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If you are in any doubt as to any content of this circular or as to the action to be taken, you should consult licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

If you have sold or transferred all your shares in Jinshang Bank Co., Ltd.*, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee or to a licensed securities dealer or registered institutions in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

(stock code: 2558)

- (1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**
- (2) DETERMINATION OF AMENDMENT OF THE WRITE-OFF AMOUNT FOR NON-PERFORMING LOANS AND BAD DEBTS FOR 2021**
- (3) DETERMINATION OF THE WRITE-OFF AMOUNT FOR NON-PERFORMING LOANS AND BAD DEBTS FOR 2022**
- (4) PROPOSED ISSUANCE OF SPECIAL FINANCIAL BONDS FOR LOANS TO SMALL AND MICRO ENTERPRISES**
- (5) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (6) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETING**
- (7) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR THE BOARD OF DIRECTORS**
- (8) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR THE BOARD OF SUPERVISORS**
- (9) PROPOSED AMENDMENTS TO THE DEFINITION OF EXTREMELY IMPORTANT MATTERS AND IMPORTANT MATTERS**
- AND**
- (10) NOTICE OF THE 2021 FIRST EXTRAORDINARY GENERAL MEETING**

*Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders
in respect of the renewal of continuing connected transactions*



The letter from the Board is set out on pages 5 to 32 of this circular.

The Bank will convene the EGM at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi province, the PRC at 10:00 a.m. on Thursday, December 16, 2021. The notice of the EGM is set out on pages 131 to 133 of this circular and were despatched by the Bank on Monday, November 29, 2021.

Whether or not you intend to attend and/or vote at the EGM in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the proxy form to our Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in case of H Shareholders), or to the office of the Board of the Bank (in case of Domestic Shareholders) as soon as possible and in any event, not later than 24 hours before the scheduled time (at 10:00 a.m. on Wednesday, December 15, 2021) for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending in person and voting at the EGM should you so wish, in this case, the proxy form should be deemed withdrawn. The proxy forms for the EGM were despatched on Monday, November 29, 2021.

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

November 29, 2021

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DEFINITIONS

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

“Articles of Association”	the articles of association of the Bank, as amended, modified or otherwise supplemented from time to time
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Bank”	Jinshang Bank Co., Ltd.*, a joint stock company established on October 16, 1998 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, and, if the context requires, includes its predecessor, branches and sub-branches, excluding its subsidiary
“Board” or “Board of Directors”	the board of Directors
“Board of Supervisors”	the board of Supervisors
“China” or “PRC”	the People’s Republic of China, for the purpose of this circular, unless the context otherwise requires, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Bank
“Domestic Shareholders”	holders of the Domestic Shares of the Bank
“Domestic Shares”	the ordinary shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
“Extraordinary General Meeting” or “EGM”	the 2021 first extraordinary general meeting of the Bank to be held at Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi province, the PRC at 10:00 a.m. on Thursday, December 16, 2021, or any adjournment thereof
“Great Wall Securities”	Great Wall Securities Co., Ltd. (長城證券股份有限公司), being an associate of Huaneng Capital

DEFINITIONS

“Great Wall Securities Asset Management Schemes”	the asset management schemes launched by Great Wall Securities
“Group”	the Bank together with its subsidiary
“GWFM”	Great Wall Fund Management Co., Ltd. (長城基金管理有限公司), being an associate of Huaneng Capital
“GWFM Schemes”	the funds management schemes launched by GWFM
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shareholders”	holders of H Shares
“H Shares”	H shares of the Bank which are subscribed for and traded in Hong Kong dollars and listed and traded on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaneng Capital”	Huaneng Capital Service Co., Ltd. (華能資本服務有限公司)
“Huaneng Framework Supplemental Agreement”	the supplemental agreement to the Original Huaneng Framework Agreement that the Bank entered into with Huaneng Capital on March 26, 2020 to adjust the annual caps under the Original Huaneng Framework Agreement
“Huaneng Guicheng Trust”	Huaneng Guicheng Trust Corp., Ltd. (華能貴誠信託有限公司), being an associate of Huaneng Capital
“Huaneng Guicheng Trust Schemes”	the collective trust schemes launched by Huaneng Guicheng Trust
“IGWFM”	Invesco Great Wall Fund Management Co., Ltd (景順長城基金管理有限公司), being an associate of Huaneng Capital
“IGWFM Schemes”	the funds management schemes launched by IGWFM

DEFINITIONS

“Independent Board Committee”	an independent Board committee composed of all independent non-executive Directors of the Bank to advise the Independent Shareholders on the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders on the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024
“Independent Shareholders”	all Shareholders excluding Huaneng Capital, or SSCO and their respective associates
“Latest Practicable Date”	November 26, 2021, the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, modified or otherwise supplemented from time to time
“New Huaneng Framework Agreement”	the framework agreement that the Bank entered into with Huaneng Capital on October 19, 2021 regarding renewal of the Original Huaneng Framework Agreement and the Huaneng Framework Supplemental Agreement
“New SSCO Framework Agreement”	the framework agreement that the Bank entered into with SSCO on October 19, 2021 regarding the renewal of the Original SSCO Framework Agreement and the SSCO Framework Supplemental Agreement

DEFINITIONS

“Original Huaneng Framework Agreement”	the framework agreement that the Bank entered into with Huaneng Capital on June 24, 2019 to cover both the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes
“Original SSCO Framework Agreement”	the framework agreement that the Bank entered into with SSCO on June 24, 2019 to provide fee- and commission-based products and services to SSCO and its associates
“PBoC”	Peoples’ Bank of China
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified, or otherwise supplemented from time to time
“Shareholder(s)”	holder of Shares in the share capital of the Bank with a nominal value of RMB1.00 each
“Shares”	the Domestic Shares and H Shares
“SSCO”	Shanxi State-owned Capital Operation Co., Ltd. (山西省國有資本運營有限公司), which was formerly named as Shanxi State-owned Capital Investment and Operation Co., Ltd. (山西省國有資本投資運營有限公司)
“SSCO Framework Supplemental Agreement”	the supplemental agreement to the Original SSCO Framework Agreement that the Bank entered into with SSCO on March 26, 2020 to adjust the annual caps on fees and commissions related to fee- and commission-based financial products and services offered by the Bank to SSCO and/or its associates under the Original SSCO Framework Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisors”	the supervisors of the Bank
“Yuncheng Financial Service”	Yuncheng Financial Service Company Limited, being an associate of Huaneng Capital
“%”	percentage

LETTER FROM THE BOARD



Jinshang Bank Co., Ltd.*
晉商銀行股份有限公司*

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

(stock code: 2558)

Executive Directors:

Ms. Hao Qiang (郝強) (*Chairwoman*)
Mr. Zhang Yunfei (張雲飛) (*Vice Chairman*)

Non-executive Directors:

Mr. Li Shishan (李世山)
Mr. Xiang Lijun (相立軍) (*Vice Chairman*)^Δ
Mr. Liu Chenhang (劉晨行)
Mr. Li Yang (李楊)[#]
Mr. Wang Jianjun (王建軍)

Independent non-executive Directors:

Mr. Jin Haiteng (金海騰)
Mr. Sun Shihu (孫試虎)
Mr. Wang Liyan (王立彥)
Mr. Duan Qingshan (段青山)[#]
Mr. Sai Zhiyi (賽志毅)
Mr. Ye Xiang (葉翔)

*Registered Address and Address
of Head Office:*

No. 59 Changfeng Street
Xiaodian District
Taiyuan
Shanxi province, the PRC

*Principal place of business
in Hong Kong:*

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

Δ Subject to the approval of vice chairman qualification by the regulatory authorities for the banking industry.

Subject to the approval of director qualification by the relevant regulatory authorities for the banking industry.

LETTER FROM THE BOARD

November 29, 2021

To the Shareholders

Dear Sir or Madam,

- (1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**
- (2) DETERMINATION OF AMENDMENT OF THE WRITE-OFF AMOUNT FOR
NON-PERFORMING LOANS AND BAD DEBTS FOR 2021**
- (3) DETERMINATION OF THE WRITE-OFF AMOUNT
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- (7) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE BOARD OF DIRECTORS**
- (8) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE BOARD OF SUPERVISORS**
- (9) PROPOSED AMENDMENTS TO THE DEFINITION
OF EXTREMELY IMPORTANT MATTERS
AND IMPORTANT MATTERS**
- (10) NOTICE OF THE 2021 FIRST EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

The Bank intends to convene the EGM at 10:00 a.m. on Thursday, December 16, 2021, at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi province, the PRC. The following resolutions will be proposed for the Shareholders at the EGM, to consider and, if thought fit, to approve: (1) the New Huaneng Framework Agreement and New SSCO Framework Agreement; (2) determination of amendment of the write-off amount for non-performing loans and bad debts for 2021; (3) determination of the write-off amount for non-performing loans and bad debts for 2022; (4) proposed issuance of special financial bonds for loans to small and micro enterprises; (5) proposed amendments to the Articles of Association; (6) proposed amendments to the Rules of Procedures for the Shareholders' General Meeting; (7) proposed amendments to the Rules of Procedures for the Board of Directors; (8) proposed amendments to the Rules of Procedures for the Board of Supervisors; and (9) proposed amendments to the Definition of Extremely Important Matters and Important Matters. The notice of the EGM is set out on pages 131 to 133 of this circular.

The purpose of this circular is to provide you with further details of these proposed matters to enable you to make an informed voting decision on the proposed resolutions at the EGM.

LETTER FROM THE BOARD

II. MATTERS TO BE RESOLVED AT THE EGM

1. Renewal of Continuing Connected Transactions

(1). *Continuing Connected Transaction Details*

A. *New Huaneng Framework Agreement*

Background information

In the ordinary and usual course of business, the Group participates in the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes and expects to continue to participate in such asset management schemes and collective trust schemes. To comply with the requirements of the Listing Rules, the Bank entered into the Original Huaneng Framework Agreement with Huaneng Capital on June 24, 2019 to cover both the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes. The Original Huaneng Framework Agreement is valid until December 31, 2021, unless terminated earlier in accordance with the terms thereunder.

On March 26, 2020, the Bank entered into the Huaneng Framework Supplemental Agreement with Huaneng Capital to raise amounts and widen scope of the annual caps under the Original Huaneng Framework Agreement. In addition to the Bank's continuing participation in the Great Wall Securities Asset Management Schemes and the Huaneng Guicheng Trust Schemes, the revised annual caps have also taken into account the Bank's participation in two new funds management schemes launched by associates of Huaneng Capital, which are IGWFM and GWFM. The widen scope of the annual caps have also taken into account (i) the fee- and commission-based products and services provided by the Bank to Huaneng Capital and its associates, which mainly include bank acceptance bills, settlement services, debt securities underwriting and distribution, direct banking services and fund/trust products consignment services and (ii) the products and services provided by Huaneng Capital and its associates to the Bank, which mainly include the Yuncheng payment (being a service fee, based on a fixed fee rate, to be paid by the Bank to Yuncheng Financial Service in relation to the Bank's products on a mobile application developed and managed by Yuncheng Financial Service). Such revision on annual caps was approved at the annual general meeting of the Bank on June 9, 2020.

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In light of the impending expirations of the Original Huaneng Framework Agreement and Huaneng Framework Supplemental Agreement, on October 19, 2021, the Bank entered into the New Huaneng Framework Agreement with Huaneng Capital with a term of three years from January 1, 2022 to December 31, 2024 and which are renewable subject to agreement between both parties and compliance with the Listing Rules. Pursuant to it, the Bank shall continue to participate in the above transactions with Huaneng Capital and its associates.

Principal terms of the New Huaneng Framework Agreement

The main terms of the New Huaneng Framework Agreement are set out below:

Date: October 19, 2021

Parties thereto: (i) the Bank; and
(ii) Huaneng Capital

Subject matter: (i) Investments by the Bank in asset management schemes, collective trust schemes and funds management schemes launched by Huaneng Capital and its associates;
(ii) Fee- and commission-based products and services to be provided by the Bank to Huaneng Capital and its associates, which mainly include bank acceptance bills, settlement services, debt securities underwriting and distribution, direct banking services and fund/trust products consignment services; and
(iii) Products and services to be provided by Huaneng Capital and its associates to the Bank.

Term: From January 1, 2022 to December 31, 2024

Pursuant to the New Huaneng Framework Agreement, the transactions contemplated thereunder will be conducted on normal commercial terms that comply with applicable laws and regulations and industry practices and the parties should sign specific agreements separately for each actual transaction based on the terms thereunder.

LETTER FROM THE BOARD

Historical transaction amounts

The following table sets forth the investment amount, return of investment, management fees and trust remuneration, and fees and commissions received from/paid to Huaneng Capital and its associates during the following years/period.

	Actual amounts for the years ended December 31,		Actual amounts for the six months ended June 30,	Actual amounts for the ten months ended October 31,	Approved annual cap for the year ending December 31,
	2019	2020	2021	2021	2021
	<i>(in the thousands of RMB)</i>				
Investment amount	2,673,859.6	3,699,375.3	1,273,937.2	1,685,484.0	12,340,000.0
Return of investment	120,321.9	97,748.2	54,349.0	68,673.9	520,500.0
Management fees and trust remuneration	2,173.8	4,734.1	2,976.5	3,800.1	41,100.0
Fees and commissions received by the Bank	4,250.8	14,048.0	5,424.1	7,804.1	49,500.0
Fees and commissions paid by the Bank	1,290.0	1,454.9	1,657.8	4,309.1	12,900.0

The investment amount, return of investment, management fees and trust remuneration and fees and commissions received from/paid to Huaneng Capital and its associates for the year ending December 31, 2021 will be less than the approved annual cap. The shortfall in investment amount in 2021 was mainly because (i) the principal business of the Group was negatively impacted by the COVID-19 pandemic; and (ii) the investment period is longer than originally planned based on the Bank's actual business needs, which also results in the shortfall in the return of investment, management fees and trust remuneration. The shortfall in fees and commissions received by the Bank was mainly due to certain originally planned settlement services and direct banking services business with Huaneng Capital and its associates in 2021 did not materialise as impacted by the COVID-19 pandemic. The fees and commissions paid to Huaneng Capital and its associates mainly include the Yuncheng payment. The Bank lowered the interest rate for products sold through the mobile application developed and managed by Yuncheng Financial Service in 2021 which resulted in the decrease in sales of such products and in turn the fees and commission paid by the Bank to Yuncheng Financial Service in 2021.

LETTER FROM THE BOARD

Proposed annual caps

For the years ending December 31, 2022, 2023 and 2024, the proposed annual caps on the investment amount, return of investment, management fees and trust remuneration, fees and commissions receivable from/payable by the Bank to Huaneng Capital and its associates under the New Huaneng Framework Agreement are as follows:

Proposed annual transaction caps for the			
year ending December 31,			
	2022	2023	2024
<i>(in the thousands of RMB)</i>			
Investment amount			
Great Wall Securities Asset			
Management Schemes	2,840,000	3,124,000	3,436,400
Huaneng Guicheng Trust			
Schemes	2,500,000	2,500,000	2,500,000
IGWFM Schemes	2,500,000	3,500,000	4,000,000
GWFM Schemes	2,500,000	3,500,000	4,000,000
Sub-total	10,340,000.0	12,624,000.0	13,936,400.0
Return of investment	478,800.0	573,600.0	622,600.0
Management fees and trust			
remuneration	28,300.0	34,200.0	37,200.0
Fees and commissions			
receivable by the Bank	21,200.0	27,300.0	32,400.0
Fees and commissions			
payable by the Bank	5,000.0	7,000.0	9,000.0

Basis for the proposed annual caps

The Directors determined the proposed annual caps of the investment amount under the New Huaneng Framework Agreement with reference to, among others, (a) the historical amounts for the investment amount, return of investment, and management fees and trust remuneration for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 as set out above, and the fluctuations in the volume of these products and services that the Bank made a total of 36, 37 and 22 investments with Huaneng Capital and its associates for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021; (b) the effect of cumulative calculation of investment amount per annum due to the expected one month holding period of investment in the products under the Great Wall Securities Asset Management Schemes and the Huaneng Guicheng Trust Schemes by the Bank; (c) an expected annualized growth rate of 10%-22% of the investment amounts for the years ending December 31, 2022, 2023 and 2024 based on the estimates that (i) the investment amount of Great Wall Securities Asset Management Schemes will

LETTER FROM THE BOARD

increase with a CAGR of approximately 10.0% by reference to the historical amount which increased by 14.5% from RMB1,673.9 million for the year ended December 31, 2019 to RMB1,916.2 million for the year ended December 31, 2020; (ii) the investment amount of Huaneng Guicheng Trust Schemes will remain stable; and (iii) the investment amount of IGWFM Schemes and GWFM Schemes will increase with a CAGR of approximately 26.5% as the Bank intends to invest in approximately six, nine and ten money market funds management schemes by IGWFM and GWFM in the coming three years while the Bank invested in two for the year ended December 31, 2020 and nine for the six months ended June 30, 2021; and (d) the Bank and Huaneng Capital have made specific arrangements for part of the businesses for cooperation, for example, the Bank has selected four schemes to be invested in the coming three years from those which will be released by Great Wall Securities, Huaneng Guicheng Trust, IGWFM and GWFM.

The Directors calculated the expected annualized return on investment of the assets management schemes, collective trust schemes, and funds management schemes ranging from 4.0% to 5.6% considering the loose monetary policies. The range is mainly determined by historical return. The highest rate of return on investment generated from the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes by the Bank was 5.5% and 5.7% respectively during the period from January 1, 2020 to June 30, 2021. According to public data, funds with investment in schemes that include no less than 80% of debt (“**Bond Funds**”) and money market funds management schemes (“**Money Market Funds**”) managed by IGWFM could reach a return on investment of approximately 4.74% and 4.88% within one to two years and the Bond Funds and Money Market Funds managed by GWFM could reach a return on investment of approximately 4.13% and 4.84% within one to two years.

The annual caps of the management fees and trust remuneration are calculated based on the investment amount and the management fees/trust remuneration rate (if applicable) as published by Great Wall Securities, Huaneng Guicheng Trust, IGWFM and GWFM.

The Directors determined the proposed annual caps of the fees and commissions related to the fee- and commission-based products to be provided to Huanneng Capital and its associates and the fees related to the products and services to be provided by Huaneng Capital and its associates to the Bank with reference to, among others, (a) the historical amounts for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, and the fluctuations in the volume of these products and services for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021; (b) the significant increase in the expected fees and commissions from bond underwriting business for the coming years as the Bank obtained Class-B lead underwriter qualification for underwriting debt financing instruments issued by non-financial enterprises in February 2019 as well as the broader service scope of the Bank and the increasingly mature business capabilities,

LETTER FROM THE BOARD

which is consistent with the Bank's strategy to cooperate with leading enterprises in Shanxi province and achieve business diversification; (c) the possibility of the Group's future launch of new products and services; and (d) the Bank and Huaneng Capital have made specific arrangements for part of the businesses for cooperation in particular, it is expected that as compared with 2020, the fees and commissions from entrusted loans business will increase by approximately RMB2.0 million in 2022 and the fees and commission from fund/trust products consignment business will increase by approximately RMB5.0 million in 2022.

Principal terms

The principal terms of Great Wall Securities Asset Management Schemes are set out as follows:

- Great Wall Securities shall independently operate and manage the assets in accordance with the terms and conditions of the asset management schemes subject to the supervision of the asset custodian;
- the historical annualized return on investment of the assets management schemes ranges from 5.1% to 5.7%, the management fee rate ranges from 0.2% to 0.3% and the annual custody fee rate payable by the Bank to the asset custodian ranges from 0.02% to 0.1%;
- the term of such asset management schemes may range from six months to three years; and
- Great Wall Securities shall issue and publish asset management reports about the portfolio of the investment assets, net value of the assets, fees and investment return in accordance with the assets management schemes.

The principal terms of Huaneng Guicheng Trust Schemes are set out as follows:

- Huaneng Guicheng Trust shall, in its own name, manage, utilize or dispose the trust property in the interest of the Bank;
- the annual trust remuneration and the annual management fee payable to the trustee shall be calculated according to the formula as provided in the relevant trust agreement at a minimum rate of 0.3% and 0.1% respectively, and the annual custody fee rate payable by the Bank to the trust custodian is 0.01%;
- the term of such trust schemes is 36 months; and

LETTER FROM THE BOARD

- Huaneng Guicheng Trust shall provide the Bank information relevant to the trust schemes, including but not limited to notice of establishment of trust plan, trust property management report, trust property utilization and return report.

Pricing

For asset management schemes, collective trust schemes and funds management schemes launched by Great Wall Securities, Huaneng Guicheng Trust, IGWFM and GWFM, the management fees and trust remuneration are applicable to all investors participating in such plans equally and evenly, including the Group and any other independent third party investor participants. For single asset management schemes launched by Great Wall Securities, the management fees are at prevailing market rate based on arm's length negotiation by reference to public bond funds (公募債券型基金).

The fees and commissions of the fee- and commission-based products and services to be offered to Huaneng Capital and its associates are at the normal fee standards of the Bank. For such fee- and commission-based products and services, fees and commissions are charged by the Bank at a certain rate which is also applicable to independent counterparties.

In connection with the bank acceptance bill, the fixed percentage of commission is determined with reference to the *Notice of the People's Bank of China on Issuing the Measures for Payment and Settlement* (支付結算辦法) published by the PBoC and an internal pricing guidance of the Bank (the "**Price Guidance**") which listed the pricing basis for all of the products and services of the Bank.

In connection with the settlement services provided by the Bank to Huaneng Capital and its associates, the commission rate is determined based on the Price Guidance and a number of factors, including the credit rating of the counterparties, tenure, face value of the bills or notes, costs that may be incurred in relation to such transactions and prevailing market conditions.

In connection with the debt securities underwriting and distribution provided by the Bank to Huaneng Capital and its associates, such commission is determined based on arm's length negotiation between the debt securities issuers or the lead underwriter and the Bank with reference to prevailing market rates, and where prevailing market rates are not applicable, the terms of the transactions are determined with reference to comparable transactions entered into with independent financial institutions. For each debt securities underwriting and distribution business, the Bank's branch business staff shall conduct a preliminary communication with the debt securities issuers on underwriting amount, commission rate, timetable, etc., and then report to the investment banking department at the headquarter for approval of the commission rate. The investment banking

LETTER FROM THE BOARD

department shall determine a rate range by reference to the market conditions in the past three months, commission rate with independent third parties and the negotiations with the debt securities issuers and the branch business staff shall then further negotiate with the issuers within the rate range set by the investment banking department.

In connection with the direct banking services provided by the Bank to Huaneng Capital and its associates, the commission/commission rate is determined based on the fees and commissions offered by the independent suppliers for the provision of similar services, the market conditions in the past three months, commission rate with independent third parties and negotiations with the clients. For each direct banking business, the business staff at the Bank's branches or at the headquarter shall conduct a preliminary communication with the clients on transaction amount, commission rate and timetable, etc., and then report to the online finance department at the headquarter for review and approval.

In connection with the fund/trust products consignment services provided by the Bank, the commission is determined with reference to the prevailing market rates and no less favourable than that offered to independent third parties. For each fund/trust products consignment business, the retail banking business staff at the headquarter shall conduct a preliminary negotiation on the products to be distributed, amount, commission rate, timetable, etc., and then report the negotiations to the head of the retail banking business department for approval by reference to the market conditions in the past three months and business with independent third parties.

For the fee- and commission-based products or services to be provided by Huaneng Capital and/or its associates (including the Yuncheng Payment), the Bank will be attentive to the purpose of the contracts with prudence, analyze the businesses, and set pricing standards no higher than those of third-party by comparing factors such as independent third-party prices and duration within the recent three months and by reference to the Bank's cost estimation. In connection with the Yuncheng Payment paid by the Bank to Yuncheng Financial Service, the fee rate is determined based on arm's length negotiation and with reference to: (i) an internal cost assessment; and (ii) the transaction amount.

B. New SSCO Framework Agreement

Background information

In the ordinary and usual course of business, the Group provides fee- and commission-based products and services to SSCO and its associates. To comply with the requirements of the Listing Rules, the Bank entered into the Original SSCO

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Framework Agreement with SSCO on June 24, 2019. The Original SSCO Framework Agreement is valid until December 31, 2021, unless terminated earlier in accordance with the terms thereunder.

On March 26, 2020, the Bank entered into the SSCO Framework Supplemental Agreement to adjust the annual caps on fees and commissions related to fee- and commission-based products and services offered by the Group to SSCO and its associates, as a replacement for the original annual caps, due to the cooperation status, market environment, expectations for further strengthening of cooperation. Such revision on annual caps was approved at the annual general meeting of the Bank on June 9, 2020.

In light of the impending expirations of the Original SSCO Framework Agreement and SSCO Framework Supplemental Agreement, on October 19, 2021, the Bank entered into the New SSCO Framework Agreement with SSCO with a term of three years from January 1, 2022 to December 31, 2024 and which are renewable subject to agreement between both parties and compliance with the Listing Rules. Pursuant to it, the Group shall continue to provide fee- and commission-based products and services to SSCO and its associates.

The fee- and commission-based products and services to be provided to SSCO and its associates mainly include bank acceptance bills, letters of credit, debt securities distribution, debt securities underwriting, syndicated loans, direct banking services, settlement services and wealth management business.

Principal terms of the New SSCO Framework Agreement

The main terms of the New SSCO Framework Agreement are set out below:

Date: October 19, 2021

Parties thereto: (i) the Bank; and

(ii) SSCO

Subject matter: Fee- and commission-based products to be provided by the Bank to SSCO and its associates

Term: From January 1, 2022 to December 31, 2024

Pursuant to the New SSCO Framework Agreement, the terms and conditions (including but not limited to prices) for the provision of fee- and commission-based products and services by the Bank to SSCO and/or its associates shall be fair and reasonable and determined on normal commercial terms and negotiated on an arm's length basis and the parties shall sign specific fee- and commission-based product

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and service agreements separately for each actual transaction based on the terms thereunder. The transactions will be conducted in the usual and ordinary course of business of the Bank and on normal commercial terms which comply with the provisions of applicable laws and regulations and industry practices.

Historical transaction amounts

The following table sets forth the fees and commissions received from the provision of fee- and commission-based products and services to SSCO and its associates during the following years/period.

	Actual amounts for the years ended December 31, 2019	Actual amounts for the six months ended June 30, 2020	Actual amounts for the six months ended June 30, 2021	Actual amounts for the ten months ended October 31, 2021	Approved annual cap for the year ending December 31, 2021
	2019	2020	2021	2021	2021

(in the thousands of RMB)

Fees and commissions received from the provision of fee- and commission-based products and services to SSCO and its associates	128,627.4	181,154.8	89,293.7	101,710.2	285,000.0
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The fees and commissions received from the provision of fee- and commission-based products and services to SSCO and its associates for the year ending December 31, 2021 will be less than the approved annual cap, which was mainly due to the decrease in bank acceptance business and debt securities underwriting and distribution business with SSCO and its associates. The Bank increased the commission rate for bank acceptance business after more prudent cost estimation in 2021 which results in the decrease in such business and the fees and commissions derived from such business with SSCO and its associates. In addition, the Bank's debt securities underwriting and distribution business decreased significantly in 2021 as impacted by the decreased financing capacity of coal companies in Shanxi province which are the major customers for the Bank's debt securities underwriting and distribution business.

Proposed annual caps

For the years ending December 31, 2022, 2023 and 2024, the proposed annual caps on the fees and commission receivable by the Bank from SSCO and/or its associates are as follows:

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**Proposed annual transaction caps for the
year ending December 31,
2022 2023 2024**
(in the thousands of RMB)

Total	278,200.0	311,500.0	354,900.0
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Basis for the proposed annual caps

The Directors determined the proposed annual caps with reference to, among others, (a) the historical amounts for the provision of fee- and commission-based products and services by the Group to SSCO and its associates of RMB128.6 million, RMB181.2 million and RMB89.3 million for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, and the fluctuations in the volume of these products and services for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021; (b) the significant increase in the expected fees and commissions from bond underwriting business for the coming years as the Bank obtained Class-B lead underwriter qualification for underwriting debt financing instruments issued by non-financial enterprises in February 2019, which is consistent with the Bank's strategy to cooperate with leading enterprises in Shanxi province and achieve business diversification and it is expected that the Bank would cooperate with at least 20 coal companies in Shanxi province and fees and commissions to be generated from the underwriting of their debt securities would increase by approximately RMB40.0 million; (c) the significant increase in the income of fees and commissions from investment and financing business through the multi-functional online direct banking platform since 2018, which is consistent with the Bank's strategy to diversify its business cooperation with SSCO and its associates and the Bank has worked with more than 20 companies under this business and the number of companies is expected to increase in the coming three years; (d) the possibility of the Bank's future launch of new products and services, such as M&A loans; and (e) the Bank and SSCO have made specific arrangements for part of the businesses for cooperation, for example, the Bank plans to work with at least 15 companies for bank acceptance bills business, at least ten companies for investment and financing business and at least three companies for debt financing business.

Pricing

Pursuant to the terms of the New SSCO Framework Agreement, the two parties shall, based on the terms of the New SSCO Framework Agreement, sign a specific fee- and commission-based products and services agreement for each actual transaction. The transactions shall be conducted on normal commercial terms that comply with applicable laws and regulations and industry practices.

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The fees and commissions of such fee- and commission-based products and services charged to SSCO and its associates by the Group are at the normal fee standards and not lower than comparable third party quotations. For such fee- and commission-based products and services, the Group generally charges fees and commissions at a certain rate which is also applicable to independent counterparties.

In connection with the bank acceptance bill, the fixed percentage of commission is determined with reference to the *Notice of the People's Bank of China on Issuing the Measures for Payment and Settlement* (支付結算辦法) published by the PBoC and the Price Guidance which listed the pricing basis for all of the products and services of the Bank.

In connection with the letters of credit business provided by the Bank to SSCO and its associates, the commission/commission rate is determined based on the Price Guidance and no less favourable than those offered to independent third parties.

In connection with the settlement services provided by the Bank to SSCO and its associates, the commission rate is determined based on the Price Guidance and a number of factors, including the credit rating of the counterparties, tenure, face value of the bills or notes, costs may be incurred in relation to such transactions and prevailing market conditions as well as comparing factors such as third-party prices.

In connection with the debt securities underwriting and distribution provided by the Bank to SSCO and its associates, such commission is determined based on arm's length negotiation between the debt securities issuers or the lead underwriter and the Bank with reference to prevailing market rates by comparing third-party prices and where prevailing market rates are not applicable, the terms of the transactions are determined with reference to comparable transactions entered into with independent financial institutions. For each debt securities underwriting and distribution business, the Bank's branch business staff shall conduct a preliminary communication with the debt securities issuers on underwriting amount, commission rate, timetable, etc., and then report to the investment banking department at the headquarter for approval of the commission rate. The investment banking department shall determine a rate range by reference to the market conditions in the past three months, commission rate with independent third parties and the negotiations with the debt securities issuers and the branch business staff shall then further negotiate with the issuers within the rate range set by the investment banking department.

In connection with syndicated loans, the commission/commission rate is determined based on arm's length negotiation between the syndicate members and the Bank with reference to the *Notice of China Banking Regulatory Commission on Issuing the Guidelines for Syndicated Loan Business* (銀團貸款業務指引).

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In connection with the direct banking services provided by the Bank to SSCO and its associates, the commission/commission rate is determined based on the fees and commissions offered by independent suppliers for the provision of similar services, the market conditions in the past three months, commission rate with independent third parties and negotiations with the clients. For each direct banking business, the business staff at the Bank's branches or at the headquarter shall conduct a preliminary communication with the clients on transaction amount, commission rate and timetable, etc., and then report to the online finance department at the headquarter for review and approval.

In connection with wealth management business provided by the Bank to SSCO and its associates, the management fees/rates of management fees are based on the Price Guidance and no less favourable than those offered to independent third party investors.

(2). Grounds and Benefits of Entering into New Huaneng Framework Agreement and New SSCO Framework Agreement

Relying on China Huaneng Group Co., Ltd. (中國華能集團有限公司) (“**Huaneng Group**”), Huaneng Capital is a comprehensive financial service provider specializing in energy and basic industries. SSCO, as the state-owned financial capital operation platform in Shanxi province, has great financial strength. The cooperation helps the Bank to enhance its cooperation with leading enterprises in the province and its business diversification.

The Directors are of the opinion that the New Huaneng Framework Agreement and the New SSCO Framework Agreement were entered into in the ordinary course of business of the Bank, on normal commercial terms, and negotiated on an arm's length basis, while the transaction terms and relevant proposed annual caps under the New Huaneng Framework Agreement and the New SSCO Framework Agreement are fair and reasonable and in the interests of the Bank and its Shareholders as a whole.

(3). Internal Control

The Bank has adopted and implemented the following internal procedures and corporate governance measures to monitor and verify the terms of future transactions:

- (i) The Bank places great importance on the management of connected transactions and takes the initiative to actively update the list of connected persons. In order to comprehensively and accurately identify connected persons, the Bank conducts penetration management of substantial Shareholders to achieve effective collection of data related to connected transactions. To meet the management requirements of the Stock Exchange in relation to connected transactions, the Bank has formulated the “Measures for the Management of Related Party Transactions”, which further clarifies the duties of the connected transaction functional department and strictly implements the approval and information disclosure system of connected

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transactions so as to ensure that all the connected transactions of the Bank are effectively monitored and supervised, maintain stable business operations, establish a risk monitoring system, and ensure that all relevant connected transactions are in the interests of our Shareholders as a whole. In order to complete the implementation of the “Measures for the Management of Related Party Transactions”, the Bank has engaged an external advisory body to provide advisory services for the establishment of a related party (connected) transaction system. The Bank has commenced the establishment of a related party (connected) transaction system to facilitate the continuous identification and monitoring of connected transactions of the Bank in the future.

- (ii) The “Measures for the Management of Related Party Transactions” aims to standardize and set out the management responsibilities and division of responsibilities as well as monitoring mechanisms related to the connected transactions of the Bank, and to safeguard the interests of our Shareholders as a whole and the interests of the Bank and its stakeholders. The connected transactions of the Bank must be conducted in accordance with the principles, rules and procedures specified in the said policies and administrative measures.
- (iii) Senior management of the Bank is responsible for ensuring that the employees fully understand the policies and administrative measures of the “Measures for the Management of Related Party Transactions” and will implement the provisions therein to ensure that connected transactions comply with the provisions of relevant policies and administrative measures.
- (iv) As part of the internal control and risk management procedures, each responsible department must perform certain procedures before entering into any agreement, including reviewing specific contracts entered into between the Bank and connected persons, regularly checking the specific terms of continuing connected transactions, and comparing the terms of comparable transactions to ensure that the pricing policies and/or other contractual terms are entered into on normal commercial terms in the ordinary and usual course of business of the Bank and are fair and reasonable and in the interests of us and our Shareholders as a whole.
- (v) Each responsible department must also report and submit detailed information to the Risk Management Department of the Bank on the continuing connected transactions for its review and analysis before entering into any specific contract, and ensure that the connected transactions comply with applicable laws, rules and regulations as well as internal policies and administrative measures.
- (vi) As part of the internal control and risk management procedures and to ensure that the continuing connected transactions do not exceed the relevant annual caps, the responsible departments are responsible for monitoring the transaction amount and submitting the transaction amount data to the Risk Management Department on a monthly basis. If it is expected that the transaction amount of any continuing

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connected transaction that is or will be incurred in the financial year will reach or exceed the relevant annual cap, the responsible department shall contact the Risk Management Department to report to our management and consider the measures to be taken to ensure that the requirements under the Listing Rules are complied with, including obtaining the approval of independent Shareholders (if required).

- (vii) The Risk Management Department must report the continuing connected transactions to the Board, relevant committees and/or our management as requested so that they can carry out the review to ensure that the continuing connected transactions are entered into on normal commercial terms in the ordinary and usual course of business of the Bank and are fair and reasonable and in the interests of us and our Shareholders as a whole. The independent non-executive Directors will also conduct annual reviews of continuing connected transactions in accordance with the Listing Rules. The Bank will engage an external auditor to make reports on continuing connected transactions every year. The external auditor will write to the Board to confirm the matters required by the Listing Rules, including whether the continuing connected transactions are conducted in accordance with the relevant pricing policies.

The Directors have confirmed that the Bank's qualifications and internal control procedures can effectively guarantee the transactions between the Bank and Huaneng Capital, SSCO and/or their respective associates in accordance with the New Huaneng Framework Agreement and the New SSCO Framework Agreement, and the terms are fair and reasonable and have gone through negotiation on an arm's length basis, and have been entered into on normal commercial terms that comply with industry practices, and such procedures and measures are sufficient to assure the Independent Shareholders that the Bank will properly monitor continuing connected transactions.

(4). Approval by the Board of Directors

At the 22nd meeting of the fifth Board of Directors held on October 19, 2021, the Board approved the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder, and the proposed annual caps for the years ending December 31, 2022, 2023 and 2024.

XIANG Lijun, a non-executive Director of the Bank, served in several subsidiaries of Huaneng Group, so he has abstained from voting on the resolution regarding the New Huaneng Framework Agreement and its proposed annual caps at the Board meeting. WANG Jianjun, a non-executive Director of the Bank, served in several subsidiaries of Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司), being a subsidiary of SSCO, so he has abstained from voting on the resolution regarding the New SSCO Framework Agreement and its proposed annual caps at the Board meeting. Save as aforesaid, none of the Directors has significant interests in the New Huaneng Framework Agreement or New SSCO Framework Agreement, or is required to abstain from voting on relevant Board resolutions.

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(5). About the Parties to the Agreements

The Bank

The Bank's principal businesses include corporate banking, retail banking and financial markets business. The Bank provides corporate banking customers with a wide range of products and services, including corporate loans, bill discounting, corporate deposits, transactional banking services, investment banking services, and other fee- and commission-based products and services. The Bank provides retail banking customers with a wide range of products and services, including personal loans, personal deposits, card services, and other fee- and commission-based products and services. The Bank's financial markets business primarily consists of interbank market transactions, investment management, wealth management, and bill discounting and rediscounting.

Huaneng Capital

Huaneng Capital, established in 2003, is a financial asset investment and professional management institution and financial service platform of Huaneng Group. Huaneng Capital has gradually become a comprehensive financial service provider specializing in energy and basic industries and a comprehensive financial holding company by leveraging the reputation and business resources supported by Huaneng Group's strong industrial background. Huaneng Capital is one of the state-owned Shareholders and is held as to 61.22% equity interest by Huaneng Group, in which State-owned Assets Supervision and Administration Commission of the State Council holds 90% equity interest.

SSCO

SSCO, established by State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province (山西省人民政府國有資產監督管理委員會) ("**Shanxi SASAC**") in July 2017, is mainly responsible for state-owned capital operation and related business. It is the only provincial state-owned capital operation company in Shanxi province that covers multiple areas including energy, metallurgy, power, equipment manufacturing, infrastructure construction and consumption, and has a mission to strategically adjust the structure of state-owned capital in Shanxi province. SSCO is wholly-owned by Shanxi SASAC.

(6). Implication of the Listing Rules

As at the Latest Practicable Date, Huaneng Capital and SSCO are the substantial Shareholders of the Bank and hold approximately 10.28% and 20.66% in the total issued share capital of the Bank respectively. Therefore, according to Chapter 14A of the Listing Rules, Huaneng Capital, SSCO and their respective associates are connected persons of the Bank. The

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entering into of the New Huaneng Framework Agreement with Huaneng Capital and the New SSCO Framework Agreement with SSCO and the transactions contemplated thereunder constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules and excluding profit ratio) calculated for the annual caps on transactions under the New Huaneng Framework Agreement and the New SSCO Framework Agreement exceed 5%, according to Chapter 14A of the Listing Rules, the New Huaneng Framework Agreement and the New SSCO Framework Agreement and the transactions contemplated thereunder are subject to, among others, the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders on (i) the New Huaneng Framework Agreement and the transactions contemplated thereunder and the proposed annual caps and (ii) the New SSCO Framework Agreement and the transactions contemplated thereunder and the proposed annual caps. The letter from the Independent Board Committee setting out its advice and recommendations to the Independent Shareholders on (i) the New Huaneng Framework Agreement and the transactions contemplated thereunder and the proposed annual caps and (ii) the New SSCO Framework Agreement and the transactions contemplated thereunder and the proposed annual caps is set out on pages 33 to 34 of this circular. Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder, and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024. The letter from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder, and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024 is set out on pages 35 to 73 of this circular.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the New Huaneng Framework Agreement or the New SSCO Framework Agreement must abstain from voting on the relevant resolutions at the Extraordinary General Meeting. Therefore, Huaneng Capital and its associates must abstain from voting on the resolution(s) regarding the New Huaneng Framework Agreement and its proposed annual caps at the Extraordinary General Meeting, and SSCO and its associates must abstain from voting on the resolution(s) regarding the New SSCO Framework Agreement and its proposed annual caps at the Extraordinary General Meeting.

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2. Determination of Amendment of the Write-off Amount for Non-performing Loans and Bad Debts for 2021

In the first three quarters of 2021, the Bank disposed of non-performing assets of RMB1,563 million and made write-off of bad debts of RMB102 million, using a total of RMB1,291 million write-off amount. The total write-off amount for the whole year of 2021 is RMB1,500 million, and the remaining available amount is RMB209 million.

At the end of September 2021, the remaining balance of non-performing loans of the Bank amounted to RMB2,850 million, representing an increase of RMB350 million as compared to the beginning of the year. The non-performing loans ratio was 1.88%, representing an increase of 0.04% as compared to the beginning of the year. Affected by the “double-carbon” policy and the real estate industry policies, the Bank remains exposed to the credit risks from part of its credit business. Currently, part of real estate loan business has resulted in non-performing assets, which has exerted great pressure on the overall asset quality of the Bank.

At present, pursuant to the disposal plan for non-performing loans approved by the Board, there are non-performing loans that require to be disposed of by a single household in the fourth quarter. Potential investors have certain intention to invest in the Bank’s non-performing loans that are to be disposed of in the fourth quarter. Subject to the write-off amount, the disposal filing and subsequent disposal work cannot be taken place for the time being. Pursuant to the requirements of the regulatory authority that “those eligible for recovery should be recovered, write-off be written off and disposal be disposed in compliance with laws and regulations”, if a favorable opportunity is missed for disposing of non-performing loans during the year, it will become difficult to implement subsequent disposal, and it will not be possible to maximize benefits from such disposal. In combination with current needs for disposing of non-performing loans and operating budget requirements, an additional write-off amount for bad debts of RMB100 million will be made, provided that it will not affect the realization of the annual profit budget.

On November 23, 2021, the Board resolved to submit to the Shareholders for their consideration and approval of the amended plan on the amount of non-performing loans and bad debts written off for 2021 as follows:

The Bank’s write-off amount for 2021 will be RMB1.6 billion (asset impairment losses).

3. Determination of the Write-off Amount for Non-performing Loans and Bad Debts for 2022

On November 23, 2021, the Board resolved to submit to the Shareholders for their consideration and approval of a plan on the amount of non-performing loans and bad debts written off for 2022 as follows:

The Bank’s write-off amount for 2022 will be RMB1.5 billion (asset impairment losses).

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4. Issuance of Special Financial Bonds for Loans to Small and Micro Enterprises

(1). *Necessity of issuing special financial bonds for loans to small and micro enterprises*

(i) *To enhance financial service capabilities for small and micro enterprises and fulfill social responsibilities*

In recent years, a series of finance-favorable policies have been issued in China to promote the growth of financing scale of small and micro enterprises, and optimize the financing size and structure, with endeavors to achieve “increase in supplies, reduction in prices, improvement in quality and expansion in service scope” to support the high-quality development of the real economy. The issuance of special financial bonds for loans to small and micro enterprises by the Bank to support the development of small and micro enterprises in the province is an important reflection of the Bank’s active implementation of the decisions and deployments of the working conferences of the provincial party committee and provincial government at the beginning of the year amid the province-wide transformation and development. The issuance of special financial bonds to increase investment in small and micro enterprises by the Bank, as a provincial corporate financial institution, will further enhance its ability to support the real economy and improve the quality and effectiveness of the Bank’s services to the real economy, which is also an important initiative of practicing social responsibilities of the Bank.

(ii) *To optimize capital allocation, increase credit provision, and promote financial innovation and development*

The market-oriented issuance of special financial bonds for loans to small and micro enterprises has a certain capital cost advantage over other medium and long-term funding sources. It will further optimize the capital allocation of the Bank and help increase its overall income level. Moreover, the low-cost source of funds can effectively enhance the Bank’s capability to provide loans to small and micro enterprises for the medium and long term, and strengthen its support for the development of small and micro enterprises in the province, thus helping promote the innovation and development of the Bank in the field of small and micro enterprises.

(iii) *To optimize and improve the asset and liability structure of the Bank*

As an important tool for debt management, financial bonds can broaden the sources of debt channels, optimize the duration structure of medium and long-term debts, and effectively enhance the ability of active debt management. The issuance of special financial bonds for loans to small and micro enterprise can supplement the Bank’s medium-and long-term liabilities to a certain extent, enhance the stability of liabilities, ensure available long-term stable funds to support the loans to small and micro enterprises, and optimize the reasonable allocation of the asset and liability structure.

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(2). Details of the issuance plan

On August 27, 2021, the Board resolved to submit to the Shareholders for their consideration and approval a plan for the issuance of the special financial bonds for loans to small and micro enterprises:

(i) Size of issuance

The size of issuance of special financial bonds for loans to small and micro enterprises shall not exceed RMB2 billion in aggregate, in either one or multiple tranches on rolling basis, depending on the Bank's capital needs and market conditions.

(ii) Duration of bonds

Three (3) years.

(iii) Face value of bonds

RMB One hundred (RMB100).

(iv) Issue price

The bonds will be issued at market price.

(v) Method of issuance

The leading underwriter will form an underwriting syndicate for the bonds, which will be placed through book-building by bookrunners and issued in the national inter-bank bond market.

(vi) Coupon rate

The coupon rate of the bonds will be determined through the book-building process in placing or by the result of public tender.

(vii) Target subscribers

The bonds will be issued to members of the national inter-bank bond market.

(viii) Use of proceeds

The proceeds from the bonds will be specially used for loans to small and micro enterprise.

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(ix) Nature of bonds

The order of repayment of the principal and interest is equivalent to the general liabilities of commercial banks, and has priority over commercial banks' long-term subordinated debts, tier-2 capital instruments, hybrid capital bonds, other tier-1 capital instruments and financial bonds of equity capital.

(x) Authorization to the Board of Directors

In light of some uncertainties, such as the issuance time and market conditions in the issuance of special financial bonds for loans to small and micro enterprises, it is hereby proposed that the following authorizations be granted to ensure the successful issuance of the above special financial bonds for loans to small and micro enterprises:

- a. to propose the general meeting to authorize the Board and then the Board delegating the senior management to handle the above-mentioned matters relating to the issuance of the special financial bonds for loans to small and micro enterprises;
- b. to authorize the senior management to, as per the specific requirements of regulatory authorities, make appropriate adjustments to the terms of issuance within the scope of the issuance plan determined by the Board (including, but not limited to, the determination of the amount of issuance of each tranche, duration and coupon rate, retention arrangements) in accordance with the national policies, in light of market conditions and the Bank's needs for assets and liabilities management; and
- c. to authorize the senior management to take other actions required to complete the above-mentioned issuance of special financial bonds for loans to small and micro enterprises (including, but not limited to, the engagement of necessary bond underwriters, credit rating agencies, law firms, accounting firms, third-party assessment and certification agencies or other professionals). The authorization will be valid for 36 months since the date of approval at the EGM.

5. Proposed Amendments to the Articles of Association

Please refer to Appendix I to this circular for the details of proposed amendments to the Articles of Association.

It is proposed that the Shareholders' general meeting authorizes the Board of Directors and the Board of Directors then delegates to the chairman of the Bank to make necessary and appropriate changes to the Articles of Associations according to the requirements and

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recommendations of the regulatory authorities in the process of submitting to the regulatory authorities for approval. The proposed amendments to the Articles of Association will take effect on the date of approval from China Banking Insurance and Regulatory Commission.

6. Proposed Amendments to the Rules of Procedures for the Shareholders' General Meeting

Please refer to Appendix II to this circular for the details of proposed amendments to the Rules of Procedures for the Shareholders' General Meeting.

7. Proposed Amendments to the Rules of Procedures for the Board of Directors

Please refer to Appendix III to this circular for the details of proposed amendments to the Rules of Procedures for the Board of Directors.

8. Proposed Amendments to the Rules of Procedures for the Board of Supervisors

Please refer to Appendix IV to this circular for the details of proposed amendments to the Rules of Procedures for the Board of Supervisors.

9. Proposed Amendments to the Definition of Extremely Important Matters and Important Matters

According to the relevant provisions of the Articles of Association of Jinshang Bank Co., Ltd., the Rules of Procedures for the Board of Directors of Jinshang Bank Co., Ltd., the Board of Directors shall carry out the following duties, including: to decide the Bank's important external investment, important asset acquisition and disposals, important external guarantee, important trust management, important related party transactions; to authorize the chairman to approve large loans exceeding the authority of the president; to initially examine the Bank's extremely important external investment, extremely important asset acquisition and disposals, extremely important external guarantee, extremely important trust management, extremely important related party transactions, and submit them to the Shareholders' general meeting for approval. In order to facilitate decision-making and implementation, the above extremely important and important matters are defined as follows. Meanwhile, according to the requirements of the Application Guidelines for Enterprise Internal Controls No. 1 – Organizational Structure, the appointment and removal of important personnel and the large-amount payment business are defined together:

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(1). Definition of extremely important matters and important matters

(i) Equity external investment

Equity investments that account for more than 10% (inclusive) of the audited net assets as at the end of the preceding year (note: the audited net assets as at the end of the second preceding year are adopted before the audit results are released) are extremely important external investment; those less than 10% are important investments.

(ii) Asset-based external investment

Asset-based investment refers to bond investment and money market investment in daily business operations. Those with an investment amount of more than RMB1.5 billion (not inclusive) are important investments.

Other financial assets acquired in compliance with the requirements of laws, regulations and regulatory policies are regarded as asset-based investments.

(iii) Asset acquisition and disposals

A single purchase or similar combination of purchases amounting to more than 0.5% (not inclusive) of the audited net assets as at the end of the preceding year is an extremely important asset acquisition; and a single purchase or similar combination of purchases amounting to 0.25% (not inclusive) to 0.5% (inclusive) of the audited net assets as at the end of the preceding year is an important asset acquisition; A single disposal or packaged disposals amounting to more than 0.25% (not inclusive) of the audited net assets as at the end of the preceding year are extremely important asset disposals, a single disposal amounting to 0.05% (not inclusive) to 0.25% (inclusive) of the audited net assets as at the end of the preceding year is an important asset disposal, and packaged disposals amounting to 0.1% (not inclusive) to 0.25% (inclusive) of the audited net assets as at the end of the preceding year are important asset disposals.

The aforementioned asset acquisition and disposals do not include the receipt and disposal of repossessed assets and the disposal of non-performing assets.

A single disposal of repossessed assets amounting to more than 0.25% (not inclusive) of the audited net assets as at the end of the preceding year is an important matter, subject to approval by the Board of Directors. A single disposal or packaged disposals of repossessed assets and non-performing assets (principal and interest combined) amounting to more than 0.5% (not inclusive) of the audited net assets as at the end of the preceding year are important matters, subject to approval by the Board of Directors.

LETTER FROM THE BOARD

The write-off of non-performing assets through the write-off procedure for bad debts, and the write-off of bad debts exceeding the amount approved by the Shareholders' general meeting are extremely important matters.

(iv) Wealth management business

1. Trust management

Those amounting to more than RMB1.5 billion (not inclusive) are important trust management.

Trust management refers to the business in which the Bank accepts the entrustment of asset owners to operate and manage assets for the purpose of realizing the value-added of entrusted assets or other specific purposes.

2. Agency sales

A single agency sales amounting to more than RMB1 billion (not inclusive), or a single agent agency sales with continuation scale accounting for more than 30% (not inclusive) of the total continuous scale of agency sales of the same type (special account) are important agency sales, except family trust and channel business.

Agency sales refer to commercial banks, securities companies, fund companies (including public and private equity), insurance companies, futures companies, and trust companies with financial licenses that accept the supervision and management of the banking and insurance and securities regulatory authority and under the State Council, as well as qualified precious metal business cooperation institutions that meet the Bank's access standards to be entrusted to sell their issuance management and investment operations of wealth management products, precious metal products, and other services such as collection and payment of funds.

(v) External donation

A single external donation amounting to more than RMB5 million (not inclusive), or external donation with total accumulated expenditure of more than 0.05% of the audited net assets as at the end of the preceding year (in cash or cash equivalents) are important matters.

(2). Important personnel appointment and removal

Important personnel appointment and removal refers to the appointment and removal of directors, supervisors, and senior management personnel.

LETTER FROM THE BOARD

Important personnel appointment and removal are carried out based on the requirements of the Articles of Association of Jinshang Bank Co., Ltd., the Rules of Procedures for the Board of Directors of Jinshang Bank Co., Ltd., the Rules of Procedures for the Board of Supervisors of Jinshang Bank Co., Ltd., the Terms of Reference of the Nomination, Remuneration and HR Committee under the Board of Directors of Jinshang Bank Co., Ltd., the Working Rules for the Nomination Committee under the Board of Supervisors of Jinshang Bank Co., Ltd. etc.

(3). Large-amount fund payment businesses

Large-amount fund payment businesses include the transfer and use of funds for the following projects:

- (i) Equity external investment
- (ii) Asset acquisition

A single purchase or similar combination of asset acquisition amounting to more than 0.25% (not inclusive) of the audited net assets as at the end of the preceding year.

- (iii) External donation

A single external donation amounting to more than RMB5 million (not inclusive), or external donation with total accumulated expenditure of more than 0.05% of the audited net assets as at the end of the preceding year (in cash or cash equivalents) are important matters.

The aforementioned projects shall be approved by the Shareholders' general meeting and the Board of Directors with reference to the definition of extremely important and important matters, and those involving the transfer and use of funds shall be executed by the senior management.

III. EGM

The Bank intends to convene the EGM at 10:00 a.m. on Thursday, December 16, 2021, at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi province, the PRC, to consider and, if thought fit, pass the resolutions in respect of the matters set out in the notices of the EGM. Notices convening the EGM dated November 29, 2021, together with the relevant forms of proxy have been dispatched to the Shareholders in accordance with the Listing Rules. Notices convening the EGM are also set out on pages 131 to 133 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. Accordingly, the resolutions to be proposed at the EGM will be voted by poll.

LETTER FROM THE BOARD

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the New Huaneng Framework Agreement and the New SSCO Framework Agreement must abstain from voting on the relevant resolutions at the Extraordinary General Meeting. Therefore, Huaneng Capital and its associates must abstain from voting on the resolution(s) regarding the New Huaneng Framework Agreement and its proposed annual caps at the Extraordinary General Meeting, and SSCO and its associates must abstain from voting on the resolution(s) regarding the New SSCO Framework Agreement and its proposed annual caps at the Extraordinary General Meeting.

IV. RECOMMENDATION

Non-connected Directors (including all independent non-executive Directors) are of the opinion that the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder, and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024 are fair and reasonable, and have been entered into in the ordinary and usual course of business of the Bank on normal commercial terms, which are in the interests of the Bank and the Shareholders as a whole. Therefore, the non-connected Directors (including all independent non-executive Directors) recommend all the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

The Board (including independent non-executive Directors) is of the opinion that all resolutions proposed at the EGM are in the interests of the Bank and the Shareholders as a whole. Thus, the Board recommends that the Shareholders should vote in favor of all the relevant resolutions proposed at the EGM (if applicable).

V. ADDITIONAL INFORMATION

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

By order of the Board
Jinshang Bank Co., Ltd.*
Li Weiqiang
Joint company secretary

Taiyuan, November 29, 2021

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee to the Independent Shareholders in connection with the New Huaneng Framework Agreement and New SSCO Framework Agreement, transactions contemplated thereunder, and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024 for the purpose of inclusion in this circular.



Jinshang Bank Co., Ltd.*
晉商銀行股份有限公司*

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

(stock code: 2558)

To the Independent Shareholders of Jinshang Bank Co., Ltd.

November 29, 2021

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Bank dated November 29, 2021, of which this letter forms a part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in this circular.

We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders as to our opinion on, whether the New Huaneng Framework Agreement and New SSCO Framework Agreement, transactions contemplated thereunder, and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024 are in the ordinary and usual course of business of the Bank and are in the interests of the Bank and the Shareholders as a whole and the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, transactions contemplated thereunder, and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024 are on normal commercial terms and are fair and reasonable.

In addition, Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. We wish to draw your attention to (i) the Letter from the Independent Financial Adviser as set out on pages 35 to 73 of this circular; (ii) the Letter from the Board on pages 5 to 32 of this circular; and (iii) the additional information set out in the appendix to this circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account, among other things, the information set out in the letter from the Board, and the principal factors, reasons and recommendations set out in the letter from the Independent Financial Adviser contained in this circular, we are of the opinion that (i) the entering into the New Huaneng Framework Agreement, the New SSCO Framework Agreement and the transactions contemplated thereunder is in the ordinary and usual course of business of the Bank and is in the interests of the Bank and the Shareholders as a whole; (ii) the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024 are on normal commercial terms, fair and reasonable so far as the Bank and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the EGM to approve (i) the New Huaneng Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024; and (ii) the New SSCO Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024.

Yours faithfully,
For and on behalf of
the Independent Board Committee
JINSHANG BANK CO., LTD.

Mr. JIN Haiteng
*Independent non-executive
Director*

Mr. SUN Shihu
*Independent non-executive
Director*

Mr. WANG Liyan
*Independent non-executive
Director*

Mr. DUAN Qingshan
*Independent non-executive
Director*

Mr. SAI Zhiyi
*Independent non-executive
Director*

Mr. YE Xiang
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Opus Capital to the Independent Board Committee and the Independent Shareholders in relation to the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder, and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024, which has been prepared for the purpose of inclusion in this circular.



18th Floor, Fung House
19-20 Connaught Road Central
Central, Hong Kong

November 29, 2021

*To: the Independent Board Committee and the Independent Shareholders of
Jinshang Bank Co., Ltd.*

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment by the Bank to advise the Independent Board Committee and the Independent Shareholders in connection with the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder, and the proposed annual caps for the three years ending December 31 (“FY”), 2022, 2023 and 2024 (the “**New Caps**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Bank to the Shareholders dated November 29, 2021 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

In light of the impending expirations of (i) the Original Huaneng Framework Agreement and the Huaneng Framework Supplemental Agreement with Huaneng Capital and (ii) the Original SSCO Framework Agreement and the SSCO Framework Supplemental Agreement with SSCO, on October 19, 2021, the Bank entered into the New Huaneng Framework Agreement with Huaneng Capital and the New SSCO Framework Agreement with SSCO, to renew such transactions for a term of three years from January 1, 2022 to December 31, 2024 and which are renewable subject to agreement between both parties and compliance with the Listing Rules.

As at the Latest Practicable Date, Huaneng Capital and SSCO, which hold approximately 10.28% and 20.66% in the total issued share capital of the Bank respectively, are substantial Shareholders of the Bank. Therefore, according to Chapter 14A of the Listing Rules, Huaneng Capital, SSCO and their respective associates are connected persons of the Bank. The entering into of the New Huaneng Framework Agreement and the New SSCO Framework Agreement with Huaneng Capital and SSCO and the transactions contemplated thereunder constitute continuing connected transactions under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As one or more of the applicable percentage ratios (as defined in the Listing Rules and excluding profits ratio) calculated for the New Caps exceed 5%, according to Chapter 14A of the Listing Rules, the New Huaneng Framework Agreement and the New SSCO Framework Agreement and the transactions contemplated thereunder are subject to, among others, the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the 22nd meeting of the fifth Board of Directors held on October 19, 2021, the Board approved the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder (including the New Caps).

XIANG Lijun, a non-executive Director of the Bank, served in several subsidiaries of Huaneng Group, has abstained from voting on the resolution regarding the New Huaneng Framework Agreement and its proposed annual caps at the Board meeting. WANG Jianjun, a non-executive Director of the Bank, served in several subsidiaries of Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司), being a subsidiary of SSCO, has abstained from voting on the resolution regarding the New SSCO Framework Agreement and its proposed annual caps at the Board meeting. Save as the aforesaid Directors, none of the Directors has significant interests in the New Huaneng Framework Agreement or New SSCO Framework Agreement, or is required to abstain from voting on relevant Board resolutions.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the New Huaneng Framework Agreement and the New SSCO Framework Agreement must abstain from voting on the relevant resolutions at the Extraordinary General Meeting. Therefore, Huaneng Capital and its associates must abstain from voting on the resolution(s) regarding the New Huaneng Framework Agreement and the proposed annual caps at the Extraordinary General Meeting, and SSCO and its associates must abstain from voting on the resolution(s) regarding the New SSCO Framework Agreement and the proposed annual caps at the Extraordinary General Meeting.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Jin Haiteng, Mr. Sun Shihu, Mr. Wang Liyan, Mr. Duan Qingshan, Mr. Sai Zhiyi and Mr. Ye Xiang, has been established by the Bank for the purpose of advising the Independent Shareholders on: (i) whether the entering into of the New Huaneng Framework Agreement, the New SSCO Framework Agreement and the transactions contemplated thereunder is in the interests of the Bank and the Shareholders as a whole and are entered into in the ordinary and usual course of business of the Group; (ii) whether the terms (including the New Caps) of which are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how they should vote on the relevant resolutions at the Extraordinary General Meeting. We have been appointed by the Bank to advise the Independent Board Committee and the Independent Shareholders in the same regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

We were appointed as the independent financial adviser to advise the independent shareholders of the Bank in respect of the revision of the annual caps under the Original Huaneng Framework Agreement and the Original SSCO Framework Agreement. Details of such transactions and our independent financial advisory letter are set out in the circular of the Bank dated April 24, 2020 (the “**Past Appointment**”). The Past Appointment is similar to this current appointment.

As at the Latest Practicable Date, save for the aforementioned, we did not have any relationship with or interest in the Bank, Huaneng Capital, SSCO or any other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, save for the aforementioned, we have not acted as an independent financial adviser to the Bank. Apart from normal independent financial advisory fees in connection with the Past Appointment and this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Bank, Huaneng Capital, SSCO or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Bank’s annual reports for FY2020 (the “**2020 Annual Report**”);
- (ii) the Bank’s interim report for the six months ended June 30 (“**HY**”), 2021 (the “**2021 Interim Report**”);
- (iii) New Huaneng Framework Agreement;
- (iv) New SSCO Framework Agreement; and
- (v) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Bank, the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the Extraordinary General Meeting.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects. We also have not considered the taxation implications on the Group as a result of the entering into of the New Huaneng Framework Agreement and the New SSCO Framework Agreement.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the New Huaneng Framework Agreement, the New SSCO Framework Agreement and the transactions contemplated thereunder (including the New Caps), and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the New Huaneng Framework Agreement, the New SSCO Framework Agreement and transactions contemplated thereunder (including the New Caps), we have considered the following principal factors and reasons:

1. Information on the Group, Huaneng Capital and SSCO

(i) Background of the Group

As mentioned in the 2020 Annual Report, the Bank is the only provincial city commercial bank in Shanxi Province, the PRC and is regulated by the China Banking and Insurance Regulatory Commission. As further mentioned in the Letter from the Board, The Bank's principal businesses include corporate banking, retail banking and financial markets business. The Bank provides corporate banking customers with a wide range of products and services, including corporate loans, bill discounting, corporate deposits, transactional banking services, investment banking services, and other fee- and commission-based products and services. The Bank provides retail banking customers

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

with a wide range of products and services, including personal loans, personal deposits, card services, and other fee- and commission-based products and services. The Bank's financial markets business primarily consists of interbank market transactions, investment management, wealth management, and bill discounting and rediscounting.

(ii) Background of Huaneng Capital

Huaneng Capital, established in 2003, is a financial asset investment and professional management institution and financial service platform of Huaneng Group. Huaneng Capital has gradually become a comprehensive financial service provider specializing in energy and basic industries and a comprehensive financial holding company by leveraging the reputation and business resources supported by Huaneng Group's strong industrial background. Huaneng Capital is held as to 61.22% equity interest by Huaneng Group, in which State-owned Assets Supervision and Administration Commission of the State Council holds 90% equity interest.

(iii) Background of SSCO

SSCO, established by State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province (山西省人民政府國有資產監督管理委員會) ("Shanxi SASAC") in July 2017, is mainly responsible for state-owned capital operation and related business; state-owned equity holding, asset management and debt restructuring, corporate restructuring and industrial mergers and acquisitions and combination, corporate and asset custody, acquisition, disposal and other related operating activities. It is the only provincial state-owned capital operation company in Shanxi province that covers multiple areas including energy, metallurgy, power, equipment manufacturing, infrastructure construction and consumption, and has a mission to strategically adjust the structure of state-owned capital in Shanxi province. SSCO is wholly-owned by Shanxi SASAC.

2. Grounds and benefits of entering into of the New Huaneng Framework Agreement and the New SSCO Framework Agreement

Relying on the Huaneng Group, Huaneng Capital is a comprehensive financial service provider specializing in energy and basic industries. SSCO, as the state-owned financial capital platform in Shanxi province, has great financial strength. The cooperation helps the Bank to enhance its cooperation with leading enterprises in the province and its business diversification.

We note from the 2021 Interim Report that Bank had actively and effectively developed the agency business, acceptance, bank card services and other intermediary services, which resulting in a significant increase in the fee and commission income. As stated in the 2020 Annual Report, the Group continued to drive the growth of intermediary business revenue and has marked a significant development in: (i) corporate banking business; (ii) retail banking business; and (iii) financial market business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

After considering the above, and also taking into account: (i) the Group has continued to grow in recent years and maintains a leading position in Shanxi Province; (ii) Huaneng Capital and SSCO are mature financial institutions with strong financial capabilities and offer comprehensive financial products and services as abovementioned in the sub-sections headed “(ii) Background of Huaneng Capital” and “(iii) Background of SSCO” under the section headed “1. Information on the Group, Huaneng Capital and SSCO” above; and (iii) the management discussions as set out in the 2020 Annual Report which talked about diversification and revenue expansions, we are of the view that it is encouraging to see the Group, building on the existing collaboration with Huaneng Capital and SSCO, by entering into the New Huaneng Framework Agreement and the New SSCO Framework Agreement which are expected to diversify the Group’s development and expand its revenue streams that are business activities within the ordinary and usual course of business of the Group.

3. Background information and principal terms of the New Huaneng Framework Agreement

3.1. Background information

In the ordinary and usual course of business, the Group participates in the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes, and expects to continue to participate in such asset management schemes and collective trust schemes. To comply with the requirements of the Listing Rules, the Bank entered into the Original Huaneng Framework Agreement with Huaneng Capital on June 24, 2019 to cover both the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes. The Original Huaneng Framework Agreement will be valid until December 31, 2021, unless terminated earlier in accordance with the agreement terms thereunder.

On March 26, 2020, the Bank entered into the Huaneng Framework Supplemental Agreement with Huaneng Capital to raise amounts and widen scope of the annual caps under the Original Huaneng Framework Agreement. In addition to the Bank’s continuing participation in the Great Wall Securities Asset Management Schemes and the Huaneng Guicheng Trust Schemes, the revised annual caps have also taken into account the Bank’s participation in two new funds management schemes launched by the associates of Huaneng Capital, which are IGWFM and GWFM. The widen scope of the annual caps have also taken into account (i) the fee-and commission-based products and services provided by the Bank to Huaneng Capital and its associates, which mainly include bank acceptance bills, settlement services, debt securities underwriting and distribution, direct banking services and fund/trust products consignment services and (ii) the products and services provided by Huaneng Capital and its associates to the Bank, which mainly include the Yuncheng payment (being a service fee, based on a fixed fee rate, to be paid by the Bank to Yuncheng Financial Service in relation to the Bank’s “An Xin Fu” (安鑫富) series products on a mobile application developed and managed by Yuncheng Financial Service. Such revision on annual caps was approved at the annual general meeting of the Bank on June 9, 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the impending expirations of the Original Huaneng Framework Agreement and Huaneng Framework Supplemental Agreement, on October 19, 2021, the Bank entered into the New Huaneng Framework Agreement with Huaneng Capital with a term of three years from January 1, 2022 to December 31, 2024 and which are renewable subject to agreement between both parties and compliance with the Listing Rules. Pursuant to it, the Group shall continue to participate in the above transactions with Huaneng Capital and its associates.

The fee- and commission-based products and services to be provided to SSCO and its associates mainly include bank acceptance bills, letters of credit, debt securities distribution, debt securities underwriting, syndicated loans, direct banking services, settlement services and wealth management business.

3.2. Principal terms of the New Huaneng Framework Agreement

The main terms of the New Huaneng Framework Agreement are set out below:

Date: October 19, 2021

Parties: (i) The Bank; and
(ii) Huaneng Capital

Subject matter: (i) Investments by the Bank in asset management schemes, collective trust schemes and funds management schemes launched by Huaneng Capital and its associates;
(ii) Fee- and commission-based products and services to be provided by the Bank to Huaneng Capital and its associates, which mainly include bank acceptance bills, settlement services, debt securities underwriting and distribution, direct banking services and fund/trust products consignment services; and
(iii) Products and services to be provided by Huaneng Capital and its associates to the Bank.

Term: From January 1, 2022 to December 31, 2024

Subject matter

Pursuant to the New Huaneng Framework Agreement, the transactions contemplated thereunder will be conducted on normal commercial terms that comply with applicable laws and regulations and industry practices and the parties should sign specific agreements separately for each actual transaction based on the terms thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For asset management schemes, collective trust schemes and funds management schemes launched by Great Wall Securities, Huaneng Guicheng Trust, IGWFM and GWFM, management fees and trust remuneration are applicable to all investors participating in such plans equally and evenly, including the Group and any other independent third party investor participants. For single asset management schemes launched by Great Wall Securities, the management fees and trust remuneration are at prevailing market rate based on arm's length negotiation by reference to public bond funds (公募債券型基金).

The fees and commissions of the fee-and commission-based products and services to be offered to Huaneng Capital and its associates are at the normal fee standards of the Bank. For such fee-and commission-based products and services, fees and commissions are charged by the Bank at a certain rate which is also applicable to independent counterparties.

In connection with the bank acceptance bill, the fixed percentage of commission is determined with reference to the Notice of the People's Bank of China on Issuing the Measures for Payment and Settlement (支付結算辦法) published by the PBoC and an internal pricing guidance of the Bank (the "**Price Guidance**") which listed the pricing basis for all of the products and services of the Bank.

In connection with the settlement services provided by the Bank to Huaneng Capital and its associates, the commission rate is determined based on the Price Guidance and a number of factors, including the business scale, tenure, costs that may be incurred in relation to such transactions and prevailing market conditions.

In connection with the debt securities underwriting and distribution provided by the Bank to Huaneng Capital and its associates, such commission is determined based on arm's length negotiation between the debt securities issuers or the lead underwriter and the Bank with reference to prevailing market rates, and where prevailing market rates are not applicable, the terms of the transactions are determined with reference to comparable transactions entered into with independent financial institutions. For each debt securities underwriting and distribution business, the Bank's branch business staff shall conduct a preliminary communication with the debt securities issuers on underwriting amount, commission rate, timetable, etc., and then report to the investment banking department at the headquarter for approval of the commission rate. The investment banking department shall determine a rate range by reference to the market conditions in the past three months, commission rate with independent third parties and the negotiations with the debt securities issuers and the branch business staff shall then further negotiate with the issuers within the rate range set by the investment banking department.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In connection with the direct banking services provided by the Bank to Huaneng Capital and its associates, the commission/commission rate is determined based on the fees and commissions offered by the independent suppliers for the provision of similar services, the market conditions in the past three months, commission rate with independent third parties and negotiations with the clients. For each direct banking business, the business staff at the Bank's branches or at the headquarter shall conduct a preliminary communication with the clients on transaction amount, commission rate and timetable, etc., and then report to the online finance department at the headquarter for review and approval.

In connection with the fund/trust products consignment services provided by the Bank, the commission is determined with reference to the prevailing market rates and no less favourable than that offered to independent third parties. For each fund/trust products consignment business, the retail banking business staff at the headquarter shall conduct a preliminary negotiation on the products to be distributed, amount, commission rate, timetable, etc., and then report the negotiations to the head of the retail banking business department for approval by reference to the market conditions in the past three months and business with independent third parties.

For the fee- and commission-based products or services to be provided by Huaneng Capital and/or its associates (including the Yuncheng Payment), the Bank will be attentive to the purpose of the contracts with prudence, analyze the businesses, and, if possible, set pricing standards no higher than those of independent third-party by comparing factors such as independent third-party prices and duration within the recent three months and by reference to the Bank's cost estimation. In connection with the Yuncheng Payment paid by the Bank to Yuncheng Financial Service, the fee rate is determined based on arm's length negotiation and with reference to: (i) an internal cost assessment; and (ii) the transaction amount.

4. Background information and principal terms of the New SSCO Framework Agreement

4.1. Background information

In the ordinary and usual course of business, the Group provides fee-and commission-based products and services to SSCO and its associates. To comply with the requirements of the Listing Rules, the Bank entered into the Original SSCO Framework Agreement with SSCO on June 24, 2019. The Original SSCO Framework Agreement will be valid until December 31, 2021, unless terminated earlier in accordance with the agreement terms thereunder.

On March 26, 2020, the Bank entered into the SSCO Framework Supplemental Agreement to adjust the annual caps on fees and commissions related to fee-and commission-based financial products and services offered by the Group to SSCO and its

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associates, as a replacement for the original annual caps, due to the cooperation status, market environment, expectations for further strengthening of cooperation. Such revision on annual caps is approved at the annual general meeting of the Bank on June 9, 2020.

In light of the impending expirations of the Original SSCO Framework Agreement and SSCO Framework Supplemental Agreement, on October 19, 2021, the Bank entered into the New SSCO Framework Agreement with SSCO with a term of three years from January 1, 2022 to December 31, 2024 and which are renewable subject to agreement between both parties and compliance with the Listing Rules. Pursuant to it, the Group shall continue to provide fee and commission based products and services to SSCO and its associates.

The fee and commission-based products and services to be provided to SSCO and its associates mainly include bank acceptance bills, letters of credit, debt securities distribution, debt securities underwriting, syndicated loans, direct banking services, settlement services and wealth management business.

4.2. Principal terms of the New SSCO Framework Agreement

The main terms of the New SSCO Framework Agreement are set out below:

Date:	October 19, 2021
Parties:	(i) The Bank; and (ii) SSCO
Subject matter:	Fee-and commission-based products to be provided by the Bank to SSCO and its associates
Term:	From January 1, 2022 to December 31, 2024

Subject matter

Pursuant to the New SSCO Framework Agreement, the terms and conditions (including but not limited to prices) for the provision of fee- and commission-based financial products and services by the Bank to SSCO and/or its associates shall be fair and reasonable and determined on normal commercial terms and negotiated on an arm's length basis and the parties shall sign specific fee- and commission-based product and service agreements separately for each actual transaction based on the terms thereunder. The transactions will be conducted in the usual and ordinary course of business of the Group and on normal commercial terms which comply with the provisions of applicable laws and regulations and industry practices.

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The fees and commissions of such fee-and commission-based products and services charged to SSCO and its associates by the Group are at the normal fee standards and not lower than comparable third party quotations. For such fee-and commission-based products and services, the Group generally charges fees and commissions at a certain rate which is also applicable to independent counterparties.

In connection with the bank acceptance bill, the fixed percentage of commission is determined with reference to the Notice of the People's Bank of China on Issuing the Measures for Payment and Settlement (支付結算辦法) published by the PBoC and the Price Guidance which listed the pricing basis for all of the products and services of the Bank.

In connection with the letters of credit business provided by the Bank to SSCO and its associates, the commission/commission rate is determined based on the Price Guidance and no less favourable than those offered to independent third parties.

In connection with the settlement services provided by the Bank to SSCO and its associates, the commission rate is determined based on the Price Guidance and a number of factors, including the business scale, tenure, costs may be incurred in relation to such transactions and prevailing market conditions as well as comparing factors such as third-party prices.

In connection with the debt securities underwriting and distribution provided by the Bank to SSCO and its associates, such commission is determined based on arm's length negotiation between the debt securities issuers or the lead underwriter and the Bank with reference to prevailing market rates by comparing third-party prices and where prevailing market rates are not applicable, the terms of the transactions are determined with reference to comparable transactions entered into with independent financial institutions. For each debt securities underwriting and distribution business, the Bank's branch business staff shall conduct a preliminary communication with the debt securities issuers on underwriting amount, commission rate, timetable, etc., and then report to the investment banking department at the headquarter for approval of the commission rate. The investment banking department shall determine a rate range by reference to the market conditions in the past three months, commission rate with independent third parties and the negotiations with the debt securities issuers and the branch business staff shall then further negotiate with the issuers within the rate range set by the investment banking department.

In connection with syndicated loans, the commission/commission rate is determined based on arm's length negotiation between the syndicate members and the Bank with reference to the Notice of China Banking Regulatory Commission on Issuing the Guidelines for Syndicated Loan Business (銀團貸款業務指引).

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In connection with the direct banking services provided by the Bank to SSCO and its associates, the commission/commission rate is determined based on the fees and commissions offered by independent suppliers for the provision of similar services, the market conditions in the past three months, commission rate with independent third parties and negotiations with the clients. For each direct banking business, the business staff at the Bank's branches or at the headquarter shall conduct a preliminary communication with the clients on transaction amount, commission rate and timetable, etc., and then report to the online finance department at the headquarter for review and approval.

In connection with wealth management business provided by the Bank to SSCO and its associates, the management fees/rates of management fees are based on the Price Guidance and no less favourable than those offered to independent third party investors.

5. Internal control procedures

The Bank has adopted and implemented the following internal procedures and corporate governance measures to monitor and verify the terms of future transactions:

- (1) The Bank places great importance on the management of connected transactions and takes the initiative to actively update the list of connected persons. In order to comprehensively and accurately identify connected persons, the Bank conducts penetration management of substantial Shareholders to achieve effective collection of data related to connected transactions. To meet the management requirements of the Stock Exchange in relation to connected transactions, the Bank has formulated the "Measures for the Management of Related Party Transactions", which further clarifies the duties of the connected transaction functional department and strictly implements the approval and information disclosure system of connected transactions so as to ensure that all the connected transactions of the Bank are effectively monitored and supervised, maintain stable business operations, establish a risk monitoring system, and ensure that all relevant connected transactions are in the interests of our Shareholders as a whole. In order to complete the implementation of the "Measures for the Management of Related Party Transactions", the Bank has engaged an external advisory body to provide advisory services for the establishment of a related party (connected) transaction system. The Bank has commenced the establishment of a related party (connected) transaction system to facilitate the continuous identification and monitoring of connected transactions of the Bank in the future.
- (2) The "Measures for the Management of Related Party Transactions" aims to standardize and set out the management responsibilities and division of responsibilities as well as monitoring mechanisms related to the connected transactions of the Bank, and to safeguard the interests of our Shareholders as a whole and the interests of the Bank and its stakeholders. The connected transactions of the Bank must be conducted in accordance with the principles, rules and procedures specified in the said policies and administrative measures.

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- (3) Senior management of the Bank is responsible for ensuring that the employees fully understand the policies and administrative measures of the “Measures for the Management of Related Party Transactions” and will implement the provisions therein to ensure that connected transactions comply with the provisions of relevant policies and administrative measures.
- (4) As part of the internal control and risk management procedures, each responsible department must perform certain procedures before entering into any agreement, including reviewing specific contracts entered into between the Bank and connected persons, regularly checking the specific terms of continuing connected transactions, and comparing the terms of comparable transactions to ensure that the pricing policies and/or other contractual terms are entered into on normal commercial terms in the ordinary and usual course of business of the Bank and are fair and reasonable and in the interests of us and our Shareholders as a whole.
- (5) Each responsible department must also report and submit detailed information to the Risk Management Department of the Bank on the continuing connected transactions for its review and analysis before entering into any specific contract, and ensure that the connected transactions comply with applicable laws, rules and regulations as well as internal policies and administrative measures.
- (6) As part of the internal control and risk management procedures and to ensure that the continuing connected transactions do not exceed the relevant annual caps, the responsible departments are responsible for monitoring the transaction amount and submitting the transaction amount data to the Risk Management Department on a monthly basis. If it is expected that the transaction amount of any continuing connected transaction that is or will be incurred in the financial year will reach or exceed the relevant annual cap, the responsible department shall contact the Risk Management Department to report to our management and consider the measures to be taken to ensure that the requirements under the Listing Rules are complied with, including obtaining the approval of independent Shareholders (if required).
- (7) The Risk Management Department must report the continuing connected transactions to the Board, relevant committees and/or our management as requested so that they can carry out the review to ensure that the continuing connected transactions are entered into on normal commercial terms in the ordinary and usual course of business of the Bank and are fair and reasonable and in the interests of us and our Shareholders as a whole. The independent non-executive Directors will also conduct annual reviews of continuing connected transactions in accordance with the Listing Rules. The Bank will engage an external auditor to make reports on continuing connected transactions every year. The external auditor will write to the Board to confirm the matters required by the Listing Rules, including whether the continuing connected transactions are conducted in accordance with the relevant pricing policies.

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The Directors have confirmed that the Bank's qualifications and internal control procedures can effectively guarantee the transactions between the Bank and Huaneng Capital, SSCO and/or their respective associates in accordance with the New Huaneng Framework Agreement and the New SSCO Framework Agreement, and the terms are fair and reasonable and have gone through negotiation on an arm's length basis, and have been entered into on normal commercial terms that comply with industry practices, and such procedures and measures are sufficient to assure the Independent Shareholders that the Bank will properly monitor continuing connected transactions.

We noted from the above that the Bank has adopted a host of internal control measures to assign specific responsibilities to various designated departments of the Bank in performing irregular review of the terms of the continuing connected transactions and cross-checking the terms of comparable transactions to ensure that the pricing policies and/or other contractual terms are entered into on normal commercial terms in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

We are of the view that the Bank's internal control measures are effective, which was evidenced through our satisfactory sample review of 23 historical agreements under the various products and services categories entered into between the Group, Huaneng Capital or/and SSCO (the "**Historical Agreements**") against 29 past agreements with independent third parties (the "**Independent Agreements**") whereby the pricing bases of both sets of agreements are in compliance with those pricing principles set out in New Huaneng Framework Agreement and the New SSCO Framework Agreement. Our selection of abovementioned Historical Agreements and Independent Agreements are based on following selection criteria: (i) under each commercial banking services and products provided by the Bank, we have randomly selected 4 copies of Historical Agreements and 4 copies of Independent Agreement under each category; and (ii) these agreements were effective during FY2019, FY2020 and FY2021. Given that (i) the Historical Agreements and the Independent Agreements were selected on random basis which covered each and every commercial banking services and products provided by the Bank; and (ii) the agreements selected under a particular category were sometimes exhaustive under such category therefore under certain categories there could be just one or two effective agreements, we are of the view that the number of samples we selected during the due diligence work is complete, sufficient, representative and appropriate. As for asset management schemes, collective trust schemes and funds management schemes launched by Huaneng Capital and its associates including Great Wall Securities, Huaneng Guicheng Trust, IGWFM and GWFM, we also performed our due diligence work by sample checking, we have obtained and reviewed: (i) four Historical Agreements entered into between the Group and Huaneng Capital and its associated in relation to the trust schemes and funds management schemes; and (ii) eight Independent Agreements entered between the independent third parties in relation to the trust schemes and funds management schemes. Based on our review, the principal terms of the trust schemes and funds management schemes transactions between the Group and Huaneng Capital and its associates were no less favourable than those offered to independent third parties.

We have also performed a walk-through of the internal control measures with the Management and sample-checked the Bank's internal application and approval records.

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Given the above, we concur with the Directors' view that the internal control measures can result in the transactions contemplated thereunder the New Huaneng Framework Agreement and the New SSCO Framework Agreement to be conducted in the ordinary and usual course of the Group's business, on normal commercial terms and are fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

6. Commercial banking services and products

Prior to our assessment of the fairness and reasonableness of the proposed annual caps for FY2022, FY2023 and FY2024 under each of the New Huaneng Framework Agreement (the "**Huaneng New Caps**") and the New SSCO Framework Agreement (the "**SSCO New Caps**"), we have walked through with the Management the following common commercial banking services and products provided by the Bank and reviewed and tested each product or service's pricing terms.

6.1. Bank acceptance bills

The bank acceptance bill refers to a commercial bill issued by a drawer and it is accepted by a bank, according to which, the bank guarantees to pay a determined amount to the payee or the holder of the bill unconditionally on a specified date. All of the Group's acceptance bills are in RMB, and their terms are generally not more than six months for paper bills or one year for electronic bills. In connection with the bank acceptance bill, the fixed percentage of commission is determined with reference to the 《關於進一步規範銀行結算業務收費的通知》 (*the *Notice on Further Regulating the Charge for the Bank Settlement Service* (the "**PBoC Notice**") published by the People's Bank of China (the "**PBoC**") and an internal pricing guidance of the Bank (the "**Price Guidance**") which listed the pricing basis for all of the products and services of the Bank.

We have obtained and reviewed: (i) the PBoC Notice; (ii) the Price Guidance; (iii) two Historical Agreements in relation to bank acceptance bills; and (iv) two Independent Agreements in relation to bank acceptance bills, and noted that the fixed commission rates provided to Huaneng Capital or/and SSCO is in line with the PBoC Notice, the Price Guidance, and no less favourable than those offered to independent third parties.

The Management advised that the Group would also regularly review the bank acceptance bills transactions under the New Huaneng Framework Agreement and the New SSCO Framework Agreement to ensure such transactions are executed in line with the PBoC Notice, the Price Guidance and internal control procedures of the Group with respect to continuing connected transactions. Based on the aforesaid review and control measures adopted by the Group, we concur with the Management that the Group has appropriate mechanisms in place to ensure the terms of the bank acceptance bills transactions under the New Huaneng Framework Agreement and the New SSCO Framework Agreement are in line with government guidance and no less favourable than those offered to independent third parties.

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Having considered the factors set out above and based on our work performed, we are of the view that the terms of the bank acceptance bills transactions contemplated thereunder the New Huaneng Framework Agreement and the New SSCO Framework Agreement are in the ordinary and usual course of its business, on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

6.2. Settlement services

In the ordinary and usual course of business, the Group offers corporate customers with domestic and international settlement services. The Group's domestic settlement products and services primarily include settlement effected through bank drafts, promissory notes, commercial acceptance bills, letters of credit, forfaiting and telegraphic transfers. The international settlement services primarily include inbound and outbound remittances, export collection, import and export letters of credit, and cross-border RMB settlement. In connection with the settlement services provided by the Bank to Huaneng Capital and its associates, the fixed percentage of commission is determined with reference to the the Price Guidance which listed the pricing basis for all of the products and services of the Bank.

We have obtained and reviewed: (i) the Price Guidance; (ii) one Historical Agreement entered into in relation to the settlement services in relation to a letter of credit; and (iii) three Independent Agreements in relation to the settlement services concerning letters of credit, and noted that the fixed commission rates provided to Huaneng Capital and/or SSCO and its associates are in line with the Price Guidance, and no less favourable than those offered to independent third parties.

The Management advised that the Group would also irregularly review the settlement services transactions under the New Huaneng Framework Supplemental Agreement and the New SSCO Framework Agreement to ensure such transactions are executed in line with the prevailing market rates, the Price Guidance and internal control procedures of the Group with respect to continuing connected transactions. Based on the aforesaid review and control measures adopted by the Group, we concur with the Management that the Group has appropriate mechanisms in place to ensure the fixed commission rates charged to Huaneng Capital or/and SSCO are in line with market rates and no less favourable than those offered to independent third parties.

Having considered the factors set out above and based on our work performed, we are of the view that the terms of the settlement services transactions contemplated thereunder the New Huaneng Framework Agreement and the New SSCO Framework Agreement are in the ordinary and usual course of its business, on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

6.3. Debt securities underwriting and distribution

The Group obtained the preliminary and Class-B qualifications for underwriting debt financing instruments issued by non-financial enterprises in October 2016 and February 2019, respectively, the latter of which allows the Group to act as a lead underwriter in the regional market.

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The Group undertakes debt securities underwriting as a lead underwriter and debt securities distribution as a sub-underwriter in the ordinary and usual course of its business. Serving as an intermediary between the debt securities issuers and subscribers, the Group promotes and sells various debt securities products. In connection with the debt securities underwriting and distribution with Huaneng Capital and SSCO, Huaneng Capital and SSCO pay an underwriting commission or sub-underwriting commission to the Group. As advised by the Management, the underwriting commissions or subunderwriting commissions are determined based on arm's length negotiation between the debt securities issuers or the lead underwriter and the Group.

As discussed with the Management, we understand that the commission rate is generally determined with reference to prevailing market rates, and where prevailing market rates are not applicable, the terms of the transactions are determined with reference to comparable transactions entered into with independent financial institutions. In assessing the debt securities underwriting and distribution transactions, we have obtained and reviewed: (i) the Price Guidance; (ii) eight Historical Agreements entered into between the Group and SSCO in relation to the debt securities underwriting/distribution services; and (iii) eight Independent Agreements in relation to the debt securities underwriting/distribution services, which include the principal terms such as type of instruments, underwriting commitment and commission of such transactions. Based on our review, the principal terms of the debt securities underwriting/distribution transactions between the Group and SSCO were no less favourable than those offered to independent third parties.

We understand from the Management that debt securities underwriting/distribution transactions are customer-driven in nature. The Group is looking to undertake such transactions with Huaneng Capital starting from FY2022. In spite of the absence of historical debt securities underwriting/distribution transactions between the Group and Huaneng Capital, the Management advised that the Group would regularly (i.e. on a monthly basis) review the debt securities underwriting/distribution transactions under the New Huaneng Framework Agreement to ensure the commission rates be determined after arm's length negotiation and in line with the prevailing market rates.

Based on the aforesaid review and control measures to be adopted by the Group to manage the debt securities underwriting/distribution transactions under the New Huaneng Framework Agreement, we concur with the Management that the Group has appropriate mechanisms in place to ensure the commission rates charged to Huaneng Capital and SSCO would be in line with market rates.

Having considered the factors set out above and based on our work performed, we are of the view that the terms of the debt securities underwriting/distribution transactions contemplated thereunder the New Huaneng Framework Agreement and the New SSCO Framework Agreement are in the ordinary and usual course of its business, on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

6.4. Syndicated loans

Syndicated loan is a form of loan business in which two or more lenders jointly provide loans for one or more borrowers on the same loan terms and with different duties and sign the same loan agreement. Usually, one bank is appointed as the agency bank to manage the loan business on behalf of the syndicate members.

As advised by the Management, the syndicated loans transactions are customer-driven in nature and the commission/commission rate is determined based on arm's length negotiation between the syndicate members and the Group with reference to the Notice of China Banking Regulatory Commission on Issuing the Guidelines for Syndicated Loan Business (銀團貸款業務指引).

We have obtained and reviewed: (i) *the Notice of China Banking Regulatory Commission on Issuing the Guidelines for Syndicated Loan Business*; (ii) the Price Guidance; (iii) one Historical Agreement entered into between the Group and SSCO in relation to syndicated loans; and (iv) two Independent Agreement in relation to syndicated loans, and noted that the terms provided to SSCO were in line with the relevant notice, and no less favourable than those offered to independent third parties.

Having considered the factors set out above and based on our work performed, we are of the view that the terms of the syndicated loans transactions contemplated thereunder the New SSCO Framework Agreement are in the ordinary and usual course of its business, on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

6.5. Direct banking services

The Group provides direct banking services as a convenient gateway for customers to buy wealth management products online. In connection with the direct banking services provided by the Bank to Huaneng Capital and SSCO, Huaneng Capital and SSCO pay a commission, based on a commission rate or a gross commission amount, to the Group.

As advised by the Management, the commission/commission rate is determined based on the fees and commissions offered by the independent suppliers for the provision of similar services.

We have obtained and reviewed: (i) the Price Guidance; (ii) one Historical Agreements entered into between the Group, Huaneng Capital or/and SSCO in relation to the direct banking services; and (iii) two Independent Agreements in relation to the direct banking services, and noted that the terms provided to Huaneng Capital or/and SSCO were in line with the Price Guidance and no less favourable than those offered to independent third parties.

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The Management advised that the Group would also irregularly review the direct banking transactions under the New Huaneng Framework Agreement and the SSCO Framework Agreement to ensure such transactions are executed in line with internal control procedures of the Group with respect to continuing connected transactions.

Having considered the factors set out above and based on our work performed, we are of the view that the terms of direct banking transactions contemplated thereunder the New Huaneng Framework Agreement and New SSCO Framework Agreement are in the ordinary and usual course of its business, on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

6.6. Wealth management business

In the ordinary and usual course of business, the Group provides differentiated wealth management products with flexible terms and yields based on customers' needs and risk tolerance levels. These investment products include "Ri Ri Ying (日日盈)" series, being non-principal protected products with floating yields, etc. The Group derives management fees and the relevant rates of management fees (including performance fee and other applicable fees) for each wealth management product that would be based on, among others, the size and nature of the wealth management products and market practice.

Based on the Price Guidance, the sales commission ranges from 0.1% to 1.0% of the total sales per annum.

We have obtained and reviewed: (i) the Price Guidance; (ii) two investment term sheets of "Ri Ri Ying (日日盈)" series provided to SSCO's Associates; (iii) two purchase records of "Ri Ri Ying (日日盈)" series products by SSCO's Associates; (iv) two investment term sheets of "Ri Ri Ying (日日盈)" series provided to independent third parties; and (v) two purchase records of "Ri Ri Ying (日日盈)" series products by independent third parties. We reviewed the principal terms in the investment term sheets including the sales commission and management fee and noted that the terms offered to SSCO were in line with Price Guidance and no less favourable than those offered to independent third-party investors.

Having considered the factors set out above and based on our work performed, we are of the view that the terms of wealth management products transactions contemplated thereunder the New SSCO Framework Agreement are in the ordinary and usual course of its business and are conducted on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

6.7. Yuncheng payment

The Group promotes and sells “An Xin Fu” (安鑫富) series products on the Yuncheng App developed and managed by Yuncheng Financial Service, an Associate of Huaneng Capital. In connection with the products sold through the Yuncheng App, the Group shall pay a service fee, based on a fixed fee rate, to Yuncheng Financial Service as marketing fee. As advised by the Management, the fee rate ranges from 0.4% to 0.5%, which is determined with reference to: (i) an internal cost assessment; and (ii) the transaction amount. We have obtained and reviewed: (i) the internal cost assessment; and (ii) two Historical Agreements, being the only two Historical Agreements effective during FY2019, FY2020 and FY2021. We have discussed with the Management and understand that: (i) the service fee paid for Yuncheng Payment transactions by the Group were covered by the gross commission charged on its customers for “An Xin Fu” (安鑫富) series product; (ii) the pricing of “An Xin Fu” (安鑫富) series product on Yuncheng App is less than on the Group’s own online platform; and (iii) based on a strategic cooperation with Yuncheng Financial Service, Yuncheng Financial Service will further promote the Group’s other financial products and services to its users. In particular, as shown on the internal cost assessment, given that the pricing of “An Xin Fu” (安鑫富) series product on Yuncheng App is less than on the Group’s own online platform and in fact the pricing difference is equal to or greater than the fee rate range of 0.4% to 0.5%, we are of the view that the relevant fee rate range is not less favourable to the Bank.

As advised by the Management, in spite of the absence of Yuncheng Payment transactions between the Group and the independent third parties, the Bank would irregularly review the terms of each service/product agreement in respect of its payment transactions with Yuncheng Financial Service as a part of routine inspection based on arm’s length negotiation and with reference to its internal cost assessment, in order to ensure such payment transactions are in line with the terms set out under the relevant service/product agreement.

Having considered the factors set out above and based on our work performed, we are of the view that the terms of Yuncheng Payment transactions contemplated thereunder the New Huaneng Framework Agreement are in the ordinary and usual course of its business, on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

6.8. Fund/trust products consignment services

The Group provides fund/trust products consignment services to fund/trust suppliers in the ordinary and usual course of its business. Serving as an intermediary or referrer between the fund/trust suppliers and the fund subscribers, the Group promotes and sells various fund/trust products issued by Great Wall Securities, Huaneng Guicheng Trust for a commission charged on the basis of a certain percentage of the fund/trust products consignment scale. Such fees and commissions paid by Huaneng Guicheng Trust are calculated with reference to the prevailing market rates and the underlying transaction volumes based on an agreed fee schedule, subject to various factors including but not limited to: (i) prevailing market rates; and (ii) the Group’s relationship with fund/trust suppliers.

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As advised by the Management, the commission rate ranges from 0.1% to 4%, which is determined with reference to the fees and commissions offered by the independent fund suppliers for the provision of similar services.

We have obtained and reviewed: (i) the Price Guidance; (ii) two Historical Agreements in relation to the fund/trust products consignment services; and (iii) two Independent Agreements in relation to the fund/trust products consignment services, and noted that the commission rates provided to Huaneng Capital were in line with the Price Guidance and no less favourable than that offered to independent third parties.

As part of the control procedures to ensure that terms of the transactions under the relevant consignment agreements entered into between the Group, Great Wall Securities, and Huaneng Guicheng Trust are in line with the market or no less favourable than those offered to independent third parties, we understand from the Management that prior to entering into the relevant consignment agreements, it is the Group's practice to compare the market rates of comparable fund/trust consignment transactions. The Group would also irregularly review the transactions under the relevant consignment agreements to ensure such transactions are executed in line with the terms set out under the relevant consignment agreements and the agreed fee.

Having considered the factors set out above and based on our work performed, we are of the view that the terms of the fund/trust products consignment transactions contemplated thereunder the New Huaneng Framework Agreement are in the ordinary and usual course of its business, on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

7. The Huaneng New Caps and the SSCO New Caps

7.1. The Huaneng New Caps

For FY2022, FY2023, FY2024, the proposed annual caps on the investment amount, return of investment, management fees and trust remuneration, fees and commission receivable from/paid to Huaneng Capital and its associates under the New Huaneng Framework Agreement (i.e. the Huaneng New Caps) are as follows:

	FY2022 <i>(RMB'000)</i>	FY2023 <i>(RMB'000)</i>	FY2024 <i>(RMB'000)</i>
Investment amount	10,340,000.0	12,624,000.0	13,936,400.0
Return of Investment	478,800.0	573,600.0	622,600.0
Management fees and trust remuneration	28,300.0	34,200.0	37,200.0
Fees and commissions receivable by the Bank	21,200.0	27,300.0	32,400.0
Fees and commissions paid by the Bank	5,000.0	7,000.0	9,000.0

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The Directors determined the proposed annual caps of the investment amount under the New Huaneng Framework Agreement with reference to, among others,

- (a) the historical amounts for the investment amount, return of investment, and management fees and trust remuneration for FY2019, FY2020 and HY2021 as set out above, and the fluctuations in the volume of these products and services that the Bank made a total of 36, 37 and 22 investments with Huaneng Capital and its associates for the FY2019 and FY2020 and HY2021;
- (b) the effect of cumulative calculation of investment amount per annum due to the expected one month holding period of investment in the products under the Great Wall Securities Asset Management Schemes and the Huaneng Guicheng Trust Schemes by the Bank;
- (c) an expected annualized growth rate of 10%-22% of the investment amounts for FY2022, FY2023 and FY2024 based on the estimates that (i) the investment amount of Great Wall Securities Asset Management Schemes will increase with a CAGR of approximately 10.0% by reference to the historical amount which increased by 14.5% from RMB1,673.9 million for the year ended December 31, 2019 to RMB1,916.2 million for the year ended December 31, 2020; (ii) the investment amount of Huaneng Guicheng Trust Schemes will remain stable; and (iii) the investment amount of IGWFM Schemes and GWFM Schemes will increase with a CAGR of approximately 26.5% as the Bank intends to invest in approximately six, nine and ten money market funds management schemes by IGWFM and GWFM in the coming three years while the Bank invested in two for the year ended December 31, 2020 and nine for the six months ended June 30, 2021; and
- (d) the Bank and Huaneng Capital have made specific arrangements for part of the businesses for cooperation, for example, the Bank has selected four schemes to be invested in the coming three years from those which will be released by Great Wall Securities, Huaneng Guicheng Trust, IGWFM and GWFM.

The Directors calculated the expected annualized return on investment of the assets management schemes, collective trust schemes, and funds management schemes ranging from 4.0% to 5.6% considering the loose monetary policies. The range is mainly determined by historical return. The highest rate of return on investment generated from the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes by the Bank was 5.5% and 5.7% respectively during the period from January 1, 2020 to June 30, 2021. According to public data, funds with investment in schemes that include no less than 80% of debt (“**Bond Funds**”) and money market funds management schemes (“**Money Market Funds**”) managed by IGWFM could reach a return on investment of approximately 4.74% and 4.88% within one to two years and the Bond Funds and Money Market Funds managed by GWFM could reach a return on investment of approximately 4.13% and 4.84% within one to two years.

The annual caps of the management fees and trust remuneration are calculated based on the investment amount and the management fees/trust remuneration rate (if applicable) as published by Great Wall Securities, Huaneng Guicheng Trust, IGWFM and GWFM.

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The Directors determined the proposed annual caps of the fees and commissions related to the fee-and commission-based products to be provided to Huanneng Capital and its associates and the fees related to the products and services to be provided by Huaneng Capital and its associates to the Bank with reference to, among others,

- (a) the historical amounts for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, and the fluctuations in the volume of these products and services for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021;
- (b) the significant increase in the expected fees and commissions from bond underwriting business for the coming years as the Bank obtained Class-B lead underwriter qualification for underwriting debt financing instruments issued by non-financial enterprises in February 2019 as well as the broader service scope of the Bank and the increasingly mature business capabilities, which is consistent with the Bank's strategy to cooperate with leading enterprises in Shanxi province and achieve business diversification;
- (c) the possibility of the Group's future launch of new products and services; and
- (d) the Bank and Huaneng Capital have made specific arrangements for part of the businesses for cooperation, in particular, it is expected that as compared with 2020, the fees and commissions from entrusted loans business will increase by approximately RMB2.0 million in 2022 and the fees and commission from fund/trust products consignment business will increase by approximately RMB5.0 million in 2022.

7.2. *Our assessment*

(A) *Review of historical transaction amounts*

We have reviewed the historical transaction amounts, the relevant annual caps under the Original Huaneng Framework Agreement and the Huaneng Framework Supplemental Agreement for FY2019, FY2020, the ten months ended October 31, 2021 (“**10M2021**”) and FY2021 (the “**Historical Review Period**”):

	FY2019	FY2020	10M2021	FY2021 ^(Note 1)
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Investment amount	2,673,859.6	3,699,375.3	1,685,484.0	2,547,874.4
Annual caps	2,679,893.0	9,700,000.0	12,340,000.0	12,340,000.0
<i>Utilization rate</i>	99.8%	38.1%	13.7%	20.6%
Return of investment	120,321.9	97,748.2	68,673.9	108,698.0
Annual caps	120,595.2	413,400.0	520,500.0	520,500.0
<i>Utilization rate</i>	99.8%	23.6%	13.2%	20.9%

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	FY2019 (RMB'000)	FY2020 (RMB'000)	10M2021 (RMB'000)	FY2021 ^(Note 1) (RMB'000)
Management fees and trust remuneration				
	2,173.8	4,734.1	3,800.1	5,953.0
Annual caps	8,185.7	30,100.0	41,100.0	41,100.0
Utilization rate	26.6%	15.7%	9.2%	14.5%
 Fees and commissions received by the Bank				
	4,250.8	14,048.0	7,804.1	10,848.2
Annual caps	N/A	46,600.0	49,500.0	49,500.0
Utilization rate	N/A	30.1%	15.8%	21.9%
 Fees and commissions paid by the Bank				
	1,290.0	1,454.9	4,309.1	3,315.6
Annual caps	N/A	9,900.0	12,900.0	12,900.0
Utilization rate	N/A	14.7%	33.4%	25.7%

Note 1: Represents the approximate annualized transaction amount for FY2021

As stated in the Circular, the investment amount, return of investment, management fees and trust remuneration and fees and commissions received from/paid to Huaneng Capital and its associates for FY2021 will be less than the approved annual cap. The shortfall in investment amount in FY2021 was mainly because (i) the principal business of the Group was negatively impacted by the COVID-19 pandemic (the “**Pandemic**”); and (ii) the investment period is longer than originally planned based on the Group’s actual business needs, which also results in the shortfall in the return of investment, management fees and trust remuneration. The shortfall in fees and commissions received by the Bank was mainly due to certain originally planned settlement services and direct banking services business with Huaneng Capital and its associates in FY2021 did not materialise as impacted by the Pandemic. The fees and commissions paid to Huaneng Capital and its associates mainly include the Yuncheng payment. The Bank lowered the interest rate for products sold through the mobile application developed and managed by Yuncheng Financial Service in 2021 which resulted in the decrease in sales of such products and in turn the fees and commission paid by the Bank to Yuncheng Financial Service in 2021.

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As noted from the table above, the investment amount for FY2019 under the Original Huaneng Framework Agreement have been almost fully used with an utilization rate of approximately 99.8%, while the low utilization rate in respect of the investment amount for FY2020 and FY2021 under the Huaneng Framework Supplemental Agreement ranged from approximately 20.6% to 38.1% were also recorded. According to our discussion with the Management, such low utilization rate in FY2020 and FY2021 was mainly due to, among other, (i) the principle business of the Group were negatively impacted by the Pandemic in the PRC; (ii) the anticipated lower return of investment caused by the loose monetary policies implemented by the PRC government due to the Pandemic; and (iii) the investment period is longer than originally planned.

During the past three years, the return of investment decreased from approximately RMB120.3 million for FY2019 to approximately RMB97.7 million for FY2020, representing a decreasing rate of approximately 18.8%, followed by the approximate annualized investment amount of approximately RMB108.7 million for FY2021. Such decreasing return of investment was mainly due to, among other, (i) the return of investment are negatively impacted by the Pandemic in the PRC; (ii) the general investment amount of the Group is decreasing since FY2019 as mentioned above; and (iii) the investment period is longer than originally planned.

Although the investment amount for FY2019 of approximately RMB2.7 billion increased to approximately RMB3.7 billion for FY2020, followed by the decreased approximate annualized investment amount of approximately RMB2.5 billion for FY2021, the management fees and trust remuneration of the Group maintained its increasing trend from approximately RMB2.2 million for FY2019 to approximately RMB4.7 million for FY2020 with an increasing rate of approximately 113.6%. For FY2021, the Group also recorded the approximate annualized management fee and trust remuneration of approximately RMB6.0 million, representing a three-fold increase as compared to that of FY2019 of approximately RMB2.2 million.

Besides that, the fees and commissions received by the Bank recorded the decreasing trend from approximately RMB14.0 million for FY2020 to approximate annualized amount of RMB10.8 million for FY2021, representing the decreasing rate of approximately 22.9%, while the fees and commissions paid by the Bank recorded the increasing trend from approximately RMB1.5 million for FY2020 to approximate annualized amount of RMB3.3 million for FY2021, representing the year-on-year increase of more than two-fold as compared to that of FY2020. The utilization rate of annual caps of the fees and commissions received by the Bank and the fees and commissions paid by the Bank maintained at a low level due to (i) the negative impact of the Pandemic in the PRC; (ii) the impact of internal and external industrial changing situation.

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(B) Huaneng New Caps breakdown

We have obtained the breakdown of (i) historical transaction amounts under the Original Huaneng Framework Agreement and the Huaneng Framework Supplemental Agreement for the Historical Period; and (ii) the Huaneng New Caps for FY2022, FY2023 and FY2024.

	FY2019 (RMB'M)	FY2020 (RMB'M)	FY2021 ^(Note 1) (RMB'M)	FY2022 (RMB'M)	FY2023 (RMB'M)	FY2024 (RMB'M)
Investment amount						
Great Wall Securities						
Asset Management						
Schemes	1,673.9	1,916.2	1,344.1	2,840.0	3,124.0	3,436.4
Huaneng Guicheng Trust						
Schemes	1,000.0	1,283.2	203.8	2,500.0	2,500.0	2,500.0
IGWFM Schemes	–	300.0	600.0	2,500.0	3,500.0	4,000.0
GWFM Schemes	–	200.0	400.0	2,500.0	3,500.0	4,000.0
Sub-total	2,673.9	3,699.4	2,547.9	10,340.0	12,624.0	13,936.4
Return of investment						
Great Wall Securities						
Asset Management						
Schemes	75.3	57.4	87.8	127.8	140.6	154.6
Huaneng Guicheng Trust						
Schemes	45.0	15.6	7.6	140.0	140.0	140.0
IGWFM Schemes	–	18.6	10.5	110.5	154.0	174.0
GWFM Schemes	–	6.2	2.8	100.5	139.0	154.0
Sub-total	120.3	97.7	108.7	478.8	573.6	622.6
Management fees and trust remuneration						
Great Wall Securities						
Asset Management						
Schemes	0.7	2.4	4.1	4.3	4.7	5.2
Huaneng Guicheng Trust						
Schemes	1.5	1.3	0.7	10.0	10.0	10.0
IGWFM Schemes	–	0.7	0.9	7.5	10.5	12.0
GWFM Schemes	–	0.4	0.3	6.5	9.0	10.0
Sub-total	2.2	4.7	6.0	28.3	34.2	37.2
Fees and commissions						
received/receivable by the Group	4.3	14.0	10.8	21.2	27.3	32.4
Fees and commissions paid/payable by the Group	1.3	1.5	3.3	5.0	7.0	9.0

Note 1: Represents the approximate annualized transaction amount for FY2021

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As advised by the Management, the investment amount for the Huaneng New Caps comprises the Group's continuing participation in the Great Wall Securities Asset Management Schemes, the Huaneng Guicheng Trust Schemes, IGWFM Schemes and GWFM Schemes. The fees and commissions receivable/payable of the Huaneng New Caps have taken into account the fee-and commission-based products and services provided by the Bank to Huaneng Capital and its associates, which mainly include bank acceptance bills, settlement services, debt securities underwriting and distribution, direct banking services and fund/trust products consignment services and the products and services provided by Huaneng Capital and its associates to the Bank, which mainly include the Yuncheng payment (being a service fee, based on a fixed fee rate, to be paid by the Bank to Yuncheng Financial Service in relation to the Bank's "An Xin Fu" (安鑫富) series products on a mobile application developed and managed by Yuncheng Financial Service.

We note from the table, the investment amount of the Huaneng New Caps for each set of schemes for FY2022 tends to range from approximately RMB2.5 billion to approximately RMB2.8 billion, with most allocations set at approximately RMB2.5 billion. The allocation for Great Wall Securities Asset Management Schemes increased with a CAGR of approximately 10.0% from FY2022 to FY2024 while Huaneng Guicheng Trust Schemes of approximately RMB2.5 billion would remain static in FY2023 and FY2024. The allocations of IGWFM Schemes and GWFM Schemes are projected to have a CAGR of approximately 26.5% from FY2022 to FY2024. At the first glance, the projected allocation for the investment amount across all four of the schemes for FY2022 (i.e. RMB10.3 billion) may seem high relative to the historical amounts for FY2020 (i.e. RMB3.7 billion) and FY2021 (i.e. RMB2.5 billion). We have enquired with the Management and was given to understand that: (i) FY2020 and FY2021 was in the period where the asset management industry was adversely affected by the Pandemic and should not be used as a proper reference point for projection of investment amount for FY2022, FY2023 and FY2024; (ii) there was a long term growth in the size of the Group's financial investments which encompass the relevant schemes as components, between FY2018 and FY2020, the Group's financial investments, albeit having been through the Pandemic, have grown from RMB77.0 billion to RMB92.2 billion; and (iii) it was estimated by the Management that following a full recovery from the Pandemic, the investment amounts of the relevant schemes should regain the size once attained during normality. In particular, it was noted that during FY2020, which is amidst the Pandemic, Great Wall Securities Asset Management Schemes once attained an investment amount of RMB1.9 billion which was not far from the investment amount allocation of RMB2.5 billion assigned to other funds. The Management have assigned a higher balance of RMB2.8 billion to Great Wall Securities Asset Management Schemes given its historical success in attracting investors during FY2019 and FY2020. In addition, we have been given to understand that the Management estimated the investment amount of Great Wall Securities Asset Management Schemes for FY2022 based on following formula: the historical average monthly subscription amount of Great Wall Securities Asset

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Management Schemes for FY2021 of approximately RMB130.0 million times a discount factor of 0.8 times 12 months, plus the estimated rollover investment amount of approximately RMB1.6 billion which is expected to be carried over during FY2022. We have obtained from the Management and was able to verify the historical average monthly subscription amount of Great Wall Securities Asset Management Schemes for 10M2021 and also the schedule showing estimated rollover investment amount for FY2022. We enquired and the Management explained to us that the discount factor of 0.8 times is reasonable given that there may be some repetition in the estimated rollover investment amount and the monthly subscription amounts therefore it is prudent to lower the estimate slightly. We understand from the Management of the Company that, they are in the negotiation of other new trust schemes products in order to expand their business scope, thus the Management estimated the investment amount of the Huaneng Guicheng Trust Schemes for FY2022 (i.e. RMB2.5 billion) based on the following formula: the historical average monthly subscription amount of the independent third party trust schemes product, namely, 晉商1號單一資金信託計劃* (No.1 Jinshang – Single Fund Trust Schemes) for the first half of FY2021 of approximately RMB208.0 million times 12 months, considering the Company always maintain the stable and continuous investment on this trust scheme product according to our discussion with the Management, which could make the reference to the estimated investment amount of Huaneng Guicheng Trust Schemes for FY2022, we also obtained and review from the Management and was able to verify the historical average monthly subscription amount of the independent third party trust schemes product for the first half of FY2021. Therefore, we are of the view that the estimated investment amount of the Huaneng Guicheng Trust Schemes for FY2022 is fair and reasonable.

In relation to the investment amount for IGWFM Schemes and GWFM Schemes, we have discussed with the Management on the investment needs of the Group and understand that the forecast for fund investments in the next three years is primarily determined based on: (i) the closing balance for fund investments as at the end of the financial year; (ii) the number of shortlisted asset management companies; (iii) the Group's plan to increase its investment in Money Market Funds management schemes.

As advised by the Management, the Group recorded a closing balance for Money Market Funds investments approximately RMB1.0 billion as at December 31, 2020 and approximately RMB3.7 billion as at June 30, 2021. The number of Money Market Funds increased from two as at December 31, 2020 to nine as at June 30, 2021. Based on the simple average closing balances per Money Market Funds, there are seven additional Money Market Funds with an average of approximately RMB385.7 million within six months. As further discussed with the Management, the Group intends to invest in approximately six, nine and ten Money Market Funds by IGWFM Schemes and GWFM Schemes as a whole in FY2022, FY2023 and FY2024 respectively, which in our view is a reasonable estimate given there are

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seven additional Money Market Funds in HY2021. As a result, the estimated investment amount for IGWFM Schemes and GWFM Schemes would be approximately RMB2.5 billion, RMB3.5 billion and RMB4.0 billion for FY2022, FY2023 and FY2024.

The proposed annual caps for return on investment are mainly determined by historical return. The proposed annual caps for return on investment of Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes represents approximately 4.5% and 5.6% of the proposed annual caps for investment amount respectively for FY2022, FY2023 and FY2024. We have obtained and reviewed an internal report which recorded the historical return on investment generated by the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes from January 1, 2020 to June 30, 2021 (“**Historical return report**”). We noted that the highest rate of return on investment generated by Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes could reach approximately 5.5% and 5.7% respectively. We are of the view that the proposed annual caps for return on investment for Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes are fair and reasonable.

The proposed annual caps for return on investment of IGWFM Schemes and GWFM Schemes represents approximately 4.4% and 4.0% of the proposed annual caps for investment amount respectively for FY2022, FY2023 and FY2024. We have obtained and reviewed the historical return on investment records shown on Shanghai Wind Information Co., Ltd. (萬得資訊技術股份有限公司) (“**WIND**”), a leading financial information provider founded in 1994 which serve more than 90% of financial institutions including hedge funds, asset management firms, securities companies, insurance companies, banks, research institutions, and government regulatory bodies in China. We noted that the funds which investment in schemes that include no less than 80% of Bond Funds and Money Market Funds managed by IGWFM could reach a return on investment of approximately 4.74% and 4.88% within one to two years. We also note that the Bond Funds and Money Market Funds managed by GWFM could reach a return on investment of approximately 4.13% and 4.84% within one to two years. Therefore, we consider that a return of investment of approximately 4.4% and 4.0% of IGWFM Schemes and GWFM Schemes are fair and reasonable.

The proposed annual caps for management fees and trust remuneration are mainly determined by either (i) fee rate and/or remuneration rate agreed between the Bank and the asset management companies; or (ii) the fee rate specified in a specific investment products. The proposed annual caps for management fees and trust remuneration of Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes represents approximately 0.2% and 0.4% of the proposed annual caps for investment amount respectively for FY2022, FY2023 and FY2024. We have obtained and reviewed the agreement in relation to Great Wall Securities

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Asset Management Schemes entered into between the Bank and Great Wall Securities in 2019 (“**Great Wall AM Agreement**”) and the agreement in relation to Huaneng Guicheng Trust Schemes entered into between the Bank and Huaneng Guicheng Trust in 2020 (“**Huaneng Guicheng Trust Agreement**”). As stated in the Great Wall AM Agreement, the management fee and trust remuneration is 0.2% on the investment amount. As stated in Huaneng Guicheng Trust Agreement, the management fee and the trust remuneration is 0.1% and 0.3% on the investment amount respectively in which aggregated fee is 0.4% on the investment amount. We are of the view that the proposed annual caps for management fees and trust remuneration for Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes are fair and reasonable.

The proposed annual caps for management fees and trust remuneration of IGWFM Schemes and GWFM Schemes represents approximately 0.3% of the proposed annual caps for investment amount respectively for FY2022, FY2023 and FY2024. We have noticed that the management fees shown on WIND in relation to Bond Funds and Money market Funds managed by IGWFM ranged from 0.15% to 0.3%, while the management fees shown on WIND in relation to Bond Funds and Money market Funds managed by GWFM ranged from 0.25% to 0.3%. Therefore, we consider that management fees of approximately 0.3% of IGWFM Schemes and GWFM Schemes are within a fair and reasonable range.

To further assess the fairness and reasonableness of the New Huaneng Framework Agreement, we have discussed with the Management on the selection criteria of the asset management companies. We understand from the Management that the Bank shortlists potential asset management companies, being the issuer of the investment schemes, based on the following criteria:

- (i) the assets under management (“**AUM**”) exceeds RMB20 billion; and
- (ii) top 60 asset management companies ranked by AUM for two consecutive years.

Based on the above criteria, the Bank will review the information sheets of investment schemes received from shortlisted asset management companies and take into account of: (i) the credential of the asset management company; (ii) the background of investment managers; (iii) historical track record; and (iv) forecasted investment returns in selecting appropriate investment schemes to participate in.

As disclosed in the Letter from the Board, the principal terms of Great Wall Securities Asset Management Schemes are set out as follows:

- Great Wall Securities shall independently operate and manage the assets in accordance with the terms and conditions of the asset management schemes subject to the supervision of the asset custodian;

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- The historical annualized return on investment of the assets management schemes ranges from 5.1% to 5.7%, the management fee rate ranges from 0.2% to 0.3% and the annual custody fee rate payable by the Bank to the asset custodian ranges from 0.02% to 0.1%;
- The term of such asset management schemes may range from six months to three years; and
- Great Wall Securities shall issue and publish asset management reports about the portfolio of the investment assets, net value of the assets, fees and investment returns in accordance with the asset management schemes.

As disclosed in the Letter from the Board, the principal terms of Huaneng Guicheng Trust Schemes are set out as follows:

- Huaneng Guicheng Trust shall, in its own name, manage, utilize or dispose the trust property in the interest of the Bank;
- The annual trust remuneration and the annual management fee payable to the trustee shall be calculated according to the formula as provided in the relevant trust agreement at a minimum rate of 0.3% and 0.1% respectively, and the annual custody fee rate payable by the Bank to the trust custodian is 0.01%;
- The term of such trust schemes is 36 months; and
- Huaneng Guicheng Trust shall provide the Bank information relevant to the trust schemes, including but not limited to notice of establishment of trust plan, trust property management report, trust property utilization and return report.

Based on the preliminary information sheets we obtained from IGWFM, the principal terms of IGWFM Schemes are set out as follows:

- IGWFM shall independently operate and manage the assets in accordance with the terms and conditions of the fund management schemes subject to the supervision of the asset custodian;
- The estimated annualized return on investment of the schemes is around 3.8%, the management fee rate is around 0.4%;
- Subject to the compliance of the investment mandate of the schemes, the portfolio's investment themes will mainly include, among others, national debts, and central bank bills etc;
- The schemes size as at April 3, 2019 was approximately RMB11.2 billion;

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- The term of such schemes is three years; and
- IGWFM shall issue and publish fund management reports about the portfolio of the investment assets, net value of the assets, fees and investment returns in accordance with the schemes.

Based on the preliminary information sheets we obtained from GWFM, the principal terms of GWFM Schemes are set out as follows:

- GWFM shall independently operate and manage the assets in accordance with the terms and conditions of the fund management schemes subject to the supervision of the asset custodian;
- The estimated annualized return on investment of the schemes is around 3.5%, the management fee rate is around 0.2%;
- The portfolio will mainly include, among others, national debts, regional government debts, corporate bonds, central bank bills, subordinated debentures, medium-term note etc;
- The target scheme size is around RMB10.0 billion;
- The term of such scheme is two years; and
- GWFM shall issue and publish fund management reports about the portfolio of the investment assets, net value of the assets, fees and investment returns in accordance with the schemes.

Based on our research, IGWFM was incorporated on June 12, 2003, with a registered capital of RMB130 million and is headquartered in Shenzhen. According to IGWFM's company website, by the end of June 2021, IGWFM was managing 150 open-ended funds with a total AUM of approximately RMB331.1 billion, offering a broad scope of investment strategies, including active equity, quantitative equity and fixed income. GWFM was incorporated on December 27, 2001, with a registered capital of RMB150 million and is headquartered in Shenzhen. As at the end of June 2021, GWFM was managing 86 open-ended funds with total AUM of approximately RMB148.2 billion, offering a broad scope of investment strategies, including active equity, multi-assets, index tracking, fixed income etc. Among the fixed income products offered by these two companies under the investment scheme, the principal terms will be different among these products.

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We obtained and reviewed correspondences between the Group and each of IGWFM and GWFM and performed a walk-through of the decision-making process with the Management regarding the selection of potential investment schemes. Based on our work done, we are of the view that the Bank has performed sufficient and effective procedures to identify the potential investment schemes to be in line with the Bank's investment guidelines.

Other fees and commissions receivable by the Group represents the revenue generated from the ordinary course of business of the Bank. The historical fees and commissions received achieved a three-fold increase from approximately RMB4.3 million in FY2019 to approximately RMB14.0 million in FY2020 despite the adverse effects brought about by the Pandemic. Despite the approximate annualized amount for FY2021 is approximately RMB10.8 million in FY2021, we are of the view that it is reasonable to estimate the relevant fees and commissions receivable by the Group during FY2022 to be RMB21.2 million given the fact that: (i) the significant year-on-year growth seen between FY2019 and FY2020, amidst the Pandemic; (ii) the projection for FY2022 of RMB21.2 million would not be a significant jump from the historical amount attained on FY2020 of RMB14.0 million; and (iii) it is reasonable to assume that once the PRC economy gradually recovered from the Pandemic, some growth is expected to be built upon from the amount attained on FY2020 of RMB14.0 million. The other fees and commissions receivable by the Group are projected to grow at a CAGR of approximately 23.6% from FY2022 to FY2024 which is, in our view, conservative, considering the significant two-fold increase between FY2019 and FY2020.

Other fees and commissions payable by the Group represents the expenses paid by the Bank to Yuncheng Financial Service in relation to the Bank's "An Xin Fu" (安鑫富) series products on a mobile application developed and managed by Yuncheng Financial Service. The Management projected that the relevant fees and commissions payable by the Group during FY2022 to be RMB5.0 million. We note that the relevant other fees and commissions payable by the Group for 10M2021 was approximately RMB4.3 million which would come very close to the projection for FY2022. The relevant fees and commissions payable by the Group are projected to grow at a CAGR of approximately 34.2% from FY2022 to FY2024 which is, in our view, conservative, considering the CAGR already attained between FY2019 to 10M2021 of approximately 81.9%.

Therefore, we are of the view that the proposed annual caps for other fees and commissions payable by the Group are fair and reasonable.

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(C) Other considerations

The Class-B lead underwriter qualification for underwriting debt financing instruments issued by non-financial enterprises allows the Bank to provide underwriting services to non-financial enterprises in relation to, among others, medium-term notes, commercial papers, private placement notes, asset-backed medium-term notes, project revenue notes etc. According to the announcement published by the National Association of Financial Markets Institutional Investors on February 22, 2019, the Bank should jointly carry out the main underwriting business with the banks with the Class-A qualification. After one year of joint development of the main underwriting business, Class-B banks may independently carry out the main underwriting business. Therefore, the fees and commission from bond underwriting business are expected to increase with a broader service scope and increasingly mature business capabilities.

According to the 2021 Interim Report, facing the adverse impact of COVID-19, the Bank maintained the strategic positioning of steady advancement, thus achieving its new development”. The Bank adhered to strategic positioning and significantly improved the comprehensive strength, worked out a series of thinking for improving online and offline financial services, continuously developed the principal business lines comprised corporate banking, retailing banking and financial markets.

Having considered the above, we are of the view that it is fair and reasonable to widen the scope of business cooperation between the Bank and Huaneng Capital and to adopt the relevant Huaneng New Caps.

Furthermore, we have obtained and reviewed eight Historical Agreement against ten Independent Agreements in relation to asset management schemes and noted that the terms therein are on normal commercial terms and no less favourable than those offered by independent third parties.

7.3. SSCO New Caps

For FY2022, FY2023 and FY2024, the proposed annual caps on the fees and commission receivable by the Group from SSCO and/or its associates (i.e. the SSCO New Caps) are as follows:

	FY2022 <i>(RMB'000)</i>	FY2023 <i>(RMB'000)</i>	FY2024 <i>(RMB'000)</i>
Fees and commission receivable by the Group	278,200.0	311,500.0	354,900.0

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The Directors determined the relevant SSCO New Caps with reference to, among others,

- (a) the historical amounts for the provision of fee-and commission-based products and services by the Group to SSCO and its associates of RMB128.6 million, RMB181.2 million and RMB89.3 million for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, and the fluctuations in the volume of these products and services for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021;
- (b) the significant increase in the expected fees and commissions from bond underwriting business for the coming years as the Bank obtained Class-B lead underwriter qualification for underwriting debt financing instruments issued by non-financial enterprises in February 2019, which is consistent with the Bank's strategy to cooperate with leading enterprises in Shanxi province and achieve business diversification and it is expected that the Bank would cooperate with at least 20 coal companies in Shanxi province and fees and commissions to be generated from the underwriting of their debt securities would increase by approximately RMB40.0 million;
- (c) the significant increase in the income of fees and commissions from investment and financing business through the multi-functional online direct banking platform since 2018, which is consistent with the Bank's strategy to diversify its business cooperation with SSCO and its associates and the Bank has worked with more than 20 companies under this business and the number of companies is expected to increase in the coming three years;
- (d) the possibility of the Group's future launch of new products and services such as M&A loans; and
- (e) the Bank and SSCO have made specific arrangements for part of the businesses from cooperation, for example, the Bank plans to work with at least 15 companies for bank acceptance bills business, at least ten companies for investment and financing business and at least three companies for debt financing business.

7.4. Our assessment

(A) Review of historical transaction amounts

Most of the fee-and commission-based products and services provided by the Group to SSCO and its associates are those set out under the section headed "6. Commercial banking services and products" in this letter above. The relevant transactions contemplated under the New SSCO Framework Agreement would

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include bank acceptance bills, settlement services, debt securities underwriting/distribution, syndicated loans, direct banking services and wealth management business, which are all conducted in the ordinary and usual course of the Bank's business.

We have reviewed the historical transaction amounts, the relevant annual caps under the Original SSCO Framework Agreement and SSCO Framework Agreement for the Historical Review Period:

	FY2019 <i>(RMB'000)</i>	FY2020 <i>(RMB'000)</i>	10M2021 <i>(RMB'000)</i>	FY2021 <i>(RMB'000)</i>
Historical transaction amounts	128,627.4	181,154.8	101,710.2	178,587.4 ^(Note1)
Annual caps	137,000.0	215,000.0	285,000.0	285,000.0
Utilization rate	93.9%	84.3%	35.7%	62.7%

Note 1: Represents the approximate annualized transaction amount for FY2021

As stated in the Circular, the fees and commissions received from the provision of fee- and commission based products and services to SSCO and its associates for FY2021 will be less than the approved annual cap, which was mainly due to the decrease in bank acceptance business and debt securities underwriting and distribution business with SSCO and its associates. The Bank increased the commission rate for bank acceptance business after more prudent cost estimation in 2021 which results in the decrease in such business and the fees and commissions derived from such business with SSCO and its associates. In addition, the Bank's debt securities underwriting and distribution business decreased significantly in 2021 as impacted by the decreased financing capacity of coal companies in Shanxi province which are the major customers for the Bank's debt securities underwriting and distribution business.

As noted from the table above, the annual cap for FY2019 under the Original SSCO Framework Agreement and the annual cap for FY2020 under the SSCO Framework Supplemental Agreement has been highly utilized with utilization rates of approximately 93.9% and 84.3% respectively. For FY2020, the historical transaction amounts increased substantially from approximately RMB128.6 million for FY2019 to approximately RMB181.2 million, representing a growth of approximately 40.9%. The historical transaction amounts slightly decreased by 1.4% to RMB178.6 million, being an approximate annualized transaction amount for FY2021. The historical transaction amounts grew at a CAGR of approximately 17.9% between FY2019 and FY2021 (the "SSCO historical CAGR").

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In addition, as set out in the 2020 Annual Report, we note that the fee and commission income of the Group for FY2020, which we understand would be a reasonable proxy for the fee-and commission-based products and services provided by the Group to SSCO and its associates, has recorded a year-on-year increase of approximately 27.9%.

The SSCO historical CAGR remains to fall short of the year-on-year growth rate of the fee and commission income of the Group for FY2020, which is a reasonable proxy for the fee-and commission-based products provided by the Group to SSCO and its associates, therefore the Group will have an upside potential to achieve a higher utilization rate.

(B) Assessment of new demand

The SSCO New Caps are set out below:

	FY2022	FY2023	FY2024
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Total	278,200.0	311,500.0	354,900.0

As discussed with the Management, having considered (i) the high utilization rate of approximately 93.9% and 84.3% for FY2019 and FY2020 respectively; (ii) the fees and commissions expected to be generated from the bond underwriting business for the coming years as it has obtained the Class-B lead underwriter qualification for underwriting debt financing instruments issued by non-financial enterprises in February 2019; and (iii) the decreasing trend in utilization rate of existing annual caps from FY2019 to FY2021.

As such, we have conducted our research on the prospects of new demand for the Group's bond underwriting business. According to the Invesco Fixed Income Strategy Insights published in June 2021 by Invesco Hong Kong Limited (the "**Invesco Report**"), China is the second largest bond market in the world with its onshore bond market totaled approximately RMB115.3 trillion in bonds outstanding as of February 2021. According to the Invesco Report, the CAGR of the onshore bond market size from 2016 to 2020 reached approximately 15.5%. According to The Internationalization of the China Corporate Bond Market published in January 2021 by International Capital Market Association, in September 2020, FTSE Russell announced that China CNY government bonds would be included in its World Government Bond Index (WGBI) as from October 2021. China's weighting will be 5.7% of the US\$21 trillion valued index. Resulting passive inflows are estimated to be around US\$140 billion. The ever-growing China bond market as justified in the above reports implies a promising prospect for the Group's bond underwriting business.

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In light of the decreasing utilization rates from FY2019 (i.e. 93.9%) to FY2021 (i.e. 62.7%), the SSCO New Caps for FY2022 has been revised by the Management downwards to approximately RMB278.2 million from the existing annual caps of RMB285.0 million in FY2021 as appropriate. We note, first of all, the projection of FY2022 of RMB278.2 million in FY2022 is not significantly higher than the hike once achieved by the Bank in FY2020 of approximately RMB181.2 million. Secondly, as advised by the Management, it is expected that, among others, the Bank would cooperate with at least 20 coal companies in Shanxi province and fees and commissions to be generated from the underwriting of their debt securities would increase by approximately RMB40.0 million and we have obtained from the Management the list of such prospective projects. Thirdly, the Bank had performed well during FY2020 with actual historical transaction amount of RMB181.2 million which were both sustained by the Bank amidst the Pandemic and incremental improvements in the Group's bond underwriting business could be expected. Last but not least, the Bank cited the possibility of a number of additional revenue sources such as, among others, (i) the Group's future launch of new products and services, such as M&A loans; and (ii) the Bank plans to cooperate with SSCO by working with at least 15 companies for bank acceptance bills business, at least ten companies for investment and financing business and at least three companies for debt financing business. We have obtained the relevant business plans from the Bank in supporting of these new business initiatives. Given the abovementioned a series of business initiatives that can be realized from the recovery from the Pandemic, we consider the gap of around RMB97.0 million when using the SSCO New Caps for FY2022 of approximately RMB278.2 million to compare with the actual historical transaction amount of RMB181.2 million of FY2020, is not significant and that the Management's projection of the SSCO New Caps for FY2022 is fair and reasonable.

Moving onto the relevant projection for FY2023 and FY2024, as discussed with the Management, the Management expects the transactions contemplated thereunder the New SSCO Framework Supplemental Agreement will mature and stabilize and therefore has estimated the comparatively modest year-on-year growth rates of approximately 12.0% for FY2023 and 13.9% for FY2024. We are of view that given that the relevant projected annual caps, to a large extent, is associated with the revenue generated from the Group's bond underwriting business, it is relevant to consider the CAGR of the onshore bond market from 2016 to 2020 of approximately 15.5% to assess the reasonableness of the year-on-year growth rates for FY2023 and FY2024. As such, we are of the view that the year-on-year growth rates of approximately 12.0% for FY2023 and 13.9% for FY2024 were appropriately set as we have compared them to the onshore bond market size having grown at a CAGR of approximately 15.5% between 2016 to 2020.

Furthermore, we have obtained and reviewed 15 Historical Agreement against 19 Independent Agreements in relation to fee-and commission-based products and services between the Group and SSCO and/or its associate as listed under each of

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the transactions under the section headed “6. Commercial banking services and products” in this letter above and noted that the terms provided to SSCO are on normal commercial terms and no less favourable than those offered to independent third parties.

Having considered the above, we are of the view that it is fair and reasonable to adopt the relevant SSCO New Caps.

OPINION AND RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that: (i) the entering into the New Huaneng Framework Agreement, the New SSCO Framework Agreement and the transactions contemplated thereunder is in the ordinary and usual course of business of the Group and is in the interests of the Bank and the Shareholders as a whole; (ii) the terms of the New Huaneng Framework Agreement, the New SSCO Framework Agreement and the transactions contemplated thereunder (including the New Caps) are on normal commercial terms, fair and reasonable so far as the Bank and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the Extraordinary General Meeting to approve the New Huaneng Framework Agreement, the New SSCO Framework Agreement and the transactions contemplated thereunder (including the New Caps).

Yours faithfully,
For and on behalf of
Opus Capital Limited
Cheung On Kit Andrew
Executive Director

Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 13 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

According to “Corporate Governance Guidelines for Banking and Insurance Institutions” promulgated and implemented by China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) on June 2, 2021, the Articles of Association of Jinshang Bank Co., Ltd. is proposed to be amended. The articles to be amended and the basis of amendments are stated as follows:

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 1 To safeguard the legitimate rights and interests of Jinshang Bank Co., Ltd. (hereinafter referred to as the “Bank”), the shareholders and the creditors and to regulate the organization and conduct of the Bank, the Articles of Association are formulated pursuant to the Company Law of the People’s Republic of China (hereinafter referred to as Company Law), the Commercial Banking Law of the People’s Republic of China (hereinafter referred to as Commercial Banking Law), the Securities Law of the People’s Republic of China (hereinafter referred to as Securities Law), the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as Special Regulations), Official Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period for Convention of Shareholders’ Meetings by Overseas Listed Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Guidelines on the Corporate Governance of Commercial Banks, the Interim Measures for Management of Commercial Bank Equity, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as Hong Kong Listing Rules), the Constitution of the Communist Party of China (hereinafter referred to as Party Constitution) and other relevant laws, administrative regulations and rules.</p>	<p>Article 1 To safeguard the legitimate rights and interests of Jinshang Bank Co., Ltd. (hereinafter referred to as the Bank), the shareholders and the creditors and to regulate the organization and conduct of the Bank, the Articles of Association are formulated pursuant to the Company Law of the People’s Republic of China (hereinafter referred to as Company Law), the Commercial Banking Law of the People’s Republic of China (hereinafter referred to as Commercial Banking Law), the Securities Law of the People’s Republic of China (hereinafter referred to as Securities Law), the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as Special Regulations), Official Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period for Convention of Shareholders’ Meetings by Overseas Listed Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, <u>Corporate Governance Guidelines for Banking and Insurance Institutions</u>the Guidelines on the Corporate Governance of Commercial Banks, the Interim Measures for Management of Commercial Bank Equity, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as Hong Kong Listing Rules), the Constitution of the Communist Party of China (hereinafter referred to as Party Constitution) and other relevant laws, administrative regulations and rules.</p>	<p>Article 117 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 11 “Senior management staff” mentioned in the Articles of Association refer to members of the senior management, secretary of the Board, and chief audit (compliance) officer of the Bank. “Members of the senior management” mentioned in the Articles of Association refer to president, vice president, assistant to the president, chief financial officer, chief risk officer, chief operation officer, chief technology information officer, chief human resources officer, chief data officer and marketing director.</p>	<p>Article 11 “Senior management staff” mentioned in the Articles of Association refer to members of the senior management, secretary of the Board, and chief audit (compliance) officer of the Bank. “Members of the senior management” mentioned in the Articles of Association refer to president, vice president, assistant to the president, chief financial officer, chief risk officer, chief operation officer, chief technology information officer, chief human resources officer, chief compliance officer chief data officer and marketing director.</p>	<p>Pursuant to the relevant requirements of the Organization Department of the Provincial Party Committee, in combination with the regulatory provisions, the actual situations of the Bank and the practices of the peer.</p>
<p>Article 65 Shareholders of ordinary shares of the Bank shall assume the following obligations:</p> <p>(I) To abide by the laws, administrative regulations, regulatory provisions and the Articles of Association;</p> <p>(II) To contribute to the share capital with the amount as determined by the number of shares subscribed by them and the method of capital contribution;</p> <p>(III) Not to withdraw their share capital contribution except for circumstances allowed by the laws and administrative regulations;</p> <p>(IV) To perform the obligation of good faith to the Bank according to law, and to ensure the shareholders’ qualification information submitted is true, complete and valid. Substantial shareholders shall report to the Board in a complete, prompt and accurate manner information about its related parties, its related party relationship with other shareholders and its shareholdings in other banking financial institutions, and shall undertake that they will promptly report to the Board any change in the related party relationship;</p> <p>(V) Shareholders, particularly substantial shareholders, shall exercise their rights as contributors in strict compliance with laws, administrative regulations, rules and the Articles of Association, fulfill the obligations of capital contributor, and shall not abuse shareholders’ rights or utilize its influence to intervene in the decision-making power and management power that the Board and the senior management are entitled to in accordance with the Articles of Association, or directly intervene in or utilize influence to intervene in the business management of the Bank bypassing the Board and the senior management, conduct tunneling, or damage the legitimate rights and interests of any depositor, the Bank or any other shareholder in any other form;</p>	<p>Article 65 Shareholders of ordinary shares of the Bank shall assume the following obligations:</p> <p>(I) To abide by the laws, administrative regulations, regulatory provisions and the Articles of Association;</p> <p>(II) To contribute to the share capital with the amount as determined by the number of shares subscribed by them and the method of capital contribution. <u>Shareholders shall use their own funds obtained from legal sources to acquire equity of the Bank, rather than using entrusted funds, debt funds and other funds not owned by themselves, unless otherwise prescribed by laws and regulations or regulatory system;</u></p> <p>(III) Not to withdraw their share capital contribution except for circumstances allowed by the laws and administrative regulations;</p> <p>(IV) To perform the obligation of good faith to the Bank according to law, <u>to truthfully provide the Bank with information including financial information, shareholding structure, sources of share subscription, controlling shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries, investment in other financial institutions etc. according to the laws, regulations and regulatory provisions</u> and to ensure the shareholders’ qualification information submitted is true, complete and valid. Substantial shareholders shall report to the Board in a complete, prompt and accurate manner information about its related parties, its related party relationship with other shareholders and its shareholdings in other banking financial institutions, and shall undertake that they will promptly report to the Board any change in the related party relationship;</p>	<p>Article 16 of Corporate Governance Guidelines for Banking and Insurance Institutions, Article 10 of the “Notice of the CBIRC on Further Strengthening the Management of Shareholders’ Commitments in Banking and Insurance Institutions” (Yin Bao Jian Ban Fa [2021] No. 100) by the General Office of the China Banking and Insurance Regulatory Commission</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>(VI) Shareholders, particularly substantial shareholders, shall support the reasonable capital plans formulated by the Board to keep the Bank's capital in compliance with regulatory requirements. When the Bank's capital fails to comply with the regulatory requirements, a capital replenishment plan shall be made to enable the capital adequacy ratio to satisfy the regulatory requirements within the time framework, and other measures to replenish capital such as increase of core capital shall be taken. The substantial shareholders shall not hinder other shareholders from replenishing the capital of the Bank or new eligible shareholders from participating;</p> <p>(VII) Substantial shareholders shall make a long-term commitment to the Bank in writing regarding capital replenishment, under which it commits to performing the obligation of capital injection after seeking approval in accordance with relevant provisions and procedures if the capital adequacy ratio fails to meet the regulatory requirements through market financing when the market environment sustains adverse change and the Bank faces difficulty in operation, as a part of the Bank's capital plans;</p> <p>(VIII) If an investor and his or her related party(ies) and person(s) acting in concert individually or collectively intend to initially hold or accumulatively increase their shareholding by more than 5% of the total shares of the Bank, he or she shall seek approval from banking regulatory institutions in advance. If an investor and his or her related party(ies) and person(s) acting in concert individually or collectively hold more than 1% but less than 5% of the total shares of the Bank, he or she shall report to banking regulatory institutions within ten working days after obtaining such shareholding rights. Shareholders who shall but fail to seek approval from or fail to report to regulatory authorities shall not exercise such rights as the right to request convening the Shareholders' general meeting, voting right, right of nomination, right of making motions and right of disposition;</p>	<p><u>(V) To comply with the regulatory provisions in relation to shareholding ratio and number of shareholding institutions, and not to authorize others or accept any authorization from others to hold or manage the equity of the Bank;</u></p> <p><u>(VI) The relevant shareholders shall inform the changes in controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries of the shareholders to the Bank in written form in time according to the laws, regulations and regulatory provisions;</u></p> <p><u>(VII) To inform the following events of the shareholders to the Bank in written form in time according to the laws, regulations and regulatory provisions: merger and spin-off, being subject to measures including suspension of operation for rectification, designated custody, takeover or cancellation, or enter into dissolution, liquidation or bankruptcy procedure, or changes in their legal representative, company names, places of operation, scope of operation and other material events;</u></p> <p><u>(VIII) To inform the Bank in written form in time according to the laws, regulations and regulatory provisions if the shares of the Bank held by the shareholders are involved in litigation or arbitration, subject to legal enforcement by judicial authorities, subject to pledge, or discharged from pledge;</u></p> <p><u>(IX) Shareholders who transfer or pledge their shares of the Bank or conduct related transactions with the Bank shall comply with the laws, regulations and regulatory provisions, and shall not impair the interests of other shareholders and the Bank;</u></p>	

Original Articles	Articles after the Amendments	Basis of Amendments
<p>(IX) For any shareholder who has made any misrepresentation, abuses shareholder's rights or commits other acts that harm the interests of the Bank, the banking regulatory authorities under the State Council or its local offices may restrict or prohibit any related party transactions between the Bank and him/her and restrict the quota of the Bank's equity held by him/her and equity pledge ratio as well as his/her rights including the right to request convening the Shareholders' general meeting, voting right, right of nomination, right of making motions and right of disposition;</p> <p>(X) Credit terms offered by the Bank to shareholders thereof shall not be more favourable than similar credit terms to other customers;</p> <p>(XI) If a shareholder, particularly a substantial shareholder, fails to repay any due credit to the Bank, the voting right of such shareholder at the Shareholders' general meeting or the voting right of the director(s) appointed by such shareholder at the Board meeting shall be restricted. The Bank shall have the right to withhold the dividends receivable by such shareholders preferentially as repayment of their overdue loans with the Bank. Any assets to be distributed to such shareholders in the Bank's liquidation process shall be used in priority for the repayment of their outstanding loans with the Bank;</p> <p>(XII) To assume other obligations required by laws, administrative regulations and the Articles of Association. Shareholders do not have the obligation to increase any share capital unless under the conditions accepted by the subscribers at the time of subscription.</p>	<p>(XV) Shareholders, particularly substantial shareholders, shall exercise their rights as contributors in strict compliance with laws, administrative regulations, rules and the Articles of Association, fulfill the obligations of capital contributor, and shareholders and their controlling shareholders or de facto controllers shall not abuse shareholders' rights or exploit their related relationships or utilize its influence to intervene in the decision-making power and management power that the Board and the senior management are entitled to in accordance with the Articles of Association, or directly intervene in or utilize influence to intervene in the business management of the Bank bypassing the Board and the senior management, conduct tunneling, or damage the legitimate rights and interests of any depositor, the Bank or any other shareholder or stakeholders in any other form;</p> <p>(XIV) Shareholders, particularly substantial shareholders, shall support the reasonable capital plans formulated by the Board to keep the Bank's capital in compliance with regulatory requirements. When the Bank's capital fails to comply with the regulatory requirements, a capital replenishment plan shall be made to enable the capital adequacy ratio to satisfy the regulatory requirements within the time framework, and other measures to replenish capital such as increase of core capital shall be taken. The substantial shareholders shall not hinder other shareholders from replenishing the capital of the Bank or new eligible shareholders from participating;</p> <p>(XIII) Substantial shareholders shall make a long-term commitment to the Bank in writing regarding capital replenishment, under which it commits to performing the obligation of capital injection after seeking approval in accordance with relevant provisions and procedures if the capital adequacy ratio fails to meet the regulatory requirements through market financing when the market environment sustains adverse change and the Bank faces difficulty in operation, as a part of the Bank's capital plans;</p>	

Original Articles	Articles after the Amendments	Basis of Amendments
	<p>(XIII^{III}) If an investor and his or her related party(ies) and person(s) acting in concert individually or collectively intend to initially hold or accumulatively increase their shareholding by more than 5% of the total shares of the Bank, he or she shall seek approval from banking regulatory institutions in advance. If an investor and his or her related party(ies) and person(s) acting in concert individually or collectively hold more than 1% but less than 5% of the total shares of the Bank, he or she shall report to banking regulatory institutions within ten working days after obtaining such shareholding rights. Shareholders who shall but fail to seek approval from or fail to report to regulatory authorities shall not exercise such rights as the right to request convening the Shareholders' general meeting, voting right, right of nomination, right of making motions and right of disposition;</p> <p>(XIV^{IX}) For any shareholder who has made any misrepresentation, abuses shareholder's rights or has other acts that harm the interests of the Bank, the banking regulatory authorities under the State Council or its local offices may restrict or prohibit any related party transactions between the Bank and him/her and restrict the quota of the Bank's equity held by him/her and equity pledge ratio as well as his/her rights including the right to request convening the Shareholders' general meeting, voting right, right of nomination, right of making motions and right of disposition;</p> <p>(XV) Credit terms offered by the Bank to shareholders thereof shall not be more favourable than similar credit terms to other customers;</p> <p>(XVI^{XI}) If a shareholder, particularly a substantial shareholder, fails to repay any due credit to the Bank, the voting right of such shareholder at the Shareholders' general meeting or the voting right of the director(s) appointed by such shareholder at the Board meeting shall be restricted. The Bank shall have the right to withhold the dividends receivable by such shareholders preferentially as repayment of their overdue loans with the Bank. Any assets to be distributed to such shareholders in the Bank's liquidation process shall be used in priority for the repayment of their outstanding loans with the Bank;</p>	

Original Articles	Articles after the Amendments	Basis of Amendments
	<p><u>(XVII) In case of a risk event or a major violation on part of the Bank, the shareholders shall cooperate with the regulatory authorities in investigation and risk disposal;</u></p> <p>(XVIII) Other obligations required by laws, administrative regulations and the Articles of Association.</p> <p>Shareholders shall not assume the obligation to increase any share capital unless the conditions accepted by the subscribers at the time of subscription.</p> <p><u>In case of a material risk event of the Bank, the Bank shall adopt an appropriate loss absorption and risk mitigation mechanism according to the requirements of relevant laws and regulations. The shareholders shall fulfill corresponding obligations and bear corresponding responsibilities according to the corresponding loss absorption and risk mitigation mechanism.</u></p> <p><u>If substantial shareholders of the Bank violate their commitments, the Bank has the right to take corresponding restrictive measures against such shareholders pursuant to relevant laws and regulations and the requirements of the regulatory authorities.</u></p>	

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 69 The Shareholders' general meeting is the supreme authority of the Bank and shall exercise the following functions and powers according to laws:</p> <p>(I) determining the business policy and extremely important investment plans of the Bank;</p> <p>(II) electing and changing directors and determining the emoluments of directors;</p> <p>(III) electing and changing non-employee representative supervisors and determining the emoluments of supervisors;</p> <p>(IV) reviewing and approving the reports of the Board of Directors;</p> <p>(V) reviewing and approving the reports of the Board of Supervisors;</p> <p>(VI) listening to the evaluation on directors by the Board of Directors and the mutual evaluation result reports of independent directors;</p> <p>(VII) listening to the evaluation on supervisors by the Board of Supervisors and the mutual evaluation result reports of external supervisors;</p> <p>(VIII) reviewing and approving the annual financial budgets and financial accounts of the Bank;</p> <p>(IX) reviewing and approving profit distribution plans and loss recovery plans of the Bank;</p> <p>(X) reviewing and approving extremely important external investment, extremely important asset acquisition and disposals, extremely important external guarantee and extremely important related party transactions of the Bank;</p> <p>(XI) resolving on the increase or decrease in the registered capital of the Bank;</p> <p>(XII) resolving on the issuance of bonds or the listing of the Bank;</p> <p>(XIII) resolving on the merger, division, dissolution, liquidation or change in the corporate form of the Bank;</p> <p>(XIV) amending the Articles of Association;</p> <p>(XV) resolving on the appointment, dismissal or non-reappointment of accounting firms of the Bank;</p> <p>(XVI) reviewing the Bank's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Bank;</p>	<p>Article 69 The Shareholders' general meeting is the supreme authority of the Bank and shall exercise the following functions and powers according to laws:</p> <p>(I) determining the business policy and extremely important investment plans of the Bank;</p> <p>(II) electing and changing directors and determining the emoluments of directors;</p> <p>(III) electing and changing non-employee representative supervisors and determining the emoluments of supervisors;</p> <p>(IV) reviewing and approving the reports of the Board of Directors;</p> <p>(V) reviewing and approving the reports of the Board of Supervisors;</p> <p>(VI) listening to the evaluation on directors by the Board of Directors Supervisors and the mutual evaluation result reports of independent directors;</p> <p>(VII) listening to the evaluation on supervisors by the Board of Supervisors and the mutual evaluation result reports of external supervisors;</p> <p>(VIII) reviewing and approving the annual financial budgets and financial accounts of the Bank;</p> <p>(IX) reviewing and approving profit distribution plans and loss recovery plans of the Bank;</p> <p>(X) reviewing and approving extremely important external investment, extremely important asset acquisition and disposals, extremely important external guarantee and extremely important related party transactions of the Bank;</p> <p>(XI) resolving on the increase or decrease in the registered capital of the Bank;</p> <p>(XII) resolving on the issuance of bonds or the listing of the Bank;</p> <p>(XIII) resolving on the merger, division, dissolution, liquidation or change in the corporate form of the Bank;</p> <p>(XIV) amending the Articles of Association;</p> <p><u>(XV) reviewing and approving the Rules of Procedures for the Shareholders' General Meeting, the Board of Directors and the Board of Supervisors;</u></p> <p><u>(XVI) passing a resolution in relation to the acquisition of the shares of the Bank in accordance with the requirements of the laws and the Articles of Association;</u></p>	<p>Article 18 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>(XVII) reviewing and approving matters relating to changes in the use of proceeds from share offerings;</p> <p>(XVIII) reviewing the equity incentive scheme;</p> <p>(XIX) reviewing the proposals by the shareholders individually or jointly holding more than 3% of the voting shares of the Bank;</p> <p>(XX) reviewing and approving other issues which should be determined by the Shareholders' general meeting as stipulated by laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association.</p> <p>The above issues falling within the authority of the Shareholders' general meeting shall be reviewed and determined by the Shareholders' general meeting, but in necessary, reasonable and lawful circumstances, the Shareholders' general meeting may authorize the Board to decide on such issues. The contents of the authorization shall be specific and detailed. The authorization of the Shareholders' general meeting to the Board, if the authorized matters should be adopted by the Shareholders' general meeting with ordinary resolutions according to the Articles of Association, shall be subject to the approval of the shareholders present at the Shareholders' general meeting (including proxies of shareholders) with more than half of the voting rights; if the authorized matters should be adopted by the Shareholders' general meeting with special resolutions according to the Articles of Association, the authorization shall be subject to the approval of the shareholders present at the Shareholders' general meeting (including proxies of shareholders) with more than two thirds of the voting rights.</p>	<p>(XVII) resolving on the appointment, dismissal or non-reappointment of accounting firms of the Bank for regular legal audit of the Bank's financial statements;</p> <p>(XVIII) reviewing the Bank's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Bank;</p> <p>(XIXXVII) reviewing and approving matters relating to changes in the use of proceeds from share offerings;</p> <p>(XXXVIII) reviewing and approving the plans of the equity incentive scheme;</p> <p>(XXIXIX) reviewing the proposals by the shareholders individually or jointly holding more than 3% of the voting shares of the Bank;</p> <p>(XXII) reviewing and approving other issues which should be determined by the Shareholders' general meeting as stipulated by laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association.</p> <p>The above issues falling within the authority of the Shareholders' general meeting shall not be granted to the Board, other institutions or individuals be reviewed and determined by the Shareholders' general meeting, but in necessary, reasonable and lawful circumstances, the Shareholders' general meeting may authorize the Board to decide on such issues. The contents of the authorization shall be specific and detailed. The authorization of the Shareholders' general meeting to the Board, if the authorized matters should be adopted by the Shareholders' general meeting with ordinary resolutions according to the Articles of Association, shall be subject to the approval of the shareholders present at the Shareholders' general meeting (including proxies of shareholders) with more than half of the voting rights; if the authorized matters should be adopted by the Shareholders' general meeting with special resolutions according to the Articles of Association, the authorization shall be subject to the approval of the shareholders present at the Shareholders' general meeting (including proxies of shareholders) with more than two thirds of the voting rights.</p>	

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 100 The Bank shall formulate the rules of procedure for the Shareholders' general meeting, and specify the convening and voting procedures of Shareholders' general meetings, including notification, registration and consideration of proposals, voting and counting of ballots, announcement of voting results, formation of meeting resolutions, minutes and signature and announcement of the minutes, and the principle and contents of authorization of the Board on Shareholder's general meetings. The rules of procedure for Shareholder's general meetings shall be drafted by the Board of Directors and approved by the Shareholder's general meetings.</p>	<p>Article 100 The Bank shall formulate the rules of procedure for the Shareholders' general meeting, and specify the convening and voting procedures of Shareholders' general meetings, including notification, registration and consideration of proposals, voting and counting of ballots, announcement of voting results, formation of meeting resolutions, minutes and signature and announcement of the minutes, and the principle and contents of authorization of the Board on Shareholder's general meetings. The rules of procedure for Shareholder's general meetings shall be formulated drafted by the Board of Directors and implemented upon examination and approval approved by the Shareholder's general meetings.</p>	<p>Article 20 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 105 The convener shall ensure the minutes are true, accurate and complete. The directors and supervisors attending the meeting, the secretary of the Board, the convener or representative thereof and presider shall sign the minutes. The minutes shall be kept as archives by the Bank at the domicile of the Bank for at least 10 years together with the book of signatures of the attending shareholders, the power of attorney of the attending proxies, votes and other valid information.</p>	<p>Article 105 The convener shall ensure the minutes are true, accurate and complete. The directors and supervisors attending the meeting, the secretary of the Board, the convener or representative thereof and presider shall sign the minutes. The minutes shall be kept as archives by the Bank at the domicile of the Bank for a perpetual term at least 10 years together with the book of signatures of the attending shareholders, the power of attorney of the attending proxies, votes and other valid information.</p>	<p>Article 24 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 109 The following issues shall be approved by ordinary resolutions at a Shareholders' general meeting:</p> <p>...</p> <p>(III) appointment, dismissal, remuneration and payment methods of the members of the Board of Directors and members of the Board of Supervisors;</p> <p>...</p> <p>(V) appointment, dismissal or non-reappointment of accounting firms;</p> <p>...</p>	<p>Article 109 The following issues shall be approved by ordinary resolutions at a Shareholders' general meeting:</p> <p>...</p> <p>(III) appointment, dismissal (except for the dismissal of independent directors), remuneration and payment methods of the members of the Board of Directors and members of the Board of Supervisors;</p> <p>...</p> <p>(V) appointment, dismissal or non-reappointment of accounting firm that provides regular statutory audit on financial reports of the Bank;</p> <p>...</p>	<p>Article 22 and Article 18 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 110 The following issues shall be approved by special resolutions at a Shareholders' general meeting:</p> <p>(I) an increase or decrease in the registered capital and the issuance of any class of shares, warrants and other similar securities of the Bank;</p> <p>(II) the issuance of bonds or listing of the Bank;</p> <p>(III) the division, merger, dissolution, liquidation or change in the corporate form of the Bank;</p> <p>(IV) amendments to the Articles of Association;</p> <p>(V) matters concerning purchases or sales of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Bank;</p> <p>(VI) equity incentive schemes; and</p> <p>(VII) any other matters confirmed by the Shareholders' general meeting by an ordinary resolution that they may have a material effect on the Bank and should be adopted by a special resolution.</p>	<p>Article 110 The following issues shall be approved by special resolutions at a Shareholders' general meeting:</p> <p>(I) an increase or decrease in the registered capital and the issuance of any class of shares, warrants and other similar securities of the Bank;</p> <p>(II) the issuance of bonds or listing of the Bank;</p> <p>(III) the division, merger, dissolution, liquidation or change in the corporate form of the Bank;</p> <p>(IV) amendments to the Articles of Association;</p> <p>(V) <u>dismissal of independent directors;</u></p> <p>(VI) matters concerning purchases or sales of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Bank;</p> <p>(VI-VII) <u>consideration and approval of plans on</u> equity incentive schemes; and</p> <p>(VII-VIII) any other matters confirmed by the Shareholders' general meeting by an ordinary resolution that they may have a material effect on the Bank and should be adopted by a special resolution.</p>	<p>Article 22 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 137 The term of office of a director shall be calculated from the date on which he/she takes up the office, until the expiration of the term of office of the Board of Directors. If the term of office of a director expires but re-election is not made responsively so that the membership of the Board falls short of the quorum, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association until a new director is elected.</p>	<p>Article 137 The term of office of a director shall be calculated from the date on which he/she takes up the office, until the expiration of the term of office of the Board of Directors. <u>When the term of office of a director expires, or the membership of the Board falls short of the minimum number specified in the Company Law or two-thirds of the number specified in the Articles of Association, the Bank shall promptly initiate the director election procedure and convene a Shareholders' general meeting to elect directors.</u> If the term of office of a director expires but re-election is not made responsively so that the membership of the Board falls short of the quorum, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association until a new director is elected.</p>	<p>Article 30 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 140 Directors shall observe the laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association, and fulfill the following obligations of diligence to the Bank:</p> <p>(I) to exercise the rights conferred by the Bank with due discretion, care and diligence to ensure the business operations of the Bank comply with the laws, administrative regulations and various economic policies of the state, and are within the business scope specified in the business license of the Bank;</p> <p>(II) to treat all shareholders impartially;</p> <p>(III) to carefully read various business and financial reports of the Bank and keep informed of the operation and management conditions of the Bank;</p> <p>(IV) to exercise personally the management and discretion right lawfully vested in them and not to allow themselves to be controlled by others and, save as permitted by laws and administrative regulations or approved by the general meeting, not to transfer their discretion right to others;</p> <p>(V) to sign written confirmations of the regular reports issued by the Bank and to ensure the information disclosed by the Bank is true, accurate and complete;</p> <p>(VI) to honestly provide the Board of Supervisors with relevant information, not to prevent the Board of Supervisors or supervisors from exercising their functions and powers;</p> <p>(VII) to accept the lawful supervision and rational suggestions of the Board of Supervisors on their performance of duties;</p> <p>(VIII) to fulfill other obligations of diligence stipulated by laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association.</p>	<p>Article 140 Directors shall observe the laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association, and fulfill the following obligations of diligence to the Bank:</p> <p>(I) to exercise the rights conferred by the Bank with due discretion, care and diligence to ensure the business operations of the Bank comply with the laws, administrative regulations and various economic policies of the state, and are within the business scope specified in the business license of the Bank;</p> <p><u>(II) to continuously pay attention to the operation and management status of the Bank, and have the right to require the senior management to provide relevant materials reflecting the operation and management status of the Bank in a comprehensive, timely and accurate manner or to give explanations on relevant issues;</u></p> <p><u>(III) to participate in meetings of the Board of Directors on time, fully review the matters considered by the Board of Directors, express opinions in an independent, professional and objective manner, and vote independently on the basis of prudent judgments;</u></p> <p><u>(IV) to take responsibility for the resolutions of the Board of Directors;</u></p> <p><u>(V) to supervise the implementation of the resolutions of the Shareholders' general meeting and the Board of Directors by the senior management;</u></p> <p><u>(VI) to take active participation in trainings organized by the Bank and regulatory agencies, understand the rights and obligations of directors, be familiar with relevant laws, regulations and regulatory requirements, and continue to possess expertise and capabilities required to perform their duties;</u></p> <p><u>(VII) to be responsible to the Bank and all shareholders and treat all shareholders impartially when performing duties;</u></p>	<p>Article 31 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
	<p>(III–VIII) to carefully read various business and financial reports of the Bank and keep informed of the operation and management conditions of the Bank;</p> <p>(IV–IX) to exercise personally the management and discretion right lawfully vested in them and not to allow themselves to be controlled by others and, save as permitted by laws and administrative regulations or approved by the general meeting, not to transfer their discretion right to others;</p> <p>(V–X) to sign written confirmations of the regular reports issued by the Bank and to ensure the information disclosed by the Bank is true, accurate and complete;</p> <p>(VI–XI) to truthfully provide the Board of Supervisors with relevant information, not to prevent the Board of Supervisors or supervisors from exercising their functions and powers;</p> <p>(VII–XII) to accept the lawful supervision and rational suggestions of the Board of Supervisors on their performance of duties;</p> <p><u>(XIII) to practice high standards of professional ethics and consider the legitimate rights and interests of stakeholders;</u></p> <p><u>(XIV) to undertake fiduciary duties with diligence in the Bank, perform their duties conscientiously and prudently, and ensure sufficient time and commitment to perform their duties;</u></p> <p>(VIII–XV) to fulfill other obligations of diligence stipulated by laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association.</p>	

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 144 A director may resign before his/her term of office expires. In resigning his/her duties, a director shall tender a written resignation to the Board.</p> <p>If any director resigns during his/her term of office so that the normal operations of the Bank are affected or membership of the Board falls short of the quorum, the said director shall continue fulfilling the duties as a director pursuant to laws, administrative regulations, rules and the Articles of Association until a new director is elected.</p> <p>Save as provided in the preceding paragraph, a director's resignation shall be effective when his/her resignation is served to the Board.</p>	<p>Article 144 A director may<u>who</u> resigns before his/her term of office expires.In resigning his/her duties, a director shall tender a written resignation to the Board.</p> <p>If<u>When</u> resignation of any director resigns during his/her term of office so that the normal operations of the Bank are affected or<u>results in the</u> membership of the Board falls short of<u>lower than</u> the quorum <u>minimum number specified in the Company Law or two thirds of the number specified in the Articles of Association</u>, the said director shall continue fulfilling the duties as a director pursuant to laws, administrative regulations, rules and the Articles of Association until a new director <u>takes office</u> is elected.</p> <p>Save as provided in the preceding paragraph, a director's resignation shall be effective when his/her resignation is served to the Board.</p> <p><u>The powers of the Board of Directors shall be exercised by the Shareholders' general meeting until the number of directors meets the requirements when the membership of the Board is lower than the minimum number specified in the Company Law or the minimum number required for voting by the Board of Directors due to the dismissal by the Shareholders' general meeting or death of directors, resignation of independent directors due to the loss of independence, or other circumstances where they cannot perform their duties as directors.</u></p>	<p>Article 29 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 149 Independent directors shall fulfil the obligation of good faith and diligence to the Bank and all the shareholders thereof, earnestly perform their duties according to laws, and safeguard the interests of the Bank and the legitimate rights and interests of minority shareholders and depositors.</p>	<p>Article 149 Independent directors shall fulfil the obligation of <u>their duties with</u> good faith, independence and diligence to the Bank and all the shareholders thereof, earnestly perform their duties according to laws, and earnestly safeguard the interests of the Bank and the legitimate rights and interests of <u>the Bank,</u> minority shareholders and depositors financial consumers.</p>	<p>Article 41 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 153 An independent director shall perform the duties independently, without any interference by controlling shareholders or de facto controllers of the Bank, or other entities or individuals who have an interest in the Bank.</p>	<p>Article 153 An independent director shall perform the duties independently, without any interference by controlling shareholders or de facto controllers of the Bank, or other entities or individuals who have an interest in the Bank.</p> <p><u>If there are major defects in the corporate governance mechanism or the corporate governance mechanism fails in the Bank, independent directors shall report relevant information to the regulatory authorities on time. Independent directors shall keep the Bank's secrets in addition to reporting relevant information to the regulatory authorities pursuant to the requirements.</u></p>	<p>Article 41 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 155 An independent director shall work in the Bank for not less than 15 workdays each year. An independent director may appoint another independent director to attend Board meetings on his/her behalf but shall attend at least two thirds of the Board meetings in person each year. If any independent director fails to attend Board meetings in person for three consecutive times, the Board shall propose to the Shareholders' general meeting to replace the said independent director.</p>	<p>Article 155 An independent director shall work in the Bank for not less than 15 workdays each year. An independent director may appoint another independent director to attend Board meetings on his/her behalf but shall attend at least two thirds of the Board meetings in person each year. If any independent director fails to attend Board meetings in person for three consecutive times, <u>which will be regarded as failure to perform his/her duties, the Bank shall convene a Shareholders' general meeting within three months to remove him/her and elect new independent director</u> the Board shall propose to the Shareholders' general meeting to replace the said independent director.</p>	<p>Article 42 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 156 An independent director may resign before the expiry of his/her term of office. The Shareholders' general meeting may authorize the Board to decide whether to approve the resignation of an independent director. The independent director shall continue to perform his/her duties before his/her resignation is approved at the Shareholders' general meeting or by the Board.</p> <p>In resigning his/her duties, an independent director shall tender a written resignation to the Board and a written statement to the latest Shareholders' general meeting, specifying any matter which is related to his/her resignation or which he/she considers necessary to bring to the attention of shareholders and creditors.</p> <p>If the number of independent directors is less than one third of the total membership of the Board as a result of resignation of any independent director, such resignation shall not become effective until the vacancy is filled up by a succeeding independent director.</p>	<p>Article 156 An independent director may resign before the expiry of his/her term of office. The Shareholders' general meeting may authorize the Board to decide whether to approve the resignation of an independent director. The independent director shall continue to perform his/her duties before his/her resignation is approved at the Shareholders' general meeting or by the Board.</p> <p>In resigning his/her duties, an independent director shall tender a written resignation to the Board and a written statement to the latest Shareholders' general meeting, specifying any matter which is related to his/her resignation or which he/she considers necessary to bring to the attention of shareholders and creditors.</p> <p>If the number of independent directors is less than one third of the total membership of the Board as a result of resignation of any independent director, <u>such independent director shall continue to perform his/her duties until a new director takes office, and</u> such resignation shall not become effective until the vacancy is filled up by a succeeding independent director, <u>other than the resignation and dismissal caused by the loss of independence.</u></p>	<p>Article 38 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 160 Independent directors shall give independent opinions on the following important matters:</p> <p>(I) nomination, appointment and dismissal of directors;</p> <p>(II) appointment or dismissal of senior management staff;</p> <p>(III) remunerations of directors and senior management staff of the Bank;</p> <p>(IV) legality, fairness and justness of important and extremely important related party transactions of the Bank;</p> <p>(V) profit distribution plan;</p> <p>(VI) matters which, in the opinion of independent directors, are likely to cause serious losses to the Bank or damage the legitimate rights and interests of depositors, minority shareholders and other stakeholders;</p> <p>(VII) appointment of external auditors;</p> <p>(VIII) other matters specified in relevant laws, administrative regulations or the Articles of Association.</p> <p>Independent directors shall express one of the following types of opinions on the aforesaid matters: agreement; qualified opinion and reason therefor; objection and reason therefor; inability to express opinion and reason therefor.</p>	<p>Article 160 Independent directors shall give independent opinions on the following important matters:</p> <p>(I) nomination, appointment and dismissal of directors;</p> <p>(II) appointment or dismissal of senior management staff;</p> <p>(III) remunerations of directors and senior management staff of the Bank;</p> <p>(IV) legality, fairness and justness of important and extremely important related party transactions of the Bank;</p> <p>(V) profit distribution plan;</p> <p>(VI) matters which, in the opinion of independent directors, are likely to cause serious losses to <u>material effects on the legitimate rights and interests of the Bank, minority shareholders and financial consumers</u>—or damage the legitimate rights and interests of depositors, minority shareholders and other stakeholders;</p> <p>(VII) <u>appointment of external auditors or dismissal of accounting firm that provides regular statutory audit on financial reports of the Bank;</u></p> <p>(VIII) other matters specified in relevant laws, administrative regulations or the Articles of Association.</p> <p>Independent directors shall express one of the following types of opinions on the aforesaid matters: agreement; qualified opinion and reason therefor; objection and reason therefor; inability to express opinion and reason therefor.</p>	<p>Article 39 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 165 The Bank shall have a Board of Directors, which shall be composed of 15 to 17 directors and responsible for important decision-making of the Bank. The Board is composed of executive directors and non-executive directors (including independent directors). The Bank shall have one chairman and two vice chairmen, who shall be elected by more than half of all the directors.</p>	<p>Article 165 The Bank shall have a Board of Directors, which shall be composed of 15 to 17 <u>15</u> directors and responsible for important decision-making of the Bank. The Board is composed of executive directors and non-executive directors (including independent directors), <u>including 5 executive directors, 10 non-executive directors (including 5 independent directors).</u></p> <p>The Bank shall have one chairman and two vice chairmen, who shall be elected by more than half of all the directors.</p>	<p>Article 47 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 168 The Board of Directors shall be accountable to the Shareholders' general meeting, undertake final responsibility of operation and management of the Bank, and exercise the following functions and powers in accordance with law:</p> <p>(I) to convene Shareholders' general meetings, reporting its performance at the Shareholders' general meetings, and implementing resolutions of the Shareholders' general meetings;</p> <p>(II) to decide on development strategies, operational plans and investment plans of the Bank;</p> <p>(III) to formulate annual financial budgets, accounting plan, and risk capital allocation plan of the Bank;</p> <p>(IV) to formulate the Bank's profit distribution plans and loss recovery plans;</p> <p>(V) to formulate proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;</p> <p>(VI) to formulate proposals for repurchase of the Bank's shares;</p> <p>(VII) to formulate plans for merger, separation, dissolution, or change in corporate structure of the Bank;</p> <p>(VIII) to formulate proposals for any amendment to the Articles of Association;</p> <p>(IX) to formulate the basic management system of the Bank;</p> <p>(X) to formulate and execute clear responsibility system and accountability system, and to assess and complete corporate governance of the Bank regularly;</p> <p>(XI) to decide asset and liability management (including but not limited to capital requirement), risk tolerability, risk management, and internal control policy of the Bank;</p> <p>(XII) to formulate capital planning, and undertake final responsibility of capital management;</p>	<p>Article 168 The Board of Directors shall be accountable to the Shareholders' general meeting, undertake final responsibility of operation and management of the Bank, and exercise the following functions and powers in accordance with law:</p> <p>(I) to convene Shareholders' general meetings, reporting its performance at the Shareholders' general meetings, and implementing resolutions of the Shareholders' general meetings;</p> <p>(II) to decide on formulate development strategies of the Bank and to monitor the implementation of such strategies, and decide on operational plans and investment plans of the Bank;</p> <p>(III) to formulate annual financial budgets, accounting plan, and risk capital allocation plan of the Bank;</p> <p>(IV) to formulate the Bank's profit distribution plans and loss recovery plans;</p> <p>(V) to formulate proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;</p> <p>(VI) to formulate proposals for repurchase of the Bank's shares;</p> <p>(VII) to formulate plans for material acquisition, merger, separation, dissolution, or change in corporate structure of the Bank;</p> <p>(VIII) to formulate proposals for any amendment to the Articles of Association;</p> <p>(IX) to formulate the rules of procedures for the Shareholders' general meeting and the rules of procedures for the Board of Directors, and to consider and approve the work rules of the special committees under the Board of Directors;</p> <p>(X) to formulate the basic management system of the Bank;</p> <p>(XI) to formulate and execute clear responsibility system and accountability system, and to assess and complete corporate governance of the Bank regularly;</p>	<p>Article 44 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>

APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original Articles	Articles after the Amendments	Basis of Amendments
<p>(XIII) to formulate related party transaction management system, and to examine and approve or authorize Related Party Transactions Control Committee to approve related party transactions;</p> <p>(XIV) to examine and approve annual work report of the Bank;</p> <p>(XV) to decide long-term award plan, remuneration plan and salary plan of the Bank;</p> <p>(XVI) to approve internal audit plan, annual work plan and audit budget of the Bank;</p> <p>(XVII) to examine and approve proposals raised by each special committee under the Board of Directors;</p> <p>(XVIII) to decide the Bank’s important external investment, important asset acquisition and disposals, important external guarantee, important trust management, important related party transactions, large loans; to initially examine the Bank’s extremely important external investment, extremely important asset acquisition and disposals, extremely important external guarantee, extremely important trust management, extremely important related party transactions, and submit them to the Shareholders’ general meeting for approval;</p> <p>(XIX) to appoint or dismiss the president, the secretary of the Board, chief audit (compliance) officer and the person in charge of the audit department as nominated by the chairman; to appoint or dismiss the vice president, assistant to the president, chief financial officer, chief risk officer, chief operation officer, chief technology information officer, chief human resources officer, chief data officer, and chief marketing officer, etc. as nominated by the president; and to decide remunerations, awards and punishments of the aforesaid persons;</p>	<p>(XII) to decide asset and liability management (including but not limited to capital requirement), risk tolerability, risk management, and internal control policy of the Bank, <u>and to take ultimate responsibility for comprehensive risk management;</u></p> <p>(XIII) to formulate capital planning, and undertake final responsibility of capital management <u>or solvency;</u></p> <p>(XIV) to formulate related party transaction management system, to examine and approve or accredit Related Party Transactions Control Committee to approve related party transactions;</p> <p>(XIV-V) to examine and approve annual work report of the Bank;</p> <p>(XVI) to decide long-term award plan, remuneration plan and salary plan of the Bank;</p> <p>(XVII) to approve internal audit plan, annual work plan and audit budget of the Bank;</p> <p>(XVIII) to examine and approve proposals raised by each special committee under the Board of Directors;</p> <p>(XVIII-IX) to decide the Bank’s important external investment, important asset acquisition and disposals <u>and write-off,</u> important external guarantee, important trust management, important related party transactions, large loans, <u>pledge of assets, data governance;</u> to initially examine the Bank’s extremely important external investment, extremely important asset acquisition and disposals, extremely important external guarantee, extremely important trust management, extremely important related party transactions, and submit them to the Shareholders’ general meeting for approval;</p>	

Original Articles	Articles after the Amendments	Basis of Amendments
<p>(XX) to authorize certain operation and management power to the president annually, and to review work reports of the president and to examine the performance of the president;</p> <p>(XXI) to decide chairman and members of each special committee under the Board as nominated by the Nomination, Remuneration and HR Committee;</p> <p>(XXII) to decide on establishment of internal management structure of the Bank and establishment of branches of the Bank;</p> <p>(XXIII) to propose to the Shareholders' general meeting the engagement, dismissal or discontinuation of the appointment of the accounting firm providing the audit service for the Bank, and to give explanation to the Shareholders' general meeting on the non-standard audit opinions of certified public accountant on our financial report;</p> <p>(XXIV) to disclose information of the Bank and take ultimate responsibility for the authenticity, completeness, accuracy, and timeliness of our accounting and financial reports;</p> <p>(XXV) to regularly debrief the internal audit department and compliance department's report on internal audit and examination result, and report regulatory opinions of relevant regulatory authorities on the Bank, and to examine the Bank's rectification report on executing regulatory opinions; to regularly assess operation status of the Bank, comprehensively evaluate performance of senior management staff according to assessment result, and to supervise and ensure effective management performance of senior management;</p> <p>(XXVI) to safeguard legitimate rights and interests of depositors and other stakeholders;</p> <p>(XXVII) to establish an identification, investigation and management mechanism for the conflict of interest between the Bank and shareholders, especially substantial shareholders;</p> <p>(XXVIII) to exercise other functions and powers prescribed by the laws, administrative regulations, and the Articles of Association and authorized by the Shareholders' general meetings.</p>	<p>(XX) to appoint or dismiss the president, the secretary of the Board, chief audit (compliance) officer and the person in charge of the audit department as nominated by the chairman; to appoint or dismiss the vice president, assistant to the president, chief financial officer, chief risk officer, chief operation officer, chief technology information officer, chief human resources officer, chief compliance officer, chief data officer, and chief marketing officer, etc. as nominated by the president; and to decide remunerations, awards and punishments of the aforesaid persons;</p> <p>(XXI) to authorize certain operation and management power to the president annually, and to review work reports of the president and to examine the performance of the president;</p> <p>(XXII) to decide chairman and members of each special committee under the Board as nominated by the Nomination, Remuneration and HR Committee;</p> <p>(XXIII) to decide on establishment of internal management structure of the Bank and establishment of branches of the Bank;</p> <p>(XXIV) to propose to the Shareholders' general meeting the engagement, dismissal or discontinuation of the appointment of the accounting firm that provides regular statutory audit on financial reports of the Bank providing the audit service for the Bank, and to give explanation to the Shareholders' general meeting on the non-standard audit opinions of certified public accountant on our financial report;</p> <p>(XXV) to disclose information of the Bank and take ultimate responsibility for the authenticity, completeness, accuracy, and timeliness of our accounting and financial reports;</p> <p>(XXVI) to regularly debrief the internal audit department and compliance department's report on internal audit and examination result, and report regulatory opinions of relevant regulatory authorities on the Bank, and to examine the Bank's rectification report on executing regulatory opinions; to regularly assess operation status of the Bank, comprehensively evaluate performance of senior management staff according to assessment result, and to supervise and ensure effective management performance of senior management;</p>	

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Unless otherwise specified in the Articles of Association, the Board shall resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in (V), (VII) and (VIII), in which approval of two thirds of the directors is required.</p> <p>Where laws, administrative regulations, rules and rules governing securities of the place where shares of the Bank are listed provide otherwise, such provisions shall prevail.</p>	<p>(XXVII) to safeguard legitimate rights and interests of depositors <u>financial consumers</u> and other stakeholders;</p> <p>(XXVIII) to establish an identification, investigation and management mechanism for the conflict of interest between the Bank and shareholders, especially substantial shareholders;</p> <p>(XXVIII IX) <u>to undertake the management responsibility for the affairs in relation to the shareholder of the Bank;</u></p> <p>(XXVIII) to exercise other functions and powers prescribed by the laws, administrative regulations, and the Articles of Association and authorized by the Shareholders' general meetings.</p> <p>Unless otherwise specified in the Articles of Association, the Board shall resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in (V), (VII) and (VIII), in which approval of two thirds of the directors is required.</p> <p>Where laws, administrative regulations, rules and rules governing securities of the place where shares of the Bank are listed provide otherwise, such provisions shall prevail.</p> <p><u>The functions and powers of the Board of Directors shall be exercised collectively by the Board of Directors. The functions and powers of the Board of Directors specified in the Company Law shall not be delegated to the chairman of the Board of Directors, any director or any other body or individual. Where it is necessary to delegate certain powers to make a decision on a specific matter, such delegation shall be approved by means of Board resolutions in accordance with the laws. Each delegation shall be for one matter exclusively, and the functions and powers of the Board of Directors shall not be delegated to any other body or individual generally or permanently.</u></p>	

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 175 In any of the following circumstances, the chairman shall convene an extraordinary Board meeting within 10 days after receipt of the proposal:</p> <p>.....</p> <p>(VI) proposed by more than half of the independent directors (if the Bank has only two independent directors, then the two independent directors unanimously propose to convene);</p> <p>.....</p>	<p>Article 175 In any of the following circumstances, the chairman shall convene an extraordinary Board meeting within 10 days after receipt of the proposal:</p> <p>.....</p> <p>(VI) proposed by more than half of the <u>two</u> independent directors (if the Bank has only two independent directors, then the two independent directors unanimously propose to convene);</p> <p>.....</p>	<p>Article 49 of The Corporate Governance Standards for Banking and Insurance Institutions</p>
<p>Article 178 Board meetings may be convened on site and in the form of teleconference and video conference or with the help of communications equipment enabling all attending directors to hear clearly and communicate with each other in real time and by circulating written resolution. Voting at meetings held on site shall be conducted by open ballot or by a show of hands. The one-person one-vote system shall be practiced for voting on resolutions of the Board. If voting by means of communications is adopted at Board meetings, explanations shall be made and information regarding the matters for voting and the related backgrounds shall be served to all directors at least three days before voting. One vote for one matter shall be adopted for voting by means of communications, and directors shall not be required to make one decision only on several matters.</p>	<p>Article 178 Board meetings may be convened physically and in the form of teleconference and video conference or with the help of communications equipment enabling all attending directors to hear clearly and communicate with each other in real time and by circulating written resolution. Voting at meetings held on site shall be conducted by open ballot or by a show of hands. The one-person one-vote system shall be practiced for voting on resolutions of the Board. If voting by means of <u>circulating written resolution</u>communications is adopted at Board meetings, explanations shall be made and information regarding the matters for voting and the related backgrounds shall be served to all directors at least three days before voting. One vote for one matter shall be adopted for voting by means of <u>circulating written resolution</u>communications, and directors shall not be required to make one decision only on several matters.</p>	<p>Article 50 and Article 114 of The Corporate Governance Standards for Banking and Insurance Institutions</p>
<p>Article 179 Resolutions made by the Board shall be approved by more than half of the directors. However, profit distribution plan, significant investment, plan for disposal of material assets, appointment or dismissal of senior management staff, capital replenishment plan, material equity change, financial reorganization and other significant matters shall not be voted on by means of communications and shall be subject to approval of more than two thirds of the directors of the Board.</p>	<p>Article 179 Resolutions made by the Board shall be approved by more than half of the directors. However, profit distribution plan, <u>remuneration plan</u>, significant investment, plan for disposal of material assets, appointment or dismissal of senior management staff, capital replenishment plan, material equity change, financial reorganization and other significant matters shall not be voted on by means of <u>circulating written resolution</u>communications and shall be subject to approval of more than two thirds of the directors of the Board.</p>	<p>Article 50 of The Corporate Governance Standards for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 181 The Board shall file resolutions of the meeting as minutes, which shall be signed by the attending directors or the proxy and the minutes recorder. The minutes of Board meetings shall be kept by the secretary of the Board as archives of the Bank for at least 10 years.</p>	<p>Article 181 The Board shall file resolutions of the meeting <u>on site</u> as minutes, which shall be signed by the attending directors or the proxy and the minutes recorder. <u>Where a Director disagrees with the minutes, he may append a note to his signature.</u> The minutes of Board meetings shall be kept by the secretary of the Board as archives of the Bank <u>permanently</u> for at least 10 years. <u>The Bank shall record live Board meetings by means of audio and video recording.</u></p>	<p>Article 51 of The Corporate Governance Standards for Banking and Insurance Institutions</p>
<p>Article 188 The Board establishes the Strategic Development Committee, Audit Committee, Risk Management Committee, Related Party Transactions Control Committee, Nomination, Remuneration and HR Committee, Consumer Rights Protection Committee and other special committees. The special committees shall be accountable to the Board, consist of directors and shall each have at least three members. In particular, the Audit Committee, Related Party Transactions Control Committee, Nomination, Remuneration and HR Committee and other special committees shall each comprise independent directors, who shall account for more than half of the total committee members thereof; the Related Party Transactions Control Committee and Nomination, Remuneration and HR Committee shall not comprise any director nominated by the controlling shareholders.</p> <p>The head of each special committee shall not simultaneously hold any other position in principle. Any Director in charge of the Audit Committee, Related Party Transactions Control Committee and Risk Management Committee shall work at the Bank for at least 25 workdays every year.</p>	<p>Article 188 The Board establishes the Strategic Development Committee, Audit Committee, Risk Management Committee, Related Party Transactions Control Committee, Nomination, Remuneration and HR Committee, Consumer Rights Protection Committee and other special committees. The special committees shall be accountable to the Board, consist of directors and shall each have at least three members. In particular, the Audit Committee, Related Party Transactions Control Committee, Nomination, Remuneration and HR Committee and other special committees shall each comprise independent directors, who shall account for more than half of the total committee members thereof; the Related Party Transactions Control Committee and Nomination, Remuneration and HR Committee shall not comprise any director nominated by the controlling shareholders.</p> <p>The head of each special committee shall not simultaneously hold any other position in principle. Any Director in charge of the Audit Committee, Related Party Transactions Control Committee and Risk Management Committee shall work at the Bank for at least <u>2025</u> workdays every year.</p>	<p>Article 56 of The Corporate Governance Standards for Banking and Insurance Institutions, Article 14 of Measures for the Evaluation of Performance of Duties by Directors and Supervisors of Banking or Insurance Institutions (for Trial Implementation)</p>

APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 191 The Audit Committee is responsible for examining the accounting policies, financial conditions, financial report procedures, and risks and compliance status of the Bank; undertaking the Bank’s annual audit work, producing judgement report on the truthfulness, accuracy, completeness and promptness of the audited financial information and submitting the report to the Board for consideration.</p> <p>The Audit Committee shall comprise at least three members, and shall have at least one independent director who shall have relevant professional qualifications as specified in Hong Kong Listing Rules, or shall have expertise in audit or related financial management.</p> <p>Independent director shall act as chairman of the Audit Committee.</p>	<p>Article 191 The Audit Committee is responsible for examining the accounting policies, financial conditions, financial report procedures, and risks and compliance status of the Bank; undertaking the Bank’s annual audit work, producing judgement report on the truthfulness, accuracy, completeness and promptness of the audited financial information and submitting the report to the Board for consideration.</p> <p>The Audit Committee shall comprise at least three members, <u>Audit Committee members should have expertise and work experience in any of finance, auditing, accounting or law.</u> At and shall have at least one independent director who shall have relevant professional qualifications as specified in Hong Kong Listing Rules, or shall have expertise in audit or related financial management.</p> <p>Independent director shall act as chairman of the Audit Committee.</p>	<p>Article 56 of The Corporate Governance Standards for Banking and Insurance Institutions</p>
<p>Article 198 The Bank shall have a president, vice president and assistant to the president, chief finance officer, chief risk officer, chief operation officer, chief technology information officer, chief human resources officer, chief data officer and marketing director. The president shall be nominated by the chairman and appointed or dismissed by the Board of Directors. The vice president and other senior management members shall be nominated by the president and appointed or dismissed by the Board of Directors.</p>	<p>Article 198 The Bank shall have a president, vice president and assistant to the president, chief finance officer, chief risk officer, chief operation officer, chief technology information officer, chief human resources officer, <u>chief compliance officer</u>chief data officer and marketing director. The president shall be nominated by the chairman and appointed or dismissed by the Board of Directors. The vice president and other senior management members shall be nominated by the president and appointed or dismissed by the Board of Directors.</p>	<p>Same as basis for amendment on Article 11.</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 201 The president shall be accountable to the Board and shall perform the following functions and powers:</p> <p>.....</p> <p>(IV) to propose to appoint or dismiss vice president, assistant to the president, chief finance officer, chief risk officer, chief operation officer, chief technology information officer, chief human resources officer, chief data officer and marketing director, etc.;</p> <p>.....</p>	<p>Article 201 The president shall be accountable to the Board and shall perform the following functions and powers:</p> <p>.....</p> <p>(IV) to propose to appoint or dismiss vice president, assistant to the president, chief finance officer, chief risk officer, chief operation officer, chief technology information officer, chief human resources officer, chief compliance officerchief data officer and marketing director, etc.;</p> <p>.....</p>	<p>Same as basis for amendment on Article 11.</p>
<p>Article 207 The supervisors of the Bank include shareholder representative supervisors, employee representative supervisors and external supervisors.</p>	<p>Article 207 The supervisors of the Bank include shareholder representative supervisors, employee representative supervisors and external supervisors.</p>	<p>Article 66 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 208 The provisions on qualifications and election procedure of directors specified in the Articles of Association shall apply to the supervisors of the Bank.</p> <p>Directors, president and other senior management staff shall not serve concurrently as supervisors.</p>	<p>Article 208 The provisions on qualifications and election procedure of directors specified in the Articles of Association shall apply to the supervisors of the Bank.</p> <p>Directors; and president and other senior management staff shall not serve concurrently as supervisors.</p>	<p>Article 58 of Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 212 Supervisors shall comply with laws, administrative regulations and the Articles of Association and shall fulfil the obligation of loyalty, honesty and diligence to the Bank. Supervisors shall not use their powers to accept bribes or other illegal income and shall not infringe the Bank’s property.</p> <p>Supervisors shall not jeopardize interests of the Bank by taking advantage of their related party relationship, and the supervisors shall indemnify the Bank for any losses incurred by the Bank therefrom. Supervisors shall indemnify the Bank for any losses incurred to the Bank resulting from their violation of the laws, administrative regulations, rules and the Articles of Association when performing their duties.</p>	<p>Article 212 <u>Supervisors shall perform the following duties or obligations:</u> <u>(I) attend meetings of the Board without voting right and raise questions or make suggestions on matters resolved by the Board;</u> <u>(II) attend the meetings of the Board of Supervisors on time, to fully examine the matters resolved by the Board of Supervisors, to express their opinions independently, professionally and objectively, and to vote independently on the basis of prudent judgement;</u> <u>(III) assume responsibility for the resolutions of the Board of Supervisors;</u> <u>(IV) actively participate in training organized by the Bank and the regulatory authorities, etc., understand the rights and obligations of Supervisors, be familiar with relevant laws and regulations, and continuously possess the necessary professional knowledge and ability to perform their duties.</u></p>	<p>Article 63 of The Corporate Governance Standards for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
	<p><u>(V) to be faithful and diligent in their duties to the Bank, to perform their duties with due diligence and prudence, and to ensure that they have sufficient time and energy to perform their duties;</u></p> <p><u>(VI) actively participate in the supervisors and inspection activities organised by the Board of Supervisors, and have the right to conduct independent investigations and obtain evidence in accordance with the law, and raise issues and supervisory opinions in a factual manner.</u></p> <p><u>(VII) comply with laws and regulations, regulatory provisions and the Articles.</u></p> <p>Supervisors shall comply with laws, administrative regulations and the Articles of Association and shall fulfil the obligation of loyalty, honesty and diligence to the Bank. <u>Supervisors shall possess good character and reputation, and knowledge, experience, capabilities and energy that match their respective position, maintain the independence required to perform their duties, and stability of personal and family finances.</u> Supervisors shall not use their powers to accept bribes or other illegal income and shall not infringe the Bank's property.</p> <p>Supervisors shall not jeopardize interests of the Bank by taking advantage of their related party relationship, and the supervisors shall indemnify the Bank for any losses incurred by the Bank therefrom. Supervisors shall indemnify the Bank for any losses incurred to the Bank resulting from their violation of the laws, administrative regulations, rules and the Articles of Association when performing their duties.</p>	
<p>Article 214 External supervisors are entitled to the supervisors' rights to supervise the Bank's Board and senior management staff and conduct audit work within the functions and powers of the Board of Supervisors in accordance with the resolutions of the Board of Supervisors. In fulfilling duties, external supervisors shall pay particular attention to the overall interests of depositors and the Bank.</p>	<p>Article 214 External supervisors are entitled to the supervisors' rights to supervise the Bank's Board and senior management staff and conduct audit work within the functions and powers of the Board of Supervisors in accordance with the resolutions of the Board of Supervisors. In fulfilling duties, external supervisors shall pay particular attention to the overall interests of depositors and the Bank. <u>particularly safeguard the legitimate rights and interests of minority shareholders and other stakeholders.</u></p>	<p>Article 22 of the Measures on Assessment of the Performance of Duties of Directors and Supervisors of Banking and Insurance Institutions (Trial)</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 218 The Bank shall have a Board of Supervisors which shall be composed of seven to nine supervisors. The Board of Supervisors shall have one chairman, the appointment and removal of whom shall be made with a resolution passed by above two-thirds of the all members of the Board of Supervisors. The chairman of the Board of Supervisors shall be a full-time staff with professional knowledge and financial work experience. External supervisors and employee representative supervisors shall not be less than one-third of the total number of members of the Board of Supervisors.</p>	<p>Article 218 The Bank shall have a Board of Supervisors which shall be composed of seven to nine 9 supervisors. <u>Among them, there are 3 shareholder supervisors, 3 external supervisors and 3 employee supervisors.</u> The Board of Supervisors shall have one chairman, the appointment and removal of whom shall be made with a resolution passed by above two-thirds of the all members of the Board of Supervisors. The chairman of the Board of Supervisors shall be a full-time staff with professional knowledge and financial work experience. External supervisors and employee representative supervisors shall not be less than one-third of the total number of members of the Board of Supervisors.</p>	<p>Article 67 of The Corporate Governance Standards for Banking and Insurance Institutions</p>
<p>Article 221 The Board of Supervisors, as the internal supervising institution of the Bank, shall be accountable to the Shareholders' general meeting and exercise the following functions and powers:</p> <p>(XII) to formulate assessment method for supervisors, examine and assess supervisors, and report to the Shareholders' general meeting for determination;</p> <p>(XX) to supervise scientificity and reasonability of remuneration management system and policy of the Bank and remuneration plan of senior management staff;</p>	<p>Article 221 The Board of Supervisors, as the internal supervising institution of the Bank, shall be accountable to the Shareholders' general meeting and exercise the following functions and powers:</p> <p>(XII) to formulate assessment method for <u>performance of duties of directors,</u> supervisors, examine and assess <u>directors,</u> supervisors, and report to the Shareholders' general meeting for determination;</p> <p>(XX) to supervise scientificity and reasonability of the <u>actual situation of the</u> remuneration management system and policy of the Bank and remuneration plan of senior management staff;</p>	<p>Article 65 of The Corporate Governance Standards for Banking and Insurance Institutions</p>
<p>Article 230 The meetings of the Board of Supervisors may be convened on site and in the form of teleconference and video conference or with the help of communications equipment enabling all attending supervisors to hear clearly and communicate with each other in real time and by circulating written resolution.</p>	<p>Article 230 The meetings of the Board of Supervisors may be convened on site and in the form of teleconference and video conference or with the help of communications equipment enabling all attending supervisors to hear clearly and communicate with each other in real time and by circulating written resolution.</p>	<p>Article 70 of The Corporate Governance Standards for Banking and Insurance Institutions</p>
<p>Article 232 Minutes shall be taken for the meeting and the supervisors attending the meeting and the person taking the minutes shall sign on the minutes. Supervisors shall have the right to request to record in the minutes details of the speech made by them at the meeting. The minutes of the meetings of the Board of Supervisors shall be kept as the Bank's files by the office of the Board of Supervisors. The minutes and resolutions of the Board of Supervisors of the Bank shall be filed with the regulatory authorities.</p>	<p>Article 232 Minutes shall be taken for the meeting and the supervisors attending the meeting and the person taking the minutes shall sign on the minutes. Supervisors shall have the right to request to record in the minutes details of the speech made by them at the meeting. The minutes of the meetings of the Board of Supervisors shall be kept as the Bank's files by the office of the Board of Supervisors, <u>for a permanent conservation period.</u> The minutes and resolutions of the Board of Supervisors of the Bank shall be filed with the regulatory authorities.</p>	<p>Article 71 of The Corporate Governance Standards for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
Article 312 Definitions	<p>Article 312 Definitions</p> <p><u>5. The ultimate beneficiary refers to the person who is actually entitled to the proceeds of the Bank's shareholding.</u></p> <p><u>6. The term "physical meeting" in these Articles refers to a meeting held by means of on-site, video, telephone, etc., which ensures immediate communication and discussion among participants; and "circulating written resolution" refers to a meeting at which resolutions are made by means of separate delivery of deliberations or circulation of deliberations.</u></p> <p><u>7. The circumstances in which the "corporate governance mechanism fails" as referred to in these Articles of Association include, but are not limited to: the failure of the Board to be constituted for more than one consecutive year; the failure of the Board to make effective resolutions due to prolonged conflicts among the Directors of the Bank and the failure of the Board to resolve the matter through a general meeting; the failure of the Bank to convene a general meeting for more than one consecutive year; the failure of the shareholders to vote at a general meeting in accordance with the law or the Articles of Association statutory or the proportion stipulated in the articles of association and cannot make an effective resolution at a shareholders' meeting for more than one year in a row; a proposal for a capital increase due to insufficient capital adequacy or solvency cannot be passed; the existing governance mechanism of the Bank cannot function properly resulting in serious difficulties in the operation and management of the Bank; and other circumstances as determined by the regulatory authorities.</u></p>	Article 114 of The Corporate Governance Standards for Banking and Insurance Institutions

**COMPARISON TABLE OF THE AMENDMENTS TO THE RULES OF
PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETING OF
JINSHANG BANK CO., LTD.**

Original Articles	Articles after the Amendments	Reference for Amendments
<p>Article 1 To regulate the organization and conduct of Shareholders' General Meetings of Jinshang Bank Co., Ltd. (hereinafter referred to as the Bank), to ensure the exercise of powers and functions at Shareholders' General Meetings in accordance with the law, to protect the legitimate rights and interests of Shareholders and to enhance the efficiency of Shareholders' General Meetings, in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the Company Law), the Commercial Banking Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as Special Regulations), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the Hong Kong Listing Rules), the Provisional Rules on the Management of Equity Interests in Commercial Banks, the Guidelines on Corporate Governance of Commercial Banks, other laws, administrative regulations and rules, the securities regulatory rules of the places where the Bank's shares are listed and the Articles of Association of Jinshang Bank Co., Ltd. (applicable after the listing of H shares) (hereinafter referred to as the Bank's Articles of Association), these Rules have been formulated.</p>	<p>Article 1 To regulate the organization and conduct of Shareholders' General Meetings of Jinshang Bank Co., Ltd. (hereinafter referred to as the Bank), to ensure the exercise of powers and functions at Shareholders' General Meetings in accordance with the law, to protect the legitimate rights and interests of Shareholders and to enhance the efficiency of Shareholders' General Meetings, in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the Company Law), the Commercial Banking Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as Special Regulations), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the Hong Kong Listing Rules), the Provisional Rules on the Management of Equity Interests in Commercial Banks, the Guidelines on Corporate Governance of Commercial Banks, <u>the Corporate Governance Standards for Banking and Insurance Institutions</u>, other laws, administrative regulations and rules, the securities regulatory rules of the places where the Bank's shares are listed and the Articles of Association of Jinshang Bank Co., Ltd. (applicable after the listing of H shares) (hereinafter referred to as the Bank's Articles of Association), these Rules have been formulated.</p>	<p>Article 117 of The Corporate Governance Standards for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Reference for Amendments
<p>Article 5 The Shareholders' General Meeting is the supreme authority of the Bank and shall exercise the following powers and functions in accordance with the law:</p> <p>(I) To decide on the Bank's operating policies and particularly important investment plans;</p> <p>(II) To elect and replace the Directors and to decide on matters relating to the remuneration of the Directors;</p> <p>(III) To elect and replace Supervisors who are not staff representatives and to decide on the remuneration of the Supervisors;</p> <p>(IV) To consider and approve the reports of the Board of Directors;</p> <p>(V) To consider and approve the reports of the Supervisory Committee;</p> <p>(VI) To receive reports on the evaluation of the Directors by the Board of Directors and the results of the mutual evaluation of the Independent Directors;</p> <p>(VII) To receive the report of the Supervisory Committee on the evaluation of the Supervisors and the report on the results of the mutual evaluation of the external supervisors;</p> <p>(VIII) To consider and approve the annual financial budget and final accounts of the Bank;</p> <p>(IX) To consider and approve the Bank's profit distribution plan and loss recovery plan;</p> <p>(X) To consider and approve any significant external investment, acquisition or disposal of assets, guarantees or connected transactions of a significant nature;</p> <p>(XI) To resolve on any increase or decrease in the registered capital of the Bank;</p>	<p>Article 5 The Shareholders' General Meeting is the supreme authority of the Bank and shall exercise the following powers and functions in accordance with the law:</p> <p>(I) To decide on the Bank's operating policies and particularly important investment plans;</p> <p>(II) To elect and replace the Directors and to decide on matters relating to the remuneration of the Directors;</p> <p>(III) To elect and replace Supervisors who are not staff representatives and to decide on the remuneration of the Supervisors;</p> <p>(IV) To consider and approve the reports of the Board of Directors;</p> <p>(V) To consider and approve the reports of the Supervisory Committee;</p> <p>(VI) To receive reports on the evaluation of the Directors by the Board of Directors<u>Supervisors</u> and the results of the mutual evaluation of the Independent Directors;</p> <p>(VII) To receive the report of the Supervisory Committee on the evaluation of the Supervisors and the report on the results of the mutual evaluation of the external supervisors;</p> <p>(VIII) To consider and approve the annual financial budget and final accounts of the Bank;</p> <p>(IX) To consider and approve the Bank's profit distribution plan and loss recovery plan;</p> <p>(X) To consider and approve any significant external investment, acquisition or disposal of assets, guarantees or connected transactions of a significant nature;</p> <p>(XI) To resolve on any increase or decrease in the registered capital of the Bank;</p>	<p>Article 18 of The Corporate Governance Standards for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Reference for Amendments
<p>(XII) To resolve on the issuance of bonds or listing of the Bank;</p> <p>(XIII) To resolve on the merger, demerger, dissolution, liquidation or change of corporate form of the Bank;</p> <p>(XIV) To amend the Articles of Association of the Bank;</p> <p>(XV) To resolve on the appointment, dismissal or non-renewal of the accounting firm of the Bank;</p> <p>(XVI) To consider the purchase or sale of material assets of the Bank exceeding 30% of the Bank's latest audited total assets within one year;</p> <p>(XVII) To consider and approve any change in the use of funds raised;</p> <p>(XVIII) To consider the Share Incentive Plan;</p> <p>(XIX) To consider resolutions proposed by Shareholders who individually or collectively hold more than 3% of the Bank's voting shares;</p> <p>(XX) To consider and approve other matters that should be decided by the Shareholders' General Meeting as stipulated by laws, administrative regulations, rules and regulations, the securities regulatory rules of the places where the Bank's shares are listed and the Bank's Articles of Association.</p>	<p>(XII) To resolve on the issuance of bonds or listing of the Bank;</p> <p>(XIII) To resolve on the merger, demerger, dissolution, liquidation or change of corporate form of the Bank;</p> <p>(XIV) To amend the Articles of Association of the Bank;</p> <p><u>(XV) To consider and approve the rules of procedure of the Shareholders' General Meeting, the Board of Directors and the Supervisory Committee;</u></p> <p><u>(XVI) To resolve on the acquisition of the Bank's shares in accordance with the provisions of the law and the Bank's Articles of Association;</u></p> <p>(XVIIV) To resolve on the appointment, dismissal or non-renewal of the accounting firm <u>for the regular statutory audit</u> of the Bank's <u>financial reports</u>;</p> <p>(XVIIIV) To consider the purchase or sale of material assets of the Bank exceeding 30% of the Bank's latest audited total assets within one year;</p> <p>(XIXVH) To consider and approve any change in the use of funds raised;</p> <p>(XXVHH) To consider <u>and approve</u> the Share Incentive Plan <u>Scheme</u>;</p> <p>(XXIX) To consider resolutions proposed by Shareholders who individually or collectively hold more than 3% of the Bank's voting shares;</p> <p>(XXII) To consider and approve other matters that should be decided by the Shareholders' General Meeting as stipulated by laws, administrative regulations, rules and regulations, the securities regulatory rules of the places where the Bank's shares are listed and the Bank's Articles of Association.</p>	

Original Articles	Articles after the Amendments	Reference for Amendments
<p>The above matters within the terms of reference of the Shareholders' General Meeting shall be considered and decided by the Shareholders' General Meeting, but where necessary, reasonable and lawful, the Shareholders' General Meeting may authorize the Board of Directors to decide. The content of the authorization shall be clear and specific. The delegation of authority to the Board of Directors by the Shareholders' General Meeting shall be approved by a majority of the votes held by the Shareholders (including the Shareholders' proxies) present at the Shareholders' General Meeting; if the authorization is a matter to be approved by a special resolution at a general meeting, it shall be approved by at least two-thirds of the votes held by the Shareholders present (including Shareholders' proxies).</p>	<p>The above powers and functions of the Shareholders' General Meeting shall not be delegated to the Board of Directors, other bodies or individuals matters within the terms of reference of the Shareholders' General Meeting shall be considered and decided by the Shareholders' General Meeting, but where necessary, reasonable and lawful, the Shareholders' General Meeting may authorize the Board of Directors to decide. The content of the authorization shall be clear and specific. The delegation of authority to the Board of Directors by the Shareholders' General Meeting shall be approved by a majority of the votes held by the Shareholders (including the Shareholders' proxies) present at the Shareholders' General Meeting; if the authorization is a matter to be approved by a special resolution at a general meeting, it shall be approved by at least two-thirds of the votes held by the Shareholders present (including Shareholders' proxies).</p>	
<p>Article 50 The following matters shall be subject to approval by an ordinary resolution of the Shareholders' General Meeting:</p> <p>.....</p> <p>(III) The appointment and removal of the members of the Board of Directors and the Supervisory Committee and the method of their remuneration and payment;</p> <p>.....</p> <p>(V) The appointment, dismissal or non-renewal of the accounting firm of the Bank;</p> <p>.....</p>	<p>Article 50 The following matters shall be subject to approval by an ordinary resolution of the Shareholders' General Meeting:</p> <p>.....</p> <p>(III) The appointment and removal of the members of the Board of Directors (excluding the removal of Independent Directors) and the Supervisory Committee and the method of their remuneration and payment;</p> <p>.....</p> <p>(V) The appointment, dismissal or non-renewal of the accounting firm for the regular statutory audit of the Bank's financial reports;</p> <p>.....</p>	<p>Article 22, Article 18 of The Corporate Governance Standards for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Reference for Amendments
<p>Article 51 The following matters shall be subject to approval by a special resolution of the Shareholders' General Meeting:</p> <p>(I) The increase or reduction of the registered capital of the Bank and the issue of shares, warrants and other similar securities of any kind;</p> <p>(II) The issuance or listing of bonds of the Bank;</p> <p>(III) The separation, amalgamation, dissolution, liquidation or change of corporate form of the Bank;</p> <p>(IV) The amendment of the Articles of Association of the Bank;</p> <p>(V) Purchase or sale of material assets by the Bank within one year exceeding 30% of the Bank's latest audited total assets;</p> <p>(VI) Share Incentive Scheme;</p> <p>(VII) Any other matters which the Shareholders' General Meeting may by ordinary resolution determine to have a significant impact on the Bank and which require a special resolution.</p>	<p>Article 51 The following matters shall be subject to approval by a special resolution of the Shareholders' General Meeting:</p> <p>(I) The increase or reduction of the registered capital of the Bank and the issue of shares, warrants and other similar securities of any kind;</p> <p>(II) The issuance or listing of bonds of the Bank;</p> <p>(III) The separation, amalgamation, dissolution, liquidation or change of corporate form of the Bank;</p> <p>(IV) The amendment of the Articles of Association of the Bank;</p> <p>(V) <u>The removal of Independent Directors;</u></p> <p>(VI) Purchase or sale of material assets by the Bank within one year exceeding 30% of the Bank's latest audited total assets;</p> <p>(VII) <u>reviewing and approving plans of share Incentive Scheme;</u></p> <p>(VIII) Any other matters which the Shareholders' General Meeting may by ordinary resolution determine to have a significant impact on the Bank and which require a special resolution.</p>	<p>Article 22 of The Corporate Governance Standards for Banking and Insurance Institutions</p>
<p>Article 68 The convener shall ensure that the minutes of the meeting are true, accurate and complete. The minutes shall be signed by the Directors, Supervisors, the Secretary of the Board, the convener or his representative and the presiding officer of the meeting who are present at the meeting. The minutes of the meeting shall be kept in the Bank's records, together with the register of signatures of Shareholders present at the meeting and valid information such as proxies and voting status, as the Bank's records for a period of not less than 10 years.</p>	<p>Article 68 The convener shall ensure that the minutes of the meeting are true, accurate and complete. The minutes shall be signed by the Directors, Supervisors, the Secretary of the Board, the convener or his representative and the presiding officer of the meeting who are present at the meeting. The minutes of the meeting shall be <u>permanently</u> kept in the Bank's records, together with the register of signatures of Shareholders present at the meeting and valid information such as proxies and voting status, as the Bank's records for a period of not less than 10 years.</p>	<p>Article 24 of The Corporate Governance Standards for Banking and Insurance Institutions</p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE RULES OF
PROCEDURES FOR THE BOARD OF DIRECTORS OF
JINSHANG BANK CO., LTD.**

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 1 In order to standardize the operation of the Board of Directors of Jinshang Bank Co., Ltd. (hereinafter referred to as the Bank), and for the purpose of the Board of Director's independent, standardised and effective exercise of functions and powers, the Rules of Procedures is formulated in accordance with the provisions of the Company Law of the People's Republic of China (hereinafter referred to as Company Law), the Commercial Banking Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as Special Regulations), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as Hong Kong Listing Rules), the Interim Measures for Management of Commercial Bank Equity, the Guidelines on the Corporate Governance of Commercial Banks and other laws, administrative regulations, departmental rules, rules governing securities of the place where shares of the Bank are listed and Articles of Association of Jinshang Bank Co., Ltd. (applicable after the listing of H Shares) (hereinafter referred to as Articles of the Bank).</p>	<p>Article 1 In order to standardize the operation of the Board of Directors of Jinshang Bank Co., Ltd. (hereinafter referred to as the Bank), and for the purpose of the Board of Director's independent, standardised and effective exercise of functions and powers, the Rules of Procedures is formulated in accordance with the provisions of the Company Law of the People's Republic of China (hereinafter referred to as Company Law), the Commercial Banking Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as Special Regulations), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as Hong Kong Listing Rules), the Interim Measures for Management of Commercial Bank Equity, the Guidelines on the Corporate Governance of Commercial Banks<u>the Corporate Governance Guidelines for Banking and Insurance Institutions</u> and other laws, administrative regulations, departmental rules, rules governing securities of the place where shares of the Bank are listed and Articles of Association of Jinshang Bank Co., Ltd. (applicable after the listing of H Shares) (hereinafter referred to as Articles of the Bank).</p>	<p>Article 117 of the Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 3 The Bank shall have a Board of Directors, which shall be composed of 15 to 17 directors. The Board is composed of executive directors and non-executive directors (including independent directors). Of which, more than one third of the Board members shall be independent directors.</p>	<p>Article 3 The Bank shall have a Board of Directors, which shall be composed of 15 15 directors. The Board is composed of executive directors and non-executive directors (including independent directors). Of which, <u>there are 5 executive directors, 10 non-executive directors (including 5 independent directors), and</u> more than one third of the Board members shall be independent directors.</p>	<p>Article 47 of the Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 7... The head of each special committee shall not simultaneously hold any other position in principle. Any Director in charge of the Audit Committee, Related Party Transactions Control Committee and Risk Management Committee shall work at the Bank for at least 25 workdays every year.</p>	<p>Article 7... The head of each special committee shall not simultaneously hold any other position in principle. Any Director in charge of the Audit Committee, Related Party Transactions Control Committee and Risk Management Committee shall work at the Bank for at least 20 25 workdays every year.</p>	<p>Article 14 of the Measures for the Evaluation of Performance of Duties by Directors and Supervisors of Banking or Insurance Institutions (for Trial Implementation)</p>
<p>Article 9 The Board of Directors shall be accountable to the Shareholders' general meeting, undertake final responsibility of operation and management of the Bank, and exercise the following functions and powers in accordance with law:</p> <p>(I) to convene Shareholders' general meetings, reporting its performance at the Shareholders' general meetings, and implementing resolutions of the Shareholders' general meetings;</p> <p>(II) to decide on development strategies, operational plans and investment plans of the Bank;</p> <p>(III) to formulate annual financial budgets, accounting plan, and risk capital allocation plan of the Bank;</p> <p>(IV) to formulate the Bank's profit distribution plans and loss recovery plans;</p>	<p>Article 9 The Board of Directors shall be accountable to the Shareholders' general meeting, undertake final responsibility of operation and management of the Bank, and exercise the following functions and powers in accordance with law:</p> <p>(I) to convene Shareholders' general meetings, reporting its performance at the Shareholders' general meetings, and implementing resolutions of the Shareholders' general meetings;</p> <p>(II) to decide on <u>formulate</u> development strategies <u>of the Bank and to monitor the implementation of such strategies,</u> <u>and decide on</u> operational plans and investment plans of the Bank;</p> <p>(III) to formulate annual financial budgets, accounting plan, and risk capital allocation plan of the Bank;</p> <p>(IV) to formulate the Bank's profit distribution plans and loss recovery plans;</p>	<p>Article 44 of the Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>(V) to formulate proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;</p> <p>(VI) to formulate proposals for repurchase of the Bank's shares;</p> <p>(VII) to formulate plans for merger, separation, dissolution, or change in corporate structure of the Bank;</p> <p>(VIII) to formulate proposals for any amendment to the Articles of Association of the Bank;</p> <p>(IX) to formulate the basic management system of the Bank;</p> <p>(X) to formulate and execute clear responsibility system and accountability system, and to assess and complete corporate governance of the Bank regularly;</p> <p>(XI) to decide asset and liability management (including but not limited to capital requirement), risk tolerability, risk management, and internal control policy of the Bank;</p> <p>(XII) to formulate capital planning, and undertake final responsibility of capital management;</p> <p>(XIII) to formulate related party transaction management system, to examine and approve or accredit Related Party Transactions Control Committee to approve related party transactions;</p> <p>(XIV) to examine and approve annual work report of the Bank;</p> <p>(XV) to decide long-term award plan, remuneration plan and salary plan of the Bank;</p> <p>(XVI) to approve internal audit plan, annual work plan and audit budget of the Bank;</p> <p>(XVII) to examine and approve proposals raised by each special committee under the Board of Directors;</p>	<p>(V) to formulate proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;</p> <p>(VI) to formulate proposals for repurchase of the Bank's shares;</p> <p>(VII) to formulate plans for <u>material acquisition,</u> merger, separation, dissolution, or change in corporate structure of the Bank;</p> <p>(VIII) to formulate proposals for any amendment to the Articles of Association of the Bank;</p> <p>(IX) <u>to formulate the rules of procedures for the shareholders' general meeting and the rules of procedures for the Board of Directors, and to consider and approve the work rules of the special committees under the Board of Directors;</u></p> <p>(IX) to formulate the basic management system of the Bank;</p> <p>(X) to formulate and execute clear responsibility system and accountability system, and to assess and complete corporate governance of the Bank regularly;</p> <p>(XI) to decide asset and liability management (including but not limited to capital requirement), risk tolerability, risk management, and internal control policy of the Bank, <u>and to take ultimate responsibility for comprehensive risk management;</u></p> <p>(XII) to formulate capital planning, and undertake final responsibility of capital management;</p> <p>(XIII) to formulate related party transaction management system, to examine and approve or accredit Related Party Transactions Control Committee to approve related party transactions;</p>	

Original Articles	Articles after the Amendments	Basis of Amendments
<p>(XVIII) to decide the Bank's important external investment, important asset acquisition and disposals, important external guarantee, important trust management, important related party transactions, large loans; to initially examine the Bank's extremely important external investment, extremely important asset acquisition and disposals, extremely important external guarantee, extremely important trust management, extremely important related party transactions, and submit them to the Shareholders' general meeting for approval;</p> <p>(XIX) to appoint or dismiss the president, the secretary of the Board, chief audit (compliance) officer and the person in charge of the audit department as nominated by the chairman; to appoint or dismiss the vice president, assistant to the president, chief financial officer, chief risk officer, chief operation officer, chief technology information officer, chief human resources officer, chief data officer, and chief marketing officer, etc. as nominated by the president; and to decide remunerations, awards and punishments of the aforesaid persons;</p> <p>(XX) to authorize certain operation and management power to the president annually, and to review work reports of the president and to examine the performance of the president;</p> <p>(XXI) to decide chairman and members of each special committee under the Board as nominated by the Nomination, Remuneration and HR Committee;</p> <p>(XXII) to decide on establishment of internal management structure of the Bank and establishment of branches of the Bank;</p>	<p>(XIV) to examine and approve annual work report of the Bank;</p> <p>(XVI) to decide long-term award plan, remuneration plan and salary plan of the Bank;</p> <p>(XVII) to approve internal audit plan, annual work plan and audit budget of the Bank;</p> <p>(XVIII) to examine and approve proposals raised by each special committee under the Board of Directors;</p> <p>(XVIII) to decide the Bank's important external investment, important asset acquisition and disposals and write-off, important external guarantee, important trust management, important related party transactions, large loans, pledge of assets, data management; to initially examine the Bank's extremely important external investment, extremely important asset acquisition and disposals, extremely important external guarantee, extremely important trust management, extremely important related party transactions, and submit them to the Shareholders' general meeting for approval;</p> <p>(XIX) to appoint or dismiss the president, the secretary of the Board, chief audit (compliance) officer and the person in charge of the audit department as nominated by the chairman; to appoint or dismiss the vice president, assistant to the president, chief financial officer, chief risk officer, chief operation officer, chief technology information officer, chief human resources officer, chief data officer, and chief marketing officer, etc. as nominated by the president; and to decide remunerations, awards and punishments of the aforesaid persons;</p> <p>(XXI) to authorize certain operation and management power to the president annually, and to review work reports of the president and to examine the performance of the president;</p>	

Original Articles	Articles after the Amendments	Basis of Amendments
<p>(XXIII) to propose to the Shareholders' general meeting the engagement, dismissal or discontinuation of the appointment of the accounting firm providing the audit service for the Bank, and to give explanation to the Shareholders' general meeting on the non-standard audit opinions of certified public accountant on our financial report;</p> <p>(XXIV) to disclose information of the Bank and take ultimate responsibility for the authenticity, completeness, accuracy, and timeliness of our accounting and financial reports;</p> <p>(XXV) to regularly debrief the internal audit department and compliance department's report on internal audit and examination result, and report regulatory opinions of relevant regulatory authorities on the Bank, and to examine the Bank's rectification report on executing regulatory opinions; to regularly assess operation status of the Bank, comprehensively evaluate performance of senior management staff according to assessment result, and to supervise and ensure effective management performance of senior management;</p> <p>(XXVI) to safeguard legitimate rights and interests of depositors and other stakeholders;</p> <p>(XXVII) to establish an identification, investigation and management mechanism for the conflict of interest between the Bank and shareholders, especially substantial shareholders;</p> <p>(XXVIII) to exercise other functions and powers prescribed by the laws, administrative regulations, and the Articles of Association of the Bank and authorized by the Shareholders' general meetings.</p>	<p>(XXII) to decide chairman and members of each special committee under the Board as nominated by the Nomination, Remuneration and HR Committee;</p> <p>(XXIII) to decide on establishment of internal management structure of the Bank and establishment of branches of the Bank;</p> <p>(XXIV) to propose to the Shareholders' general meeting the engagement, dismissal or discontinuation of the appointment of the accounting firm <u>that provides regular statutory audit on financial reports of the Bank</u> providing the audit service for the Bank, and to give explanation to the Shareholders' general meeting on the non-standard audit opinions of certified public accountant on our financial report;</p> <p>(XXV) to disclose information of the Bank and take ultimate responsibility for the authenticity, completeness, accuracy, and timeliness of our accounting and financial reports;</p> <p>(XXVI) to regularly debrief the internal audit department and compliance department's report on internal audit and examination result, and report regulatory opinions of relevant regulatory authorities on the Bank, and to examine the Bank's rectification report on executing regulatory opinions; to regularly assess operation status of the Bank, comprehensively evaluate performance of senior management staff according to assessment result, and to supervise and ensure effective management performance of senior management;</p> <p>(XXVII) to safeguard legitimate rights and interests of depositors <u>financial consumers</u> and other stakeholders;</p>	

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Unless otherwise specified in the Articles of Association of the Bank and the Rules of Procedures, the Board shall resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in (V), (VII) and (VIII), in which approval of two thirds of the directors is required.</p> <p>Where laws, administrative regulations, rules and rules governing securities of the place where shares of the Bank are listed provide otherwise, such provisions shall prevail.</p>	<p>(XXVIII) to establish an identification, investigation and management mechanism for the conflict of interest between the Bank and shareholders, especially substantial shareholders;</p> <p><u>(XXVIII) to undertake the management responsibility for the affairs in relation to the shareholders of the Bank;</u></p> <p>(XXVIII) to exercise other functions and powers prescribed by the laws, administrative regulations, and the Articles of Association of the Bank and authorized by the Shareholders' general meetings.</p> <p>Unless otherwise specified in the Articles of Association of the Bank and the Rules of Procedures, the Board shall resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in (V), (VII) and (VIII), in which approval of two thirds of the directors is required.</p> <p>Where laws, administrative regulations, rules and rules governing securities of the place where shares of the Bank are listed provide otherwise, such provisions shall prevail.</p> <p><u>The functions and powers of the Board of Directors shall be exercised collectively by the Board of Directors. The functions and powers of the Board of Directors specified in the Company Law shall not be delegated to the chairman of the Board of Directors, any director or any other body or individual. Where it is necessary to delegate certain powers to make a decision on a specific matter, such delegation shall be approved by means of Board resolutions in accordance with the laws. Each delegation shall be for one matter exclusively, and the functions and powers of the Board of Directors shall not be delegated to any other body or individual generally or permanently.</u></p>	

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 12 The Bank has established a independent director system. Independent directors shall fulfil the obligation of honesty and diligence to the Bank and all the shareholders thereof. An independent director shall perform their duties independently according to the requirements of the law, regulations and the Articles of Association of the Bank, and safeguard the overall interests of the Bank, especially concerning safeguarding the legitimate rights and interests of depositors and minority shareholders from infringement.</p>	<p>Article 12 The Bank has established a independent director system. Independent directors shall fulfil the obligation of honesty and diligence to the Bank and all the shareholders thereof. An independent director shall perform their duties independently according to the requirements of the law, regulations and the Articles of Association of the Bank, and safeguard the overall interests of the Bank, especially concerning safeguarding the legitimate rights and interests of depositors<u>financial consumers</u> and minority shareholders from infringement.</p>	<p>Article 41 of the Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 21 In any of the following circumstances, the chairman shall convene an extraordinary Board meeting within 10 days after receipt of the proposal:</p> <p>...</p> <p>(VI) proposed by more than half of the independent directors (if the Bank has only two independent directors, then the two independent directors unanimously propose to convene);</p> <p>...</p>	<p>Article 21 In any of the following circumstances, the chairman shall convene an extraordinary Board meeting within 10 days after receipt of the proposal:</p> <p>...</p> <p>(VI) proposed by more than half of the <u>two</u> independent directors (if the Bank has only two independent directors, then the two independent directors <u>unanimously propose to convene);</u></p> <p>...</p>	<p>Article 49 of the Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 23 The following persons or institutions may submit proposals to the Board of Directors:</p> <p>...</p> <p>(VII) proposed by more than half of the independent directors (if the Bank has only two independent directors, then the two independent directors unanimously propose to convene);</p> <p>...</p>	<p>Article 23 The following persons or institutions may submit proposals to the Board of Directors:</p> <p>...</p> <p>(VII) proposed by more than half of the <u>two</u> independent directors (if the Bank has only two independent directors, then the two independent directors <u>unanimously propose to convene);</u></p> <p>...</p>	<p>Same as above</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 28 Board meetings may be convened on site and in the form of teleconference and video conference or with the help of communications equipment enabling all attending directors to hear clearly and communicate with each other in real time and by written proposal.</p>	<p>Article 28 Board meetings may be convened on site and in the form of teleconference and video conference or with the help of communications equipment enabling all attending directors to hear clearly and communicate with each other in real time and by <u>circulating written resolutions.</u></p>	<p>Article 50 of the Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 29 Directors attend the meeting which is convened in the form of teleconference and video conference or with the help of communications equipment enabling all attending supervisors to hear clearly and communicate with each other in real time and by written proposal, the effectiveness of which is the same as that of attending the meeting in person.</p> <p>If voting by means of communications is adopted at Board meetings, explanations shall be made and information regarding the matters for voting and the related backgrounds shall be served to all directors at least three days before voting. One vote for one matter shall be adopted for voting by means of communications, and directors shall not be required to make one decision only on several matters.</p> <p>Profit distribution plan, significant investment, plan for disposal of material assets, appointment or dismissal of senior management staff, capital replenishment plan, material equity change, financial reorganization and other significant matters shall not be voted on by means of communications and shall be subject to approval of more than two thirds of the directors of the Board.</p>	<p>Article 29 Directors attend the meeting which is convened in the form of teleconference and video conference or with the help of communications equipment enabling all attending supervisors to hear clearly and communicate with each other in real time and by written proposal, the effectiveness of which is the same as that of attending the meeting in person.</p> <p>If voting by means of communications <u>circulating written resolutions</u> is adopted at Board meetings, explanations shall be made and information regarding the matters for voting by means of circulating written resolutions and the related backgrounds shall be served to all directors at least three days before voting. One vote for one matter shall be adopted for voting by means of communications <u>circulating written resolutions</u>, and directors shall not be required to make one decision only on several matters.</p> <p>Profit distribution plan, <u>remuneration plan</u>, significant investment, plan for disposal of material assets, appointment or dismissal of senior management staff, capital replenishment plan, material equity change, financial reorganization and other significant matters shall not be voted on by means of communications <u>circulating written resolutions</u> and shall be subject to approval of more than two thirds of the directors of the Board.</p>	<p>Article 50 of the Corporate Governance Standards for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 30 A regular meeting does not include the practice of obtaining consent from the Board of Directors through circulating written resolutions.</p> <p>Extraordinary meetings shall be convened on site, and may be held by means of communications or written proposal specified in Article 28 under the Rules of Procedures based on the actual situations.</p>	<p>Article 30 A regular meeting does not include the practice of obtaining consent from the Board of Directors through circulating written resolutions<u>circulating proposal</u>.</p> <p>Extraordinary meetings shall be convened on site, and may be held by means of communications or <u>circulating</u> written proposal specified in Article 28 under the Rules of Procedures based on the actual situations.</p>	Adjusted accordingly
<p>Article 36 An independent director shall work in the Bank for not less than 15 workdays each year. An independent director may appoint another independent director to attend Board meetings on his/her behalf but shall attend at least two thirds of the Board meetings in person each year. Otherwise, the Board of Supervisors shall propose to the Shareholders' general meeting to dismiss the said independent director. If any independent director fails to attend Board meetings in person for three consecutive times, the Board shall propose to the Shareholders' general meeting to replace the said independent director.</p>	<p>Article 36 An independent director shall work in the Bank for not less than 15 workdays each year. An independent director may appoint another independent director to attend Board meetings on his/her behalf but shall attend at least two thirds of the Board meetings in person each year. Otherwise, the Board of Supervisors shall propose to the Shareholders' general meeting to dismiss the said independent director. If any independent director fails to attend Board meetings in person for three consecutive times, <u>which will be regarded as failure to perform his/her duties, the Bank shall convene a Shareholders' general meeting within three months to remove him/her and elect a new independent director</u> the Board shall propose to the Shareholders' general meeting to replace the said independent director.</p>	Article 42 of the Corporate Governance Standards for Banking and Insurance Institutions

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 53 Any notice on convening a Board meeting in the form of written proposal can be sent by express, delivered by hand or by fax, and also can be delivered by e-mail. Where a notice is sent by express, the 2nd day from the day of posting at the express-delivery company shall be the service day. Where a notice is delivered by hand, the date on which the recipient or its representative signs (or seals) the delivery receipt shall be the service date. Where a notice is sent by fax, the date on which the fax is sent shall be the service date. Where a notice is sent by e-mail, the date on which the e-mail is sent shall be the service day.</p>	<p>Article 53 Any notice on convening a Board meeting in the form of <u>circulating written resolutions</u> written proposal can be sent by express, delivered by hand or by fax, and also can be delivered by e-mail. Where a notice is sent by express, the 2nd day from the day of posting at the express-delivery company shall be the service day. Where a notice is delivered by hand, the date on which the recipient or its representative signs (or seals) the delivery receipt shall be the service date. Where a notice is sent by fax, the date on which the fax is sent shall be the service date. Where a notice is sent by e-mail, the date on which the e-mail is sent shall be the service day.</p>	Adjusted accordingly
<p>Article 54 Voting at the Board meeting held in the form of written proposal shall be taken in accordance with the following provisions: ...</p>	<p>Article 54 Voting at the Board meeting held in the form of <u>circulating written resolutions</u> written proposal shall be taken in accordance with the following provisions: ...</p>	Adjusted accordingly
<p>Article 55 For the Board meeting convened by written proposal, if the votes are returned after the voting return period specified in the notice of the meeting, or not delivered in the specified manner, they are invalid, and shall be deemed as the directors' waiver of their voting rights; if the director attending the voting fail to sign on the vote, and the vote shall not be counted as the valid number of votes.</p>	<p>Article 55 For the Board meeting convened by <u>circulating written resolutions</u> written proposal, if the votes are returned after the voting return period specified in the notice of the meeting, or not delivered in the specified manner, they are invalid, and shall be deemed as the directors' waiver of their voting rights; if the director attending the voting fail to sign on the vote, and the vote shall not be counted as the valid number of votes.</p>	Adjusted accordingly
<p>Article 60... For an extraordinary meeting of the Board convened by written proposal, after working out the resolutions through voting by way of communications, the chairman of the Board shall inform all directors of the resolutions in written form in time. Directors have the right to review documents and information, including the Board resolutions, votes returned by directors attending the voting after making the voting.</p>	<p>Article 60... For an extraordinary meeting of the Board convened by <u>circulating written resolutions</u> written proposal, after working out the resolutions through voting by way of communications, the chairman of the Board shall inform all directors of the resolutions in written form in time. Directors have the right to review documents and information, including the resolutions of the Board, votes returned by directors attending the voting after making the voting.</p>	Adjusted accordingly

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 65 The Board shall file resolutions of the meeting as minutes, which shall be recorded by the person appointed by the secretary of the Board, and signed by the attending directors or the proxy and the minutes recorder. The minutes of Board meetings shall be kept by the secretary of the Board as archives of the Bank for at least 10 years.</p> <p>For Board meetings convened by written proposal, the secretary of the Board will appoint personnel to prepare meeting minutes based on the votes and relevant advices and suggestions on amendments delivered by the attending directors. Minutes of the Board meetings shall be signed by the directors attending the meeting, authorized representatives, and the person who prepare the meeting minutes for confirmation. For meetings convened by way of communications or written proposal, if the attending directors cannot sign on-site, they shall perform the written signing procedures as soon as possible afterwards.</p> <p>For Board meetings convened in the form of teleconference and video conference or with the help of communications equipment enabling all attending supervisors to hear clearly and communicate with each other in real time, the entire process shall be recorded through tape or video, which is part of the meeting minutes and archived by the secretary of the Board.</p>	<p>Article 65 The Board shall file resolutions of the meeting as minutes, which shall be recorded by the person appointed by the secretary of the Board, and signed by the attending directors or the proxy and the minutes recorder. The minutes of Board meetings shall be kept by the secretary of the Board as archives of the Bank for at least 10 years permanently.</p> <p>For Board meetings convened by circulating written resolutions written proposal, the secretary of the Board will appoint personnel to prepare meeting minutes based on the votes and relevant advices and suggestions on amendments delivered by the attending directors. Minutes of the Board meetings shall be signed by the directors attending the meeting, authorized representatives, and the person who prepare the meeting minutes for confirmation. For meetings convened on site by way of communications or by circulating written resolutions written proposal, if the attending directors cannot sign on-site, they shall perform the written signing procedures as soon as possible afterwards.</p> <p>For Board meetings convened in the form of teleconference and video conference or with the help of communications equipment enabling all attending supervisors to hear clearly and communicate with each other in real time, The entire process of the Board meetings shall be recorded through tape or video, which is part of the meeting minutes and archived by the secretary of the Board.</p>	<p>Article 51 of the Corporate Governance Standards for Banking and Insurance Institutions</p>

**COMPARISON TABLE OF THE AMENDMENTS TO THE RULES OF
PROCEDURES FOR THE BOARD OF SUPERVISORS OF
JINSHANG BANK CO., LTD.**

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 1 To ensure the Board of Supervisors of Jinshang Bank Co., Ltd. (hereinafter referred to as the Bank) exercises its supervisory power independently in accordance with laws, and guarantee the efficient and standard operation and scientific decision-making of the Board of Supervisors, and improve the Bank's governance mechanism, the Rules of Procedures are formulated pursuant to the Company Law of the People's Republic of China (hereinafter referred to as Company Law), the Commercial Banking Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as Special Regulations), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as Hong Kong Listing Rules), the Interim Measures for Management of Commercial Bank Equity, the Guidelines on the Corporate Governance of Commercial Banks, the Work Guidelines on the Board of Supervisors of Commercial Banks and other relevant laws, administrative regulations, rules, rule governing securities of the place where shares of the Bank are listed and the Articles of Association of Jinshang Bank Co., Ltd. (Applicable after listing H Shares) (hereinafter referred to as the Articles), as well as in combination with the actual situation of the Bank.</p>	<p>Article 1 To ensure the Board of Supervisors of Jinshang Bank Co., Ltd. (hereinafter referred to as the Bank) exercises its supervisory power independently in accordance with laws, and guarantee the efficient and standard operation and scientific decision-making of the Board of Supervisors, and improve the Bank's governance mechanism, the Rules of Procedures are formulated pursuant to the Company Law of the People's Republic of China (hereinafter referred to as Company Law), the Commercial Banking Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as Special Regulations), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as Hong Kong Listing Rules), the Interim Measures for Management of Commercial Bank Equity, the Guidelines on the Corporate Governance of Commercial Banks <u>the Corporate Governance Guidelines for Banking and Insurance Institution</u>, the Work Guidelines on the Board of Supervisors of Commercial Banks and other relevant laws, administrative regulations, rules, rule governing securities of the place where shares of the Bank are listed and the Articles of Association of Jinshang Bank Co., Ltd. (Applicable after listing H Shares) (hereinafter referred to as the Articles), as well as in combination with the actual situation of the Bank.</p>	<p>Article 117 of the Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 3 The Bank shall have a Board of Supervisors which shall be composed of seven to nine supervisors. The Board of Supervisors shall have one chairman, the appointment and removal of whom shall be made with a resolution passed by above two-thirds of the all members of the Board of Supervisors. The chairman of the Board of Supervisors shall be a full-time staff with professional knowledge and financial work experience. External supervisors and employee representative supervisors shall not be less than one-third of the total number of members of the Board of Supervisors.</p>	<p>Article 3 The Bank shall have a Board of Supervisors which shall be composed of seven to nine nine supervisors. <u>Among them, there are three shareholder supervisors, three external supervisors and three employee supervisors.</u> The Board of Supervisors shall have one chairman, the appointment and removal of whom shall be made with a resolution passed by above two-thirds of the all members of the Board of Supervisors. The chairman of the Board of Supervisors shall be a full-time staff with professional knowledge and financial work experience. External supervisors and employee representative supervisors shall not be less than one-third of the total number of members of the Board of Supervisors.</p>	<p>Article 67 of the Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 6 The Board of Supervisors shall exercise the following functions and powers: (XII) to formulate assessment method for supervisors, examine and assess supervisors, and report to the Shareholders' general meeting for determination; (XX) to supervise scientificity and reasonability of remuneration management system and policy of the Bank and remuneration plan of senior management staff; ...</p>	<p>Article 6 The Board of Supervisors shall exercise the following functions and powers: ... (XII) to formulate assessment method for <u>performance of duties of directors,</u> supervisors, examine and assess <u>directors,</u> supervisors, and report to the Shareholders' general meeting for determination; (XX) to supervise scientificity and reasonability of the <u>actual situations of the</u> remuneration management system and policy of the Bank and remuneration plan of senior management staff; ...</p>	<p>Article 65 of the Corporate Governance Guidelines for Banking and Insurance Institutions</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 12 External supervisors of the Bank are entitled to the supervision rights to supervise the Bank’s Board and senior management staff and conduct audit work within the functions and powers of the Board of Supervisors in accordance with the resolutions of the Board of Supervisors. In fulfilling duties, external supervisors shall pay particular attention to the overall interests of depositors and the Bank....</p>	<p>Article 12 External supervisors of the Bank are entitled to the supervision rights to supervise the Bank’s Board and senior management staff and conduct audit work within the functions and powers of the Board of Supervisors in accordance with the resolutions of the Board of Supervisors. In fulfilling duties, external supervisors shall pay particular attention to the overall interests of depositors and the Bank particularly safeguard the legitimate rights and interests of minority shareholders and other stakeholders....</p>	<p>Article 22 of the Measures on Assessment of the Performance of Duties of Directors and Supervisors of Banking and Insurance Institutions</p>
<p>Article 14 The Board of Supervisors shall supervise the Board of Directors and directors regarding the following important matters:</p> <p>...</p> <p>(III) continued improvement in corporate governance, development strategy, business strategy, capital management, remuneration management, disclosure, and protection of depositors and other interested stakeholders;</p> <p>(IV) effective operation of the Board of Directors’ specialized committees; the directors’ attendance, comments and proposals at meetings; independent directors’ independent advices on material connected transaction, profit distribution, matters potential to damage the interests of depositors or minority shareholders of the Bank, and matters potential to cause the Bank’s material loss;...</p>	<p>Article 14 The Board of Supervisors shall supervise the Board of Directors and directors regarding the following important matters:</p> <p>...</p> <p>(III) continued improvement in corporate governance, development strategy, business strategy, capital management, remuneration management, disclosure, and protection of depositors financial consumers and other interested stakeholders;</p> <p>(IV) effective operation of the Board of Directors’ specialized committees; the directors’ attendance, comments and proposals at meetings; independent directors’ independent advices on material connected transaction, profit distribution, matters potential to damage the interests of depositors financial consumers or minority shareholders of the Bank, and matters potential to cause the Bank’s material loss;...</p>	<p>The term of “Depositors” has been expanded to “Financial Consumers” in the Guidelines on Corporate Governance of Commercial Banks as set out in the Corporate Governance Guidelines for Banking and Insurance Institutions, and the amendment to this Article shall be consistent with the Articles.</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 39 The meetings of the Board of Supervisors may be convened on site and in the form of teleconference and video conference or with the help of communications equipment enabling all attending supervisors to hear clearly and communicate with each other in real time and by written proposal.</p> <p>Supervisors attend the meeting which is convened in the form of teleconference and video conference or with the help of communications equipment enabling all attending supervisors to hear clearly and communicate with each other in real time, the effectiveness of which is the same as that of an on-site meeting.</p>	<p>Article 39 The meetings of the Board of Supervisors may be convened on site and in the form of teleconference and video conference or with the help of <u>communications equipment enabling all attending directors to hear clearly and communicate with each other in real time</u> and by <u>circulating written resolutions</u> written proposal.</p> <p>Supervisors attend the meeting which is convened in the form of teleconference and video conference or with the help of <u>communications equipment enabling all attending supervisors to hear clearly and communicate with each other in real time,</u> the effectiveness of which is the same as that of an on-site meeting.</p>	<p>Article 70 of the Corporate Governance Guidelines for Banking and Insurance Institutions</p>
<p>Article 41 Extraordinary meetings shall be convened on site in principle but may be held by means of communications specified in Article 39 under the Rules of Procedures based on the actual situations.</p>	<p>Article 41 Extraordinary meetings shall be convened on site in principle but may be held by means of communications <u>circulating written resolutions</u> specified in Article 39 under the Rules of Procedures based on the actual situations.</p>	<p>Adjusted accordingly</p>
<p>Article 61 The extraordinary meeting of the Board of Supervisors convened by written proposal shall vote in accordance with the following provisions:</p> <p>(IV) Within three days after the completed voting ballots are delivered to the office of the Board of Supervisors by fax, the originals of such ballots shall be sent to the office of the Board of Supervisors by express for the record.</p>	<p>Article 61 The extraordinary meeting of the Board of Supervisors convened by <u>circulating written resolutions</u> written proposal shall vote in accordance with the following provisions:</p> <p>(IV) Within three days after the completed voting ballots are delivered to the office of the Board of Supervisors by fax or <u>by email after scanning</u>, the originals of such ballots shall be sent to the office of the Board of Supervisors by express for the record.</p>	<p>In combination with the actual situation of daily work</p>

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 62 For an extraordinary meeting of the Board of Supervisors convened by written proposal, if the votes are returned after the voting return period specified in the notice of the meeting, or not delivered in the specified manner, they are invalid, and shall be deemed as the supervisors' waiver of their voting rights; if the supervisor who participates in the voting fail to sign on the vote, and the vote shall not be counted as the valid number of votes.</p>	<p>Article 62 For an extraordinary meeting of the Board of Supervisors convened by written proposal <u>circulating written resolutions</u>, if the votes are returned after the voting return period specified in the notice of the meeting, or not <u>returned delivered</u> in the specified manner, they are invalid, and shall be deemed as the supervisors' waiver of their voting rights; if the supervisor who participates in the voting fail to sign on the vote, and the vote shall not be counted as the valid number of votes.</p>	Adjusted accordingly
<p>Article 65 For an extraordinary meeting of the Board of Supervisors convened by written proposal, after working out the resolutions through voting by way of communications, the chairman of the Board of Supervisors shall inform all Supervisors of the resolutions in written form in time. Supervisors have the right to review documents and information, including resolutions of the Board of Supervisors, votes after voting.</p>	<p>Article 65 For an extraordinary meeting of the Board of Supervisors convened by <u>circulating written resolutions</u> written proposal, after working out the resolutions through voting by way of communications, the chairman of the Board of Supervisors shall inform all Supervisors of <u>the resolutions</u> in written form in time. Supervisors have the right to review documents and information, including resolutions of the Board of Supervisors, votes after voting.</p>	In combination with the actual situation of daily work
<p>Article 71 The minutes and the resolution documents of the meeting of the Board of Supervisors shall be filed with the regulatory authorities for record within ten days after the end of such meeting.</p>	<p>Article 71 The minutes and the resolution documents of the meeting of the Board of Supervisors shall be filed with the regulatory authorities for record <u>immediately</u> within ten days after the end of such meeting.</p>	In combination with the actual situation of daily work
<p>Article 73 ... The retention period of the meeting information of the Board of Supervisors shall be more than 10 years.</p>	<p>Article 73 ... The retention period of the meeting information of the Board of Supervisors shall be more than 10 years <u>permanent</u>.</p>	Article 71 of the Corporate Governance Guidelines for Banking and Insurance Institutions

Original Articles	Articles after the Amendments	Basis of Amendments
<p>Article 79 The Article shall become effective from the date of public offering of the H-shares of the Bank on The Stock Exchange of Hong Kong Limited after being considered and approved by the general meeting of Shareholders of the Bank. The original Rules of Procedures for the Board of Supervisors of the Bank shall automatically become invalid since the effective date of the Article.</p>	<p>Article 79 The Article shall become effective from the date of public offering of the H-shares of the Bank on The Stock Exchange of Hong Kong Limited after being considered and approved by the general meeting of Shareholders of the Bank. The original Rules of Procedures for the Board of Supervisors of the Bank <u>(amended by Jinshang Bank Co., Ltd. at the third EGM in 2018)</u> shall automatically become invalid since the effective date of the Article.</p>	<p>Expression adjustment</p>

I. RESPONSIBILITY STATEMENT

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

II. SHARE CAPITAL

As at the Latest Practicable Date, the total number of issued shares of the Bank was 5,838,650,000 Shares comprising 4,868,000,000 Domestic Shares and 970,650,000 H Shares.

III. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Bank had any interest or short position in the Shares, underlying Shares and debentures of the Bank or any of its associated corporation(s) (within the meaning of Part XV of the SFO), which were required to be notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or were deemed to have under such provisions of the SFO), or was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Bank which would fall to be disclosed to the Bank under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register of members of the Bank, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Bank and the Stock Exchange. For this purpose, the relevant provisions of the SFO shall be interpreted as if they are applicable to the Supervisors.

IV. SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at the Latest Practicable Date, the following persons other than the Directors, Supervisors and chief executives had interests and/or short positions in the Shares and underlying Shares of the Bank which were required to be disclosed to the Bank pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO are as follows:

Name of Shareholder	Nature of interest	Class of Shares	Number of shares held directly or indirectly (long position)	Number of Shares directly or indirectly held (short positions)	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares of our Bank
SSCO ⁽¹⁾	Interest in controlled corporations	Domestic Shares	1,206,430,741		20.66%	24.78%
Shanxi Finance Bureau	Beneficial owner	Domestic Shares	715,109,200		12.25%	14.69%
Huaneng Group ⁽²⁾	Interest in controlled corporations	Domestic Shares	600,000,000		10.28%	12.33%
Huaneng Capital	Beneficial owner	Domestic Shares	600,000,000		10.28%	12.33%
Taiyuan Municipal Finance Bureau (太原市財政局)	Beneficial owner	Domestic Shares	466,142,486		7.98%	9.58%
	Interest in controlled corporations	H Shares	102,400,000		1.75%	10.55%
Taiyuan State-owned Investment Group Limited (太原國有投資集團有限公司)	Beneficial owner	H Shares	102,400,000		1.75%	10.55%
Changzhi Nanye Industry Group Co., Ltd. (長治市南燁實業集團有限公司) (“Changzhi Nanye”) ⁽³⁾	Beneficial owner	Domestic Shares	450,657,435		7.72%	9.26%
	Interest in controlled corporations	Domestic Shares	234,569,820		4.02%	4.82%
Mr. Li Jianming ⁽³⁾	Interest in controlled corporations	Domestic Shares	685,227,255		11.74%	14.08%
Ms. WANG Yanli ⁽³⁾	Interest in controlled corporations	Domestic Shares	685,227,255		11.74%	14.08%
Changzhi Huashengyuan Mining Industry Co., Ltd. (長治市華晟源礦業有限公司) (“Changzhi Huashengyuan”) ⁽³⁾	Beneficial owner	Domestic Shares	234,569,820		4.02%	4.82%
	Interest in controlled corporations	Domestic Shares	450,657,435		7.72%	9.26%

APPENDIX V
GENERAL INFORMATION

Name of Shareholder	Nature of interest	Class of Shares	Number of shares held directly or indirectly (long position)	Number of Shares directly or indirectly held (short positions)	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares of our Bank
Lu'an Chemical Engineering Group Co., Ltd. (潞安化工集團有限公司) ⁽¹⁾	Interest in controlled corporations	Domestic Shares	359,091,687		6.15%	7.38%
Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司) ⁽¹⁾	Beneficial owner	Domestic Shares	359,091,687		6.15%	7.38%
Jinneng Holding Group Ltd. (晉能控股集團有限公司) ⁽⁴⁾	Interest in controlled corporations	Domestic Shares	500,000,000		8.56%	10.27%
Jinneng Group Co., Ltd. (晉能控股電力集團有限公司) ⁽⁴⁾	Interest in controlled corporations	Domestic Shares	300,000,000		5.14%	6.16%
Shanxi International Electricity Group Limited Company (山西國際電力集團有限公司) ⁽¹⁾⁽⁴⁾	Beneficial owner	Domestic Shares	300,000,000		5.14%	6.16%
Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司) ⁽¹⁾	Beneficial owner	Domestic Shares	291,339,054		4.99%	5.98%
Shanxi Qinxin Energy Group Co., Ltd. (山西沁新能源集團股份有限公司)	Beneficial owner	H Shares	102,297,000		1.75%	10.54%
Taiyuan Industrial Park Investment Holdings Co., Ltd. (太原工業園區投資控股有限公司)	Beneficial owner	H Shares	102,297,000		1.75%	10.54%
China Credit Trust Co., Ltd. (中誠信託有限責任公司) ⁽⁵⁾	Interest in controlled corporations	H Shares	102,297,000		1.75%	10.54%
Harvest Fund Management Co., Ltd (嘉實基金管理有限責任公司) ⁽⁵⁾	Investment manager	H Shares	102,297,000		1.75%	10.54%
Orient Fund Management Co., Ltd. (東方基金管理有限責任公司)	Trustee	H Shares	102,430,000		1.75%	10.55%

APPENDIX V
GENERAL INFORMATION

Name of Shareholder	Nature of interest	Class of Shares	Number of shares held directly or indirectly (long position)	Number of Shares directly or indirectly held (short positions)	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares of our Bank
China Foreign Economy and Trade Trust Co., Ltd. (中國對外經濟貿易信託有限公司)	Trustee	H Shares	102,297,000		1.75%	10.54%
Guotai Asset Management Co., Ltd. (國泰基金管理有限公司)	Investment manager	H Shares	62,044,000		1.06%	6.39%
Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司) ⁽⁶⁾	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan Financial Holdings Limited (國泰君安金融控股有限公司) ⁽⁶⁾	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan Holdings Limited (國泰君安控股有限公司) ⁽⁶⁾	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan International Holdings Limited (國泰君安國際控股有限公司) ⁽⁶⁾	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan (Hong Kong) Limited (國泰君安(香港)有限公司) ⁽⁶⁾	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan Financial Products Limited (國泰君安金融產品有限公司) ⁽⁶⁾	Beneficial owner	H Shares	61,300,000		1.05%	6.32%
	Beneficial owner	H Shares		61,300,000	1.05%	6.32%
GF Asset Management – Xumao Single Investment Asset Management Plan (廣發資管-旭茂投資單一資產管理計劃)	Trustee	H Shares	57,830,000		0.99%	5.95%

Notes:

- (1) SSCO indirectly held 1,206,430,741 Domestic Shares, representing 20.66% equity interest in our Bank. SSCO's shareholding in our Bank was held through certain subsidiaries, including (i) Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司) (a wholly-owned subsidiary of Lu'an Chemical Engineering Group Co., Ltd. (潞安化工集團有限公司) in which SSCO held 90% equity interest) with 6.15% equity interest in our Bank; (ii) Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司) (in which SSCO held 90% equity interest) with 4.99% equity interest in our Bank; (iii) Shanxi International Electricity

Group Limited Company (山西國際電力集團有限公司) with 5.14% equity interest in our Bank; (iv) Jinneng Holding Equipment Manufacturing Group Co., Ltd. with 3.43% equity interest in our Bank; and (v) Shanxi Investment Group Co., Ltd. (山西省投資集團有限公司) (a wholly-owned subsidiary of Shanxi Culture Tourism Investment Holding Co., Ltd. (山西省文化旅遊投資控股集團有限公司) in which SSCO held 90% equity interest) with 0.96% equity interest in our Bank.

- (2) Huaneng Group indirectly held 600,000,000 Domestic Shares, representing 10.28% equity interest in our Bank through Huaneng Capital, in which Huaneng Group held 61.22% equity interest. By virtue of SFO, Huaneng Group is deemed to be interested in the Domestic Shares held by Huaneng Capital.
- (3) Mr. LI Jianming held 90% equity interest in Changzhi Nanye, and Ms. WANG Yanli held 70% equity interest in Changzhi Huashengyuan.

Changzhi Nanye and Changzhi Huashengyuan are parties acting-in-concert according to their respective confirmation. Therefore, Mr. LI Jianming, Ms. WANG Yanli, Changzhi Nanye and Changzhi Huashengyuan will be deemed to be interested in 685,227,255 Domestic Shares, representing 11.74% equity interest in our Bank. By virtue of SFO, Mr. LI Jianming and Ms. WANG Yanli are deemed to be interested in the Domestic Shares held by both Changzhi Nanye and Changzhi Huashengyuan, while Changzhi Nanye and Changzhi Huashengyuan are deemed to be interested in the Domestic Shares held by each other.

- (4) SSCO held 100% equity interest in Jinneng Holding Group Co. Ltd. (晉能控股集團有限公司). Jinneng Group Co., Ltd., a subsidiary of Jinneng Holding Group Co. Ltd. with 64% equity interest, indirectly held 300,000,000 Domestic Shares, representing 5.14% equity interest in our Bank through its wholly-owned subsidiary, Shanxi International Electricity Group Limited Company. By virtue of SFO, each of Jinneng Holding Group Co., Ltd. and Jinneng Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Shanxi International Electricity Group Limited Company.

Jinneng Holding Group Co. Ltd. indirectly held 200,000,000 Domestic Shares, representing 3.43% equity interest in our Bank, through Jinneng Holding Equipment Manufacturing Group Co., Ltd., a subsidiary of Jinneng Holding Group Co. Ltd. with 70% equity interest. By virtue of SFO, Jinneng Holding Group Co. Ltd. is deemed to be interested in the Domestic Shares held by Jinneng Holding Equipment Manufacturing Group Co., Ltd.

- (5) China Credit Trust Co., Ltd. was interested in the long position of 102,297,000 H Shares, representing 1.75% equity interest in our Bank through its wholly-owned subsidiary Harvest Fund Management Co., Ltd. By virtue of SFO, China Credit Trust Co., Ltd. is deemed to be interested in the H Shares held by Harvest Fund Management Co., Ltd.
- (6) Guotai Junan Securities Co., Ltd. was interested in the long position of 61,300,000 H Shares, representing 1.05% equity interest in our Bank, and 61,300,000 short positions in H Shares, representing 1.05% equity interest in our Bank through its wholly-owned subsidiaries, Guotai Junan Financial Holdings Limited, Guotai Junan Holdings Limited, Guotai Junan International Holdings Limited with an indirect 68.10% equity interest, Guotai Junan (Hong Kong) Limited (wholly-owned subsidiary) and Guotai Junan Financial Products Limited (wholly-owned subsidiary). By virtue of SFO, Guotai Junan Securities Co., Ltd, Guotai Junan Financial Holdings Limited, Guotai Junan Holdings Limited, Guotai Junan International Holdings Limited and Guotai Junan (Hong Kong) Limited are deemed to be interested in the H Shares held by Guotai Junan Financial Products Limited.

As at the Latest Practicable Date, XIANG Lijun, our Bank's non-executive Director, served in several subsidiaries of Huaneng Group. WANG Jianjun, a non-executive Director of the Bank, served in several subsidiaries of Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司). Save as disclosed above, none of the Directors or Supervisors was a director or an employee of Huaneng Group or SSCO or their respective associates.

As at the Latest Practicable Date, so far as the Directors are aware, save as disclosed above, no person had an interest or short position in the Shares of the Bank according to the register of interests in shares and short positions kept by the Bank pursuant to Section 336 of the SFO.

V. INTEREST OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the Supervisors or their close associates had interested in any business, which competes or is likely to compete, either directly or indirectly, with the Group's business which would fall to be disclosed under the Listing Rules.

VI. DIRECTORS AND SUPERVISORS' INTEREST IN ASSET

As at the Latest Practicable Date, none of the Directors and Supervisors had: (i) any direct or indirect interests in any asset which had been, since December 31, 2020, being the date to which the latest published audited accounts of the Bank were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or lease to any member of the Group; and (ii) any subsisting material interest in any contract or arrangement as at the Latest Practicable Date which is significant in relation to the business of the Group.

VII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors (except for Ms. Hao Qiang and Mr. Zhang Yunfei) has entered into a service contract with the Bank on June 21, 2019. Ms. Hao Qiang and Mr. Zhang Yunfei has entered into a service contract with the Bank on June 10, 2021. The principal particulars of these service contracts are (a) effective from their appointment as a Director of the Bank to the expiration of the term of the fifth session of the Board and can be renewed for a term of three years upon expiry; and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Each of the Supervisors has entered into a service contract with the Bank on June 21, 2019, in respect of, among others, compliance with relevant laws and regulations, observations of the Articles of Association and arbitration provisions.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to enter into a service contract with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

VIII. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors and Supervisors were not aware of any material adverse change in relation to the Bank's financial or trading positions since December 31, 2020, the date on which the latest audited consolidated financial statements of the Group were made up.

IX. EXPERT'S QUALIFICATIONS AND CONSENT

The followings are the qualifications of the expert who has given opinion or advice which are contained in this circular:

Name	Qualifications
Opus Capital	a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the Independent Financial Adviser

Opus Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Opus Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Opus Capital had no direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group since December 31, 2020 (the date on which the latest audited consolidated financial statements of the Bank were made up) or proposed to be acquired, disposed of or leased to.

X. GENERAL INFORMATION

- (i) The secretary to the Board is Mr. LI Weiqiang.
- (ii) The legal address, registered address and address of headquarters of the Bank is at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC.
- (iii) The address of the H Share Registrar is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

In the event of inconsistency, the Chinese language text of this circular shall prevail over the English language text.

XI. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Bank (<http://www.jshbank.com/>) for a period of 14 days from the date of this circular:

- (i) the New Huaneng Framework Agreement and the New SSCO Framework Agreement; and
- (ii) the written consent letter from the Independent Financial Adviser.

NOTICE OF THE 2021 FIRST EXTRAORDINARY GENERAL MEETING



Jinshang Bank Co., Ltd.*
晉商銀行股份有限公司*

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

(stock code: 2558)

NOTICE OF THE 2021 FIRST EXTRAORDINARY GENERAL MEETING

References are made to the circular of Jinshang Bank Co., Ltd.* (the “**Bank**”) dated November 29, 2021 (the “**Circular**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Circular.

NOTICE IS HEREBY GIVEN that the 2021 First Extraordinary General Meeting (the “**EGM**”) of the Bank will be held at 10:00 a.m. on Thursday, December 16, 2021 at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi province, the PRC, to consider and, if thought fit, to pass the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the New Huaneng Framework Agreement entered into between the Bank and Huaneng Capital, the transactions contemplated thereunder and the annual caps for the three years ending December 31, 2022, 2023 and 2024 relating thereto;
2. To consider and approve the New SSCO Framework Agreement entered into between the Bank and SSCO, the transactions contemplated thereunder and the annual caps for the three years ending December 31, 2022, 2023 and 2024 relating thereto;
3. To consider and approve the determination of amendment of the write-off amount for non-performing loans and bad debts for 2021;
4. To consider and approve the determination of the write-off amount for non-performing loans and bad debts for 2022;
5. To consider and approve proposed amendments to the Rules of Procedures for the Shareholders’ General Meeting;
6. To consider and approve proposed amendments to the Rules of Procedures for the Board of Directors;
7. To consider and approve proposed amendments to the Rules of Procedures for the Board of Supervisors;
8. To consider and approve proposed amendments to the Definition of Extremely Important Matters and Important Matters;

NOTICE OF THE 2021 FIRST EXTRAORDINARY GENERAL MEETING

SPECIAL RESOLUTIONS

9. To consider and approve the proposed issuance of special financial bonds for loans to small and micro enterprises; and
10. To consider and approve proposed amendments to the Articles of Association.

By order of the Board
Jinshang Bank Co., Ltd.*
Li Weiqiang
Joint company secretary

Taiyuan, November 29, 2021

As at the date of this announcement, the Board comprises Ms. HAO Qiang and Mr. ZHANG Yunfei as executive Directors; Mr. LI Shishan, Mr. XIANG Lijun, Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun as non-executive Directors; Mr. JIN Haiteng, Mr. SUN Shihu, Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi and Mr. YE Xiang as independent non-executive Directors.

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

Notes:

1. For more information about the above resolutions, please refer to the Circular.
2. **Registration Procedures for Attending the EGM**

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

NOTICE OF THE 2021 FIRST EXTRAORDINARY GENERAL MEETING

3. Proxy

Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more person(s) (if the Shareholder holds two or more issued Shares), whether (each of) such person(s) is a Shareholder or not, as his/her/its proxy or proxies to attend and vote on his/her/its behalf at the EGM. The instrument appointing a proxy must be signed by the Shareholder or his/her attorney duly authorized in writing. For a corporate Shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorized in writing. If the power of attorney of the proxy is signed by the authorized person of the appointer under a power of attorney or other authorization document(s) given by the appointer, such power of attorney or other authorization document(s) shall be notarized and served at the same time as the power of attorney. To be valid, the form of proxy, together with a notarially certified copy of the power of attorney or other authorization document(s) must be delivered 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 (for the H Shareholders), or to the Office of the Board at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi province, the PRC (for the Domestic Shareholders) no later than 24 hours before the scheduled time for the holding of the EGM (i.e. 10:00 a.m. on December 15, 2021 (Wednesday)) or any adjournment thereof (as the case may be). In case of registered joint holders of any Shares, any one of the registered joint holders can vote on such Shares at the EGM in person or by proxy as if he/she is the only holder entitled to vote. If more than one registered joint holders attend the EGM in person or by proxy, only the vote of the person whose name appears first in the register of members of the Bank relating to such Shares (in person or by proxy) will be accepted as the sole and exclusive vote of the joint holders. After the completion and return of the form of proxy and the power of attorney, you can attend and vote in person at the EGM or any adjournment thereof should you so wish. In this case, the power of attorney will be deemed to have been revoked.

4. Closure of Register of Members

The Bank's register of members will be closed from December 14, 2021 (Tuesday) to December 16, 2021 (Thursday), both days inclusive. The Shareholders whose names appear in the Bank's register of members as at the close of business on December 13, 2021 (Monday) shall be entitled to attend and vote at the EGM. For a Shareholder to be eligible for attending and voting at the EGM, all transfer document(s) together with the relevant share certificates and other appropriate document(s) shall be delivered to our Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for the H Shareholders) or our Office of the Board at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi province, the PRC (for the Domestic Shareholders) no later than 4:30 p.m. on December 13, 2021 (Monday).

5. Publication of Poll Results

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), all resolutions at the EGM will be voted by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands). The results of poll will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (<http://www.jshbank.com/>) in accordance with the Listing Rules.

6. Miscellaneous

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