(103,180,000)	(138,990,000)
Cash paid for repayment of leased liabilities	(39,651)	(50,103)	N/A
Dividends paid	(1,036,260)	(793,923)	(670,109)
Cash paid for interest payment	(721,600)	(726,577)	(497,400)
Subtotal of cash outflow from financing activities	(132,517,511)	(104,750,603)	(140,157,509)
Net cash flow (used in)/generated from financing activities	(8,686,188)	4,006,068	3,246,425
IV. Impact of change in exchange rate on cash and cash equivalents	(249,939)	44,726	452,025

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Items	2020	2019	2018
V. Net increase/(decrease) in cash and cash equivalents	453,511	(4,233,463)	(6,183,043)
Add: Balance of cash and cash equivalents at the beginning of the period/year	10,008,468	14,241,931	20,424,974
VI. Balance of cash and cash equivalents at the end of the period/year	10,461,979	10,008,468	14,241,931

(III) Scope of Financial Statements and Its Changes

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, the consolidation scope of consolidated financial statements is determined based on control, including the financial statements of the Bank and all subsidiaries as of the end of each reporting period. Subsidiary refers to the subject controlled by the Bank (including enterprise, divisible part of investee, and the structural subject controlled by the Bank, etc.). In preparing consolidated financial statements, subsidiary adopts the accounting period and accounting policies that are as same as those of the Bank. The assets, liabilities, equity, income, expenses and cash flow arising from all transactions between the companies of the Group are fully offset at the time of merger.

The Bank incorporated Chongqing Xinyu Financial Leasing Co., Ltd., a subsidiary, into the scope of its consolidated financial statements since its establishment on March 23, 2017.

During the reporting period, the overview of subsidiaries included in the scope of consolidation of the Bank is shown as follows:

Name of subsidiaries	Principal place of business/ registration	Registered capital (RMB)	Shareholding ratio (%)/ Voting rights (%)		
			December 31, 2020	December 31, 2019	December 31, 2018
Chongqing Xinyu Financial Leasing Co., Ltd.	Chongqing	3 billion	51%	51%	51%
Xingyi Wanfeng Village Bank Co., Ltd.	Guizhou	324.50 million	67%	20%	20%

The Bank funded the establishment of Xingyi Wanfeng Village Bank Co., Ltd. (“**Xingyi Wanfeng**”) on May 5, 2011. Among the initial registered capital of the investee of RMB110.00 million, the Bank contributed RMB22.00 million, accounting for 20%. The Bank increased capital contribution by RMB194.50 million on December 31, 2020 to 66.72% and converted Xingyi Wanfeng from an associate to a subsidiary. The current registered capital and paid-in capital of Xingyi Wanfeng is RMB324.50 million.

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(IV) Major Financial Indicators and Regulatory Indicators of the Bank

1. Major financial indicators of the Bank

Items	2020	2019	2018
Basic earnings per share (yuan)	1.32	1.24	1.11
Diluted earnings per share (yuan)	1.32	1.24	1.11
Weighted average return on net asset	12.23%	12.95%	12.77%
Weighted average return on net asset after deducting non-recurring gains and losses	12.08%	12.91%	12.67%

2. Major regulatory indicators of the Bank

Unit: %

Indicator type	Indicator	Requirement	December 31, 2020	December 31, 2019	December 31, 2018
Capital adequacy	core Tier-1 capital adequacy rate (%)	≥7.5	8.39	8.51	8.47
	Tier-1 capital adequacy rate (%)	≥8.5	9.57	9.82	9.94
	Capital adequacy rate	≥10.5	12.54	13.00	13.21
Profitability	Cost-income ratio (%)	≤45	20.64	21.68	22.22
Liquidity risk	Liquidity ratio (%)	≥25	83.52	78.35	92.45
	Liquidity coverage ratio (%)	≥100	205.09	214.21	250.49
Credit risks	Non-performing loan ratio (%)	≤5	1.27	1.27	1.36
	Loan exposure to a single customer (%)	≤10	2.48	2.52	2.15
	Loan exposure to top ten customers (%)	-	20.49	19.30	18.79
	Overall correlation (%)	≤50	16.94	11.52	8.12
	Migration ratio of pass loans (%)	-	2.61	3.18	4.83
	Migration ratio of OAEM loans (%)	-	24.74	24.32	25.81
	Migration ratio of substandard loans (%)	-	76.74	83.39	44.68
Market risks	Migration ratio of doubtful loans (%)	-	63.82	29.85	31.66
	Cumulative foreign currency exposure ratio (%)	≤20	0.85	0.84	0.70
	Reserve adequacy	Loan provision rate (%)	≥2.5	3.92	3.56
Provision coverage (%)		≥150	309.13	279.83	225.87

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Note 1: Among the regulatory indicator above, core Tier-1 capital adequacy rate, Tier-1 capital adequacy, capital adequacy, cost-income ratio, non-performing loan ratio, loan exposure to a single customer, loan exposure to top ten customers, loan provision rate and provision ratio were recalculated based on the audited data and regulatory requirements; among other indicators, liquidity ratio, liquidity coverage ratio, overall correlation, cumulative foreign currency exposure ratio are data submitted to regulatory authorities on consolidated basis; and migration ratio of pass loans, migration ratio of OAEM loans, migration ratio of of substandard loans and migration ratio of doubtful loans are data submitted to regulatory authorities on legal person basis.

(V) Management Discussion and Analysis

In this section, unless otherwise specified, all financial data refers to the Bank's data in consolidated financial statement. Any differences between the total and its components in aggregate as shown herein are due to rounding.

1. Analysis on major items in balance sheet

(1) Assets

The Bank vigorously develops inclusive finance with the mission of serving the real economy. The Bank operates steadily in various businesses with continuous grow in total assets. As of December 31, 2020, December 31 2019 and December 31, 2018, the Bank's total assets were RMB561.641 billion, RMB501.232 billion and RMB450.369 billion, representing an increase of 12.05% and 11.29% as compared to that of the end of last year as at December 31, 2020, December 31, 2019 and December 31, 2018, respectively. The composition of the Bank's assets is as follows:

Unit: '000 Yuan

Items	December 31, 2020 Amount	December 31, 2019 Amount	December 31, 2018 Amount
Loans and advances to customers	272,259,348	238,626,834	205,923,212
Investment ¹	192,730,497	161,279,585	146,270,657
Inter-bank transactions (asset items) ²	52,659,497	61,276,742	57,915,079
Cash and deposits with central bank	35,305,289	32,033,098	33,216,841
Others ³	8,686,766	8,015,605	7,043,184
Total assets	<u>561,641,397</u>	<u>501,231,864</u>	<u>450,368,973</u>

Note:

1. Investments include financial assets held for trading, debt investment, other debt investment, investment in other equity instrument, long-term equity instrument;

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2. Inter-bank transactions (asset items) include financial assets held under resale agreements, deposits with other banks and borrowings from other financial institutions.
3. Other assets primarily include derivative financial assets, interest receivables, fixed assets, intangible assets, investment property, held-for-sale assets, deferred income tax assets, fee and commission receivables, other receivables, long-term deferred expenses, right-of-use assets, etc.

As of December 31, 2020, December 31, 2019 and December 31, 2018, the Bank's net loans and advances to customers were RMB272.259 billion, RMB238.627 billion and RMB205.923 billion, respectively. In recent years, benefiting from the advancement of national strategies such as the Belt and Road Initiative, the development of the Yangtze River Economic Belt, and the development of the western region, the economic aggregate of the western region has rapidly increased. While controlling risks, the Bank further released loans to high-quality projects and key target customers. Its business scale further expanded with increasing number of customers and degree of market recognition.

As of December 31, 2020, December 31, 2019 and December 31, 2018, the Bank's total investments amounted to RMB192.730 billion, RMB161.280 billion and RMB146.271 billion, respectively. There were slight fluctuations in the investment scale of the Bank in the past three years, which are due to the Bank adjusted trading strategies and the allocation of various assets in comprehensive consideration of asset liquidity and market trends.

Inter-bank transactions (asset items) include financial assets held under resale agreements, deposits with other banks and borrowings from other financial institutions. As of December 31, 2020, December 31, 2019 and December 31, 2018, inter-bank transactions (asset items) were RMB52.659 billion, RMB61.277 billion and RMB57.915 billion, respectively, which remained relatively stable.

As of December 31, 2020, December 31, 2019 and December 31, 2018, the Bank's cash and deposits with central bank were RMB35.305 billion, RMB32.033 billion and RMB33.217 billion, respectively, which remained stable as a whole.

The Bank's other assets include derivative financial assets, interest receivables, fixed assets, intangible assets, deferred income tax assets, investment property, held-for-sale assets, other receivables, fee and commission receivables, long-term deferred expenses, etc. As of December 31, 2020, December 31, 2019 and December 31, 2018, the total assets above were RMB8.687 billion, RMB8.016 billion and RMB7.043 billion, respectively.

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(2) Liabilities

As of December 31, 2020, December 31, 2019 and December 31, 2018, the Bank's total liabilities amounted to RMB519.647 billion, RMB462.618 billion and RMB415.757 billion, respectively, representing an increase of 12.33% and 11.27% as compared to that of the end of last year as at December 31, 2020, December 31, 2019 and December 31, 2018. The increase in the Bank's liabilities is in line with the increase in its assets. The composition of liabilities of the Bank is as follows:

Unit: '000 Yuan, %

Items	December 31, 2020 Amount	December 31, 2019 Amount	December 31, 2018 Amount
Customer deposits	314,500,257	281,048,911	256,394,193
Inter-bank transactions (liability items) ¹	69,687,732	57,700,045	53,856,212
Bonds payable	101,040,342	105,386,006	96,982,613
Borrowings from central bank	27,724,168	12,449,180	3,233,727
Others ²	6,694,684	6,034,053	5,290,655
Total	<u>519,647,183</u>	<u>462,618,195</u>	<u>415,757,400</u>

Note:

1. Inter-bank transactions (liability items) include financial assets sold under repurchase agreements, placements from banks and other financial institutions and due to banks and other financial institutions.
2. Other liabilities primarily include derivative financial liabilities, payroll payable, taxes payable, interest payable, provisions, leased liabilities and other liabilities.

As of December 31, 2020, December 31, 2019 and December 31, 2018, the Bank's customer deposits amounted to RMB314.500 billion, RMB281.049 billion and RMB256.394 billion, showing a steady increase in scale. In the past three years, the Bank has further deepened its cooperation with local governments. Chongqing Municipality, district (county) administrative institutions and local government platform have increased support for the Bank; in recent years, the Bank has established Chengdu Branch, Guiyang Branch and Xi'an Branch. Cross-regional operations have brought new growth points to the Bank's corporate deposits; the Bank has increased product innovation and marketing efforts; and promoted the liabilities business through the coordinated development of multiple businesses.

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Inter-bank transactions (liability items) include placements from banks and other financial institutions, due to banks and other financial institutions and financial assets sold under repurchase agreements. As of December 31, 2020, December 31, 2019 and December 31, 2018, the Bank's inter-bank transactions (liability items) amounted to RMB69.688 billion, RMB57.700 billion and RMB53.856 billion. The change in the size of the Bank's inter-bank transactions (liability item) at the end of each reporting period is mainly because the Bank proactively conducted asset and liabilities management based on changes in the inter-bank market and changes in the Bank's liquidity position. In addition, under the premise of controlling liquidity risk, the Bank may expand the short-term operating capital sources, increase the return on assets, and optimize the asset-to-liabilities structure by adjusting and coordinating the assets and liabilities of inter-bank transactions.

As of December 31, 2020, December 31, 2019 and December 31, 2018, the Bank's bonds payable amounted to RMB101.040 billion, RMB105.386 billion and RMB96.983 billion. Inter-bank certificates of deposit constitutes a significant part of the Bank's bonds payable.

As of December 31, 2020, December 31, 2019 and December 31, 2018, the Bank's borrowings from central bank amounted to RMB27.724 billion, RMB12.449 billion and RMB3.234 billion. As of December 31, 2019, the Bank's borrowings from central bank increased by 284.98% as compared to that of December 31, 2018, which was mainly because the Bank was approved to be a member of the PBOC's medium-term lending facility (MLF) and the implementation of several medium-term lending facilities.

The Bank's other liabilities primarily include payroll payable, taxes payable, interest payable, leased liabilities, provisions and other liabilities. As of December 31, 2020, December 31, 2019 and December 31, 2018, the total liabilities above amounted to RMB6.695 billion, RMB6.034 billion and RMB5.291 billion, respectively.

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2. *Analysis on major items in income statement*

In 2020, 2019 and 2018, the Bank recorded net profit attributable to shareholders of the parent company of RMB4.424 billion, RMB4.207 billion and RMB3.770 billion, respectively, showing a steady increase in profitability. The major items of the Bank's income statement are as follows:

Unit: '000 Yuan

Items	2020	2019	2018
Interest income	25,191,048	22,201,722	19,322,772
Interest expense	(14,130,310)	(13,053,512)	(12,447,126)
Net interest income	11,060,738	9,148,210	6,875,646
Fee and commission income	1,151,897	1,054,603	1,453,712
Fee and commission expense	(114,850)	(106,091)	(111,790)
Net fee and commission income	1,037,047	948,512	1,341,922
Investment income	1,440,125	1,473,850	2,091,084
Gain from disposal of assets	35,375	14,578	27,679
Other gains	60,142	37,728	33,619
Profit or loss from change in fair value	(248,532)	213,228	222,556
Foreign exchange gains	(358,726)	106,498	245,215
Other operating income	22,182	5,390	2,053
Operating income	13,048,351	11,947,994	10,839,774
Operating expenses	(7,297,580)	(6,347,832)	(5,979,318)
Operating profit	5,750,771	5,600,162	4,860,456
Total profits	5,733,782	5,572,287	4,842,622
Net profit	4,565,695	4,321,457	3,822,095
Net profit attributable to shareholders of the Bank	4,423,633	4,207,488	3,769,847

In 2020, 2019 and 2018, the Bank recorded operating income of RMB13.048 billion, RMB11.948 billion and RMB10.840 billion, respectively. The Company's operating income are mainly from net interest income, net fee and commission income and investment income.

Net interest income constitutes a major part of the operating income. In 2020, 2019 and 2018, the Bank recorded net interest income of RMB11.061 billion, RMB9.148 billion and RMB6.876 billion, respectively, showing a steady increase as a whole.

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In 2020, 2019 and 2018, the Bank's net fee and commission income amounted to RMB1.037 billion, RMB949 million and RMB1.342 billion, respectively. The Bank's fee and commission income mainly comes from wealth management business, bank card business and custody business.

In 2020, the Bank's investment income amounted to RMB1.440 billion, a decrease of RMB34 million as compared to last year. In 2019, the Bank's investment income amounted to RMB1.474 billion, a decrease of 29.52% as compared in 2018, which was mainly due to the year-on-year decrease of RMB574 million in the income from financial assets held for trading arising from the decrease in the average scale and yield of the Bank's financial assets held for trading in 2019.

3. *Analysis on cash flow statement*

In 2020, 2019 and 2018, the Bank's net increase in cash and cash equivalent amounted to RMB1.566 billion, RMB-4.308 billion and RMB-6.158 billion, respectively.

Unit: '000 Yuan

Items	2020	2019	2018
Cash inflow from operating activities	86,264,831	50,298,408	26,591,724
Cash outflow from operating activities	(54,058,113)	(53,010,133)	(60,755,035)
Net cash flow generated from/(used in) operating activities	32,206,718	(2,711,725)	(34,163,311)
Cash inflow from investment activities	73,950,568	137,968,743	259,379,585
Cash outflow from investment activities	(95,627,687)	(143,605,915)	(235,072,629)
Net cash flow (used in)/generated from investment activities	(21,677,119)	(5,637,172)	24,306,956
Cash inflow from financing activities	123,831,323	108,756,671	143,403,934
Cash outflow from financing activities	(132,545,441)	(104,760,893)	(140,157,509)

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Items	2020	2019	2018
Net cash flow (used in)/generated from financing activities	(8,714,118)	3,995,778	3,246,425
Impact of changes in exchange rates on cash and cash equivalents	(249,939)	44,726	452,025
Net increase/(decrease) in cash and cash equivalents	1,565,542	(4,308,393)	(6,157,905)
Add: Balance of cash and cash equivalents at the beginning of the period/year	9,958,679	14,267,072	20,424,977
Balance of cash and cash equivalents at the end of the period/year	11,524,221	9,958,679	14,267,072

In 2020, 2019 and 2018, the Bank's net cash flow (used in)/generated from the operating activities amounted to RMB32.207 billion, RMB-2.712 billion and RMB-34.163 billion, respectively; net cash flow (used in)/generated from the investment activities amounted to RMB-21.677 billion, RMB-5.637 billion and RMB24.307 billion, respectively; and net cash flow (used in)/generated from the financing activities amounted to RMB-8.714 billion, RMB3.996 billion and RMB3.246 billion, respectively.

V. USE OF PROCEEDS FROM THE PUBLIC ISSUANCE OF CONVERTIBLE BONDS

The total amount of proceeds to be raised for the public issuance of the Convertible Bonds shall not exceed RMB13 billion (RMB13 billion inclusive). After deducting issuance expenses, the proceeds will be used to support the future business development of the Bank, i.e. to replenish the core Tier-1 capital of the Bank after the conversion of the Convertible Bonds pursuant to the relevant regulatory requirements, improve the capital adequacy ratio of the Bank and further consolidate the capital foundation for the sustainable and healthy development of various businesses.

The English version of this appendix is an unofficial translation of its Chinese version. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

CHAPTER I GENERAL PROVISIONS

Article 1 In order to regulate the organization and decision-making behaviors of meetings of bondholders of A share convertible corporate bonds (hereinafter referred to as the “**Convertible Bonds**”) to be publicly issued by Bank of Chongqing Co., Ltd. (hereinafter referred to as the “**Issuer**”), specify the rights and obligations of the bondholders’ meetings and safeguard the rights and interests of the holders of the Convertible Bonds, these rules have been formulated pursuant to the requirements of the Securities Law of the People’s Republic of China, the Company Law of the People’s Republic of China, the Measures for Administration of the Issue of Securities by Listed Companies, the Administrative Measures for Convertible Corporate Bonds, the Administrative Measures for Issuance and Trading of Corporate Bonds and other laws, administrative regulations, department rules as well as the relevant business rules of the Shanghai Stock Exchange and with reference to the actual conditions of the issuance of the Convertible Bonds.

The basic components and major stipulations of the Convertible Bonds are subject to the contents contained in the offering document of the Convertible Bonds, etc.

Article 2 The bondholders’ meetings have been established since the completion of the issuance of the Convertible Bonds till the termination of debtor-creditor relationship in connection with the Convertible Bonds. The bondholders’ meetings comprise the holders who hold the outstanding Convertible Bonds, including those holding the Convertible Bonds through subscription, trading, transfer, inheritance or other legitimate means.

During the listing period of the Bonds, the scope of aforesaid holders is subject to the bondholders which appear on the register of bondholders maintained at China Securities Depository and Clearing Corporation Limited, unless otherwise provided by the laws and regulations.

Article 3 The bondholders’ meetings are convened and held according to the procedures stipulated herein to consider and vote on the matters within the extent of authority stipulated herein.

The bondholders shall cooperate with the trustee manager and other meeting conveners in their relevant work, actively attend bondholders’ meetings, consider resolutions at the meetings, exercise their voting rights, coordinate promoting the implementation of the valid resolutions passed at the meetings, and protect their own legal rights and interests in a lawful manner. Bondholders present at the meetings shall ensure they still hold the Convertible Bonds when voting at the meetings, and shall not make use of the relevant information obtained by attending the meetings for insider dealings, market manipulation, benefit transmission, securities fraud and other illegal activities which may damage the legal rights and interests of other bondholders. In the event of any losses caused to other bondholders arising from a breach of the above undertakings by any bondholders present at the meetings, such bondholders shall make corresponding compensation.

Investors who hold the Convertible Bonds through subscription, trading, transfer, inheritance or other legitimate means are deemed to agree and accept the relevant stipulations herein and be bound by these rules.

Article 4 The valid resolutions considered and passed at the bondholders' meetings under the procedures stipulated herein shall be equally binding on all holders of the Convertible Bonds (including those who are present at the meetings, do not attend the meetings, vote against the resolutions or abstain from voting and those who become the holders of the Convertible Bonds through transfer after rights registration date for the Convertible Bondholders' meetings, and this applies to the below section). The outcomes of the bond trustee manager' acting according to the valid resolutions passed at the bondholders' meetings shall be borne by all bondholders. If there are other provisions in the laws and regulations or other stipulations in these rules, such provisions or stipulations shall prevail.

Article 5 The bondholders' meetings shall be witnessed by lawyers.

The witnessing lawyers shall issue legal opinions on the convening, holding and voting procedures of the meetings, entitlements to attend the meetings, determination of valid voting rights, validity and legality of resolutions and other matters. Such legal opinions shall be disclosed together with the resolutions passed at the bondholders' meetings.

Article 6 Bondholders shall bear their own travelling expenses, accommodations expenses, etc. arising from attending the bondholders' meetings. The Issuer shall bear, on its own, the relevant meeting expenses (including but not limited to venue fees, witnessing lawyer fees, etc.) arising from convening the bondholders' meetings, unless otherwise agreed in these rules, the bond trustee management agreement or other agreements.

CHAPTER II RIGHTS AND OBLIGATIONS OF THE BONDHOLDERS

Article 7 Rights of the holders of the Convertible Bonds:

- (1) Entitlement to interests in accordance with the amount of the convertible corporate bonds held by the bondholders;
- (2) Rights to convert the Convertible Bonds into shares of the Bank according to the conditions stipulated in the offering document of the Convertible Bonds;
- (3) Entitlement to exercise sale back rights according to the conditions stipulated in the offering document of the Convertible Bonds;
- (4) Assignment, bestowal or pledge of the Convertible Bonds in accordance with the laws, administrative regulations and the Articles of Association;

- (5) Access to relevant information in accordance with the laws and the Articles of Association;
- (6) Claim to the Bank for the principal and interests of the Convertible Bonds in accordance with the period and manner stipulated in the offering document of the Convertible Bonds;
- (7) Participation in or entrusting agents to participate in the bondholders' meetings and exercising voting rights in accordance with the laws, administrative regulations, etc.;
- (8) Other rights entitled to creditors of the Bank under the laws, administrative regulations and the Articles of Association.

Article 8 Obligations of the holders of the Convertible Bonds

- (1) Complying with the relevant terms of the Convertible Bonds of the Bank;
- (2) Making due payment of the subscription amount for the Convertible Bonds;
- (3) Complying with the valid resolutions passed by the bondholders' meetings;
- (4) Except as specified in the laws, regulations, the Articles of Association or the offering document of the Convertible Bonds, the bondholders may not request the Bank to make prepayment of the principal and interests of the Convertible Bonds;
- (5) Other obligations of the bondholders prescribed by the laws, administrative regulations and the Articles of Association.

CHAPTER III EXTENT OF AUTHORITY OF THE BONDHOLDERS' MEETINGS

Article 9 During the term of the Convertible Bonds, the bondholders' meetings shall consider and resolve on the matters in which the holders of the Convertible Bonds have a material interest within the extent of authority as stipulated in Article 10 hereof.

Save as the matters stipulated in Article 10 hereof, in order to safeguard the benefits of the holders of the Convertible Bonds, the trustee manager may perform its duties of management entrustment as agreed in the bond trustee management agreement without a separate authorization from the bondholders' meetings.

Article 10 During the term of the Convertible Bonds, save as otherwise stipulated in Article 11 hereof, a matter in any of the following circumstances shall be resolved through a resolution of the bondholders' meetings:

- (I) proposed changes to the important stipulations of the offering document of the bonds;
 - 1. changes to basic components of the bonds regarding repayment (including repaying party, term, coupon rate adjustment mechanism, etc.);
 - 2. changes to credit enhancement or other debt service coverage and relevant implementation arrangements;
 - 3. changes to the protection to bond investors and relevant implementation arrangements;
 - 4. changes to the use of proceeds as stipulated in the offering document;
 - 5. changes to the redemption or sale back terms (if any) as stipulated in the offering document;
 - 6. other changes to significant events closely related to repayment arrangement for principal and interest of bonds and the solvency.
- (II) proposed amendments to the rules of procedures for bondholders' meetings;
- (III) proposed dismissal or change of the bond trustee manager or change to key terms of the bond trustee management agreement (including but not limited to the scope of mandate for entrusted management matters, the risk prevention and solving mechanism for conflicts of interest, the liability for breach of contract closely related to the rights and interests of bondholders, and other stipulations);
- (IV) any of the following events, where it is necessary to decide on or authorize to take corresponding measures (including but not limited to negotiating with the Issuer and other relevant parties, initiating or participating in arbitration or litigation proceedings, whether to enforce the Bank and its guarantor (if any) to repay the principal and interest of bonds through litigation proceedings, whether to participate in legal procedures for the Bank's rectification, reconciliation, restructuring or bankruptcy, disposal of collaterals or other measures conducive to the protection of rights and interests of investors, etc.):
 - 1. the Issuer has been or is expected to be unable to satisfy as scheduled the principal or interest of the Convertible Bonds;

2. the Issuer has been or is expected to be unable to satisfy as scheduled the interest-bearing liabilities other than the Convertible Bonds, and the outstanding amount exceeds RMB50 million and reaches 10% or more of the latest audited net asset value of the Bank as the parent company, which may lead to a default of the Convertible Bonds;
 3. the Issuer is subject to capital reduction, consolidation, subdivision, an order to suspend its production or business, temporarily detained or revoked license, receivership, dissolution, application for bankruptcy, or bankruptcy proceedings according to law;
 4. the Issuer's solvency is in serious uncertainty due to failure of the Issuer's management in performing its duties normally;
 5. the Issuer's solvency is in serious uncertainty due to a transfer of assets at nil or obviously unreasonable consideration, waiver of debt, or provision of large-value guarantees to external parties by the Issuer;
 6. material adverse changes to credit enhancement providers, credit enhancement measures or other debt service coverage;
 7. other events that may have a material adverse impact on the rights and interests of bondholders.
- (V) a major debt restructuring plan proposed by the Issuer;
- (VI) other circumstances that shall be resolved by the bondholders' meetings, as provided by the laws, administrative regulations, departmental rules, regulatory documents, or stipulated in the offering document of the Convertible Bonds and these rules.

Article 11 During the term of the Convertible Bonds, relevant matters shall not be submitted to the bondholders' meetings for consideration in the event of one of the following:

Matters relating to the fact that the trustee manager is required to make prepayment or payment of relevant expenses or is required to perform duties/obligations other than the trustee management obligations stipulated in the trustee management agreement.

CHAPTER IV PREPARATION FOR THE BONDHOLDERS' MEETINGS**Section I Convening of Meetings**

Article 12 Bondholders' meetings are convened mainly by the trustee manager.

During the term of the Convertible Bonds, if one of the circumstances stipulated in Article 10 hereof takes place and the proposals to be considered meet the requirements stipulated herein, the trustee manager shall, in principle, convene a bondholders' meeting within 15 trading days, unless otherwise approved for an extension, in writing, by the bondholders holding individually or collectively 30% or more of the total outstanding Convertible Bonds during the period. Such extension shall not exceed 15 trading days in principle. The Bank shall give a notice to all bondholders and concerned participants by way of announcement prior to the meeting.

Article 13 The Issuer, the bondholders holding individually or collectively 10% or more of the outstanding Convertible Bonds, guarantors or other institutions or individuals providing credit enhancement or debt service coverage (hereinafter collectively referred to as the Proposers) have the right to propose to the trustee manager for convening a bondholders' meeting.

If the Proposers propose to convene a bondholders' meeting, they shall notify in writing the trustee manager, and put forward the proposals to be considered which meet the extent of authority and other requirements stipulated herein. The trustee manager shall give a written reply to the Proposers about whether or not to convene the bondholders' meeting within 5 trading days upon receipt of the written proposal, and stating the specific arrangement for convening the meeting or reasons for not convening the meeting. If it is approved, the bondholders' meeting shall be convened within 15 trading days from the date of written reply, unless otherwise approved for an extension by the Proposers.

If the bondholders holding collectively 10% or more of the outstanding Convertible Bonds propose to convene a bondholders' meeting, they may jointly elect a representative as their contact person to assist the trustee manager in completing the convening of the meeting.

Article 14 If the trustee manager disagrees with or fails in convening the meeting as required, the Issuer, the bondholders holding individually or collectively 10% or more of the outstanding Convertible Bonds, guarantors or other institutions or individuals providing credit enhancement or debt service coverage have the right to convene a bondholders' meeting on their own account, in which case the trustee manager shall provide necessary assistance for convening the bondholders' meeting, including: assisting in the disclosure of bondholders' meeting notices, meeting results and other documents, causing searches on the register of bondholders on behalf of the convener and providing contact information, assisting the convener in contacting relevant institutions or individuals that should be present at the meeting, etc.

Section II Raising of and Amendments to Proposals

Article 15 Proposals submitted to the bondholders' meetings for consideration shall be in compliance with the relevant provisions or stipulations in the laws, administrative regulations, department rules, regulatory documents, business rules of stock exchanges and these rules, and have explicit and practicable matters to be resolved.

The matters to be resolved at the bondholders' meetings shall, in principle, include the specific matters to be resolved, implementing entity, implementation time and other relevant important matters.

Article 16 After the convener discloses the notice of a bondholders' meeting, the trustee manager, the Issuer, the bondholders holding individually or collectively 10% or more of the outstanding Convertible Bonds, guarantors or other institutions or individuals providing credit enhancement or debt service coverage (hereinafter collectively referred to as the Proposers) may raise in writing provisional proposals, and such provisional proposals shall be submitted by the convener to the bondholders' meeting for consideration.

Proposers shall provide a certificate of their holding 10% or more of the outstanding Convertible Bonds. Provisional proposals shall be affixed with company seals. The meeting convener is entitled to review the provisional proposals, and make necessary or reasonable amendments thereto. If the provisional proposals do not meet the scope of consideration at the meeting, the convener is entitled to refuse to submit the same to the bondholders' meeting for consideration.

The convener shall specify the method and period for raising proposals by Proposers in the notice of the meeting.

Article 17 If the trustee manager or bondholders raise a proposal to be considered which requires the Issuer, successors of debt service obligations, guarantors or other institutions or individuals providing credit enhancement or debt service coverage to perform obligations or to proceed or implement, the convener and Proposers shall fully communicate and negotiate with relevant institutions or individuals in advance to form practicable proposals as far as possible.

If the trustee manager, the Issuer, guarantors or other institutions or individuals providing credit enhancement or debt service coverage raise a proposal to be considered which requires approval, promotion or implementation by the bondholders, the convener and Proposers shall fully communicate and negotiate with the major investors in advance to form practicable proposals as far as possible.

Article 18 If the bondholders' meetings intend to authorize the trustee manager, or elect a representative to, on behalf of the bondholders, negotiate and sign agreements with the Issuer, successors of debt service obligations, guarantors or other institutions or individuals providing credit enhancement or debt service coverage, or to initiate or participate in arbitration or litigation proceedings on behalf of the bondholders, the Proposers shall specify the following extent of authority in the matters to be resolved of the proposal for option of the bondholders:

- (I) special mandate to the trustee manager or the representative so elected to handle, with full authority and on behalf of the bondholders, the relevant matters within the specific extent of authority, including but not limited to reaching an agreement via negotiation or meditation, voting on the draft restructuring plan and reconciliation agreement of the Issuer during the bankruptcy procedures and other behaviors which materially impact or even impair or assign the benefits of bondholders.
- (II) mandate to the trustee manager or the representative so elected to handle, on behalf of the bondholders, the relevant matters within the specific extent of authority, and specifying that, in reaching an agreement via negotiation or meditation, voting on the draft restructuring plan and reconciliation agreement of the Issuer during the bankruptcy procedures, especially doing something which may impair or assign the benefits of bondholders, the trustee manager or the representative so elected shall seek the opinions of bondholders in advance, or convene a bondholders' meeting for consideration thereof, and act based on the opinions of bondholders.

Article 19 The convener shall fully communicate with the relevant Proposers, and stakeholders in question in respect of all proposals to be submitted for consideration, and make, or assist the Proposers in making, amendments or improvements to the proposals, in order to ensure, as nearly as possible, the proposals to be submitted for consideration will meet the stipulations contained in Article 15 hereof, and there will be no substantive contradictions among the proposals to be considered at the same bondholders' meeting.

If it is impossible to avoid substantive contradictions among the matters to be resolved of the proposals to be considered at the same bondholders' meeting even upon full communication between the convener and the Proposers, such proposals shall be voted according to the stipulations in Article 42 hereof. The convener shall specify the proposals to be voted, voting procedures and conditions precedent in the notice of the bondholders' meeting.

Article 20 All proposals submitted at the same bondholders' meeting for consideration shall be made public no later than the trading day preceding the record date. If proposals are not disclosed according to the regulations and stipulations, they shall not be submitted at this bondholders' meeting for consideration.

Section III Notice of Meetings and Change and Cancellation Thereof

Article 21 The convener shall disclose an announcement on the notice of convening a bondholders' meeting on the media designated by the CSRC no later than the 10th trading day prior to the date of such bondholders' meeting. If the trustee manager deems it in urgent need to convene a bondholders' meeting which is conducive to protecting the rights and interests of bondholders, an announcement on the notice of convening the bondholders' meeting shall be disclosed no later than the 3rd trading day prior to the date of an on-site meeting (including meeting convened in combination with on-site and off-site means) or the 2nd trading day prior to the date of an off-site meeting.

The contents of the notice announcement stipulated in the preceding paragraph include but not limited to basic information on bonds, time of meeting, convening method of meeting, venue of meeting (if any), proposals to be considered at the meeting, record date, voting method of meeting, voting time and other procedures, entrusted matters, name and contact method of convener and person-in-charge of the meeting, etc.

Article 22 Depending on the contents of the proposals to be considered, a bondholders' meeting may be convened by on-site, off-site means or both. The convener shall specify the convening method and relevant specific arrangement for the meeting in the notice announcement of the bondholders' meeting. For a meeting convened by way of online voting, the convener shall also disclose, as appropriate, the measures for online voting, voting method, principle and method of vote counting and other information.

Article 23 If the convener intends to convene an on-site bondholders' meeting, it may set up a link for attendance feedback before the date of the meeting to collect the attendance willingness of bondholders, and specify relevant arrangements in the notice announcement of the meeting.

Bondholders who intend to attend this bondholders' meeting shall provide feedback on attendance in time. If not, their rights to attend and vote at this bondholders' meeting will not be affected.

Article 24 If bondholders disagree with or supplement the detailed contents of the notice of a bondholders' meeting, they may communicate and negotiate with the convener, and the convener will decide whether to adjust relevant matters in the notice.

Article 25 If the convener decides to postpone a bondholders' meeting or change the convening method, venue of meeting, proposals to be considered and other matters in the notice of the bondholders' meeting, it shall publish an announcement relating to changes in the notice of the meeting on the same information disclosure platform where the notice of the meeting is published no later than the trading day preceding the original record date.

Article 26 The convening time of a meeting which has been disclosed shall not be brought forward at will in principle, except for in case of emergency where the trustee manager considers the rights of bondholders will be impaired if the bondholders' meeting is not convened as soon as possible, provided that the notice time of the meeting meets the stipulations in Article 21 hereof.

Article 27 Upon dispatch of the notice of a bondholders' meeting, such bondholders' meeting shall not be canceled at will, unless elimination of the cause for holding such bondholders' meeting, or occurrence of force majeure events or otherwise stipulated herein.

If the convener intends to cancel such bondholders' meeting, it shall disclose an announcement on such cancelation with reasons therefor on the same information disclosure platform where the notice of the meeting is published no later than the trading day preceding the original record date.

If the bondholders' meeting sets up a link for attendance feedback, the outstanding Convertible Bonds represented by the bondholders who provide a feedback to attend the meeting do not meet the minimum requirement for establishing a valid meeting as stipulated in Article 29 hereof, and the convener has indicated the risk that the meeting may be canceled in the notice of the meeting, then the convener has the right to cancel such meeting directly.

Article 28 If the convener decides to convene another meeting as the attendees do not meet the minimum requirement for establishing a bondholders' meeting as stipulated in Article 29 hereof, it may adjust, as appropriate, some of the details of the proposals to be considered based on the relevant opinions of bondholders during the convening of the previous meeting, to seek consideration and approval at the bondholders' meeting to the greatest extent.

If the convener intends to convene another meeting for proposals of same or similar nature, it shall disclose an announcement on the notice of holding the bondholders' meeting no later than the 3rd trading day prior to the date of an on-site meeting or the 2nd trading day prior to the date of an off-site meeting, with descriptions, in detail, on the following matters:

- (I) relevant opinions of bondholders on the proposals to be considered during the convening of the previous meeting;
- (II) adjustments to the proposals to be considered at this meeting compared to those considered at the previous meeting and reasons therefor;
- (III) possible impacts on rights and interests of investors from whether or not the proposals to be considered will be passed at this meeting; and
- (IV) if the attendees of this bondholders' meeting still fail to meet the stipulated requirement, the relevant arrangements of convener for subsequent cancelation or convening another meeting, as well as possible impacts on rights and interests of investors.

CHAPTER V HOLDING AND RESOLUTIONS OF THE BONDHOLDERS' MEETINGS

Section I Holding of the Bondholders' Meetings

Article 29 A bondholders' meeting may be held when bondholders representing a half or more of the outstanding Convertible Bonds carrying voting rights are present. Sign-in at an on-site meeting or voting at an off-site meeting will be deemed to attend such bondholders' meeting.

Article 30 Bondholders who appear on the register of bondholders on the record date and those holding the outstanding Convertible Bonds may be entitled to attend and vote at a bondholders' meeting, unless otherwise stipulated herein.

The record date referred to in the preceding paragraph means the trading day preceding the date of the bondholders' meeting. In the event of a change in holding time of the bondholders' meeting with causes, the record date will be adjusted accordingly.

Article 31 The trustee manager of the Convertible Bonds shall attend and organize to hold a bondholders' meeting, or provide necessary assistance in convening a bondholders' meeting by relevant institutions or individuals on their own according to the stipulations in Article 14 hereof, and promote communications and negotiations among bondholders, and between bondholders with the Issuer, successors of debt service obligations, guarantors or other institutions or individuals providing credit enhancement or debt service coverage at an on-site bondholders' meeting to form valid and practicable resolutions, etc.

Article 32 If a proposal to be considered requires the Issuer, successors of debt service obligations, guarantors or other institutions or individuals providing credit enhancement or debt service coverage to perform obligations or to proceed or implement, the above institutions or individuals shall, as required by the trustee manager or the convener, arrange personnel with proper authority to attend an on-site bondholders' meeting at any time, provide relevant explanations to bondholders, accept enquiries of bondholders, etc., communicate and negotiate with bondholders, and specify relevant arrangements for matters to be resolved of the proposal to be considered.

Article 33 Credit rating agencies may be invited by the convener to attend an on-site bondholders' meeting, and continue to follow up the credit status of the Issuer, successors of debt service obligations, guarantors or other institutions or individuals providing credit enhancement or debt service coverage with disclosure of followup rating reports thereon in a timely way.

Article 34 Bondholders may attend and vote at a bondholders' meeting on their own, or appoint the trustee manager, other bondholders or other proxies (hereinafter collectively referred to as the Proxies) to attend and vote at the bondholders' meeting within the extent of authority.

For bondholders attending an on-site bondholders' meeting on their own, they shall produce certificates of their own identity and entitlements to attend the meeting as required by the notice of the meeting. For bondholders appointing Proxies to attend an on-site bondholders' meeting, the Proxies shall also produce the certificates of their own identity and the power of attorney issued by the principal setting out the Proxies' authority, except for the legal representative of a bondholder attending and voting at the meeting in person.

For bondholders' meetings held via off-site means, the convener shall specify in the notice of the meeting the method for determining entitlements of bondholders or their Proxies to attend the meeting, voting method, method of vote counting and other matters.

Article 35 The trustee manager may, as a solicitor, solicit bondholders to appoint it to attend and vote at a bondholders' meeting within the extent of authority on behalf of bondholders. The solicitor shall provide bondholders with explanations in an objective manner on the subject and matters to be voted at the bondholders' meeting, and shall not conceal, mislead or solicit with payment. If the solicitor attends and votes at the bondholders' meeting on behalf of bondholders, they shall obtain a power of attorney from the bondholders.

Article 36 The agenda of a bondholders' meeting may include but not limited to:

- (I) The convener introduces the cause for convening the meeting, background and attendees;
- (II) The convener or Proposers introduce the background, detailed contents, feasibility, etc. of the proposals raised;
- (III) Bondholders with voting rights enquiry the proposals to be considered, and communicate and negotiate between bondholders with the Issuer, successors of debt service obligations, guarantors or other institutions or individuals providing credit enhancement or debt service coverage in connection with the proposals to be considered in the circumstances stipulated in Article 17 hereof. If on-site communication and negotiation are adverse to smooth convening of the meeting or are not practicable in reality due to a large number of bondholders or otherwise, then issues may be collected in advance and answered at the on-site meeting by relevant parties;
- (IV) Bondholders with voting rights vote according to the procedures stipulated herein.

Section II Voting of the Bondholders' Meetings

Article 37 Voting at the bondholders' meetings shall take place by way of open ballot.

Article 38 When voting by bondholders, every outstanding bond shall have one vote, except for the share of bonds directly held or indirectly controlled by the following institutions or persons:

- (I) the Issuer and its related parties, including, subsidiaries within the scope of consolidation, related companies under the control of the same actual controller (except under the same control of the state only), etc.;
- (II) guarantors or other institutions or individuals providing credit enhancement or debt service coverage for the Convertible Bonds;
- (III) successors of debt service obligations;
- (IV) other institutions or individuals with conflict of interest in the matters to be considered.

Before voting at a bondholders' meeting, the above institutions, individuals or the managers of asset management products they entrust for investment shall take the initiative to declare related relationships or conflict of interest to the convener and abstain from voting.

Article 39 Bondholders present at the meeting and with voting rights shall vote according to three types, namely "for", "against" and "abstention", and voting opinions shall not be conditional. Voting with no explicit opinions, conditional voting, voting with multiple opinions on the same resolution, unreadable voting or voting which is not submitted at the on-site meeting, will be deemed as "abstention" in principle.

Article 40 A bondholders' meeting shall be conducted on a continual basis until completion of voting on all proposals. Except for special reasons such as force majeure that result in suspension of a bondholders' meeting, failure to make any resolution or approval for delay in voting through unanimous consent by all bondholders present at the meeting, no matters to be considered as set forth in the notice of the meeting may be shelved or may not be voted at the bondholders' meeting.

For suspension of a meeting or failure to make any resolution caused by failure of online voting system, electronic communication system and other technical reasons, the convener shall adopt necessary measures to resume the meeting as soon as possible or change voting method, and an announcement shall be made timely.

Article 41 Bondholders present at the meeting shall vote on the proposals submitted for consideration item by item according to the order of proposals disclosed in the notice of the meeting.

Article 42 In the event of the circumstances stipulated in the second paragraph of Article 19 hereof, the convener shall provide special explanations on the contents of proposals with contradictions in matters to be resolved, and submit the relevant proposals at the same bondholders' meeting for voting. Bondholders may vote "for" one of the proposals only, otherwise all votes thereon will be deemed as "abstention".

Section III Taking Effect of Resolutions of the Bondholders' Meetings

Article 43 Resolutions of a bondholders' meeting on one of the following major matters within the extent of authority stipulated in Article 10 hereof and with conditions precedent thereto being satisfied may take effect upon approval by two thirds or more of the voting rights held by all bondholders with voting rights:

- (I) proposed consent to assuming by a third party of the repayment obligations of the Convertible Bonds;
- (II) proposed downward adjustment to interest rate by the Issuer, unless the offering document of the bonds has clearly stipulated that the Issuer shall have corresponding decision right unilaterally;
- (III) proposed reduction or exemption of, or delay in repayment of, the principal and interest payable on the Convertible Bonds by the Issuer or other third parties with repayment obligations, unless the offering document of the bonds has clearly stipulated that the Issuer shall have corresponding decision right unilaterally;
- (IV) proposed reduction or exemption of, or delay in payment of, money by credit enhancement providers or other third parties with repayment obligations;
- (V) proposed reduction in amount or value of charges/pledges and other collateral, which causes the remaining value of charges/pledges and other collateral is insufficient to cover all of the outstanding principal and interest of the Convertible Bonds;
- (VI) proposed amendments to the offering document of the bonds or relevant stipulations herein to realize items (I) to (V) under this Article, either directly or indirectly;
- (VII) proposed amendments to relevant stipulations herein concerning the extent of authority of the bondholders' meetings;

Article 44 Resolutions of a bondholders' meeting on other general matters within the scope stipulated in Article 10 hereof (other than the major matters stipulated in Article 43 hereof) and with conditions precedent thereto being satisfied may take effect upon approval by a half or more of the voting rights held by the bondholders present at the bondholders' meeting and with voting rights. If there are other stipulations herein, such stipulations shall prevail.

Article 45 If the proposals of a bondholders' meeting require the Issuer, successors of debt service obligations, guarantors or other institutions or individuals providing credit enhancement or debt service coverage to perform obligations or to proceed or implement, but the conditions precedent are not satisfied due to failure to reach a consensus with relevant institutions or individuals above through negotiation, the bondholders' meeting may authorize the trustee manager, the relevant institutions or individuals above or qualified bondholders to put forward proposals for adoption of corresponding measures according to these rules, and submit the same to the bondholders' meeting for consideration.

Article 46 Where the proposals to be considered at a bondholders' meeting involve the matters where the trustee manager or a representative elected is authorized to initiate or participate in arbitration or litigation requiring the Issuer or credit enhancement providers to repay the principal and interest of bonds or perform the obligations of credit enhancement, or to apply for or participate in bankruptcy restructuring or bankruptcy liquidation of the Issuer, or to participate in bankruptcy reconciliation of the Issuer on behalf of the bondholders, and if it is authorized by all bondholders, the trustee manager or the representative elected will initiate or participate in relevant arbitration or litigation proceedings on behalf of all bondholders; if it is authorized by part of the bondholders only, the trustee manager or the representative elected will initiate or participate in relevant arbitration or litigation proceedings on behalf of the bondholders who have granted authorizations only. For voting against the authorized proposals or failure to pay relevant fees as required by the proposals, the bondholders shall have the right to claim their rights on their own.

Article 47 Voting results of a bondholders' meeting shall be counted and calculated jointly by a representative designated by the convener and the witnessing lawyer, and be included in the meeting minutes by the trustee manager. The convener shall disclose rules for vote counting and scrutinizing in the notice of the meeting, and determine vote counters and scrutineers before voting at the meeting.

Voting results of the bondholders' meeting shall, in principle, not be announced earlier than the disclosure date of resolutions of the bondholders' meeting. If the convener announces the voting results at the on-site meeting, relevant information shall be included in the meeting minutes.

Article 48 If bondholders disagree with the voting results, they may apply to the convener for inspecting the votes cast at the meeting, vote counting results, meeting minutes and other relevant meeting materials, and the convener shall render cooperation.

**CHAPTER VI SUBSEQUENT EVENTS AND IMPLEMENTATION OF
RESOLUTIONS OF THE BONDHOLDERS' MEETINGS**

Article 49 Minutes of a bondholders' meeting shall be prepared by the trustee manager, and be signed jointly by a representative designated by the convener and the witnessing lawyer.

Minutes of a meeting shall contain the following particulars:

- (I) name (including session), convening and voting time, convening method, venue (if any) of the bondholders' meeting;
- (II) name, identity, proxy authority of bondholders and their Proxies, if any, present at the bondholders' meeting, either on-site or off-site, aggregate nominal value and proportion of the outstanding Convertible Bonds they represent, and whether with vote rights or not;
- (III) agenda of the meeting;
- (IV) main points of enquiries by bondholders, brief information on communication and negotiation among bondholders, particulars of communication and negotiation between bondholders with the Issuer, successors of debt service obligations, guarantors or other institutions or individuals providing credit enhancement or debt service coverage in respect of the proposals to be considered in the circumstances stipulated in Article 17 hereof as well as details of changes to the proposals to be considered, if any;
- (V) voting procedures (if voting in batches);
- (VI) voting on each proposal and its result;

Minutes of the bondholders' meeting, votes, certificates of bondholders' entitlements to attend the meeting, power of attorney of Proxies and other meeting materials shall be kept by the bond trustee manager for a term of at least 5 years after the termination of the debtor-creditor relationship in connection with the Convertible Bonds.

Bondholders have the right to apply for inspecting the materials of all meetings convened during their holding of the Convertible Bonds, and the bond trustee manager shall not decline their application.

Article 50 The convener shall disclose an announcement on resolutions of a bondholders' meeting no later than the next trading day following the last day for voting at the meeting, and such announcement shall include, without limitation to, the following particulars:

- (I) convening of the bondholders' meeting, including name (including session), convening and voting time, convening method, venue (if any), etc.;
- (II) voting rights held by the bondholders present at the meeting and validity of the meeting;
- (III) subject matter and matters to be resolved of each proposal, whether its conditions precedent are satisfied, its voting result and whether it takes effect or not;
- (IV) other major events subject to announcement.

Article 51 The trustee manager shall actively implement, and timely notify the Issuer or other relevant parties and procure it or them to implement the valid resolutions of a bondholders' meeting formed in accordance with the extent of authority and meeting procedures stipulated herein.

If the valid resolutions of a bondholders' meeting require the Issuer, successors of debt service obligations, guarantors or other institutions or individuals providing credit enhancement or debt service coverage to perform obligations or to proceed or implement, the relevant institutions or individuals above shall earnestly perform corresponding obligations, or proceed or implement the valid resolutions according to the provisions, stipulations or relevant undertakings, and disclose the progress of implementation of the resolutions. If relevant institutions or individuals do not implement the valid resolutions of the bondholders' meeting according to the provisions, stipulations or relevant undertakings, the trustee manager shall adopt further measures to earnestly protect the rights and interests of bondholders.

Bondholders shall actively cooperate with the trustee manager, the Issuer or other relevant parties in promoting and implementing relevant matters of the valid resolutions of the bondholders' meeting.

Article 52 If bondholders authorize the trustee manager to initiate or participate in arbitration or litigation proceedings on disputes from breach of contract relating to the bonds, or to apply for or participate in bankruptcy proceedings, the trustee manager shall diligently perform corresponding obligations according to the extent of authority, implementation arrangements and other requirements. The reasonable expenses incurred by the trustee manager from initiating or participating in the arbitration, litigation or bankruptcy proceedings shall be borne by the bondholders who have granted authorizations, or be prepaid by the trustee manager under the agreement with bondholders. If there are other stipulations in the bond trustee management agreement, such stipulations shall prevail.

Where the trustee manager is authorized by part of the bondholders only to initiate or participate in arbitration or litigation proceedings on disputes from breach of contract relating to the bonds, or to apply for or participate in bankruptcy proceedings, and the other bondholders later explicitly indicate to entrust the trustee manager to initiate or participate in the arbitration or litigation proceedings, then the trustee manager shall initiate or participate in the arbitration or litigation proceedings on behalf of the other bondholders as well in addition to those who have granted authorizations. The trustee manager may also solicit the bondholders who have not granted authorizations previously to initiate or participate in the arbitration or litigation proceedings on behalf of them with reference to the stipulations in Article 35 hereof. The trustee manager shall not treat bondholders differently due to different time and method of authorization, except for different rights of bondholders objectively not for subjective reasons of the trustee manager.

If other bondholders do not entrust the trustee manager to initiate or participate in arbitration or litigation proceedings, they may initiate or participate in the arbitration or litigation proceedings on their own, or appoint or elect other representatives to initiate or participate in the arbitration or litigation proceedings.

If the trustee manager fails to diligently initiate or participate in arbitration or litigation proceedings on behalf of the bondholders according to the stipulations in the authorization document, or otherwise neglects its duties during the process, the bondholders may individually or jointly, or elect other representatives to, initiate or participate in the arbitration or litigation proceedings.

CHAPTER VII SPECIAL STIPULATIONS

Section I Special Stipulations on Voting Mechanism

Article 53 Where bondholders exercise their sale back options or other rights provided in the laws or stipulated in the offering document which cause the rights of part of bondholders to claim repayment by the Issuer are different from those of other bondholders of the same period, the bondholders with the same rights of claim may separately vote on the matters which do not relate to the interests of other bondholders.

The matters referred to in the preceding paragraph shall be proposed by the trustee manager, the bondholders holding 10% or more of all outstanding bonds carrying the same rights of claim or other qualified Proposers as special proposals, and shall be voted by concerned bondholders with only the trustee manager as the convener.

If the trustee manager intends to convene a bondholders' meeting to consider the special proposals, it shall disclose in the notice of the meeting the contents of the proposals, scope of bondholders to vote, conditions precedent, with clean explanations on the reasons for not submitting relevant proposals to all bondholders for voting and whether there will be adverse impacts on the investors who do not vote after passing of the proposals.

Conditions precedent to the special proposals shall be subject to the conditions specified by the trustee manager in the notice of the meeting. The witnessing lawyer shall express its explicit opinions on the validity of the special proposals in the legal opinion.

Section II Simplified Procedures

Article 54 The trustee manager may convene a bondholders' meeting according to the simplified procedures stipulated in this section upon occurrence of the relevant matters stipulated in Article 10 hereof and in the event of one of the following circumstances, unless otherwise stipulated herein, in which case such stipulations shall prevail:

- (I) the Issuer intends to change the use of proceeds from the bonds, after which the solvency of the Issuer will not be impacted;
- (II) the Issuer reduces its capital due to repurchase of shares upon implementation of equity incentive plan, by an accumulative amount which is lower than 10% of the latest audited net assets on combined basis at the time of the issuance of the Convertible Bonds;
- (III) the trustee manager intends to implement relevant matters on behalf of the bondholders, which is expected to cause no material adverse impacts on the protection of rights and interests of bondholders;
- (IV) the offering document of the bonds, these rules, the bond trustee management agreement and other documents have clearly stipulated the obligations on the part of the Issuer, the trustee manager and other entities upon occurrence of relevant unfavorable events, but do not clearly stipulate the detailed execution arrangements or on the failure of the relevant entities to fully perform corresponding obligations within the stipulated time, which shall be further stipulated;
- (V) the trustee manager and the Proposers have communicated and negotiated with the bondholders with voting rights in respect of the proposals to be considered with conditions precedent thereto being satisfied, and bondholders representing a half or more of the voting rights held by the bondholders present at the bondholders' meeting and with voting rights (for the purpose of the general matters stipulated in Article 44 hereof) or two thirds or more of the voting rights held by all bondholder with voting rights (for the purpose of the major matters stipulated in Article 43 hereof) have approved the contents of the proposals;
- (VI) Number of holders of all outstanding bonds (several accounts held by the same manager are aggregated in calculation) does not exceed 4 and all of them approve in writing the convening and holding of a meeting based on simplified procedures;

Article 55 In the event of the circumstances under items (I) to (III) in Article 54 hereof, the trustee manager may make an announcement stating the contents of the measures to be taken by the Issuer or the trustee manager, expected impacts on the Issuer's solvency and the protection of rights and interests of investors, etc. If bondholders dissent, they shall give a reply to the trustee manager within 5 trading days after the date of the announcement. If they do not give a reply within the specified time, they will be deemed to agree with the opinions or suggestions contained in the announcement made by the trustee manager.

For the matters which bondholders dissent, the trustee manager shall actively communicate with the dissenters, and decide whether to adjust relevant contents depending on the conditions and then seek opinions of bondholders, or terminate the application of simplified procedures. If the bondholders holding individually or collectively 10% or more of the outstanding Convertible Bonds propose to terminate the application of simplified procedures during the dissenting period, the trustee manager shall terminate immediately.

Upon expiry of the dissenting period, such meeting shall be deemed to having been held and vote having been completed. The trustee manager shall determine the results of the meeting according to the stipulations in the first paragraph of Article 44 hereof, and disclose the announcement on resolutions of the bondholders' meeting and the legal opinion issued by the witnessing lawyer on the next day.

Article 56 In the event of the circumstances under items (IV) to (VI) in Article 54 hereof, the trustee manager shall disclose an announcement on the notice of convening a bondholders' meeting with detailed explanations on the matters to be resolved and implementation arrangements of the proposals to be considered, expected impacts on the Issuer's solvency and the protection of rights and interests of investors, convening and voting methods of the meeting and other matters no later than the 3rd trading day prior to the date of an on-site meeting or the 2nd trading day prior to the date of an off-site meeting. Bondholders may vote in the manner as specified in the notice of the meeting.

Convening, voting, taking effect and implementation of resolutions of a bondholders' meeting shall still be subject to the stipulations in Chapter V and Chapter VI hereof.

CHAPTER VIII SUPPLEMENTAL PROVISIONS

Article 57 These rules shall take effect from the date of completion of the issuance of the Convertible Bonds upon consideration and approval at the general meeting of the Bank.

Article 58 If there are any changes or supplements to some of the stipulations herein according to the procedures stipulated herein, the rules after such changes or supplements shall, together with these Rules, constitute stipulations which have equal effect to all bondholders.

Article 59 If there is any inconsistency or contradiction between relevant stipulations herein and those in the offering document of the bonds, the stipulations in the offering document of the bonds shall prevail; and if there is any inconsistency or contradiction with the bond trustee management agreement or other stipulations, these rules shall prevail except for relevant contents which have been clearly stipulated in the offering document of the bonds and have been disclosed.

For any disputes arising from the convening, holding and voting procedures of a bondholders' meeting, validity of resolutions and other matters relating to the bondholders' meeting, the people's court with jurisdiction of the place where the Issuer is domiciled shall file a suit.

Article 60 The "outstanding bonds" referred to herein represent all issued Convertible Bonds other than the following bonds:

- (I) the bonds whose principal and interest have been repaid;
- (II) the bonds which fall due for principal and interest with such payment being paid by the Issuer to the payment agent and becoming available to pay principal and interest to the bondholders. The payment shall comprise any interest and principal of such bonds payable under the relevant terms of the Convertible Bonds as at the date of principal repayment;
- (III) the bonds which have been converted into A shares of the Bank;
- (IV) the bonds which have been repurchased and canceled by the Issuer as agreed.

Article 61 As agreed in these rules, the expressions of "above" and "within" shall be inclusive of the stated figure, while the expressions of "over" and "more than" shall be exclusive of the stated figure.

The relevant details of Ms. ZHONG Xian which are required to be disclosed under the Listing Rules are as follows:

Ms. ZHONG Xian, aged 43, has been the vice president of Geely Technology Group Co., Ltd. since June 2019, a director of Lifan Technology (Group) Co., Ltd. since January 2021 and a director of Ningbo Jiangchen Automation Equipment Co., Ltd. since May 2020. Prior to that, from July 2016 to May 2019, she served as the secretary to the board of directors and the chief investment officer of Hunan Corun New Energy Co., Ltd.

Ms. ZHONG obtained a bachelor of laws upon graduation from the Central University of Finance and Economics in July 1999.

Ms. ZHONG has confirmed that, save as disclosed above, as at the date of this circular, she (1) has not held any other position in the Bank or any of its subsidiaries or any directorship in any other listed companies in the past three years; (2) does not have any relationship with any other directors, members of senior management, substantial shareholders or controlling shareholders of the Bank; and (3) does not have and is not deemed to have any interest in any shares, underlying shares or debentures of the Bank or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, the Board is not aware of any other matters in respect of the proposed appointment of Ms. ZHONG required to be disclosed under Rules 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, or any other matters that need to be brought to the attention of The Stock Exchange of Hong Kong Limited and the shareholders of the Bank.