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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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**BQD  青岛银行**  
**Bank of Qingdao Co., Ltd.\***  
**青島銀行股份有限公司\***

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

**(H Shares Stock Code: 3866)**

**WORK REPORT OF THE BOARD OF DIRECTORS FOR 2022**  
**WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2022**  
**REPORT FOR FINAL FINANCIAL ACCOUNTS FOR 2022**  
**PROFIT DISTRIBUTION PLAN FOR 2022**  
**ENGAGEMENT OF EXTERNAL AUDITORS FOR 2023**  
**AND THEIR REMUNERATION**  
**SPECIAL REPORT ON RELATED PARTY TRANSACTIONS FOR 2022**  
**ESTIMATED AMOUNT OF THE ORDINARY RELATED PARTY**  
**TRANSACTIONS FOR 2023**  
**GENERAL MANDATE FOR THE ISSUE OF SHARES**  
**EVALUATION REPORT ON THE PERFORMANCE OF DUTIES BY**  
**THE BOARD OF DIRECTORS AND DIRECTORS FOR 2022**  
**EVALUATION REPORT ON THE PERFORMANCE OF DUTIES BY**  
**THE SUPERVISORS FOR 2022**  
**PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE**  
**DIRECTORS FOR 2022**  
**EVALUATION REPORT OF THE MAJOR**  
**SHAREHOLDERS FOR 2022**  
**AND**  
**NOTICE OF 2022 ANNUAL GENERAL MEETING**

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The letter from the Board is set out on pages 3 to 17 of this circular.

The Bank will hold the 2022 AGM at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Wednesday, 31 May 2023. The notice of the 2022 AGM and related proxy form have been despatched to the Shareholders pursuant to the Hong Kong Listing Rules in due course.

If you intend to attend and/or vote at the 2022 AGM, you are required to complete such proxy form in accordance with the instructions printed thereon and return it to the Bank's H Share Registrar (for H Shareholder(s)) or the Bank's PRC registered office and principal place of business (for A Shareholder(s)) not less than 24 hours before the designated time for convening the related meeting or any adjournment thereof. Completion and return of the proxy form shall not affect your right to attend or vote at such meeting or any adjournment thereof in person.

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

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## DEFINITIONS

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

“2022 AGM”	the 2022 annual general meeting of the Bank to be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Wednesday, 31 May 2023
“A Share(s)”	the Bank’s ordinary shares of RMB1.00 each, which are listed on the SZSE (stock code: 002948) and traded in RMB
“A Shareholder(s)”	holder(s) of A Shares
“Articles of Association”	the Articles of Association of the Bank
“ASBE”	Accounting Standards for Business Enterprises
“Bank”	Bank of Qingdao Co., Ltd.
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Company”	Bank of Qingdao Co., Ltd. and its subsidiaries
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Bank
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shareholder(s)”	holder(s) of H Shares
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Bank, which are listed on the Hong Kong Stock Exchange (stock code: 03866) and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Hong Kong dollars”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise revised from time to time
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRSs”	International Financial Reporting Standards
“Latest Practicable Date”	8 May 2023, being the Latest Practicable Date prior to the publication of this circular for ascertaining certain information contained herein
“PBOC”	The People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this circular, Hong Kong, Macau Special Administrative Region and Taiwan
“Preference Shares”	non-cumulative perpetual overseas preference shares with a total size of US\$1.203 billion and dividend rate of 5.50% issued by the Bank
“Qingdao CBIRC”	Qingdao Supervision and Administration Bureau of China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會青島監管局)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Shares and/or H Shares of the Bank
“Shareholder(s)”	holder(s) of Shares
“Supervisor(s)”	the supervisor(s) of the Bank
“SZSE”	the Shenzhen Stock Exchange

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

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LETTER FROM THE BOARD

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**BQD**  **青島銀行**  
**Bank of Qingdao Co., Ltd.\***  
**青島銀行股份有限公司\***

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

**(H Shares Stock code: 3866)**

***Members of the Board:***

***Executive Directors:***

JING Zailun (*Chairman*)  
WU Xianming  
LIU Peng

***Non-executive Directors:***

ZHOU Yunjie  
Rosario STRANO  
TAN Lixia  
Marco MUSSITA  
DENG Youcheng

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

Simon CHEUNG  
FANG Qiaoling  
XING Lecheng  
ZHANG Xu  
CHEUNG Man Chor, Elton

***Registered Address and***

***Address of Head Office:***

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

***Address of the Registered***

***Office in Hong Kong:***

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

*To the Shareholders*

**WORK REPORT OF THE BOARD OF DIRECTORS FOR 2022  
WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2022  
REPORT FOR FINAL FINANCIAL ACCOUNTS FOR 2022  
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\* *Bank of Qingdao Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry out banking and/or deposit-taking business in Hong Kong.*

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## LETTER FROM THE BOARD

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### I. INTRODUCTION

The Board of Directors invites you to attend the 2022 AGM to be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Wednesday, 31 May 2023. This circular aims to provide more information on matters set out in the notice of the 2022 AGM.

### II. MATTERS TO BE CONSIDERED AT THE 2022 AGM

#### 1. Work Report of the Board of Directors for 2022

An ordinary resolution on the *Work Report of the Board of Directors of Bank of Qingdao Co., Ltd. for 2022* will be proposed at the 2022 AGM for approval. Please refer to Appendix I to this circular for the full text of the Work Report of the Board of Directors of the Bank for the year 2022.

#### 2. Work Report of the Board of Supervisors for 2022

An ordinary resolution on the *Work Report of the Board of Supervisors of Bank of Qingdao Co., Ltd. for 2022* will be proposed at the 2022 AGM for approval. Please refer to Appendix II to this circular for the full text of the Work Report of the Board of Supervisors of the Bank for the year 2022.

#### 3. Report for Final Financial Accounts for 2022

An ordinary resolution on the *Report for Final Financial Accounts of Bank of Qingdao Co., Ltd. for 2022* will be proposed at the 2022 AGM for approval.

The financial statements of the Company for 2022 prepared in accordance with ASBE have been audited by KPMG Huazhen LLP which has issued an audit report with standard unqualified opinions and the financial statements of the Company for 2022 prepared in accordance with IFRSs have been audited by KPMG which has issued an audit report with unqualified opinions. There is no difference in the net profit and the Shareholders' equity between the two sets of statements.

The final financial accounts for 2022 of the Company are reported as below (based on ASBE, unless otherwise specified, on a consolidated basis):

In 2022, the Company realized operating income of RMB11,644 million, representing a year-on-year increase of RMB508 million or 4.56%; net profit of RMB3,168 million, representing a year-on-year increase of RMB174 million or 5.82%; net profit attributable to shareholders of the Bank of RMB3,083 million, representing a year-on-year increase of RMB160 million or 5.48%.

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## LETTER FROM THE BOARD

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As at the end of 2022, total assets amounted to RMB529,614 million, representing a growth of RMB7,364 million or 1.41% as compared with that as at the end of the previous year; with non-performing loan ratio of 1.21%, representing a decrease of 0.13 percentage point as compared with that as at the end of the previous year. Provision coverage was 219.77%, representing an increase of 22.35 percentage points as compared with that as at the end of the previous year; and the capital adequacy ratio was 13.56% and the core tier-one capital adequacy ratio was 8.75%, representing an increase of 0.37 percentage point as compared with that as at the end of the previous year, all of which had complied with the regulatory requirements.

For details of the audited financial information for the year ended 31 December 2022 prepared based on IFRSs, please refer to the financial statements as set out in the 2022 annual report published by the Bank.

#### **4. Profit Distribution Plan for 2022**

An ordinary resolution on the *Profit Distribution Plan of Bank of Qingdao Co., Ltd. for 2022* will be proposed at the 2022 AGM for approval.

The financial statements of the Bank for 2022 prepared in accordance with ASBE have been audited by KPMG Huazhen LLP which has issued an audit report with standard unqualified opinions and the financial statements of the Bank for 2022 prepared in accordance with IFRSs have been audited by KPMG which has issued an audit report with unqualified opinions. Based on the above audited financial statements, the net profit realized by the Bank for 2022 recorded in both of the financial statements prepared in accordance with ASBE and IFRSs was RMB2.844 billion.

To this end, pursuant to the profit of the Bank, the Articles of Association and relevant regulatory requirements, the Bank intends to implement the profit distribution plan for 2022 as below:

- (i) 10% of net profit, equivalent to RMB284 million, will be appropriated to statutory reserve fund;
- (ii) RMB907 million will be appropriated to general reserve;
- (iii) RMB510 million of dividend has been distributed to the offshore preference shareholders on 20 September 2022;
- (iv) RMB1.60 (tax inclusive) per 10 shares of cash dividend will be distributed to all ordinary shareholders on a basis of the total number of shares on the record date of equity distribution. Dividends of H shares shall be paid in Hong Kong dollars. The applicable exchange rate of RMB to Hong Kong dollars shall be the average of the central parity rates in the interbank foreign exchange market of the five business days preceding the date of declaration of such dividends at the 2022 AGM (inclusive of the date of the 2022 AGM) as announced by the People's Bank of China; and
- (v) The retained profit will be carried forward to the next year.

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## LETTER FROM THE BOARD

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### *Taxation applying to dividends on ordinary Shares*

In accordance with the *Enterprise Income Tax Law of the People's Republic of China* and the related implementation provisions, the Bank shall withhold and pay enterprise income tax at the rate of 10% for non-resident enterprise shareholders whose names appear on the register of holders of H Shares on 10 June 2023.

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

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

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares of the Bank listed on the SZSE (the “**Shenzhen Northbound Trading**”), the Bank will distribute the dividends in RMB through the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such Shares. The Bank will withhold income taxes at the rate of 10% on behalf of the investors and will report to the competent tax authorities for the withholding. For investors of Shenzhen Northbound Trading involved in the enjoying of tax treaty (arrangement) treatment, the withholding will be implemented in accordance with the *Announcement of the State Administration of Taxation on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (Announcement of the State Administration of Taxation [2019] No. 35)* (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》(國家稅務總局公告2019年第35號)) and the *Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127)* (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)).

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## LETTER FROM THE BOARD

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

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

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

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

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

The Bank will make a separate announcement regarding the payment of the 2022 final dividend to A Shareholders and any related matters.

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## LETTER FROM THE BOARD

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### *Closure of register of members and eligibility for final dividend distribution*

The share register for H Shares of the Bank will be closed from Tuesday, 6 June 2023 to Saturday, 10 June 2023 (both days inclusive). In order to be entitled to the final dividend distribution, the H Shareholders of the Bank who have not registered the transfer documents are required to deposit the transfer documents together with relevant Share certificates at the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 5 June 2023. H Shareholders whose names appear on the register of members of the Bank on Saturday, 10 June 2023 are entitled to the final dividend distribution.

The Board is set to distribute the final dividends of 2022 on Wednesday, 21 June 2023. If there are any changes to the dividend payment date, an announcement will be published regarding such changes.

### **5. Engagement of External Auditors for 2023 and their Remuneration**

An ordinary resolution on the *Engagement of External Auditors for 2023 and their Remuneration of Bank of Qingdao Co., Ltd.* will be proposed at the 2022 AGM for approval.

In order to ensure the quality and stability of the auditing, the Bank proposes to continue to engage KPMG Huazhen LLP as the domestic auditor of the Bank for 2023 and KPMG as the foreign auditor of the Bank for 2023 after comprehensively considering the independence, professional competence, higher investor protection ability and better integrity record of KPMG and taking into account factors such as the Bank's business development and the actual situation of accounting firms engaged by the peers.

The audit fee for the 2023 annual periodic report was RMB5.25 million, which is the same as that of the previous year, including: RMB4.65 million for the annual financial statement audit, semi-annual financial statement review, and agreed-upon procedures performed in the first and third quarters; and RMB0.6 million for the internal control audit. The above fees include relevant taxes and miscellaneous expenses such as business trips, office and business trip allowances, which are determined mainly based on audit work requirements and man-hours, etc.

### **6. Special Report on Related Party Transactions for 2022**

An ordinary resolution on the *Special Report on Related Party Transactions of Bank of Qingdao Co., Ltd. for 2022* will be proposed at the 2022 AGM for approval. Please refer to Appendix III to this circular for the full text of the Special Report on Related Party Transactions for 2022 of the Bank.

### **7. Estimated Amount of the Ordinary Related Party Transactions for 2023**

An ordinary resolution on the *Estimated Amount of the Ordinary Related Party Transactions of Bank of Qingdao Co., Ltd. for 2023* will be proposed at the 2022 AGM for approval.

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## LETTER FROM THE BOARD

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

The Bank has estimated the ordinary related party transactions in 2023. For details, please refer to Appendix IV to this circular.

### **8. General Mandate for the Issue of Shares**

A special resolution on the *Resolution on General Mandate for the Issue of Shares of Bank of Qingdao Co., Ltd.* will be proposed at the 2022 AGM for approval.

With a view to fully leveraging on the financing advantages of the capital market, capitalizing on the financing channel in the market and promoting the flexibility of capital management of the Bank, the Board, with reference to market practices, proposes to the 2022 AGM for the approval of granting a general mandate to issue Shares to the Board and further delegation of authority by the Board in accordance with the requirements of relevant laws and regulations and the provisions of the Articles of Association.

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

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

“Relevant Period” means the period from the date of passing this resolution on authorization by 2022 AGM until the earliest of: (1) the conclusion of 2023 annual general meeting of the Bank; (2) the expiration of the 12-month period following the passing of this resolution at the 2022 AGM of the Bank; (3) the date on which the authorization referred to in this resolution is revoked or varied by a special resolution at any general meeting of the Bank.

- (2) The Board shall be authorized to issue, allocate or otherwise deal with the numbers of A Shares and/or ordinary Share, Preference Share of H Shares, Convertible Bond (among which, the number of Preference Share shall be calculated based on the number of A Shares and/or ordinary Share of H Shares to be fully converted from Preference Shares at the mandatory conversion price; the number of Convertible Bonds shall be calculated based on the

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## LETTER FROM THE BOARD

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number of A Shares and/or ordinary Share of H Shares to be fully converted from Convertible Bonds at the conversion price), and the respective amount shall not exceed 20% of the respective total number of issued class of Shares of A Shares and/or ordinary Share of H Shares of the Bank at the date on which this resolution is passed by the 2022 AGM.

- (3) The Board shall be authorized to: (1) formulate and implement the detailed issuing plan which includes, but without limitation, the class of Shares to be issued and allocated, the pricing method and/or the issue price (including a price range), the number of Shares to be issued, the target subscribers and the investment direction of the proceeds raised; to determine the timing of the issue, the issue period and the use of the proceeds raised, and to determine whether to offer to existing Shareholders; (2) deal with matters in relation to the increase in registered capital of the Bank so as to reflect the Shares of the Bank to be issued under the authorization granted under this resolution, and make any amendments to clauses in the Articles of Association in relation to issue of Shares and registered capital as it duly thinks necessary; (3) to consider and approve statutory documents submitted to relevant regulatory authorities related to the aforesaid issuance, and carry out relevant approval procedures under the requirements of regulatory authorities and the place where the Shares of the Bank are listed; (4) take any other necessary actions and proceed with other necessary procedures in order to implement the issue proposal and realize the increase in registered capital; (5) determine other matters related to the aforesaid issuance.

*(ii) Relevant authorization*

To increase the efficiency in decision-making, reduce the internal approval procedures and seize market opportunities, in relation to dealing with the matters on issuing Shares under the general mandate, it is proposed to the 2022 AGM for approval to authorize the Board, and the Board further authorizes the authorized person(s) of the Board, to deal with matters regarding the general mandate to issue Shares during the Relevant Period. The above authorization to the authorized person by the Board shall be determined by the Board upon the exercise of the general mandate under this resolution.

### **III. MATTERS TO BE REPORTED AT THE 2022 AGM**

#### **1. Evaluation Report on the Performance of Duties by the Board of Directors and Directors for 2022**

The Board of Supervisors of the Bank conducted a supervisory evaluation on the performance of the Board of Directors and the Directors for 2022 in accordance with the provisions of the *Corporate Governance Guidelines for Banking and Insurance Institutions*, the *Evaluation Measures for the Performance of Directors and Supervisors of Banking and Insurance Institutions (Trial)*, the *Guidelines for the Work of the Board of Supervisors of*

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## LETTER FROM THE BOARD

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*Commercial Banks* and other regulatory regulations, as well as the *Articles of Association of Bank of Qingdao Co., Ltd.* and the *Evaluation Measures for the Performance of the Board of Directors and Directors of Bank of Qingdao Co., Ltd.* The evaluation is now reported as follows:

I. Evaluation of the performance of duties by the Board of Directors and recommendations thereon

The Board of Supervisors is of the view that in 2022, the Board of the Bank was able to perform its duties in accordance with laws and regulations and the Articles of Association, and the proceedings were legal and compliant. No violation of the laws and regulations and the Articles of Association was found during the performance of duties by the Board of Directors. The Board of Supervisors recommends that the Board of Directors continue to strengthen its judgment on situation, properly arrange the allocation, implementation and evaluation of the work under the three-year plan and facilitate all work develop in an orderly manner.

The year 2023 marks the start of fully implementing the guiding principles of the 20th National Congress of the CPC, is the first year for China to embark on a new journey of building a modern socialist country in all respects, and is also the first year for the Bank to launch its new strategic plan. At present, the macro-economic situation faces considerable uncertainties, which poses higher-level requirements for the operation and development of the banking industry. It is recommended that the Board of Directors adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and fully implements the decisions and arrangements of the central, provincial and municipal committees of the CPC on financial work and the new development concepts, to facilitate high-quality development; that the Board of Directors maintains strategic focus, pays great attention to the execution and closely follows the national, provincial and municipal 14th Five-Year Plans and Long-Range Objectives Through the Year 2035, on the basis of the current new three-year strategic plan adopted by the Bank, to ensure its transformation in line with the strategic direction of the State and continue to improve its regional competitiveness; that the Board of Directors adheres to the compliance development concept and prudent and sound risk preference strategy and continues to strengthen the “risk management, compliance, internal review” system, to continuously improve compliance management level and write a new chapter of high-quality development of the Bank with great efforts.

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## LETTER FROM THE BOARD

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### II. Evaluation of the performance of duties by Directors and recommendations thereon

#### (I) Evaluation from the Board of Supervisors

Based on the daily supervision records of the Board of Supervisors, the Directors' self-evaluation of the performance of their duties, the regulatory opinions of the Qingdao CBIRC, and the special report of the external audit institution, the Board of Supervisors evaluated the performance of the Bank's Directors for 2022 as follows:

##### 1. The "five dimensions" of Directors of the Bank

###### (1) Fulfilling the duty of loyalty

The current Directors of the Bank were able to act in the best interest of the Bank, perform their duties of loyalty, keep the Bank's secrets strictly, pay close attention to matters that may harm the Bank's interests, report to the Board of Directors in a timely manner, and promote the correction of problems.

###### (2) Fulfilling the duty of care

The current Directors of the Bank were able to devote sufficient time and energy to the participation in the Bank's affairs, keeping abreast of the operating management and risk status, attending the meetings of the Board of Directors and its special committees as required, and carefully studying and making prudent judgments on matters submitted to the Board of Directors for consideration.

###### (3) Professionalism in performance of duties

The current Directors of the Bank all possessed sound educational background and rich experience in economy and finance, and were able to continuously improve their professional level, study and put forward scientific and reasonable opinions and recommendations based on the position of the Board of Directors' duties and responsibilities while combining their professional knowledge, industry experience, and work experience, so as to promote scientific decision-making by the Board of Directors.

###### (4) Independence and moral standards in performance of duties

The current Directors of the Bank were able to adhere to a high standard of professional ethics and perform their duties independently and autonomously without the control or interference of substantial Shareholders and insiders, so as to promote the Bank to treat all Shareholders fairly, safeguard the legitimate rights and interests of stakeholders, and actively perform social responsibilities.

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## LETTER FROM THE BOARD

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(5) Compliance in performance of duties

The current Directors of the Bank were able to comply with laws and regulations, regulatory requirements and the Bank's Articles of Association, continuously regulate their performance of duties, perform their duties in compliance with the law, and promote and supervise the Bank's law-abiding and compliant operation.

2. Performance of duties by Directors of various categories

The executive Directors were able to earnestly implement the resolutions of the Board of Directors and the General Meeting of Shareholders in accordance with the provisions of the Articles of Association, diligently perform their operating business management duties, implement the system of reporting by the senior management to the Board of Directors, support other members of the Board of Directors to fully understand the Bank's operating business management and risk information, and promote the effective implementation of the Board of Directors' resolutions and timely feedback.

The current non-executive Directors were able to make good communications between the Bank and its Shareholders in the long-term interests of the Bank without putting the Shareholders own interests above those of the Bank and other Shareholders, and support the Bank in adhering to compliance operations, improve the overall risk management level and promote the optimization and improvement of various operations and management.

The independent Directors were free from the influence of substantial shareholders, senior management and other entities and individuals that have interests in the Bank, maintained independence when performing their duties, actively attended meetings and participated in surveys, fully understood the Bank's operation, expressed independent opinions on relevant major issues and attached great importance to the protection of the legitimate rights and interests of minority shareholders and other stakeholders.

The chairpersons of the special committees of the Board of Directors were able to preside over the meetings of the respective special committees, deliberate on the matters within the terms of reference and issue professional opinions for the reference of the Board of Directors in making decisions in accordance with the requirements of the working rules of the special committee, so as to promote the scientific and efficient decision-making of the Board of Directors.

To sum up, the Board of Supervisors is of the opinion that the performance evaluation results of the current Directors of the Bank for 2022 were all competent.

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## LETTER FROM THE BOARD

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### (II) Recommendations of the Board of Supervisors

In 2023, facing the complex internal and external environment, the Board of Supervisors recommends that the Directors of the Bank consciously comply with all laws and regulations, honestly and faithfully exercise their rights under the Articles of Association, and conscientiously and diligently fulfill their obligations as Directors; that the Directors continue to make use of their rich professional knowledge and management experience, turn their professional strengths into consultation and decision-making results, and put forward valuable opinions and suggestions for the development of the Bank, so as to continuously improve the level of corporate governance of the Bank; that the Directors proactively understand the Bank's overall business development to promote the Bank's compliance with laws and regulations and the high-quality development of all business activities.

## 2. Evaluation Report on the Performance of Duties by the Supervisors for 2022

The Board of Supervisors of the Bank conducted supervision and evaluation of the performance of duties by the Supervisors for 2022 in accordance with the *Corporate Governance Guidelines for Banking and Insurance Institutions*, the *Evaluation Measures for the Performance of Directors and Supervisors of Banking and Insurance Institutions (Trial)*, the *Guidelines for the Work of the Board of Supervisors of Commercial Banks* and other regulatory regulations, as well as the *Articles of Association of the Bank of Qingdao Co., Ltd.* and the provisions of the *Measures on Evaluation of Performance of Duties by the Supervisors of Bank of Qingdao Co., Ltd.* The evaluation report is hereby made as follows:

### I. Evaluation from the Board of Supervisors

Based on the daily supervision records of the Board of Supervisors, the Supervisors' self-evaluation of the performance of their duties, the regulatory opinions of the Qingdao CBIRC, and the special report of the external audit institution, the Board of Supervisors evaluated the performance of the Bank's Supervisors for 2022 as follows:

#### (I) Fulfilling the duty of loyalty

The Supervisors of the Bank were able to act in the best interest of the Bank, keep the Bank's secrets strictly, honestly fulfill their supervision functions, pay close attention to matters that may harm the Bank's interests, report to the Board of Supervisors in a timely manner, and promote the correction of problems.

#### (II) Fulfilling the duty of care

The Supervisors of the Bank were able to actively perform their duties and obligations as Supervisors, devote sufficient time and energy to participate in the Bank's affairs, keep abreast of the operating management and risk status, attend the meetings of the Board of Supervisors and its special committees as required, and carefully study and make prudent judgments on matters submitted to the Board of Supervisors for consideration. The Board of Supervisors was not aware of any violation of the diligent obligations under laws, regulations and the Articles of Association.

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## LETTER FROM THE BOARD

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### (III) Professionalism in performance of duties

The Supervisors of the Bank were all equipped with professional knowledge, work experience and basic quality necessary for duty performance, and were able to continuously improve their professional level, study and put forward scientific and reasonable opinions and recommendations based on the position of the Board of Supervisors' duties and responsibilities while combining their professional knowledge, industry experience and work experience, which play a supervision and safeguarding role in the high-quality development of the Bank.

### (IV) Independence and moral standards in performance of duties

The Supervisors of the Bank were able to adhere to a high standard of professional ethics and perform their duties independently and autonomously without the control or interference of substantial Shareholders and insiders, so as to promote the Bank to treat all Shareholders fairly, safeguard the legitimate rights and interests of stakeholders, and actively perform social responsibilities.

### (V) Compliance in performance of duties

The Supervisors of the Bank were able to comply with laws and regulations, regulatory requirements and the Bank's Articles of Association, continuously regulate their performance of duties, perform their duties in compliance with the law, and promote and supervise the Bank's law-abiding and compliant operation.

The Supervisors of the Bank were able to attend the meetings of the Board of Supervisors and special committees in a standardized manner, perform their supervisory duties conscientiously, and give opinions and suggestions on key matters such as the legal compliance of the Bank's operation, the truthfulness of financial reports, the acquisition and sale of assets, related party transactions, internal control, and the implementation of resolutions at the General Meeting of Shareholders. The external Supervisors were able to focus on the overall interests of the depositors and the Bank, express their opinions objectively and independently, and have no part-time jobs in other commercial banks.

To sum up, the Board of Supervisors is of the opinion that the performance evaluation results of the Supervisors of the Bank for 2022 were all competent.

## II. Recommendations of the Board of Supervisors

The year 2023 marks the start of implementing the guiding principles of the report of the 20th National Congress of the CPC and is also the first year for implementing the Bank's new three-year strategic plan. The global economic situation remains complex and severe, and the external environment is full of uncertainties, which bring a number of opportunities and challenges in various respects for the banking industry. It is recommended that the Supervisors adhere to the goal of protecting the legitimate rights and interests of the Bank, Shareholders, employees, creditors and other stakeholders, and continue to explore new models of supervision, to strengthen the effectiveness of supervision. The Supervisors are also advised to continuously optimize the supervision and suggestion mechanism, continuously improve the supervision and inspection system,

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and communicate and provide feedback on the supervision findings of the Board of Supervisors to the Board of Directors and the management in a timely manner, to continuously promote the implementation of supervision opinions and the improvement of supervision effectiveness. The Supervisors should effectively safeguard the rights of the Board of Supervisors to information and supervision by benchmarking with excellent institutions in the industry, innovating work methods, improving working mechanisms, enriching supervision practices and continuously improving the ability to collect and integrate information.

### **3. Performance Report of the Independent Non-executive Directors for 2022**

The *Performance Report of the Independent Non-executive Directors of Bank of Qingdao Co., Ltd. for 2022* will be proposed at the 2022 AGM for review by Shareholders, but no need for their approval. For the Performance Report of the Independent Non-executive Directors for 2022, please refer to Appendix V to this circular.

### **4. Evaluation Report of the Major Shareholders for 2022**

The *Evaluation Report of the Major Shareholders of Bank of Qingdao Co., Ltd. for 2022* will be proposed at the 2022 AGM for review by Shareholders, but no need for their approval. For the Evaluation Report of the Major Shareholders for 2022, please refer to Appendix VI to this circular.

## **IV. RESPONSIBILITY STATEMENT**

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

## **V. THE 2022 AGM**

The Bank intends to convene the 2022 AGM at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC, at 9:00 a.m. on Wednesday, 31 May 2023 to consider and, if thought fit, to pass the matters as set out in the notice of the 2022 AGM. Notice and form of proxy of the 2022 AGM dated 11 May 2023 have been published in accordance with the Hong Kong Listing Rules. The notice of the 2022 AGM is set out on pages 66 to 69 of this circular.

Completion and return of the form(s) of proxy(ies) will not preclude you from attending and voting in person at the 2022 AGM or at any adjournment.

### **Closure of Register of Members and Eligibility to Attend and Vote at the 2022 AGM**

The Share register of members of the Bank will be closed from Thursday, 25 May 2023 to Wednesday, 31 May 2023 (both days inclusive), during which period no Share transfer will be registered. In order to be eligible to attend and vote at the 2022 AGM, H Shareholders of

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the Bank must lodge the Share transfer documents accompanied by the relevant Share certificates and other appropriate documents with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited (address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) no later than 4:30 p.m. on Wednesday, 24 May 2023. Shareholders whose names appear in the register of members of the Bank on Thursday, 25 May 2023, will be eligible to attend and vote at the 2022 AGM.

### VI. METHODS OF VOTING AT THE 2022 AGM

Pursuant to the requirements of Rule 13.39(4) of the Hong Kong Listing Rules, voting by the Shareholders at the 2022 AGM shall be taken by the way of poll.

To the best knowledge of the Bank, Qingdao Haier Industrial Development Co., Ltd., Qingdao Haier Air-Conditioner Electronics Co., Ltd., Haier Smart Home Co., Ltd., Qingdao Haier Mold Co., Ltd., Qingdao Haier Tooling Development Co., Ltd., Qingdao Mannike Intelligent Technology Co., Ltd., Qingdao Haier Air-Conditioner Co., Ltd., Qingdao Haier Special Refrigerator Co., Ltd., Intesa Sanpaolo S.p.A., Qingdao Conson Industrial Co., Ltd., Haitian (HK) Holdings Limited and Qingdao Guoxin Capital Investment Co., Ltd., were deemed to have a material interest in the *Resolution on the Estimated Amount of the Ordinary Related Party Transactions of Bank of Qingdao Co., Ltd. for 2023*, therefore, they should abstain from voting on the resolution. Save as disclosed above, no other Shareholder or its associate is deemed to have a material interest in any of the resolutions at the 2022 AGM, and no other Shareholder is required to abstain from voting on any resolutions.

Please be advised that pursuant to the Article 62 of the Articles of Association, where a Shareholder pledges 50% or more of his/her equity interests in the Bank, the voting rights of such Shareholder at the 2022 AGM shall be subject to restrictions.

### VII. RECOMMENDATIONS

The Board (including the independent non-executive Directors) considers that the resolutions to be proposed at the 2022 AGM are in the interests of the Bank and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of all resolutions to be proposed at the 2022 AGM.

By order of the Board  
**Bank of Qingdao Co., Ltd.\***  
**JING Zailun**  
*Chairman*

Qingdao, Shandong, the PRC  
11 May 2023

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

**WORK REPORT OF THE BOARD OF  
DIRECTORS OF BANK OF QINGDAO CO., LTD. FOR 2022**

The year 2022 marked the convening of the 20th National Congress of the Communist Party of China (CPC) and the first year of embarking on a new journey toward building a modern socialist country in all respects and advancing towards the second Centenary Goal as well as the crucial and first year for the Bank of Qingdao to build on past achievements and reinitiate its journey. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and adhering to the general principle of “seeking progress amid stability”, the Board of Directors of the Bank forged ahead with confidence and actively responded to challenges. It completed the smooth transition from the current session to the new session of leadership teams and guaranteed the continuity and stability of the overall operation and management; appropriately initiated the formulation of the new three-year strategic plan and specified the development orientation and path in the future; comprehensively improved the quality and efficiency of operation and management and strengthened risk control with compliance as the standard, and achieved sustained growth in business efficiency and Shareholders’ value.

In 2022, the market influence of the Bank was continuously improved. The Bank ranked the tenth in the GYROSCOPE evaluation of the steady development capability of commercial banks carried out by the China Banking Association and its corporate governance capability ranked the first among city commercial banks for two consecutive years. The Bank was selected in the lists of “China’s 500 Most Valuable Brands” and the “Asia’s Top 500 Brands” for six times and was granted the “Five-Star Diamond Award” seven times. It was awarded the Prize for the Outstanding ESG Case by the Xinhua News Agency and included in the List of High-end Brand Enterprises in 2022 in Shandong Province, ranking the first among service enterprises in Qingdao City in terms of the brand value.

**I. SUMMARY OF THE MAIN WORK OF THE BOARD IN 2022**

**(I) Adhered to the leadership of the Party and fully supported the development of the real economy**

In 2022, under the guidance of the spirit of the 20th National Congress of the CPC, the Board of Directors resolutely implemented the decisions and arrangements of the CPC Central Committee and the provincial and municipal governments on serving the real economy and followed the guidance of high-quality Party building in high-quality business development. On the one hand, the Bank deeply promoted the “incorporation of Party building into the articles of association”, further supplemented the duties and composition of the Party Committee, clearly included the leadership mechanism of “Dual Entry and Cross Appointment”, clarified the boundaries of the duties of the Party Committee and the general meeting, the Board of Directors, the Board of Supervisors and the management, and practically gave play to the leading role of the Party Committee in guiding the direction, managing the overall situation and promoting implementation. On the other hand, under the strategic guidance of the Board of Directors, the Bank achieved preliminary results in shoring up weaknesses, significantly

improved its international business capability and achieved remarkable growth in the settlement volume of international business and the revenue from international business. It made continuous efforts with the focus on the replacement of old growth drivers with new growth drivers, the high-quality development of the manufacturing industry and other key sectors, established the leading group on “Financial Services to Serve the High-quality Development of the Real Economy”, and issued 20 measures on supporting the high-quality development of the real economy to vigorously support the development of the real economy. It actively employed policy tools such as re-lending and re-discounting to conduct product innovation and assist enterprises in overcoming difficulties, and empowered the development of inclusive finance through digitalization. As at the end of the year, the balance of inclusive loans of the Bank was RMB27,125 million, representing an increase of 23.26% over the beginning of the year and higher than the growth in all loans of the Bank.

The Bank actively responded to the national “carbon neutrality” strategy and explored a green development path with its own characteristics. During the reporting period, the Bank conducted the following business: the first emission rights pledge loan in Shandong Province, the first energy usage rights pledge financing by a corporate bank in Shandong Province, the first emission rights pledge loan in Qingdao, and the launch of a series of featured green financial products such as the “Carbon Neutral Loan (碳中和贷款)” and the “Photovoltaic Loan (光伏贷)”. It obtained the first blue finance investment in China from the International Finance Corporation and contributed to the sustainable development of the world’s oceans. In addition, the Bank participated in social and public welfare activities, paid special attention to education, focused on new citizens, cared for those with special needs and undertook responsibilities to return the society. It donated a total of RMB5.69 million throughout the year.

## **(II) Followed strategic guidance and opened up a new chapter of high-quality development**

In 2022, following the working principle of compliance and high efficiency, the Bank smoothly completed the resignation, election and appointment of members of the Board of Directors and established the new session of leadership team with Chairman Jing Zailun as the core. Under the strategic leadership of the Board of Directors, the Bank closely focused on the theme of “high-quality development” and deeply promoted the formulation of the strategic planning for 2023-2025 through the in-depth analysis and argumentation on the macro economic situation, the development trend of the banking industry and the current development conditions of the Bank. The Bank has established the leading group on the formulation of strategic planning with the Chairman as the leader and conducted scientific judgment on the competitiveness of the Bank on customer acquisition, product marketing and risk control through internal interviews and symposiums. It successively organized 3 brainstorming sessions on business segments, 10 symposiums on business strategies and 40 interviews with leaders of the Bank and departments and deeply analyzed key points in the operation and development of the Bank. It fully listened to the opinions of major Shareholders and independent Directors and successively organized 5 briefings of Shareholders and independent Directors. Based on the data and experience of external consulting institutions, it continuously diversified and enriched the strategic planning. The new three-year strategic planning was considered and approved at

the 23rd meeting of the eighth session of the Board of Directors of the Bank at the beginning of 2023. According to the new three-year strategic planning and with the “high-quality development and giving priority to quality and efficiency” as core strategic goals, the Bank will comprehensively promote the high-quality development with the focus on four strategic themes, namely “adjusting the structure, strengthening customer service, optimizing synergies and enhancing capabilities” and vigorously build a value-leading bank with “leading quality and efficiency, outstanding features and flexible mechanisms”.

### **(III) Guaranteed continuous and stable operation and management with smooth transition**

In 2022, the Board of Directors of the Bank maintained strategic stability and guided the management in the implementation of the basic operation guiding philosophy of “deep cultivation and fine operation, intensified promotion, optimized structure, and sustained development”. Under the impacts of the complicated external economic situation, the adjustments to the members of the Board of Directors and other objective factors, the Bank achieved continuity and stability in operation and management and effectively guaranteed the steady growth in the scale and benefits.

1. In terms of the business scale, as at the end of 2022, the total assets of the Group amounted to RMB529.614 billion and total assets under management reached RMB740.909 billion. Total loans amounted to RMB269.029 billion, representing an increase of RMB24.824 billion as compared with that at the beginning of the year. Total deposits amounted to RMB341.347 billion, representing an increase of RMB27.822 billion as compared with that at the beginning of the year.
2. In terms of the operating performance, the operating income of the Group amounted to RMB11.644 billion; the net profit of the Group amounted to RMB3.168 billion and the return on net assets (ROE) was 8.95%.
3. In terms of the structure of assets and liabilities, the loans and advances to customers accounted for 49.57% of the Group’s total assets, up by 3.88 percentage points as compared with that at the beginning of the year. The deposits from customers accounted for 70.59% of the Group’s total liabilities, representing an increase of 5.56 percentage points as compared with that at the beginning of the year.
4. In terms of the asset quality, the non-performing loan ratio was 1.21%, representing a decrease of 0.13 percentage point as compared with that at the beginning of the year. The aggregate proportion of special mention loans and non-performing loans in total loans was 2.03%, representing a decrease of 0.34 percentage point as compared with that at the beginning of the year. The provision coverage ratio was 219.77%, representing an increase of 22.35 percentage points as compared with that at the beginning of the year. The provision rate of loans was 2.65%, representing an increase of 0.01 percentage point as compared with that at the beginning of the year.

**(IV) Deepened the construction of mechanisms and systems and promoted the efficient corporate governance operation**

Firstly, improved the corporate governance systems and continuously strengthened the design on top mechanism. In 2022, the Bank revised and improved a total of 13 systems and measures, including the evaluation measures for the performance of Directors, Supervisors and senior management, the equity management measures, the information disclosure management system and the investor relations management system in accordance with the latest requirements of various laws and regulations newly issued or revised. It initiated the revision of 13 rules and systems, including the Articles of Association and the rules of procedure of the general meeting, the Board of Directors and the Board of Supervisors, and relevant work have been completed at the beginning of 2023. Through the continuous establishment and improvement of rules and systems, it specified the rights and obligations, the boundaries of the duties and the operation standards of all governance bodies, comprehensively guaranteed the operation of the governance mechanisms of the Bank in compliance with regulations and practically safeguarded the legitimate rights and interests of Shareholders, the Bank, employees and other stakeholders.

Secondly, practically gave full play to the core role of decision-making through standard and effective operation. In 2022, the Board of Directors focused on its core functions and convened a total of 14 meetings, 5 of which were on-site meetings, and 9 of which were held by way of written communications voting. Resolutions on 59 major issues were offered, including the nomination and election of Directors, the redemption of offshore preference shares, the annual work report of the President, the report for final financial accounts, the integrated business plan and the profit distribution plan for the year. It received or reviewed 61 special reports, including various risk management reports, internal and external audit reports and external auditors' recommendation letter to management and rectification reports. It continuously deepened the key role in strategic decision-making, risk management, internal control, the construction of systems as well as incentive and restraint mechanisms.

Thirdly, gave full play to the professional role of the special committees and independent Directors. In 2022, the special committees of the Board of Directors conducted pre-discussion on the matters to be submitted to the Board of Directors for consideration, put forward constructive opinions and suggestions, gave full play to the role of decision-making, and promoted the scientific decision-making and efficient operation of the Board of Directors. During the year, the special committees of the Board of Directors convened 29 meetings, considered 45 proposals and received or reviewed 55 reports. Meanwhile, independent Directors further broadened the channels for performing their duties, organized and carried out researches on two special themes, namely the international business and the 2023-2025 strategic planning, formed special research reports which were implemented and improved item by item by senior management and gave full play to the professional and independent roles of independent Directors.

Fourthly, continuously strengthened their abilities in performing duties. In 2022, all Directors were dedicated and diligent, and actively participated in all kinds of training and research organized by regulatory agencies, sponsor institutions and the Bank, to learn and master the latest regulatory policies as well as requirements and clarify the focus and direction of their future duties. All Directors regularly reviewed the “Directors and Supervisors’ Newsletters” prepared by the Bank every month, irregularly reviewed the “Training Brief on Corporate Governance” to keep abreast of the Bank’s operation and management and deepen the participation in duty performance. They focused on studying the newly revised or promulgated laws and regulations on corporate governance, such as the *Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions* and the *Measures for Regulatory Assessment of Corporate Governance of Banking and Insurance Institutions*, continuously deepened the understanding of the macroeconomic situation, regulatory policies, industry development trends, etc., and improved the professional performance ability.

**(V) Efficiently completed capital replenishment and optimized the capital structure**

Firstly, successfully completed the A+H rights issue. The Bank’s Board of Directors attached great importance to capital management and guided the management to use capital scientifically and achieve endogenous growth while promoting capital replenishment from external sources in a timely manner. At the beginning of 2022 and under the decision-making and deployment of the Board of Directors, the Bank completed the only A+H rights issue of listed banks in the past eight years and also the first A+H rights issue of city commercial banks. The rights issue effectively solved the capital strains of the Bank and can support the Bank to provide over RMB50 billion of new risky assets, and injected strong capital strength into the business development of the whole Bank.

Secondly, promoted the optimization of the capital structure. In 2022, the Bank’s Board of Directors considered and approved the resolution on the redemption of offshore preference shares, guided the management in specifying work plans and successfully completed the redemption. Based on the previous strategic decision-making of the Board of Directors, the Bank completed the issuance of two tranches of undated capital bonds with a total amount of RMB6.4 billion and guided the Bank in further reducing financing costs and improving the capital structure.

**(VI) Strengthened equity management and consolidated the foundation for corporate governance**

Firstly, continuously standardized Shareholder’s behavior. The Bank adhered to the principle of “clearness and transparency” and conducted comprehensive appraisal on major Shareholders’ qualifications, finance, related party transactions, the exercise of Shareholders’ rights and the performance of obligations and undertakings during the year under the support and guidance of the Board of Directors. Meanwhile, with reference to the list of key issues released by regulatory authorities, the Bank carried out self-inspections on potential issues, formulated rectification measures and implemented rectification responsibilities item by item.

Currently, the Bank has achieved “full compliance” in the approval and filing of major Shareholders’ qualifications, the “full signing” of undertakings and statements of major Shareholders and the “full releasing” of share pledges of major Shareholders.

Secondly, maintaining a sound governance culture. Under the vigorous support of major Shareholders and the Board of Directors, the management of the Bank and major Shareholders established a sound communications mechanism and finally incorporated Shareholders’ appeals into the overall development targets of the Bank. During the process of the “ban-lift of big non-tradable shares”, key personnel changes and the formulation of strategies during the year, the Bank actively carried out in-depth and candid communications with major Shareholders in advance, fully obtained major Shareholders’ understanding and support, maintained the sound relationship featuring mutual respect and trust with Shareholders and made concerted efforts in pursuing high-quality development.

Thirdly, prudently carried out related party transactions. In accordance with the requirements of regulatory authorities in the Mainland and Hong Kong, the Board of Directors strictly implemented the process of reporting, approval and disclosure of related party transactions and considered major related party transactions in a compliant manner. It guided the Bank to practice the latest policy requirements of the CBIRC on the management of related party transactions, improved the management structure for related party transactions, established an independent management department and clarified the responsibilities and the division of work to consolidate the foundation for the management of related party transactions. The Board of Directors promoted the Bank to initiate the revision of the administrative measures on related party transactions, analyzed and discussed new regulations article by article and actively explored specific paths for the implementation of new measures in the Bank. In 2022, the indicators of related party transactions of the Bank were in compliance with the regulatory requirements and there were no cases that violated the principle of fairness or harmed the interests of the Bank and Shareholders.

**(VII) Strictly held the bottom line of risk prevention and control and continuously promoted overall risk management**

Firstly, continuously strengthened the overall risk management level. The Board of Directors insisted on prudent and steady risk preference, urged the management to focus on risk control in key areas, took forward-looking measures, and continuously improved the overall risk management level. In 2022, the Board of Directors prudently formulated the annual business operation risk preference plan from the perspective of consolidated management of the Group’s accounts and determined the risk constraint indicator system on the basis of giving consideration to risks and benefits. Bearing the Group’s development in mind, the Board of Directors established a joint work mechanism on overall risk management and coordinated stress tests on market risk and liquidity risk and risk investigation in key sectors. It completed the launching of the unified credit granting and credit risk consolidated management system at the Group level and continuously intensified the guidance and supervision on the risk management of subsidiaries to develop an overall risk culture of the Group.

Secondly, improved the risk management systems. During the year, the Board of Directors initiated the implementation of the expected credit losses method, formulated the *Administrative Measures on the Implementation of the Expected Credit Losses Method of the Bank of Qingdao* and jointly promoted the implementation of the expected credit losses method in the Bank with other departments. Based on regulatory opinions and excellent practices in the industry, the Board of Directors comprehensively revised the recovery plan and continuously improved the programmatic documents on responding to extreme risks. It completed the revision to three liquidity management systems, namely the *Administrative Measures for Liquidity Risk Management of the Bank of Qingdao*, the *Emergency Plan on Liquidity Risk of the Bank of Qingdao* and the *Administrative Measures for Stress Test on Liquidity Risk of the Bank of Qingdao*, further improved the liquidity risk limit system and warning system and optimized the procedures of stress tests to ensure the controllability of the liquidity risk.

Thirdly, regularly monitored all kinds of risk management. Through regular review of various risk reports on overall credit risk, market risk, liquidity risk and compliance risk, the Board of Directors prudently assessed the Bank's overall risk management status and the effectiveness of work measures, and put forward work requirements and guidance suggestions for the key points of risk management. In 2022, all major risk management indicators of the Bank were stable and good. Among them, the non-performing loan ratio at the end of the year reached 1.21%, down 0.13 percentage point from the beginning of the year; the balance of non-performing loans amounted to RMB3.247 billion, representing a decrease of RMB14 million as compared with that at the beginning of the year. It was the first time to record a decrease in both the balance of non-performing loans and the non-performing loan ratio since 2014. The provision coverage ratio was 219.77%, representing an increase of 22.35 percentage points as compared with that at the beginning of the year, and the risk resilience was significantly enhanced.

**(VIII) Adhered to the concept of compliance management and strengthened internal control and compliance management**

Firstly, continuously improved the internal control management. The Board of Directors guided the Bank to carry out self-evaluation of internal control in accordance with regulatory requirements at home and abroad, reviewed internal control evaluation reports regularly, promoted the Bank to continuously improve the construction of internal control mechanism, focused on the problems of the Bank found in various inspections by regulatory agencies and the implementation of rectification, reviewed financial regulatory circulars and rectification reports, urged the management to adhere to a problem-oriented approach, organically combined problem rectification with management improvement and constantly improved the level of internal management.

Secondly, gave full play to internal and external audit supervision. The Board of Directors attached great importance to the supervision role of internal and external audit institutions, carefully listened to internal and external audit work reports and various special audit reports and rectification reports, paid attention to communication with external audit institutions, supported external audit institutions to issue audit management proposals, and continued to

follow up on the improvement of the Bank; continued to strengthen the construction of internal audit and deepen the transformation to management audit, continuously expanded the scope and depth of audit, actively innovated methods and means, strived to enhance the value of internal audit, consolidated the third line of defense against risks, and enhanced the endogenous driving force for sustainable development.

Thirdly, continuously improved the incentive and restraint mechanism. According to the internal and external conditions and strategic development goals, the Board of Directors adhered to the combination of incentives and restraints, established a reasonable performance management mechanism, optimized the market-oriented remuneration system, and considered and approved the proposal on the annual total bonus for employees and performance bonus of senior management in accordance with the principle of “managing senior management and managing the total amount”, guided the management to adhere to a target-oriented approach, improved management efficiency, and promoted the effective achievement of business objectives.

#### **(IX) Comprehensively promoted digital transformation driven by innovation**

The Board of Directors fully recognized the significance of digital transformation, considered it a key in serving the real economy and facilitating the high-quality development of the Bank and strategically promoted digital transformation. In 2022, the Bank formulated the *Action Plan on Digital Transformation of the Bank of Qingdao* and established the Strategic Committee on Digital Transformation and the Digital Transformation Office of the Bank after sufficient study and argumentation and established top-to-bottom governance structures and mechanisms with the high synergy of all departments, laying the foundation for promoting the digital transformation of the Bank.

The Bank advanced the construction of the digital business platform with the construction of key projects as drivers. In 2022, it launched 50 new IT projects and successfully completed the implementation of 54 projects such as the “corporate intelligent marketing management platform project”, “Mobile Banking 6.0”, and “intelligent monitoring platform”. Driven by technological innovation, the Bank intensified research on new technologies and independent research and development, and strengthened the independent controllability of key technologies, so as to comprehensively enhance the business value of Fintech in channel expansion, scenario services, product innovation, process optimization, and risk identification.

#### **(X) Carried out high-standard information disclosure and investor relations activities and safeguarded the outstanding market image**

Firstly, improved the quality and efficiency of information disclosure. The Bank has always adhered to the concept of “understanding investors, respecting investors, protecting investors and rewarding investors” and has been actively exploring the information disclosure mode with the characteristics of the Bank. On the basis of compliance, the Bank proactively provided information on the operation and development characteristics concerned by investors and disclosed the operation and development results to the capital market and investors in a

comprehensive, objective and truthful manner. In 2022, the Bank issued a total of 276 periodic reports and temporary announcements, among which, 138 announcements were released on the SZSE and the Stock Exchange, respectively. There were no enquiries from regulators or penalties imposed for information disclosure compliance issues. The Bank has been granted the highest rating of “A” in the SZSE’s information disclosure assessment for two consecutive years.

Secondly, deepened the interactions with investors. Adhering to the investor-centered approach, the Bank continued to expand the communication channels with the capital market, delivered the Bank’s development strategy, characteristic advantages and operating results with a frank and open mind, and established a good market image. In April 2022, the Bank organized and convened the 2021 annual performance briefing through live webcast and carried out interactions and communications with tens of domestic and overseas well-known investment institutions and professional media, actively displaying the development characteristics and business highlights. Throughout the year, the Bank conducted 14 communication activities with various investors and carried out in-depth communications with over 100 securities analysts and investors on their concerns; answered nearly 200 investor hotline calls and handled over 100 mails from the IR mailbox. In addition, the Bank displayed the primary role as a financial institution, continued to strengthen the publicity and popularization of financial knowledge, built and improved the long-term mechanism for public education services, and effectively protected the legitimate rights and interests of investors and financial consumers.

## **II. PROSPECTS FOR THE KEY WORK OF THE BOARD OF DIRECTORS IN 2023**

2023 is the first year of full implementation of the spirit of the 20th National Congress of the CPC, a crucial year in implementing the “14th Five-Year” plan and the opening year of the Bank’s new three-year strategic plan (2023-2025). The Board of Directors of the Bank will deeply implement the spirit of the 20th National Congress of the CPC, closely follow national and local development strategies, focus on the theme of high-quality development, maintain strategic determination and emphasize implementation to build a value-leading bank with “leading quality and efficiency, outstanding features and flexible mechanisms”.

### **(I) Focusing on implementation and promoting the effective implementation of the new three-year strategic plan**

The new three-year strategic plan set out the direction for the development of the Bank in the following three years. The Board of Directors of the Bank will take the opportunity of the implementation of the new round of strategic plan, further display the role in strategic leadership, support and supervise the senior management in focusing on the implementation of strategies, including the internal publicity of the three-year plan, the establishment of the strategic task systems and the breakdown of work as well as regular appraisal and review, to ensure the comprehensive implementation of the new three-year strategic plan in the Bank.

**(II) Optimizing capital management and initiating the refinancing plan when appropriate**

Firstly, the Board of Directors will improve the refined management of capitals, deepen the capital constraint concept, optimize capital allocation, strengthen performance management and appraisal, enhance coordination and dynamic monitoring on capitals and deepen the comprehensive operation capability to practically improve capital returns. Secondly, after fully considering the operation conditions of the Bank and the capital market and in combination with regulatory requirements and interbank cases, the Board of Directors will appropriately initiate the new round of capital replenishment and carry out forward-looking layout to consolidate the capital foundation for the sustainable development of the Bank in the future.

**(III) Deeply conducting equity management and consolidating the foundation of corporate governance**

The Board of Directors will actively respond to the latest regulatory policies as well as requirements. Based on the newly revised measures on equity management of the Bank, the Board of Directors will deepen, clarify and improve the code of conduct, responsibilities and obligations and undertakings of major Shareholders as well as the duties of the Bank, further smoothen the communication mechanism with Shareholders and coordinate with Shareholders in performing their duties in compliance. It will solidly implement the newly revised administrative measures on related party transactions, optimize the management mechanism and procedures on related party transactions, advance the construction of systems on related party transactions and practically prevent benefit transfer and risks on related party transactions.

**(IV) Taking adhering to the compliance operation as the bottom line and intensifying the comprehensive risk management**

In 2023, the Board of Directors will continue to adhere to the concept of compliance operation, actively carry out supervision, adhere to the prudent and steady risk preference strategy in combination with the Bank's business development goals, continue to strengthen the construction of the internal control system of "risk management, compliance and internal audit", carefully complete the rectification and implementation of regulatory opinion and continuously improve the level of compliance management. At the same time, the Board of Directors will pay close attention to the changes in internal and external business environment, regularly monitor and evaluate various risk indicators, guide the senior management to strengthen the construction of information system on risk management and continuously promote the comprehensive risk management.

**(V) Establishing more professional systems on information disclosure and investor relations**

In 2023, the Board of Directors will actively fulfill the responsibilities and obligations of listed companies, earnestly master the needs of the capital market and investors, safeguard the legitimate rights and interests of investors, enhance mutual understanding and trust with investors and fully display the Bank's good market image through compliant and effective information disclosure and multi-level and all-round investor exchanges. At the same time, the Board of Directors will establish a two-way transmission mechanism of external information transmission and internal feedback, accurately seize the market trends, convert the opinions and suggestions beneficial to the development of the Bank in the capital market into endogenous drivers to the Bank, and build a virtuous circle of operation management and value growth.

Please consider.

**WORK REPORT OF THE BOARD OF SUPERVISORS OF  
BANK OF QINGDAO CO., LTD. FOR 2022**

In 2022, the Board of Supervisors of Bank of Qingdao Co., Ltd. (hereinafter referred to as the “**Bank**”), under the correct leadership of the governmental and regulatory authorities and the strategic guidance of the Party Committee of the head office, with the support of all Shareholders, the Board of Directors and senior management and in strict compliance with regulatory regulations and the provisions of the Articles of Association of the Bank, focused on the strategic vision of “Innovative Finance, Brilliant Banking”, solidly carried out the supervisory work, promoted the sustainable and sound development of the Bank and effectively safeguarded the legitimate rights and interests of Shareholders and other stakeholders. The main work of the Board of Supervisors in 2022 and the work plan for 2023 are reported as follows:

**I. MAIN WORK OF THE BOARD OF SUPERVISORS IN 2022**

**(I) Maintained compliant and efficient operation and practically performed supervisory duties**

In 2022, the Board of Supervisors convened meetings of the Board of Supervisors and special committees in accordance with the relevant provisions of the Articles of Association of the Bank, the rules of procedures and the needs of performing supervision work. In the whole year, the Board of Supervisors convened 7 meetings, 2 of which were on-site meetings, and 5 of which were voted via written communications. 21 proposals were considered and passed, including the work report of the President, periodic reports, the internal control self-evaluation report, the evaluation measures for the performance and the performance evaluation report of the Directors, Supervisors and the senior management. The Board of Supervisors received 58 reports, including various risk management reports, internal audit reports, financial supervision circulars, and rectification reports. In the whole year, the special committees of the Board of Supervisors convened a total of 10 meetings, 7 of which were meetings convened by the supervision committee, and 3 of which were convened by the nomination and evaluation committee, at which a total of 19 relevant proposals were considered, and 53 reports were received. Members of the Board of Supervisors faithfully and diligently performed their obligations. The rate of attendance of all meetings of the Board of Supervisors and special committees was 100%. Through the meetings of the Board of Supervisors, all Supervisors carefully reviewed and analyzed materials at the meetings, conducted sufficient research and deliberation on major issues related to the development of the Bank, expressed objective and impartial opinions and suggestions based on their own profession or work practice, and effectively performed their supervisory duties.

**(II) Carried out in-depth and practical performance supervision and improved the effectiveness of corporate governance**

First, the Board of Supervisors optimized systems and improved the scientific performance appraisal. The Board of Supervisors of the Bank carefully studied the *Evaluation Measures for the Performance of Directors and Supervisors of Banking and Insurance Institutions (for Trial Implementation)* issued by the CBIRC and other laws and regulations. It completed the revision of the evaluation measures for the performance of the Board of Directors and the Directors, the evaluation measures for the performance of the Supervisors and the evaluation measures for the performance of the senior management and its members at the beginning of 2022, further clarified the duties of all parties, increased the dimensions of performance evaluation and set out detailed standards on performance evaluation, and improved the standardization and effectiveness of the performance evaluation work. In addition, based on the latest regulatory regulations and work needs, it completed the revision and improvement of the working rules of the special committees under the Board of Supervisors and ensured the frequent use and updating of systems. The Board of Supervisors is of the opinion that the performance evaluation results of the senior management of the Bank in the year were all competent.

Second, the Board of Supervisors carried out close daily supervision on duty performance. During the year, the Supervisors attended 1 annual general meeting and 1 extraordinary general meeting, attended 5 on-site meetings of the Board of Directors and some special committee meetings of the Board of Directors, reviewed the documents of 9 meetings of the Board of Directors voted via written communications, and supervised the convening procedures, the matters considered, the voting procedures and the performance of Directors' duties in accordance with the law. The employee Supervisors attended the meeting of the Party Committee, the president office meeting, the internal control review meeting, the meeting of the Asset and Liability Committee and other important meetings of the senior management. They supervised the consideration and decision-making process of major issues and key matters related to the operation and management of the whole Bank, and put forward objective and independent opinions and suggestions from the perspective of the Board of Supervisors. In addition, the employee Supervisors went deep into the forefront, visited the branches and enterprise customers more than 20 times in the year, earnestly understood the actual situation of the operation and management and marketing services of front-line organizations, and played the role of guidance and assistance while performing the supervision duties.

Third, it innovatively established the systems on the joint meeting of the chairmen of the Board of Supervisors. In order to improve the performance ability of the Board of Supervisors of the Group, strengthen the supervision and management functions of the Board of Supervisors and coordinately promote various work of the Board of Supervisors at different levels, the Bank established the systems on the monthly joint meeting of the chairmen of the Board of Supervisors with the chairmen of the Board of Supervisors and employee supervisors of the Bank and its subsidiaries. It regularly convened meetings to continuously diversify the performance means and contents of supervisors and practically improve the supervisory efficiency and effectiveness.

Fourth, the annual performance evaluation was done carefully. Following the principles of compliance with laws and regulations, seeking truth from facts, and being scientific and effective, the Board of Supervisors formulated the work plan for performance evaluation and carried out the performance evaluation in an orderly manner. In the process of performance evaluation, the Board of Supervisors attached importance to the communications and coordination with all parties. On the one hand, it carefully reviewed various performance archives, comprehensively and thoroughly grasped the duty performance situation and completed self-evaluation on duty performance and other evaluation processes in a standard manner. Meanwhile, it appointed external auditors to conduct professional evaluation on the performance of Directors and Supervisors. Through performance evaluation, the Board of Supervisors put forward suggestions on work improvement to the Board of Directors, the senior management and all Supervisors and effectively promoted the balance of corporate governance and the improved the efficiency and effectiveness in duty performance of Directors, Supervisors and the senior management. The performance evaluation of each year was reported to the regulatory agencies and general meeting as required.

### **(III) Strengthened financial supervision and practically protected Shareholders' interests**

First, the Board of Supervisors carefully reviewed the periodic reports. The Board of Supervisors considered the annual report of 2021 and the interim report, the first and third quarterly reports of 2022, supervised the preparation and audit procedures of the periodic reports and the authenticity and completeness of the report contents, and considered that the preparation and audit procedures of periodic reports were in line with the law, and the contents reflected the actual situation of the Bank in a true, accurate and complete way.

Second, the Board of Supervisors supervised the important financial matters. The Board of Supervisors considered the profit distribution plan in 2021, expressed opinions on the compliance, accuracy and completeness of the profit distribution plan, proposed supervisory suggestions on the operation plan and supervised the compliance and fairness of the appointment, removal and re-appointment of external auditors and the independence and effectiveness of external audit.

Third, the Board of Supervisors regularly learned about the financial operation and tracked the changes in financial indicators in a timely manner. The Board of Supervisors reviewed the financial indicators such as deposits and loans, asset quality and capital adequacy on a quarterly basis to keep abreast of the operation and development status in a timely manner. The financial reports were reviewed on a semi-annual basis, focusing on the implementation of the financial budget.

### **(IV) Strengthened risk internal control and supervision to safeguard the sustainable and steady development**

First, the Board of Supervisors continued to strengthen the supervision of the Board of Directors and senior management in performing comprehensive risk management and control responsibilities such as credit risk, market risk, operational risk, compliance risk and

reputational risk, understood the Bank's comprehensive risk management status in a timely manner and put forward constructive supervisory opinions through the study and analysis on resolutions and documents. In addition, based on the latest regulatory requirements, the Board of Supervisors continuously advanced risk supervision. It supervised the Board of Directors and the senior management in the formulation of the *Administrative Measures on the Implementation of the Expected Credit Losses Method* and continuously tracked the implementation.

Second, the Board of Supervisors continuously paid attention to the performance of "business, compliance and internal control – three lines of defense" and the construction of compliance management mechanism, mainly focused on the implementation of internal control in key areas such as case prevention, terrorist financing and anti-money laundering, employee abnormal behavior management, and supervised the effectiveness of internal control mechanism.

Third, the Board of Supervisors conscientiously received the reports on the rectification and implementation of regulatory opinions, reviewed the compliance management reports, special audit reports and rectification reports, supervised and tracked the rectification of key issues by management in real time, formed a closed work loop of "supervision, improvement, feedback and promotion", and promoted the continuous improvement of the Bank's compliance operation.

Fourth, the Board of Supervisors actively participated in supervision on data governance and reviewed the work reports on data governance. Employee Supervisors attended the work meeting on the digital transformation and promoted the continuous improvement of the data governance systems of the Bank.

Fifth, the Board of Supervisors carried out special research and continuously improved the quality and efficiency of research. During the year, the Board of Supervisors conducted special research on the liquidity management of the Bank, fully analyzed the problems, and put forward systematic and targeted opinions and suggestions. The special research report was highly valued by the Board of Directors and the senior management. The relevant opinions and suggestions were seriously studied and implemented, playing an active role in improving the risk management and control ability of the Bank.

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

In 2022, the Board of Supervisors kept strengthening its self-construction. Through organizing various kinds of special training, the Board of Supervisors strengthened exchange and learning, constantly adapted to the latest regulatory requirements, and improved its ability to perform its duties. First, the Board of Supervisors organized Supervisors to participate in various training and learning activities organized by the regulatory agencies such as the Securities Regulatory Bureau and China Association for Public Companies to learn and master the latest regulatory policies as well as requirements and clarify the focus and direction of their future duties. Second, the Board of Supervisors organized all Supervisors to participate in

special training on laws and regulations organized by the Bank, focusing on the interpretation of the *Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions*, the *Work Guidelines for the Investor Relations Management of Listed Companies* and the *Measures for Regulatory Assessment of Corporate Governance of Banking and Insurance Institutions* and other laws and regulations newly revised and promulgated by regulatory agencies in 2022, and continuously improved the awareness and ability of compliance performance. Third, all Supervisors reviewed the “Directors and Supervisors’ Newsletters” prepared by the Bank every month and irregularly reviewed the “Training Brief on Corporate Governance” to keep abreast of the Bank’s operation and management.

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

### **(I) Legal operation**

In 2022, the Bank carried out business activities in accordance with laws and the decision-making procedures complied with laws, regulations and the Articles of Association. No violation of laws and regulations, the Articles of Association of the Bank or damage to the interests of the Bank and Shareholders was found in the process of business operation and management by the Directors and senior management of the Bank.

### **(II) The actual situation of financial report**

KPMG Huazhen LLP and KPMG have separately audited the Bank’s financial statements for 2021 prepared in accordance with the Accounting Standards for Business Enterprises and the International Financial Reporting Standards, and separately issued standard unqualified audit reports thereon. The Board of Supervisors considered that the financial statements were true, accurate and complete, reflecting the Bank’s financial position and operating results.

### **(III) Acquisition and disposal of assets**

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

### **(IV) Related party transactions**

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

**(V) Use of proceeds**

During the reporting period, the uses of the proceeds from the A+H rights issue were consistent with the plans on the use of the proceeds as disclosed in the prospectus of the rights issue.

**(VI) Internal control**

The Board of Supervisors considered the *Internal Control Self-Assessment Report of Bank of Qingdao Co., Ltd. for 2021* and had no objection to the contents of the report. During the reporting period, no major defect was spotted in the integrity, rationality, effectiveness and implementation of the Bank's internal control mechanism and system.

**(VII) Implementation of resolutions of the general meeting**

The Board of Supervisors had no objection to the reports and proposals submitted by the Board of Directors to the general meeting of the Bank for consideration in 2022, supervised the implementation of the resolutions of the general meeting, and believed that the Board of Directors had conscientiously implemented the relevant resolutions of the general meeting.

**III. WORK PLAN FOR 2023**

The year 2023 is the start of the Bank's new three-year strategic plan (2023-2025). The Board of Supervisors will conscientiously implement the decisions and arrangements of the CPC Central Committee and the State Council, as well as the spirit of the Banking Supervision Work Conference, firmly focus on the core strategic target of "high-quality development and giving priority to quality and efficiency", optimize the supervision mechanism and efficiently perform the supervision function. The focus will be on the following aspects:

**(I) Strictly implementing measures and new regulations and refining supervision on duty performance**

First, the Board of Supervisors will closely follow the changes in regulatory policies, refine the process supervision on duty performance based on the latest evaluation requirements on duty performance, improve the duty performance management archives of Directors, Supervisors and senior management and enhance the collection of information on daily duty performance of Directors, Supervisors and senior management. Second, it will gather supervisory forces, strengthen the linkage of internal audit, external audit, disciplinary inspection, compliance and other lines, expand the coverage of supervision, increase focuses of supervision and more deeply understand the operation, development and internal risk control of the Bank. Third, it will continue to optimize the mechanism of the joint meeting of the chairmen of the board of supervisors, promote daily supervision to go deep into the head office and subsidiaries of the Group, and increase attention to key businesses and new business products to provide more diversified and professional support and guarantee to the decision-making by the Board of Supervisors.

**(II) Highlighting key sectors and improving the effectiveness of supervision**

First, the Board of Supervisors will focus on the implementation of the new strategic plan. In 2023, the Board of Supervisors will focus on monitoring the implementation of the strategic plan and provide timely feedback to the Board of Directors and senior management on problems identified in the implementation of the strategic plan to guarantee the effective implementation and dynamic optimization of the new strategic plan. Second, it will further optimize financial supervision and risk internal control supervision, examine and supervise the annual financial final accounts, annual reports, profit distribution, the establishment of the overall risk management system, data governance and other relevant contents. Third, it will adhere to the problem orientation approach, focus on the rectification and implementation of problems found by regulatory agencies and internal and external audits, and promote the implementation of the supervision work with tangible results.

**(III) Strengthening self-construction and effectively participating in corporate governance**

First, the Board of Supervisors will continue to diversify training and study methods, actively adopt online and offline integrated methods, arrange Supervisors to participate in various trainings organized by regulatory authorities and the Bank, improve the Supervisors' understanding of regulatory policies and the macroeconomic situation, consolidate the compliance awareness and enhance the ability to perform duties. Second, it will strengthen peer exchanges and actively learn from excellent listed companies and outstanding boards of supervisors of peers to broaden the work ideas, optimize working methods, improve the working mechanisms and enhance work effectiveness. Third, it will increase the frequency of normalized researches. Focusing on regulatory concerns or internal control weaknesses, we will increase the frequency of inspections or researches, explore the origin of problems and promote the continuous improvement of the internal risk control, operation and management of the Bank.

Please consider.

**SPECIAL REPORT ON RELATED PARTY TRANSACTIONS OF BANK OF QINGDAO CO., LTD. FOR 2022**

In 2022, the Bank strictly complied with the relevant regulations of domestic and overseas regulatory authorities and stock exchanges, continuously improved related party transaction management, effectively prevented the risk of related party transactions. All indicators of related party transactions were controlled within the scope allowed by regulatory requirements. The related party transactions of the Bank for 2022 are reported below:

**I. COMPOSITION OF THE RELATED PARTY TRANSACTIONS CONTROL COMMITTEE UNDER THE BOARD OF DIRECTORS AND CONVENING OF ANNUAL MEETING FOR 2022**

The Related Party Transactions Control Committee under the Board of Directors of the Bank consists of 6 members, and the post of chairman of the committee was held by an independent Director. The proportion of independent Directors set in the committee was more than half.

In 2022, the Related Party Transactions Control Committee under the Board of Directors of the Bank held 5 meetings in total and reviewed and approved 17 resolutions and reviewed 3 reports, including the confirmation of the list of related parties, the review on major related party transactions and the review of the quarterly report on related party transactions.

**II. MANAGEMENT MEASURES FOR RELATED PARTY TRANSACTIONS FOR 2022**

With an active and compliant working attitude, objective and fair working standards and high-efficient working mechanism on operation, the Bank implemented various provisions and regulatory requirements on related party transaction management in key sectors such as the management of the list of related parties and the review and approval of related party transactions to practically prevent risks on related party transactions.

Firstly, it conducted comprehensive and systematic research on new regulations on the management of related party transactions. After the releasing of the *Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions* by the CBIRC, the Bank conducted systematic research on the Measures and its ancillary regulations. Through the comparison of new and old regulations, the research on interbank cases and consulting legal consultants, it analyzed and discussed new regulations and requirements article by article and explored new methods and paths for the implementation in the Bank in combination with the Bank's practice and experience in management.

Secondly, it conducted standardized management on related party transactions. Based on the organization mode with “the frontline of business reporting the required amount and the department at the head office responsible for summarization and coordination”, the Bank completed the estimation on the amount of related party transactions for 2022 at the beginning of the year, controlled the total amount of related party transactions and the amount of credit related party transactions was estimated to be RMB9.6 billion. On the basis of the calibers of the CBIRC, the CSRC and the Stock Exchange, the changes of directors and senior management and the opening of new branches within the Bank, it reviewed and updated the list of related parties on a quarterly basis. It formulated the work report on the management of related party transactions on a quarterly basis, summarized major work on the management of related party transactions and businesses during the quarter and reported to the Related Party Transaction Control Committee under the Board of Directors. It promoted the approval procedures on the compliant performance of major related party transactions. A total of 9 major related party transactions were reviewed and approved by the Board of Directors in 2022 and relevant information has been filed with the Board of Supervisors and regulatory authorities.

Thirdly, it earnestly completed self-inspection on special rectification of equity and related party transactions. Based on the working requirements of the CBIRC, the Bank carried out self-inspection on special rectification of equity and related party transactions for four consecutive years. Through the elaborate deployment and the coordination and collaboration of relevant departments, the Bank conducted self-inspection on 19 key issues, also drew inferences about other cases from one instance and carried out comprehensive examinations on the management of related parties, the review and approval of related party transactions and the fair pricing of related party transactions. With the focus on self-inspection on related party transaction management, the Bank summarized laws, regulations and key regulatory concerns and prevented business risks on related party transactions to continuously consolidate the compliance awareness of the whole Bank on related party transactions management.

### **III. APPROVAL OF RELATED PARTY TRANSACTIONS FOR 2022**

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

#### **(I) Related party transactions in specifications of the CBIRC**

In 2022, the Bank strictly complied with regulatory requirements. It did not provide any credits to related parties using the Bank’s equity as a pledge, nor did it provide guarantees for financing activities of related parties.

In respect of the approval of major related party transactions, in 2022, there were a total of 9 major related party transactions considered and approved by the Board of Directors, namely related party transactions with 8 related companies of Haier Group and BQD Financial Leasing Company Limited, and the businesses approved were all credit-related with the amount of RMB4.350 billion. The major related party transactions of the Bank were reviewed by the Related Party Transactions Control Committee under the Board of Directors and submitted to the Board of Directors for approval, and reported to the Board of Supervisors and regulatory authorities within ten working days upon approval. Independent Directors of the Bank issued written opinions on the fairness of major related party transactions and the performance of internal approval procedures.

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

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

In 2022, the related party transactions in specifications of the Stock Exchange carried out by the Bank were exempted from submission to the Board of Directors and the general meeting for review and from external disclosure. The transactions were approved according to the internal authorization procedures of the Bank.

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

In 2022, the Bank made reasonable estimates of daily related party transactions in accordance with the relevant requirements of the CSRC and the SZSE, and the Board of Directors and the general meeting have approved and performed the procedures for external disclosure. A single related party transaction within the scope of estimates is not subject to repeated approval and disclosure in accordance with the standards of the CSRC and the SZSE; none of the related party transactions outside the scope of estimates have met the standards for submission to the Board of Directors and the general meeting for consideration and external disclosure, and such transactions have been considered and approved in accordance with the internal authorization procedures of the Bank.

IV. STATISTICS OF RELATED PARTY TRANSACTIONS AT THE END OF 2022

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

(I) Related party transactions in specifications of the CBIRC

1. Credit related party transactions

As of the end of 2022, the total credit balance of the Bank's credit related party transactions in specifications of the CBIRC amounted to RMB3.279 billion. The transaction interest rate or handling fee was determined based on general commercial principles and standards not more favorable than those for similar transactions with non-related parties, the details of which are as follows:

Name of Related Parties	Type of Transaction	Net amount of transaction <sup>1</sup> (RMB100 million)	Interest Rate/ Handling Fee (%)
<b>Major related party transactions</b>	–	<b>27.09</b>	–
BQD Financial Leasing Company Limited	Interbank borrowing	13.00	3.50/4.00 <sup>2</sup>
Qingdao Haiyun Chuangzhi Business Development Co., Ltd.* (青島海雲創智商業發展有限公司)	Loan	7.39	5.70
Haier Financial Factoring (Chongqing) Co., Ltd. (海爾金融保理(重慶)有限公司)	Loan	3.18	4.95
Qingdao Haichen Real Estate Development Co., Ltd.	Loan	2.17	6.50/7.00 <sup>2</sup>
Haier Group Finance Co., Ltd.	Bill pledge	0.96	– <sup>3</sup>
Qingdao Haishanghai Commercial Operation Co., Ltd. (青島海尚海商業運營有限公司)	Loan	0.10	4.00
Qingdao Haiyu Qingquan Hot Spring Hotel Co., Ltd.(青島海御清泉溫泉酒店有限公司)	Loan	0.10	4.00

**APPENDIX III SPECIAL REPORT ON RELATED PARTY TRANSACTIONS FOR 2022**

Name of Related Parties	Type of Transaction	Net amount of transaction <sup>1</sup> (RMB100 million)	Interest Rate/ Handling Fee (%)
Qingdao Tizhiwang IoT Technology Co., Ltd.(青島梯之網物聯科技有限公司)	Loan	0.10	3.90
Qingdao Mairui Ecological Environment Technology Co., Ltd.(青島邁帝瑞生態環境科技有限公司)	Loan	0.10	3.90
<b>General related party transactions</b>	-	<b>5.69</b>	-
<b>Total</b>	-	<b>32.79</b>	-

- Notes:*
1. Net amount of transaction refers to the amount of the facilities balance after deducting cash related guarantees.
  2. Interest rate/handling fee rate refers to the interest rate or handling fee rate applicable to the business with transaction balance at the end of the year. For the interbank borrowing business of BQD Financial Leasing Company Limited and the loan business of Qingdao Haichen Real Estate Development Co., Ltd., the above table shows the different pricing interest rates for various loans to related parties.
  3. The facilities granted by the Bank to Haier Group Finance Co., Ltd. was for customers who hold bank acceptance bills issued by Haier Group Finance Co., Ltd. to pledge bills with the Bank. The Bank has no direct business with Haier Group Finance Co., Ltd., and the business income derived from non-related party customers who pledge bills.

In 2022, credit related party transactions mainly included interbank borrowing and loan businesses. In respect of major related party transactions, loans granted to the related parties accounted for 0.49% of total loans to customers of the Bank, and the quality of credit facilities granted to related parties was better than the average quality of credit facilities granted by the Bank. The Bank judged that the existing credit related party transactions would have no material impact on the normal operation of the Bank.

As of the end of 2022, the related party with the Bank's largest balance of credit facilities was BQD Financial Leasing Company Limited, with net credit facilities of RMB1.300 billion, accounting for 3.12% of the net capital as at the end of the year; the related party group with the largest balance of credit facilities was Haier Group Corporation, with net credit facilities of RMB1.409 billion, accounting for 3.38% of the net capital as at the end of the year; and the net credit facilities granted to all related parties amounted to RMB3.279 billion, accounting for 7.87% of the net capital as at the end of the year. The above indicators have not exceeded the regulatory limits.

**2. *Non-credit related party transactions***

In 2022, the non-credit related party transactions in specifications of the CBIRC were primarily wealth management products of the Bank hosted by related parties and the agency sales of financial products released by the related parties by the Bank, with a total transaction amount of RMB375 million, and all of them were general related party transactions. The prices of non-credit related party transactions were determined based on general commercial principles and standards not more favorable than those for similar transactions with non-related parties.

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

In 2022, the Bank's related party transactions in specifications of the Stock Exchange were primarily investment of wealth management fund in the funds established by related parties with a total transaction amount of RMB9.7898 million during the year.

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

In 2022, the related party transactions of the Bank in specifications of the CSRC and the SZSE were mainly credit business on and off balance sheet and non-credit business such as agency sales of financial products of related parties, of which the balance of credit business was RMB318 million and the total transaction amount of non-credit business was RMB48.1032 million.

Please consider.

ESTIMATED AMOUNT OF THE ORDINARY RELATED PARTY TRANSACTIONS OF  
BANK OF QINGDAO CO., LTD. FOR 2023I. ESTIMATED CLASSIFICATION AND AMOUNT OF THE ORDINARY RELATED  
PARTY TRANSACTIONS

No.	Related Party	Contents of Related Party Transactions	2023 Estimated Amount (RMB100 million)	Trading Balance/ Transaction Amount as at the End of Last Year (RMB100 million)
1	Haier Group Corporation and its related parties	Credit businesses	36.20	16.00
		Deposit		
		businesses	28.09	4.13
2	Intesa Sanpaolo S.p.A. and its related parties	Other non-credit		
		businesses	0.08	–
		Credit businesses	2.00	–
3	Qingdao Conson Development (Group) Co., Ltd. and its related parties	Deposit		
		businesses	19.80	1.34
		Other non-credit		
4	BQD Financial Leasing Company Limited	businesses	0.28	0.12
		Credit businesses	32.00	–
		Deposit		
5	Qingyin Wealth Management Company Limited	businesses	38.53	0.14
		Other non-credit		
		businesses	0.36	0.38
6	Tsingtao Brewery Co., Ltd.	Credit businesses	35.00	13.00
		Deposit		
		businesses	10.00	5.81
7	Qingyin Wealth Management Company Limited	Other non-credit		
		businesses	0.02	0.02
		Deposit		
8	Tsingtao Brewery Co., Ltd.	businesses	10.00	2.49
		Other non-credit		
		businesses	14.01	3.12
9	Tsingtao Brewery Co., Ltd.	Credit businesses	6.00	–
		Deposit		
		businesses	50.00	30.00

**APPENDIX IV**

**ESTIMATED AMOUNT OF THE ORDINARY  
RELATED PARTY TRANSACTIONS FOR 2023**

No.	Related Party	Contents of Related Party Transactions	2023 Estimated Amount (RMB100 million)	Trading Balance/ Transaction Amount as at the End of Last Year (RMB100 million)
7	Qingdao Rural Commercial Bank Co., Ltd.	Credit businesses Deposit businesses Other non-credit businesses	20.00  5.00  4.00	–  –  –
8	China International Capital Corporation Limited	Credit businesses Other non-credit businesses other than deposit	12.00   0.24	–   0.03
9	Triangle Tyre Co., Ltd.	Deposit businesses	 10.00	 6.46
10	RemeGen Co., Ltd.	Deposit businesses	 2.00	 –
11	Related natural persons	Credit businesses Deposit businesses	5.43  6.00	2.08  5.41
<b>Sub-total of credit businesses</b>			<b>148.63</b>	<b>31.08</b>
<b>Sub-total of deposit businesses</b>			<b>179.42</b>	<b>55.78</b>
<b>Sub-total of other non-credit businesses</b>			<b>19.00</b>	<b>3.67</b>

*Notes:*

- The estimated amount above is applicable to the related party transactions between the Bank or the majority-owned subsidiaries of the Bank and the related parties of the Bank but does not constitute the Bank's or the majority-owned subsidiaries of the Bank's business commitment to its customers. When the related party transaction within the estimated amount actually occurs, the business risk approval and related party transaction approval will be implemented in accordance with the Bank's authorization plan. The actual transaction plan shall be subject to the written documents issued by the Bank's competent examination and approval department.

2. If the amount of related party transactions set out in the above table is within the approval authority of the Board, it shall take effect from the date of approval by the Board; for those not within the scope of the Board's authority, it shall take effect from the date of approval at the annual general meeting of the year. The validity period of related party transactions set out above shall be valid until the date on which the new estimated amount of the ordinary related party transactions is considered and approved at the next annual general meeting of the Bank.
3. In the above table, the data of credit and deposit businesses is calculated based on the balance of the previous year, and the data of other non-credit businesses is calculated based on the annual amount of the transactions.
4. As of the end of the Reporting Period, the balance of credit-related business with Haier Group Corporation and its related parties was RMB1,600 million, including the RMB191 million balance of credit-related businesses between BQD Financial Leasing Company Limited and Haier Group and its related parties.

## II. INTRODUCTION OF THE RELATED PARTIES AND RELATED RELATIONSHIP

### (I) Haier Group Corporation

#### 1. *Basic information*

Haier Group Corporation, with Zhou Yunjie as its legal representative, has a registered capital of RMB311.18 million. It is principally engaged in the technology development, technology consultancy, technology transfer, technology services, including industrial internet, etc.; data processing; engaged in digital technology, intelligent technology, software technology; research and development, sales and after-sales services of robots and automation equipment products; logistics information services; the research and development and sales of intelligent household equipment and solution system software technology; the production of household appliances, electronic products, communication equipment, electronic computers and accessories, general machinery, kitchen appliances and robots for industrial purpose; domestic commercial (excluding national restricted, licensed and controlled commodities) wholesale and retail; export and import business (refer to foreign enterprise confirmation certificate for details); economic technology consultancy; research, development, and transfer of technological achievements; and lease of self-owned properties. Its domicile is located at Haier Road, Hi-Tech Industrial Park, Qingdao City, Shandong Province (in Haier Industrial Park). As of 31 December 2021, it recorded total asset of RMB371.493 billion, net asset of 111.582 billion. During the year, it achieved revenue from the main business of RMB272.214 billion and net profit of RMB14.685 billion.

#### 2. *Related relationship with the Bank*

Haier Group Corporation is a substantial shareholder of the Bank with its subsidiaries holding a total of more than 5% of the Bank's Shares, which is in line with the related relationship as set out in the provisions of Article 7 of the *Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions*.

### 3. *Duty performance analysis*

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

## (II) **Intesa Sanpaolo S.p.A.**

### 1. *Basic information*

Intesa Sanpaolo S.p.A., with Gian Maria GROS-PIETRO as its legal representative, has a registered capital of EUR10,369 million. It is principally engaged in the commercial banking business. Its domicile is located in Piazza San Carlo, 156 10121 Torino. As of the end of September 2022, the total asset was EUR1,023.005 billion and the net asset was EUR62.929 billion. It achieved revenue from the main business of EUR14.418 billion and net profit of EUR3.284 billion in the first three quarters of 2022.

### 2. *Related relationship with the Bank*

Intesa Sanpaolo S.p.A. is a substantial shareholder of the Bank with its subsidiaries holding a total of more than 5% of the Bank's Shares, which is in line with the related relationship as set out in the provisions of Article 7 of the *Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions*.

### 3. *Duty performance analysis*

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

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

### 1. *Basic information*

Qingdao Conson Development (Group) Co., Ltd., with Wang Jianhui as its legal representative, has a registered capital of RMB3 billion. It is principally engaged in the investment, construction and operation of major infrastructure projects in urban and rural areas and major public welfare programs of the government; and engaged in businesses covering real estate, tourism, land development, non-banking financial and other service industries. Its domicile is located in the T1 office building of Haitian Center, No. 48 Hong Kong West Road, Shinan District, Qingdao City, Shandong Province. As of the end of September 2022, the total asset was RMB111,642 million and the net asset was RMB41,036 million. It achieved revenue of RMB8.141 billion and net profit of RMB881 million in the first three quarters of 2022.

## 2. *Related relationship with the Bank*

Qingdao Conson Development (Group) Co., Ltd. is a substantial shareholder of the Bank with its subsidiaries holding a total of more than 5% of the Bank's Shares, which is in line with the related relationship as set out in the provisions of Article 7 of the *Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions*.

## 3. *Duty performance analysis*

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

# (IV) BQD Financial Leasing Company Limited

## 1. *Basic information*

BQD Financial Leasing Company Limited, with Wang Yu as its legal representative, has a registered capital of RMB1 billion. It is principally engaged in the finance leasing business; transferring in and out assets under a finance lease; fixed income securities investment business; accepting guaranteed deposit of the lessee; absorbing fixed deposits over 3 months (inclusive) from non-bank shareholders; interbank lending and borrowing; obtaining loans from financial institutions; lending loans to offshore borrowers; disposal of and dealing with leased articles; economic consulting; other businesses approved by the banking regulatory authority. Its domicile is located in 15/F, Building No. 3, No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province. As of the end of September 2022, the total asset was RMB16.356 billion and the net asset was RMB1,548 million. It achieved revenue of RMB372 million and net profit of RMB135 million in the first three quarters of 2022.

## 2. *Related relationship with the Bank*

The Bank initiated and established BQD Financial Leasing Company Limited and held 51% of its share capital. It is a holding subsidiary of the Bank, which is in line with the related relationship as set out in the provisions of Article 7 of the *Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions*.

## 3. *Duty performance analysis*

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

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

Qingyin Wealth Management Company Limited, with Liu Peng as its legal representative, has a registered capital of RMB1 billion. It is primarily engaged in the public offering of wealth management products to the general public, private placement of wealth management products to eligible investors, investment and management of properties entrusted by investors, and provision of wealth management advisory and consulting services. Its domicile is located in 37-40/F Qingdao World Financial Center (WFC Sincere Center), Building 1, No. 19 Qinling Road, Laoshan District, Qingdao, Shandong Province. As of the end of September 2022, the total asset was RMB1,617 million and the net asset was RMB1,539 million. It achieved revenue of RMB523 million and net profit of RMB329 million in the first three quarters of 2022.

**2. Related relationship with the Bank**

The Bank initiated and established Qingyin Wealth Management Company Limited and held its entire share capital, which is in line with the related relationship as set out in the provisions of Article 7 of the *Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions*.

**3. Duty performance analysis**

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

**(VI) Tsingtao Brewery Co., Ltd.****1. Basic information**

Tsingtao Brewery Co., Ltd., with Huang Kexing as its legal representative, has a registered capital of RMB1.36 billion. It is principally engaged in the production of beer, the sale of pre-packaged food and the production of beverages, whiskey and distilled spirits. Its domicile is located at No. 56 Dengzhou Road, Shibei District, Qingdao City. As of the end of September 2022, the total asset was RMB49.318 billion and the net asset was RMB26.876 billion. It achieved revenue of RMB29.110 billion and net profit of RMB4.366 billion in the first three quarters of 2022.

**2. Related relationship with the Bank**

JIANG Xinglu, a supervisor of the Bank, also serves as a director of Tsingtao Brewery Co., Ltd., which is in line with the related relationship as set out in the provisions of Article 62 of the *Administrative Measures for the Information Disclosure of Listed Companies*.

**3. Duty performance analysis**

The above-mentioned related party is a state-controlled A+H listed company with leading brand popularity and market share in the domestic beer industry. Its products are sold in over 100 countries and regions in the world. It has stable and outstanding financial conditions and sound duty performance ability.

**(VII) Qingdao Rural Commercial Bank Co., Ltd.****1. Basic information**

Qingdao Rural Commercial Bank Co., Ltd., with Wang Xifeng as its legal representative, has a registered capital of RMB5.556 billion. It is principally engaged in receiving public deposits in domestic and foreign currencies; granting short-term, medium-term and long-term loans in domestic and foreign currencies; handling settlement within and outside of China; handling bill acceptance and discounting; acting as agent in issuing, honoring and underwriting of government bonds; trading of government bonds and financial bonds; engaging in interbank borrowing and lending in domestic and foreign currencies; engaging in bank card business; acting as agent in collection and payment and insurance services; providing safe deposit box services; foreign exchange remittances; trading and acting as agent in foreign exchange trading; providing letters of credit services and guarantee; foreign credit investigations, advisory and attestation service; fund sales; other businesses as approved by the relevant competent authorities of the state. Its domicile is located at Building 1, No. 6 Qinling Road, Laoshan District, Qingdao City, Shandong Province. As of the end of September 2022, the total asset was RMB436.112 billion and the net asset was RMB37.133 billion. It achieved revenue of RMB8.021 billion and net profit of RMB2.803 billion in the first three quarters of 2022.

**2. Related relationship with the Bank**

Qingdao Rural Commercial Bank Co., Ltd. is a related party of Qingdao Conson Development (Group) Co., Ltd., a substantial shareholder of the Bank, which is in line with the related relationship as set out in the provisions of Article 32 of the *Interim Measures for the Equity Management of Commercial Banks*.

### 3. *Duty performance analysis*

The above-mentioned related party maintains steady operation and good business conditions and has sound duty performance ability.

## (VIII) **China International Capital Corporation Limited**

### 1. *Basic information*

China International Capital Corporation Limited, with Shen Rujun as its legal representative, has a registered capital of RMB4.827 billion. It is principally engaged in brokerage business for special RMB-denominated shares, RMB-denominated ordinary shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds; proprietary business for RMB-denominated ordinary shares, special RMB-denominated shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds; underwriting business for RMB-denominated ordinary shares, special RMB-denominated shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds; promotion and management of funds; advisory services on corporate restructuring and mergers and acquisitions; advisory services on project financing; investment consultancy and other consultancy businesses; foreign exchange trading; foreign exchange asset management of overseas enterprises and domestic foreign-invested enterprises; inter-bank lending and borrowings; asset management for clients; online agency securities trading; securities margin trading; sales of financial products on an agency basis; sales of securities investment fund on an agency basis; intermediary business for futures companies; securities investment fund custody business; other businesses as approved by financial regulatory authorities. Its domicile is located at 27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing. As of the end of September 2022, the total asset was RMB647.413 billion and the net asset was RMB94.326 billion. It achieved revenue of RMB19.393 billion and net profit of RMB6.021 billion in the first three quarters of 2022.

### 2. *Related relationship with the Bank*

TAN Lixia, a director of the Bank, also serves as a director of China International Capital Corporation Limited, which is in line with the related relationship as set out in the provisions of Article 62 of the *Administrative Measures for the Information Disclosure of Listed Companies*.

### 3. *Duty performance analysis*

The above-mentioned related party is a high-quality state-controlled investment bank. Its major financial indicator is good, and the business operations in various fields are stable. It has sound duty performance ability.

**(IX) Triangle Tyre Co., Ltd.****1. Basic information**

Triangle Tyre Co., Ltd., with Ding Mu as its legal representative, has a registered capital of RMB0.8 billion. It is principally engaged in the development, production and sale of tires, rubber products, rubber machinery, instruments and apparatus, chemical products (excluding hazardous chemicals), nylon cord thread, steel cord thread and other raw and ancillary materials for tires as well as technical services; import and export within the scope of filing; design of chemical engineering projects, installment (operation with qualification certificates), machinery equipment and house leasing, storage (excluding hazardous chemicals), loading and unloading and logistic services, consulting services on corporate management; recycling and wholesale of renewable materials (excluding hazardous chemicals and items subject to licensing). Its domicile is located at No. 56 Qingdao Middle Road, Weihai City. As at the end of September 2022, the total asset was RMB17.512 billion and the net asset was RMB11.433 billion. It achieved revenue of RMB6.805 billion and net profit of RMB0.470 billion in the first three quarters of 2022.

**2. Related relationship with the Bank**

FANG Qiaoling, a director of the Bank, also serves as a director of Triangle Tyre Co., Ltd., which is in line with the related relationship as set out in the provisions of Article 62 of the *Administrative Measures for the Information Disclosure of Listed Companies*.

**3. Duty performance analysis**

The above-mentioned related party is leading enterprise in the Chinese tire industry and has been ranking high in the industry in China for years. Its major financial indicator is good, and the business operations in various fields are stable. It has sound duty performance ability.

**(X) RemeGen Co., Ltd.****1. Basic information**

RemeGen Co., Ltd., with Wang Weidong as its legal representative, has a registered capital of RMB0.544 billion. It is principally engaged in the R&D, production and sale of pharmaceutical products and diagnostic reagents and products as well as the R&D of relevant technical services, technology transfer and import and export of goods or technology. Its domicile is located at No. 58 Beijing Middle Road, Yantai Development Zone, Yantai Area of (Shandong) Pilot Free Trade Zone, China. As of the end of September 2022, the total asset was RMB5.971 billion and the net asset was RMB5.268 billion. It achieved revenue of RMB0.570 billion in the first three quarters of 2022.

## 2. *Related relationship with the Bank*

HAO Xianjing, a supervisor of the Bank, also serves as a director of RemeGen Co., Ltd., which is in line with the related relationship as set out in the provisions of Article 62 of the *Administrative Measures for the Information Disclosure of Listed Companies*.

## 3. *Duty performance analysis*

The above-mentioned related party has strong pharmaceutical R&D capability and is devoted to the development of innovative and biopharmaceutical products. Its business operations in various fields are stable. It has sound duty performance ability.

### (XI) **Related Natural Persons**

Related natural persons as provided in the provisions of the *Administrative Measures for the Information Disclosure of Listed Companies*, the *Rules Governing Listing of Shares on Shenzhen Stock Exchange*, the *Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions*, the *Interim Measures for the Equity Management of Commercial Banks* and other laws and regulations, and the administrative system for related party transactions of the Bank.

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

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

**PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE  
DIRECTORS OF BANK OF QINGDAO CO., LTD. FOR 2022**

In 2022, the independent non-executive Directors of the Bank faithfully and diligently performed their duties in accordance with the *Company Law*, the *Code of Corporate Governance for Banking and Insurance Institutions*, the *Rules Governing Listing of Shares on Shenzhen Stock Exchange*, the *Shenzhen Stock Exchange Self-discipline Supervisory Guidelines for Listed Companies No. 1 – Main Board Listed Company Standardized Operation* and other laws and regulations, as well as the relevant provisions of the Articles of Association of the Bank. They independently, objectively and fairly expressed their opinions on the matters considered by the Board of Directors and safeguarded the legal rights and interests of the Bank, minority Shareholders, and other stakeholders.

**I. BASIC INFORMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

As of the end of 2022, the Bank had five independent non-executive Directors, namely Mr. Simon CHEUNG, Ms. FANG Qiaoling, Mr. Tingjie ZHANG, Mr. XING Lecheng, and Mr. ZHANG Xu. The basic information of independent non-executive Directors is as follows:

**Mr. Simon CHEUNG**, born in July 1970, holds a bachelor of arts degree in computer science from the University of Wisconsin – Madison. Mr. CHEUNG has served as an independent non-executive Director of the Bank since July 2017, and currently serves as the chairman of the Network Security and Information Technology Committee, and a member of the Remuneration Committee, Nomination Committee and Related Party Transactions Control Committee. Mr. CHEUNG has served as a director of the small and micro ecosystem division of Ping An Puhui Enterprise Management Co. Ltd. since July 2022. Mr. CHEUNG served as a deputy general manager of China Pingan Technology Share Limited, a director of IT architecture planning of SF Express (Group) Co., Ltd., a deputy general manager of Shenzhen Qianhai WeBank Co., Ltd., and the chief technology officer of Ping An Puhui Enterprise Management Co., Ltd.

**Ms. FANG Qiaoling**, born in October 1975, holds a doctorate degree in management from Renmin University of China, and is a professor. Ms. FANG has served as an independent non-executive Director of the Bank since June 2018, and currently serves as the chairman of the Audit Committee and a member of the Nomination Committee, Related Party Transactions Control Committee, Risk Management and Consumer Rights Protection Committee. Ms. FANG has been working in the Management College of Ocean University of China since July 1999. Her current position is professor and doctoral supervisor. Ms. FANG has also served as an independent non-executive director of Triangle Tyre Co., Ltd., an independent non-executive director of Chengdu LandTop Technology Co., Ltd., an independent non-executive director of Zhongmiao Innovation Technology (Qingdao) Co., Ltd and an executive director of the Accounting Institute of Shandong Province.

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**APPENDIX V                      PERFORMANCE REPORT OF THE INDEPENDENT  
NON-EXECUTIVE DIRECTORS FOR 2022**

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**Mr. Tingjie ZHANG**, born in April 1971, holds a master's degree in business administration from the Richard Ivey School of Business at the University of Western Ontario, Canada. Mr. ZHANG has served as an independent non-executive Director of the Bank since February 2020, and currently serves as the chairman of the Nomination Committee, a member of the Strategy Committee, Remuneration Committee, Related Party Transactions Control Committee, and Audit Committee. Mr. ZHANG served as the chief representative of the Shanghai Representative Office of Rothschild China Holdings Co., Ltd., the China co-director and managing director of the Shanghai branch of Rothschild Financial Consulting (Beijing) Co., Ltd., and the managing director of Auster Capital Partners Limited.

**Mr. XING Lecheng**, born in November 1962, holds a doctorate degree in enterprise management from Nankai University Business School and is a professor. Mr. XING has served as an independent non-executive Director of the Bank since July 2021, and currently serves as the chairman of the Related Party Transactions Control Committee, and a member of the Strategy Committee, Remuneration Committee, Audit Committee, Risk Management and Consumer Rights Protection Committee. Mr. XING has served as the director of the Investment and Financing Research Center of Jinan University and the director of the Shandong Provincial Institute of Inclusive Finance since December 2018. Mr. XING is currently a member of the Shandong National People's Congress Standing Committee, an expert entitled to special government allowance from the State Council and is also a director of the China Investment Association, the vice-chairman of the Shandong Venture Capital Association and an independent director of Shandong Linuo Technical Glass Co., Ltd., Shandong Laiwu Rural Commercial Bank Co., Ltd., Tiannuo Photoelectric Material Co., Ltd. and Shandong Spark Education Technology Group Co., Ltd. Mr. XING served as the chairman of Huasu Holdings Co., Ltd. and the dean of the School of Economics and the Institute of Financial Research of University of Jinan.

**Mr. ZHANG Xu**, born in November 1969, holds a doctorate degree in western economics from the School of Economics and Management, Wuhan University, and is a professor. Mr. ZHANG has served as an independent non-executive Director of the Bank since July 2021, and currently serves as the chairman of the Remuneration Committee, and a member of the Strategy Committee, Nomination Committee, Related Party Transactions Control Committee, Audit Committee and Risk Management and Consumer Rights Protection Committee. Mr. ZHANG has been teaching at Qingdao University since July 1993 and is currently a professor in the Department of Finance, School of Economics, Qingdao University and a special researcher of the expert decision-making advisory committee of the Qingdao municipal government. Mr. ZHANG is currently a member of the Standing Committee of the Qingdao Political Consultative Conference and the vice-chairman of the Qingdao Municipal Committee of the Jiu San Society. Mr. ZHANG has also served as a committee member of Economy Development Society of China Association for Study of Foreign Economic, a vice president of Qingdao Urban Economics Society, and an external director of Weifang Rural Credit Cooperative Union. Mr. ZHANG served as the deputy dean of School of Economics, Qingdao University.

**APPENDIX V      PERFORMANCE REPORT OF THE INDEPENDENT  
NON-EXECUTIVE DIRECTORS FOR 2022**

**II. PERFORMANCE OF DUTIES IN 2022**

**(I) Attendance**

In 2022, the Board convened 2 general meetings, including 1 annual general meeting and 1 extraordinary general meeting, at which 9 resolutions were considered, and 3 reports were reviewed; the Board convened 14 meetings, 5 of which were on-site meetings and 9 of which were voted via written communications, at which 59 resolutions were considered, and 61 reports were received or reviewed; the special committees under the Board organized 29 meetings, including 3 Strategy Committee meetings, 3 Remuneration Committee meetings, 7 Audit Committee meetings, 3 Nomination Committee meetings, 5 Risk Management and Consumer Rights Protection Committee meetings, 5 Related Party Transactions Control Committee meetings, and 3 Network Security and Information Technology Committee meetings, at which 45 resolutions were considered, and 55 reports were received or reviewed.

During the year, except for Simon CHEUNG, an independent Director, who entrusted ZHANG Xu, an independent Director, to attend the on-site meeting of the 17th meeting of the 8th session of the Board and the 3rd meeting of the 8th session of the Nomination Committee according to the laws due to his official duties, other independent non-executive Directors participated in the general meetings, Board meetings and special committee meetings in person, reviewed various audit reports and rectification reports, related party lists, quarterly reports, quarterly internal audit reports and other regular reports on a quarterly basis, reviewed and received the president's work report, interim performance report, semi-annual financial analysis and risk reports on overall credit risk, compliance risk and operational risk on a semi-annual basis, reviewed and received the annual report, financial account report, profit distribution plan, business operation risk appetite strategy, bonus performance payment plan and risk reports on reputation risk, financial market risk and anti-money-laundering risk on an annual basis, and expressed opinions objectively and independently at the meetings to perform the duties of an independent Director. The specific attendance of the meeting was as follows:

Name	Actual attendance/Number of meetings requiring attendance									
						Board special committee meetings				
	General meetings	Board meetings	Strategy Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Related Party Transactions Control Committee meetings	Audit Committee meetings	Risk Management and Consumer Rights Protection Committee meetings	Network Security and Information Technology Committee meetings	
Simon CHEUNG	2/2	13/14	-	3/3	2/3	5/5	-	-	3/3	
FANG Qiaoling	2/2	14/14	-	-	3/3	5/5	7/7	5/5	-	
Tingjie ZHANG	2/2	14/14	3/3	3/3	3/3	5/5	7/7	-	-	
XING Lecheng	2/2	14/14	3/3	3/3	-	5/5	7/7	5/5	-	
ZHANG Xu	2/2	14/14	3/3	3/3	3/3	5/5	7/7	3/3	-	

**(II) Investigation**

In 2022, in addition to attending the meetings of the Board of Directors and special committees, the independent non-executive Directors also conducted 2 special researches in the Bank through research forums and put forward relevant comments and suggestions. The specific researches were as follows:

***1. Special research on the 2023-2025 strategic plan***

In November 2022, the independent non-executive Directors conducted special research on the Bank's 2023-2025 strategic plan to learn about the Bank's advantages and disadvantages, opportunities and challenges, strategic positioning, strategic targets and development direction, the formulation of core business strategies and the strategy and management mechanism of the profit center. They suggested the Bank strengthen cooperative operation and break barriers between business segments and departments; enhance the capability on technological innovation, deeply study how to display the initiative role of technology and encourage the technology team to make brave and active explorations; make detailed plans on digital transformation, closely follow the pace of the times and improve the digital innovation capability in the era of big data as well as conduct in-depth analysis and argumentation on issues about the strategic transformation in combination with the industrial guidance released by the CBIRC and the Bank's positioning and resources.

***2. Special research on the development of the international business***

In November 2022, the independent non-executive Directors conducted special research on the development of the Bank's international business to learn about the reasons and significance for shoring up weaknesses, advantages and disadvantages, measures and effects in shoring up weaknesses as well as future development targets and measures for the Bank's international business. They suggested the Bank improve the construction of the professional talent team and establish a high-level team on the international business with professional management at the head office and professional marketing supports at branches; improve the supporting capacity of online channels to the development of the international business, focus on expanding the coverage of corporate online banking and mobile banking on online businesses and products, realize the handling of businesses at home by customers as well as expand the network of agent banks and coordinate in promoting the expansion of the customer size; strictly prevent and control risks and give full play to the role of professional approval teams with professional talents as supports and guarantees.

**(III) Training**

In 2022, the independent non-executive Directors attended five trainings organized by regulatory authorities, intermediary agencies and other units. Details are as follows:

1. Attended the “special training on continuous supervision” organized by CITIC Securities Co., Ltd., focusing on the analysis of the new Securities Law of the People’s Republic of China and the provisions on information disclosure matters, relevant matters on corporate governance of listed companies as well as the duties of directors, supervisors and senior management of listed companies.
2. Attended the special training on “cracking down on financial fraud and preventing the misappropriation of funds” (Session II) organized by the Qingdao Securities Regulatory Bureau, focusing on typical cases on misappropriation of funds and illicit guarantees (administrative + criminal).
3. Attended the special training on “cracking down on financial fraud and preventing the misappropriation of funds” (Session III) organized by the Qingdao Securities Regulatory Bureau, focusing on regulatory requirements on misappropriation of funds and illicit guarantees as well as requirements on directors, supervisors and senior management in holding the bottom line of corporate governance and continuous standardized operation.
4. Attended the special training organized by the Qingdao Securities Regulatory Bureau, focusing on relevant contents about compliance management on shares held by major shareholders, directors, supervisors and senior management of listed companies, latest cases on violation of laws and regulations by listed companies, analysis of standard duty performance and compliant transactions by directors, supervisors and senior management of listed companies as well as the summary of the latest amendments to regulatory regulations and rules on listed companies.

**III. ISSUANCE OF INDEPENDENT OPINIONS**

In 2022, the independent non-executive Directors focused on the lawfulness and fairness of major related party transactions, the profit distribution plan, and issued independent opinions pursuant to the Articles of Association of the Bank. The details are as follows:

1. On 23 March 2022, in terms of the proposals considered at the 10th meeting of the 8th session of the Board of Directors, the “Independent Opinion on the Estimated Amount of Ordinary Related Party Transactions of Bank of Qingdao Co., Ltd. for 2022”, “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Haier Financial Factoring (Chongqing) Co., Ltd.” and “Independent Opinion on the Related Party Transactions between BQD Wealth Management Company Limited and Subsidiaries of Haier Group (Qingdao) Jinying Holdings Co., Ltd.” were issued.

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**APPENDIX V                      PERFORMANCE REPORT OF THE INDEPENDENT  
NON-EXECUTIVE DIRECTORS FOR 2022**

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2. On 25 March 2022, in terms of the proposals considered at the 11th meeting of the 8th session of the Board of Directors, the “Independent Opinion on the Profit Distribution Plan of Bank of Qingdao Co., Ltd. for 2021”, “Independent Opinion on the Engagement of External Auditors of Bank of Qingdao Co., Ltd. for 2022 and Their Remuneration”, “Independent Opinion on the Proposal on the Appropriation of Staff Bonus and the Distribution of Performance Bonus of Senior Management at Bank Level of Bank of Qingdao Co., Ltd. for 2021”, “Independent Opinion on 2021 Internal Control Evaluation Report of Bank of Qingdao Co., Ltd.”, “Independent Opinion on External Guarantees and Funds Occupied by Related Parties of Bank of Qingdao Co., Ltd.” and “Independent Opinion on the Company’s Derivatives Investment and Risk Control of Bank of Qingdao Co., Ltd.” were issued.
3. On 29 April 2022, in terms of the proposals considered at the 12th meeting of the 8th session of the Board of Directors, the “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Qingdao Haishanghai Commercial Operation Co., Ltd.”, “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Qingdao Haiyuqingquan Hot Spring Hotel Co., Ltd.” and “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Qingdao No. 1 Courtyard Hotel Co., Ltd.” were issued.
4. On 11 May 2022, in terms of the proposals considered at the 13th meeting of the 8th session of the Board of Directors, the “Independent Opinion on the Related Party Transactions between Bank of Qingdao and BQD Financial Leasing Company Limited” was issued.
5. On 8 June 2022, in terms of the proposals considered at the 15th meeting of the 8th session of the Board of Directors, the “Independent Opinion on the Resignation of Chairman Guo Shaoquan” and “Independent Opinion on the Nomination of Mr. Jing Zailun as a Candidate for executive Director of the Eight Session of the Board of Directors” were issued.
6. On 8 August 2022, in terms of the proposals considered at the 17th meeting of the 8th session of the Board of Directors, the “Independent Opinion on the Appointment of Ms. Zhang Qiaowen as the Secretary to the Board” was issued.
7. On 26 August 2022, in terms of the proposals considered at the 19th meeting of the 8th session of the Board of Directors, the “Independent Opinion on External Guarantees and Funds Occupied by Related Parties of Bank of Qingdao Co., Ltd.” and “Independent Opinion on the Special Report on the Deposit and Use of Funds Raised by Bank of Qingdao Co., Ltd. in the First Half of 2022” were issued.

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**APPENDIX V                      PERFORMANCE REPORT OF THE INDEPENDENT  
NON-EXECUTIVE DIRECTORS FOR 2022**

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8. On 28 October 2022, in terms of the proposals considered at the 21st meeting of the 8th session of the Board of Directors, the “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Qingdao Haili Living Technology Co., Ltd.”, “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Qingdao Haichen Real Estate Development Co., Ltd.”, “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Qingdao Tizhiwang IoT Technology Co., Ltd.”, “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Qingdao Maidirui Ecological Environment Technology Co., Ltd.” and “Independent Opinion on the Interest Rate of Interbank Borrowing between Bank of Qingdao Co., Ltd. and BQD Financial Leasing Company Limited” were issued.

**IV. OTHERS**

In 2022, the independent non-executive Directors have neither proposed to hold an extraordinary general meeting nor to convene a Board meeting, appoint or dismiss the accounting firm, or engage an external auditor and consulting institution independently.

In 2023, independent non-executive Directors of the Bank will continue to earnestly participate in the meetings of the Board of Directors and special committees in accordance with requirements of domestic and foreign laws and regulations, express opinions independently and objectively, and perform their duties faithfully and diligently, actively carry out special investigations, enrich their performance methods, bring their professional and independent nature into blossom, provide advice and suggestions for the Bank’s business development, promote the Bank to achieve sustainable and high-quality development, and earnestly safeguard the legal rights and interests of the Bank and Shareholders, especially minority Shareholders.

*Independent non-executive Directors of Bank of Qingdao Co., Ltd.*  
**Simon CHEUNG, FANG Qiaoling, Tingjie ZHANG, XING Lecheng, ZHANG Xu**

**EVALUATION REPORT ON MAJOR SHAREHOLDERS OF BANK OF QINGDAO CO., LTD. FOR 2022**

In accordance with the *Regulatory Measures for the Behavior of Major Shareholders of Banking and Insurance Institutions (for Trial Implementation)* (hereinafter referred to as the “Regulatory Measures for Major Shareholders”) and in order to continuously improve the equity management of the Bank of Qingdao Co., Ltd. (hereinafter referred to as the “**Bank**”), the Bank conducted evaluation on relevant conditions of major Shareholders of the Bank for 2022. The conditions of the evaluation are as follows:

**I. EVALUATION TARGETS**

According to Article 3 of the Regulatory Measures for Major Shareholders, major shareholders of commercial banks refer to shareholders meeting one of the following conditions:

Holding more than 15% of equity interests in large state-owned commercial banks, national joint-stock commercial banks, foreign-funded corporate banks, privately owned banks, insurance institutions, financial asset management companies, financial leasing companies, consumer financial companies, automobile financial companies and other institutions; holding more than 10% of equity interests in city commercial banks, rural commercial banks and other institutions; actually holding the most equity interests in banking and insurance institutions with a shareholding proportion of no less than 5% (including shareholders holding the same number of shares); nominating more than two directors; having controlling influence over the operation and management of banking and insurance institutions in the opinions of the board of directors of the banking and insurance institutions; and other circumstances recognized by the China Banking and Insurance Regulatory Commission (hereinafter referred to as the “CBIRC”) or its dispatched offices. The shareholding proportions of Shareholders and their related parties and persons acting in concert shall be calculated on an aggregated basis. If the total shareholding proportion meets the above requirements, the relevant Shareholders shall be considered as major Shareholders.

According to such provisions and as at the end of 2022, the Bank has three major Shareholders, namely Haier Group Corporation (hereinafter referred to as the “Haier Group”), Intesa Sanpaolo S.p.A. (hereinafter referred to as the “ISP”) and Qingdao Conson Development (Group) Co., Ltd. (hereinafter referred to as the “Conson Group”).

**II. EVALUATION CONTENTS AND BASIS****(I) Evaluation contents**

In accordance with the requirements of the Regulatory Measures for Major Shareholders and with reference to the *Interim Measures for the Equity Management of Commercial Banks*, the *Measures on Administrative Licensing Items on Chinese-Funded Commercial Banks*, the *Notice on Further Strengthening the Management of Shareholders' Commitments of Banking and Insurance Institutions*, the *Notice on Strengthening the Review of Qualifications of Major Shareholders of Small and Medium-sized Commercial Banks* and the Articles of Association of the Bank, the Bank carried out evaluation on the shareholders' qualification, financial conditions, equity interests held, related party transactions, the exercise of shareholders' rights, the performance of obligations and undertakings, the implementation of the Articles of Association and the terms of agreements, the compliance with laws, regulations and regulatory rules of major Shareholders in 2022.

**(II) Evaluation basis**

The Bank carried out evaluation on major Shareholders based on the following information:

1. The self-evaluation form filled by major Shareholders;
2. The financial information provided by major Shareholders;
3. The letters of undertaking and the statements signed by major Shareholders;
4. The attendance of major Shareholders at the general meetings;
5. The performance of duties by directors dispatched by major Shareholders;
6. The list of related parties submitted by major Shareholders with undertakings on its truthfulness, accuracy and completeness;
7. Related party transactions carried out between major Shareholders and their related parties with the Bank;
8. Public information on the National Enterprise Credit Information Publicity System, the China Enforcement Information Disclosure Website and the official websites of the CSRC and the CBIRC.

**III. APPRAISAL RESULTS****(I) Shareholders' qualifications and financial conditions****1. Haier Group and Conson Group**

Haier Group is a leading enterprise in the global household appliances manufacturing industry and the Industrial Internet. Conson Group is a state-owned investment platform company directly under the Municipal Government of Qingdao. The two companies have the capacity of legal persons; have a good corporate governance structure and an effective organizational management method; have a good social reputation, integrity record and tax payment record, and are able to repay the principal and interest of the loans to financial institutions in full and on time; have a long development period and stable operating conditions; have a strong operation and management capabilities and financial strength; have a good financial status; and have continuously remained profitable from 2019 to 2021 and the first nine months of 2022. As at the end of September 2022, the net assets after the allocation at the end of the year accounted for over 30% of their total assets on the basis of consolidated financial statements; and the balance of equity investments accounted for no more than 50% of their net assets on the basis of consolidated financial statements.

**2. ISP**

ISP is one of the most prominent players of the Eurozone's banking industry with an outstanding credit rating for a long term with the Moody's rating of Baa1 from 2021 to 2022. It has a good financial status and has continuously remained profitable from 2020 to 2021 and the first nine months of 2022. Its capital adequacy ratio as at the end of 2021 and the end of September 2022 reached the average level in the banking industry in Italy and was no less than 10.5%. The ISP has a sound internal control mechanism. The place of its registration has complete financial regulation systems and the country where it enjoys economic stability.

None of the three major Shareholders was found to be under the following circumstances by the Bank: having evident weakness or deficiency in its corporate governance structure and mechanism; having a large number of affiliates, a complex or an insufficiently transparent equity ownership structure, and engaging in frequent or unusual related party transactions; failing to identify the core business or having a business scope covering too many industrial sectors; its cash flow fluctuations being highly susceptible to economic climate; having a liability-asset ratio or financial leverage ratio higher than the industry average level; or holding equity interest in the Bank on behalf of others.

**(II) Equity interests held**

As at the end of 2022, the shareholding conditions of major Shareholders of the Bank are as follows:

No.	Name of shareholders	Number of shares held (share)	Shareholding proportion
1	<b>Haier Group</b>	<b>1,055,878,943</b>	<b>18.14%</b>
	Qingdao Haier Industrial Development Co., Ltd.	532,601,341	9.15%
	Qingdao Haier Air-Conditioner Electronics Co., Ltd.	284,299,613	4.88%
	Haier Smart Home Co., Ltd.	188,886,626	3.25%
	Qingdao Haier Mold Co., Ltd.	22,420,672	0.39%
	Qingdao Haier Tooling Development Co., Ltd.	16,305,943	0.28%
	Qingdao Manniq Intelligent Technology Co., Ltd. (青島曼尼科智能科技有限公司)	7,745,322	0.13%
	Qingdao Haier Air-Conditioner Co., Ltd.	2,412,951	0.04%
	Qingdao Haier Special Refrigerator Co., Ltd.	1,206,475	0.02%
2	<b>ISP</b>	<b>1,018,562,076</b>	<b>17.50%</b>
3	<b>Conson Group</b>	<b>872,471,173</b>	<b>14.99%</b>
	Qingdao Conson Industrial Co., Ltd.	654,623,243	11.25%
	Haitian (HK) Holdings Limited	217,847,280	3.74%
	Qingdao Guoxin Capital Investment Co., Ltd. (青島國信資本投資有限公司)	650	0.00001%

Major Shareholders of the Bank have remained stable since their investment. They focused on long-term investment and value investment and have not reduced the shares in the Bank. The acquisition of the above equity interests by major Shareholders of the Bank has been approved by and filed with regulatory authorities as required and there was no situation where they hold more than 5% of the total capital or shares of the Bank without the approval of regulatory authorities. There was no direct or indirect cross-shareholding with the Bank or the transfer of equity interests in violation of regulations. There was no situation where they entrusted others or being entrusted to hold the shares of the Bank. There was no equity pledge and the equity interests held were not subject to lawsuits, arbitrations or compulsory measures imposed by judiciary authorities.

**(III) Related party transactions**

The related party transactions between the Bank and major Shareholders were carried out in compliance with laws and regulations in an open and transparent manner with fairness. As at the end of 2022, the related party transactions between the Bank and major Shareholders were as follows: the balance of the credit business with Haier Group and its related parties was RMB1,409 million; the amount of the non-credit business with the ISP and its related parties was RMB11,554,800; and the amount of the non-credit business with the Conson Group and its related parties was RMB38,419,100. The related party transactions between the Bank and major Shareholders were normal businesses within the scope of business of commercial banks and the credit quality of the related party transactions was above the average level across the Bank. The Bank performed review, approval, reporting, filing and other relevant procedures on the related party transactions with major Shareholders in accordance with relevant laws and regulations as well as the unified provisions of the systems of the Bank. There was no situation where major Shareholders are found to conduct related party transactions with the Bank through improper manners or seek improper benefits by leveraging on their influence on the Bank.

**(IV) Exercise of Shareholders' rights and performance of responsibilities, obligations and undertakings**

Major shareholders of the Bank were able to properly exercise shareholders' rights and practically perform responsibilities and obligations. Major shareholders were able to support the Bank in establishing an independent and complete corporate governance structure with effective balance from the overall development and the Bank, achieve the organic integration of the Party's leadership into corporate governance and actively safeguard the sound operation and scientific development of the Bank. Major shareholders prudently exercised the right to nominate Directors of the Bank and did not dispatch senior management to the Bank. Major shareholders participated in major decision-making by the Bank through attending the general meetings and the Directors dispatched to the Board of Directors of the Bank and carried out businesses based on the authorization plans of the general meetings, the Board of Directors and the senior management. No major Shareholders were found to interfere in the operation and management of the Bank in violation of regulations or beyond their authorities. Major Shareholders actively cooperated in reporting their operation conditions, financial information and shareholding structures and performed the information reporting obligation in a timely manner. Major Shareholders treated all Shareholders equally and no major Shareholders were found to damage the legitimate rights and interests of the Bank and other stakeholders by leveraging on their positions as major Shareholders.

No major Shareholders were found to violate their undertakings. Major Shareholders of the Bank carefully implemented the requirements of notices issued by regulatory authorities, signed the letters of undertaking of major Shareholders and the statements of major Shareholders based on the content templates issued by regulatory authorities without arbitrarily deleting undertakings or modifying the contents of the templates. For the performance of undertakings in the statement category, all major Shareholders contributed with their own

funds without holding shares in the Bank through financial products or providing inaccurate or incomplete information. For the performance of undertakings in the compliance category, no major Shareholders interfered with the daily operation of the Bank, imposed improper indicator pressures on the Bank, interfered in the decision-making and operation of the Board of Directors and senior management of the Bank or sought improper benefits. They were not involved in circumstances damaging the legitimate rights and interests of depositors, the Bank and other stakeholders. For the performance of statements on due diligence, major Shareholders maintained sound operation and capital conditions and committed to continuously supplement capitals to the Bank.

**(V) Implementation of the Articles of Association and terms of agreements**

Major Shareholders of the Bank were able to earnestly implement the Articles of Association and the terms of agreements of the Bank. Major Shareholders reported the information on their related parties and other joint-stock Chinese-funded commercial banks to the Bank in a timely manner in accordance with regulatory rules. They were not involved in damaging the benefits of the creditors of the Bank, seeking improper benefits or interfering in the decision-making and operation of the Board of Directors and senior management of the Bank under the Articles of Association. Major Shareholders performed the contribution obligation in strict compliance with laws and regulations, supported the Board of Directors of the Bank in formulating reasonable capital plans and actively participated in subscription in the rights issue and other capital supplement without impeding other Shareholders in supplementing capital to the Bank. The agreements entered into between major Shareholders and their related companies with the Bank are business contracts and relevant companies were able to perform the provisions in the contracts.

**(VI) Compliance with laws, regulations and regulatory rules**

Major Shareholders of the Bank were able to abide by laws, regulations and regulatory rules. Major Shareholders did not hold shares in the Bank through the issuance, management or controlling of financial products in other manners. They were able to explain their shareholding structure to their actual controllers and ultimate beneficiaries level by level as well as their related relationship or acting in concert with other Shareholders. They were able to establish an effective risk isolation mechanism to prevent the risk from spreading and transferring among themselves, the Bank and other related institutions. They were able to effectively manage the cross-positions as the members of the Board of Directors, members of the Board of Supervisors and senior management of the Bank and other related institutions to prevent conflicts of interest. The number of commercial banks invested and controlled by major Shareholders and their related parties and parties acting on concert as their major shareholders was no more than 2 and 1, respectively.

No major Shareholders were found to be involved in the following circumstances: being listed as a joint subject of punishment for dishonesty by relevant authorities; having serious evasion of bank debts; providing false materials or making false statements; being materially responsible for a commercial bank's operational failure or major violations of laws and regulations; refusing or preventing the CBIRC or its dispatched offices from performing supervision according to laws; being subject to investigation and punishment by financial regulatory authorities or relevant government departments due to violation of laws and regulations, resulting in adverse impact; and other circumstances that may adversely affect the operation and management of the Bank.

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## NOTICE OF 2022 ANNUAL GENERAL MEETING

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**BQD  青岛银行**  
**Bank of Qingdao Co., Ltd.\***  
**青島銀行股份有限公司\***

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

**(H Shares Stock Code: 3866)**

### NOTICE OF 2022 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2022 annual general meeting (the “**2022 AGM**”) of Bank of Qingdao Co., Ltd. (the “**Bank**”) will be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the People's Republic of China (the “**PRC**”), at 9:00 a.m. on Wednesday, 31 May 2023 for the purposes of considering and, if thought fit, passing the following resolutions:

#### ORDINARY RESOLUTIONS

1. to consider and approve the work report of the board of directors of Bank of Qingdao Co., Ltd. for 2022
2. to consider and approve the work report of the board of supervisors of Bank of Qingdao Co., Ltd. for 2022
3. to consider and approve the report for final financial accounts of Bank of Qingdao Co., Ltd. for 2022
4. to consider and approve the profit distribution plan of Bank of Qingdao Co., Ltd. for 2022
5. to consider and approve the resolution on the engagement of external auditors of Bank of Qingdao Co., Ltd. for 2023 and their remuneration
6. to consider and approve the special report on related party transactions of Bank of Qingdao Co., Ltd. for 2022
7. to consider and approve the resolution on the estimated amount of the ordinary related party transactions of Bank of Qingdao Co., Ltd. for 2023

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## NOTICE OF 2022 ANNUAL GENERAL MEETING

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### SPECIAL RESOLUTION

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

### MATTERS TO BE REPORTED

1. Evaluation Report on the Performance of Duties by the Board of Directors and Directors of Bank of Qingdao Co., Ltd. for 2022
2. Evaluation Report on the Performance of Duties by the Supervisors of Bank of Qingdao Co., Ltd. for 2022
3. Performance Report of the Independent Non-executive Directors of Bank of Qingdao Co., Ltd. for 2022
4. Evaluation Report of the Major Shareholders of Bank of Qingdao Co., Ltd. for 2022

By order of the Board  
**Bank of Qingdao Co., Ltd.\***  
**Jing Zailun**  
Chairman

Qingdao, Shandong Province, the PRC  
11 May 2023

*As at the date of this notice, the Board comprises Mr. Jing Zailun, Mr. Wu Xianming and Mr. Liu Peng as executive directors; Mr. Zhou Yunjie, Mr. Rosario Strano, Ms. Tan Lixia, Mr. Marco Mussita and Mr. Deng Youcheng as non-executive directors; Mr. Simon Cheung, Ms. Fang Qiaoling, Mr. Xing Lecheng, Mr. Zhang Xu and Mr. Cheung Man Chor, Elton as independent non-executive directors.*

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

Notes:

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

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## NOTICE OF 2022 ANNUAL GENERAL MEETING

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### **2. Closure of register of members and eligibility for attending and voting at the 2022 AGM**

H shareholders of the Bank are advised that the share register will be closed from Thursday, 25 May 2023 to Wednesday, 31 May 2023 (both days inclusive). To be eligible for attending and voting at the 2022 AGM, the transfer documents together with relevant share certificates and other appropriate documents must be deposited at the H share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Wednesday, 24 May 2023. Shareholders whose names appear on the register of members of the Bank on Thursday, 25 May 2023 are entitled to attend and vote at the 2022 AGM. Pursuant to the requirements of the Articles of Association of the Bank, where a shareholder pledges 50% or more of his/her equity interests in the Bank, the voting rights of such shareholder at the 2022 AGM shall be subject to restrictions.

### **3. Arrangement on dividend distribution**

The board of directors of the Bank has recommended the distribution of a final cash dividend of RMB1.60 (inclusive of tax) per ten shares for the year ended 31 December 2022. Subject to approval of the proposal at the 2022 AGM, the dividend will be paid to A shareholders and H shareholders whose names appear on the register of members of the Bank at the close of business on the respective record dates. The proposed dividends payable are denominated in Renminbi, and will be paid to A shareholders in Renminbi and H shareholders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars will be based on the average of central parity rates of Renminbi of the interbank foreign exchange market as announced by the People's Bank of China for the five working days preceding the date of declaration of the dividend at the 2022 AGM (including the date of the 2022 AGM).

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

The H share register of the Bank will be closed from Tuesday, 6 June 2023 to Saturday, 10 June 2023 (both days inclusive). In order to be entitled to the final dividend distribution, the H shareholders of the Bank who have not registered are required to deposit the transfer documents together with relevant share certificates at the H share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Monday, 5 June 2023. Shareholders whose names appear on the register of members of the Bank on Saturday, 10 June 2023 are entitled to the final dividend distribution.

### **5. Proxy**

Any shareholder entitled to attend and vote at the 2022 AGM may appoint one or more persons (whether such person is a shareholder of the Bank or not) as his/her proxy or proxies to attend and vote on his/her behalf at the 2022 AGM. As far as all joint shareholders of any shares are concerned, only the joint shareholder whose name appears first in the register of members has the right to receive the share certificates of the relevant shares from the Bank, to receive notices of the Bank and any notice served on such a shareholder shall be treated as having been served on all the other joint shareholders of those shares. In the case of joint shareholders, any one shareholder may sign the proxy form(s). The vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint shareholding.

The appointment of a proxy must be in writing with a form under the hand of the appointer or his/her attorney duly authorised in writing. For a corporate appointer, the proxy form must be affixed with the common seal or signed by its director or attorney duly authorised in writing. To be valid, the instrument appointing a proxy together with the power of attorney or other authorisation document (if any) under which it is signed or a notorially certified copy of that power of attorney or other authorisation document must be completed and returned to the Bank's H share registrar (for H shareholder(s)) or the Bank's PRC registered office and principal place of business (for A shareholder(s)) not less than 24 hours before the designated time for the convening of the 2022 AGM or any adjournment thereof. Completion and return of the form(s) of proxy will not preclude Shareholders from attending and voting in person at the 2022 AGM or at any adjournment thereof if he/she so wishes.

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## NOTICE OF 2022 ANNUAL GENERAL MEETING

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### 6. Others

(1) The 2022 AGM is estimated to last no longer than a working day. Shareholders who attend the meeting in person or by proxy shall bear their own traveling and accommodation expenses.

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

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

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

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