



交通銀行股份有限公司
Bank of Communications Co., Ltd.

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

(Stock Code: 03328)

Executive Directors:

Mr. Ren Deqi
Mr. Zhang Baojiang
Mr. Yin Jiuyong
Mr. Zhou Wanfu

Registered Office:

No. 188, Yin Cheng Zhong Lu
China (Shanghai) Pilot
Free Trade Zone
PRC

Non-executive Directors:

Mr. Li Longcheng
Mr. Wang Linping
Mr. Chang Baosheng
Mr. Liao, Yi Chien David
Mr. Chan Siu Chung
Mr. Mu Guoxin
Mr. Chen Junkui
Mr. Luo Xiaopeng

Place of Business in Hong Kong:

No. 20 Pedder Street
Central
Hong Kong

Independent Non-executive Directors:

Mr. Shi Lei
Mr. Zhang Xiangdong
Ms. Li Xiaohui
Mr. Ma Jun
Mr. Wong Tin Chak
Mr. Xiao Wei

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED ISSUANCE OF A SHARES UNDER SPECIFIC MANDATE
AND RELATED MATTERS**
(2) APPLICATION FOR WHITEWASH WAIVER
**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING
AND**
(4) NOTICE OF H SHAREHOLDERS CLASS MEETING

I. INTRODUCTION

This purpose of this circular is to provide you with detailed information in relation to, among other things, (i) details of the Issuance (including the A Share Issuance Plan and the Specific Mandate); (ii) the Whitewash Waiver; (iii) a letter from the Independent Board Committee; (iv) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the MOF Subscription and the Whitewash

Waiver; (v) a notice of the EGM together with the form of proxy; and (vi) a notice of H Shareholders Class Meeting together with the form of proxy, to enable you to make an informed decision on whether to vote in favour or against the proposed resolutions at the EGM and the H Shareholders Class Meeting.

II. PROPOSED ISSUANCE OF A SHARES UNDER SPECIFIC MANDATE

In accordance with the requirements of the Company Law of the PRC, the Securities Law of the PRC, Administrative Measures for the Registration of Publicly Listed Company Securities Issuance, Application Opinions on Articles 9, 10, 11, 13, 40, 57, and 60 of the Administrative Measures for the Registration of Publicly Listed Company Securities Issuance – Opinion No. 18 on the Application of Securities and Futures Laws and other relevant laws, administrative regulations and normative documents, after a thorough self-examination on the actual operation and relevant matters of the Bank, it is considered that the Bank has complied with the relevant conditions for the Issuance. In accordance with the aforesaid requirements, the Bank drew up the A Share Issuance Plan.

The details of the A Share Issuance Plan are as follows:

A. A Share Issuance Plan

(I) Type and nominal value of securities to be issued

The A Shares to be issued under the Issuance are the Bank's domestically listed ordinary shares denominated in RMB with a nominal value of RMB1.00 per Share.

(II) Method and time of issuance

The Issuance shall proceed by way of issue of A Shares to the Subscribers. The Bank will issue A Shares at an appropriate time after approval by the Shanghai Stock Exchange and within the validity period upon obtaining approval of the registration of the Issuance from the CSRC.

(III) Scale and use of proceeds

The proceeds from the Issuance shall be no more than RMB120 billion (equivalent to HKD129.6 billion) (inclusive) which, after deducting the relevant issuance expenses, will be used to replenish the core tier 1 capital of the Bank. The amount of proceeds will depend on the final issuance plan approved by the relevant the approval authorities and regulatory authorities.

(IV) Subscribers and subscription method

The Issuance targets shall be the Ministry of Finance, CNTC and CDIC, i.e. the Subscribers. The Subscribers shall subscribe for the A Shares issued pursuant to the Issuance in cash.

Subject to the registration of the CSRC of the Issuance, the Board shall, as authorized at the EGM and Class Meetings, authorize the relevant persons to implement the Issuance according to the requirements of relevant laws, administrative regulations and normative documents. The Bank may enter into customary underwriting agreement(s) with Guotai Junan Securities Co., Ltd., China Securities Co., Ltd., CITIC Securities Company Limited, GF Securities Co., Ltd., Shenwan Hongyuan Financing Services Co., Ltd., and Guosen Securities Co., Ltd., all being independent third parties, in relation to the Issuance which will take effect after the relevant resolutions (including the Issuance and the Specific Mandate, the Whitewash Waiver, the waiver of the mandatory offer obligation in respect of the A Shares) have been approved by the relevant Shareholders at the EGM and the Class Meetings. The underwriters, two of which will also be appointed as sponsors of the Issuance in accordance with applicable regulatory requirements in the PRC, will assist the Bank with matters relating to the Issuance.

The Ministry of Finance, being a PRC Governmental Body as defined in the Hong Kong Listing Rules, is not a connected person of the Bank pursuant to Rule 14A.10 of the Hong Kong Listing Rules. To the best of the Directors' knowledge, information and belief upon making all reasonable enquiries, CNTC, CDIC and their ultimate beneficial owner are not connected persons of the Bank under Chapter 14A of the Hong Kong Listing Rules. In the event that any A Shares under the Issuance are issued to any connected persons of the Bank, the Bank will comply with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules.

(V) Pricing Benchmark Date, issue price and pricing principle

The Pricing Benchmark Date shall be the date of the announcement regarding the Board resolutions in respect of the Issuance (i.e. 31 March 2025). The initial price of A Shares to be issued under the Issuance is RMB8.71 (equivalent to approximately HKD9.41) per A Share, which shall be not lower than 80% of the average trading price of A Shares for the 20 trading days prior to the Pricing Benchmark Date. The average trading price of A Shares for the 20 trading days prior to the Pricing Benchmark Date is calculated by dividing (i) the total trading value of A Shares in the 20 trading days prior to the Pricing Benchmark Date by (ii) the total trading volume of A Shares within the 20 trading days prior to the Pricing Benchmark Date.

In the event there are ex-right or ex-dividend activities relating to dividend distribution, bonus issue or conversion of capital reserve into share capital (the “**Adjustment Event(s)**”) between the Pricing Benchmark Date and date of completion of the Issuance, the subscription price will be adjusted accordingly. The specific adjustment formula is set forth below:

Distribution of cash dividend: $P_1 = P_0 - D$

Distribution of scrip dividend or conversion of capital reserve into share capital by the Bank: $P_1 = P_0 / (1 + N)$

If both types of aforesaid activities are conducted simultaneously: $P_1 = (P_0 - D) / (1 + N)$

In particular, P_1 is the adjusted issue price, P_0 is the initial issue price, D is the cash distribution per Share and N is the number of bonus shares or conversion shares to be issued per Share.

For reference only, after taking into account relevant costs and expenses, the initial net issue price will be approximately RMB8.71 (equivalent to approximately HKD9.41) per A Share. The issue price prior to any adjustments in respect of any Adjustment Events represents a premium of 18.34% over the closing price per A Share of RMB7.36 on 28 March 2025, being the last business day before the Announcement.

As disclosed in the results announcement for the year ended 31 December 2024 of the Company dated 21 March 2025, the Bank proposed a final dividend of RMB0.197 (tax inclusive) per Share, and, in view of the Issuance, the Bank will convene an extraordinary general meeting on 8 April 2025 for the Shareholders' approval of the 2024 final dividend. For illustration only, assuming the 2024 final dividend is approved by the relevant Shareholders and the ex-dividend date thereof falls within the period between the Pricing Benchmark Date and date of completion of the Issuance, the issue price of RMB8.71 (equivalent to approximately HKD9.41) per A Share will accordingly be adjusted to RMB8.51 (equivalent to approximately HKD9.19) (rounded to the nearest two decimal places) per A Share.

During the period between the Pricing Benchmark Date and date of completion of the Issuance, if there is any change in respect of the relevant laws, administrative regulations or normative documents, or the CSRC determines otherwise and adjusts its policy towards matters such as the issue price or the pricing method and such changes apply to the Issuance, the issue price pursuant to the Issuance shall be adjusted accordingly.

(VI) Number of Shares to be issued

The number of A Shares under the Issuance will be 13,777,267,506 calculated based on the initial issue price of RMB8.71 (equivalent to approximately HKD9.41), representing approximately 18.55% of the total issued share capital of the Bank as of the Latest Practicable Date and approximately 15.65% of the issued share capital of the Bank as enlarged by the Issuance. In particular, based on the initial subscription price, the proposed subscription amount under the MOF Subscription of RMB112,420,060,000 would represent 12,907,010,332 A Shares; the proposed subscription amount under the CNTC Subscription of RMB4,579,940,000 would represent 525,825,487 A Shares; and the proposed subscription amount under the CDIC Subscription of RMB3,000,000,000 would represent 344,431,687 A Shares. The number of Shares to be subscribed is equal to the subscription money divided by the issue price, rounded down to the nearest digit. Any surplus of subscription money from the rounding will be paid towards the capital reserve of the Bank.

Assuming 13,777,267,506 A Shares are issued at the initial subscription price under the Issuance, the aggregate nominal value of such A Shares amounts to RMB13,777,267,506.

As disclosed above, in the event the ex-dividend date in respect of the 2024 final dividend falls within the period between the Pricing Benchmark Date and date of completion of the Issuance, the issue price of RMB8.71 (equivalent to approximately HKD9.41) per A Share will accordingly be adjusted to RMB8.51 (equivalent to approximately HKD9.19) per A Share. Based on the adjusted issue price, the proposed subscription amount under the MOF Subscription of RMB112,420,060,000 would represent 13,210,347,826 A Shares; the proposed subscription amount under the CNTC Subscription of RMB4,579,940,000 would represent 538,183,313 A Shares; and the proposed subscription amount under the CDIC Subscription of RMB3,000,000,000 would represent 352,526,439 A Shares. Accordingly, the adjusted total number of A Shares under the Issuance will be 14,101,057,578, which is calculated based on the adjusted issue price of RMB8.51 (equivalent to approximately HKD9.19), representing approximately 18.99% of the total issued share capital of the Bank as of the Latest Practicable Date and approximately 15.96% of the issued share capital of the Bank as enlarged by the Issuance.

The final number of A Shares under the Issuance will be determined by the Board and its authorized persons after approval by the Shanghai Stock Exchange and discussion with the sponsors in respect of the Issuance. If the total proceeds of, or the total number of Shares pursuant to, the Issuance is adjusted due to changes in regulatory policies or the requirements of registration documents, the subscription monies to be paid by the Subscribers and the number of A Shares to be subscribed shall be adjusted accordingly. Nonetheless, if there occurs any Adjustment Event between the Pricing Benchmark Date and the completion of the Issuance and the issue price is adjusted accordingly, the subscription monies to be paid by the Subscribers shall remain unchanged and the number of A Shares to be subscribed by each Subscriber shall be adjusted based on the subscription monies to be paid by each Subscriber and the adjusted issue price.

(VII) Lock-up period

The A Shares to be subscribed by the Subscribers pursuant to the Issuance shall not be transferred within five years from the date when the equity is acquired. If the relevant regulatory authorities impose additional restrictions to the lock-up period and the transfer after the lock-up period, such relevant restrictions shall prevail. Shares which may be issued to the Subscribers arising from events such as distribution of scrip dividend and conversion of capital reserve into share capital by the Bank are also subject to the above-mentioned lock-up arrangement. Meanwhile, the Ministry of Finance has committed not to transfer any Shares it holds within eighteen months from the completion of the Issuance. If the above lock-up period is inconsistent with the latest regulatory opinion of the securities regulatory authorities, the above arrangement shall be adjusted accordingly.

Any transfer after the aforementioned lock-up period must also comply with the relevant requirements under the relevant laws, rules, regulations and normative documents such as the Company Law of the PRC, the Securities Law of the PRC, the Shanghai Stock Exchange Listing Rules and the Articles of Association.

(VIII) Listing venue

The A Shares to be issued under the Issuance will be listed on the Shanghai Stock Exchange.

(IX) Arrangement of accumulated undistributed profits

Upon the completion of the Issuance, the Shareholders will be entitled to the accumulated undistributed profits of the Bank prior to the Issuance in proportion to their respective shareholdings in the Bank upon the completion of the Issuance.

The Bank currently anticipates that, the A Shares to be issued under the Issuance are expected to be issued after the Bank's distribution of the final dividend for the financial year ended 31 December 2024 (if any) to the A Shareholders and therefore, the A Shares to be issued under the Issuance will only be eligible for dividend of the Bank which is distributed thereafter.

(X) Validity period of the resolutions

The A Share Issuance Plan shall be submitted to the EGM and the Class Meetings for consideration. The resolutions of the Issuance shall be valid for twelve months from the date on which the resolutions are considered and approved at the EGM and the Class Meetings.

B. Reasons for the issuance and use of proceeds

To further strengthen the Bank's capital and enhance capital adequacy, it is necessary for the Bank to take advantage of external financing tools to supplement its core tier 1 capital. This will better meet domestic and international capital regulatory requirements, further enhance risk resilience, and solidify the capital foundation for the sustainable development of the Bank's various businesses. The above will, in turn, provide strong support for the Bank to respond to the ever-changing domestic and international economic landscape and maintain its own high-quality growth in the future. To further consolidate and enhance the Bank's capability for stable operational development and better fulfil its role as a mainstay in serving the real economy, it is important for Bank to integrate capital through various internal and external channels.

Following completion of the Issuance, the Bank intends to continue with its existing principal businesses and maintain the listing of the Shares on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. There is currently no plan to introduce any major changes to the existing business of the Bank or the continued employment of the Group's employees, and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business.

C. Approvals at the Board, EGM, Class Meetings and from the regulatory authorities

The Issuance has been considered and approved by the Board. The Board considers that the pricing basis of the Issuance is fair and reasonable and in the interests of the Bank and the Shareholders as a whole. As Mr. Chen Junkui is a director of certain companies related to CNTC, he abstained from voting on the Board resolutions relating to the CNTC Subscription and the CDIC Subscription. As Mr. Li Longcheng, Mr. Wang Linping and Mr. Chang Baosheng are nominated by the Ministry of Finance, they had abstained from voting on the Board resolutions relating to the MOF Subscription and the Whitewash Waiver. Pursuant to the relevant PRC laws and regulations as well as the Hong Kong Listing Rules and the Takeovers Code, the implementation of the Issuance in accordance with the Share Subscription Agreements is subject to (i) approval of all relevant resolutions (including the Issuance and the Specific Mandate, the Whitewash Waiver, the waiver of the mandatory offer obligation in respect of the A Shares) by the relevant Shareholders at the EGM and the Class Meetings; (ii) approval or authorisation by the relevant government authorities, such as the National Financial Regulatory Administration; (iii) approval by the Shanghai Stock Exchange and the CSRC for the registration of the Issuance; and (iv) the Whitewash Waiver having been granted by the Executive. The Issuance is subject to the final approval by the aforesaid government authorities and regulatory authorities. As of the Latest Practicable Date, to the best of the Bank's knowledge, the Bank is not aware of any required approvals from other government authorities other than the National Financial Regulatory Administration, the Shanghai Stock Exchange and the CSRC in respect of the Issuance. None of the above conditions are capable of being waived. Therefore, if any of the above conditions are not fulfilled, the Bank shall not proceed with the Issuance.

As at the Latest Practicable Date, the Bank has not submitted the application of the Issuance to the National Financial Regulatory Administration, the Shanghai Stock Exchange or the CSRC for registration.

D. Effect of the Issuance on the shareholding structure of the Bank

For illustration only, the following table sets out the shareholding structure of the Bank as at the Latest Practicable Date and immediately after the completion of the Issuance, assuming that (1) the Ministry of Finance, CNTC and CDIC will subscribe for 12,907,010,332 A Shares, 525,825,487 A Shares and 344,431,687 A Shares respectively; and (2) there will be no Adjustment Events and no further change in the shareholding structure of the Bank until the completion of the Issuance:

Name of Shareholders	As at the Latest Practicable Date		Immediately after the completion of the Issuance	
	Number of Shares	As a percentage of total issued Shares	Number of Shares	As a percentage of total issued Shares
<u>A Shares</u>				
<u>Subscribers</u>				
<i>The Ministry of Finance and parties acting in concert with it (if any)</i>				
– The Ministry of Finance	13,178,424,446	17.75%	26,085,434,778	29.63%
<i>CNTC and parties acting in concert with it</i>				
– CNTC, including CDIC (Notes 1 and 2)	2,363,466,330	3.18%	3,233,723,504	3.67%
– CDIC (Note 2)	110,000,000	0.15%	454,431,687	0.52%
<u>Other A Shareholders</u>				
– The National Council for Social Security Fund (Note 3)	3,105,155,568	4.18%	3,105,155,568	3.53%
– Public A Shareholders	20,603,817,671	27.74%	20,603,817,671	23.40%
Total issued A Shares	39,250,864,015	52.85%	53,028,131,521	60.23%

Name of Shareholders	As at the Latest Practicable Date		Immediately after the completion of the Issuance	
	Number of Shares	As a percentage of total issued Shares	Number of Shares	As a percentage of total issued Shares
<u>H Shares</u>				
<u>Subscriber</u>				
<i>The Ministry of Finance and parties acting in concert with it (if any)</i>				
– The Ministry of Finance	4,553,999,999	6.13%	4,553,999,999	5.17%
<u>Directors</u>				
– Ren Deqi (Note 4)	500,000	0.00%	500,000	0.00%
– Chan Siu Chung (Note 5)	49,357	0.00%	49,357	0.00%
<u>Other H Shareholders</u>				
– The National Council for Social Security Fund (Note 3)	9,065,385,627	12.21%	9,065,385,627	10.30%
– The Hongkong and Shanghai Banking Corporation Limited (Note 6)	14,135,636,613	19.04%	14,135,636,613	16.06%
– Public H Shareholders	7,256,291,034	9.77%	7,256,291,034	8.24%
Total issued H Shares	35,011,862,630	47.15%	35,011,862,630	39.77%
Total issued Shares	74,262,726,645	100.00%	88,039,994,151	100.00%
Total issued Shares held by the Ministry of Finance and parties acting in concert with it (if any)	17,732,424,445	23.88%	30,639,434,777	34.80%

Notes:

- Based on publicly available information, CNTC is wholly owned by the State Council. CNTC and its subsidiaries (including CDIC) are the only entities under the PRC tobacco monopoly regime that engage in the production, sale, and import and export businesses of tobacco commodities in the PRC. CNTC is managed by the State Tobacco Monopoly Administration (established upon approval by the State Council), which manages key matters including CNTC's major investment decisions. CNTC is not acting in concert with the Ministry of Finance with regard to the Bank.
- CNTC is interested in a total of 2,363,466,330 A Shares which are held by its 30 subsidiaries (including CDIC). CNTC is presumed to be acting in concert with its subsidiaries under the Takeovers Code.
- The National Council for Social Security Fund (the "SSF National Council") was established by the Central Committee of the Communist Party of China and the State Council. Based on publicly available information, the SSF National Council is responsible for, among other things, managing and operating assets of the National Social Security Fund, as well as investing and managing the assets in line with the investment scope and proportion limits approved by the State Council. Chairman and vice chairman of the SSF National Council are appointed by, and its members are engaged by, the State Council. The SSF National Council is not acting in concert with the Ministry of Finance with regard to the Bank.

4. Mr. Ren Deqi, an executive Director, is neither involved in, nor interested in, the MOF Subscription and/or the Whitewash Waiver.
5. Mr. Chan Siu Chung, a non-executive Director, is neither involved in, nor interested in, the MOF Subscription and/or the Whitewash Waiver.
6. This includes H Shares indirectly held by the Shareholder, which are registered under HKSCC Nominees Limited, the nominee of H Shares.
7. For illustration only, assuming (i) the Issuance is fully subscribed at the adjusted issue price of RMB8.51 (equivalent to approximately HKD9.19), (ii) the Ministry of Finance subscribes for 13,210,347,826 A Shares and (iii) there are no other Adjustment Events or further change in the shareholding structure of the Bank, the Ministry of Finance will hold a total of 30,942,772,271 Shares upon completion of the MOF Subscription, representing approximately 35.02% of the enlarged issued share capital of the Bank.

As at the Latest Practicable Date, other than the RMB45,000 million non-cumulative perpetual domestic preference shares which are mandatorily convertible into A Shares under limited circumstances (details of which are set out in the annual report of the Bank for the year ended 31 December 2023), the Bank has no other convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Based on publicly available information and to the best of the knowledge of the Board, assuming that a maximum of 13,777,267,506 A Shares will be issued pursuant to the Issuance and there are no other changes to the share capital of the Bank prior to the completion of the Issuance, the public float of the Bank immediately after the Issuance will continue to satisfy the minimum requirement under Rule 8.08 of the Hong Kong Listing Rules.

E. Whether the Issuance leads to changes in the controlling right over the Bank

Upon the completion of the Issuance, the Ministry of Finance will remain the largest shareholder of the Bank.

Pursuant to Article 63(3) of the Measures for the Administration of the Takeover of Listed Companies (《上市公司收購管理辦法》), if an investor will, as a result of a share subscription, own more than 30% of the listed company's issued shares, the investor can be exempted from the obligation to make a mandatory offer if the investor undertakes not to transfer the new shares issued to him within three years and that the non-affiliated shareholders have approved the waiver of the mandatory offer obligation at a general meeting. As the MOF Subscription under the A Share Issuance Plan will result in the shareholding of the Ministry of Finance exceeding 30%, it is expected that the A Shares to be subscribed by the Ministry of Finance will be subject to a lock-up period which is no less than three years and a resolution in relation to the waiver of the mandatory offer obligation in respect of the A Shares will be put forward at the EGM for the non-affiliated Shareholders to consider and, if thought fit, approve. As disclosed above, pursuant to the relevant requirements of the "Administrative Measures for Issuance of Securities by Listed Companies" (《上市公司證券發行註冊管理辦法》) and the "Interim Measures for the Equity Management of Commercial Banks" (《商業銀行股權管理暫行辦法》), the A Shares to be subscribed by the Ministry of Finance shall not be transferred within five years from the date when the equity is acquired, subject to any further lock-up requirements as the relevant regulatory authority may impose.

F. Equity fund raising activities in the past twelve months

The Bank did not conduct any equity fund raising activity or issue any equity securities within the 12 months immediately preceding the Latest Practicable Date.

G. Specific Mandate to issue A Shares

The Bank will issue the A Shares under the Specific Mandate to be sought from the Shareholders at the EGM and Class Meetings to be held on 16 April 2025.

H. Future Intentions of the Ministry of Finance Regarding the Group

As at the Latest Practicable Date, the Ministry of Finance had no intention to introduce any major changes in the business of the Bank, including any redeployment of fixed assets of the Bank, or to discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group.

III. WHITEWASH WAIVER

As at the Latest Practicable Date, the Ministry of Finance held a total of 13,178,424,446 A Shares and 4,553,999,999 H Shares, representing approximately 23.88% of the issued Shares. To the best of the knowledge of the Board, the Ministry of Finance has no parties acting in concert with it who are interested in the Shares. Upon completion of the Issuance, the shareholding of the Ministry of Finance is expected to increase to more than 30% of the enlarged issued share capital of the Bank. Assuming (i) the Issuance is fully subscribed, (ii) the Ministry of Finance subscribes for 12,907,010,332 A Shares and (iii) there are no Adjustment Events and no further change in the shareholding structure of the Bank, the Ministry of Finance will hold a total of 30,639,434,777 Shares upon completion of the MOF Subscription, representing approximately 34.80% of the enlarged issued share capital of the Bank. For illustration only, assuming only the Ministry of Finance subscribes for 12,907,010,332 A Shares under the Issuance, the Ministry of Finance's shareholding upon completion of the MOF Subscription would represent approximately 35.15% of the issued share capital of the Bank as enlarged by the issuance of A Shares to the Ministry of Finance.

As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of A Shares under the MOF Subscription will give rise to an obligation on the part of the Ministry of Finance to make a mandatory general offer for all H Shares (other than those already owned or agreed to be acquired by the Ministry of Finance and parties acting in concert with it (if any)), unless the Whitewash Waiver is granted by the Executive.

Accordingly, a submission has been made to the Executive for the Whitewash Waiver to waive compliance with the obligation on the part of the Ministry of Finance to make a mandatory general offer for all H Shares (other than those already owned or agreed to be acquired by the Ministry of Finance and parties acting in concert with it (if any)) under Rule 26.1 of the Takeovers Code as a result of the MOF Subscription. The Executive has indicated

it is minded to grant the Whitewash Waiver, subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders in respect of the MOF Subscription, respectively, at the EGM. The Issuance will not proceed if the Whitewash Waiver is not granted or approved.

The Ministry of Finance, parties acting in concert with it (if any), its associates (if any) and any party who is interested or involved in the MOF Subscription (if any) will be required to abstain from voting in respect of the resolutions to approve the MOF Subscription and the Whitewash Waiver at the EGM. CNTC and CDIC and their associates will be required to abstain from voting in respect of the resolutions to approve the CNTC Subscription and CDIC Subscription but will be able to vote in respect of the resolutions to approve the MOF Subscription and the Whitewash Waiver as they are neither involved in nor interested in the MOF Subscription.

As at the Latest Practicable Date, the Bank does not believe that the Issuance gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Hong Kong Listing Rules). The Bank notes that the Executive may not grant the Whitewash Waiver if the Issuance does not comply with other applicable rules and regulations.

For implications of the Issuance under the applicable PRC rules and regulations, please refer to the section headed “II. Proposed Issuance of A Shares under Specific Mandate – E. Whether the Issuance leads to changes in the controlling right over the Bank”.

IV. RESOLUTIONS TO BE PROPOSED AT THE EXTRAORDINARY GENERAL MEETING AND H SHAREHOLDERS CLASS MEETING

The resolutions with regard to the Issuance to be proposed at the EGM and the H Shareholders Class Meeting are set out below:

1. Resolution in relation to the Satisfaction of the Bank of the Requirements for the Issuance of A Shares to Specific Targets

In accordance with the Company Law of the PRC, the Securities Law of the PRC, the Administrative Measures for the Registration of Publicly Listed Company Securities Issuance, and the Opinions on the Application of the Relevant Provisions of Articles 9, 10, 11, 13, 40, 57 and 60 of the “Administrative Measures for the Registration of the Issuance of Securities by Listed Companies” – No. 18 Opinions on the Application of the Laws on Securities and Futures and other relevant laws, regulations and normative documents, having conducted verification of the actual circumstances of the Bank and the relevant matters, the Board is of the opinion that the Bank satisfies the conditions of the issuance of A Shares to specific targets, and approved the Bank to apply the Issuance of A Shares to specific targets.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders’ consideration and approval.

2. Resolution in relation to the Proposal of the Issuance of A Shares to Specific Targets by the Bank

For details of the A Share Issuance Plan, please refer to the section headed “II. Proposed Issuance of A Shares under Specific Mandate” as set out above.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM and the H Shareholders Class Meeting for Shareholders’ consideration and approval.

3. Resolution in relation to the Preliminary Proposal of the Issuance of A Shares to Specific Targets by the Bank

For the Preliminary Proposal of the Issuance of A Shares to Specific Targets by the Bank, please refer to the Appendix II to this circular.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders’ consideration and approval.

4. Resolution in relation to the Discussion and Analysis Report on the Proposal of the Issuance of A Shares to Specific Targets by the Bank

For the Discussion and Analysis Report on the Proposal of the Issuance of A Shares to Specific Targets by the Bank, please refer to the Appendix III to this circular.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders’ consideration and approval.

5. Resolution in relation to the Feasibility Analysis Report on the Use of Proceeds from the Issuance of A Shares to Specific Targets by the Bank

For the Feasibility Analysis Report on the Use of Proceeds from the Issuance of A Shares to Specific Targets by the Bank, please refer to the Appendix IV to this circular.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders’ consideration and approval.

6. Resolution in relation to the Dilution of the Current Return by the Issuance of A Shares to Specific Targets by the Bank, the Remedial Measures and the Undertakings Made by the Relevant Entities in Respect of Such Measures

In accordance with the Opinions of the General Office of the State Council on Further Strengthening the Protection of Legal Rights and Interests of Small and Medium Investors in the Capital Market (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》), the Several Opinions on Strengthening Supervision, Preventing Risks, and Promoting the High-Quality Development of the Capital Market (《關於加強監管防範風險推動資本市場

高品質發展的若干意見》), and the Guiding Opinions on Matters Related to the Dilution of Immediate Returns in Initial Public Offerings, Refinancing, and Major Asset Restructuring (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》), the Bank has conducted an analysis of the impact of the issuance of A shares to Specific Targets on the dilution of current return and has formulated relevant measures to compensate for the return. Meanwhile, the Bank's relevant entities have made an undertaking to ensure the practical implementation of the Bank's measures to compensate for the returns. Accordingly, the Bank has prepared the announcement of the Bank on the Risk Reminder on the Dilution of the Current Return by the Issuance of A Shares to Specific Targets, the Remedial Measures and the Undertakings Made by the Relevant Entities in respect of such Measures, which is set out in Appendix I to this circular.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval.

7. Resolution in relation to the introduction of CNTC and CDIC as Strategic Investors by the Bank

As part of the Issuance, the Bank intends to introduce CNTC and CDIC as a strategic investors of the Bank and has entered into the Conditional Strategic Cooperation Agreement. According to the Regulations on the Registration and Administration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》) issued by the CSRC, the purpose of introduction of the strategic investors, commercial rationale, arrangements for the use of proceeds, basic information and shareholding structure of the strategic investor and other related information are set out as follows:

(1) Purpose and commercial rationale of introduction of the strategic investors

In recent years, domestic and foreign regulatory bodies have continued to strengthen the supervision of bank capital adequacy ratios. To further enhance the capital of the Bank and improve capital adequacy, the Bank needs to reasonably utilize external financing tools to supplement core tier-1 capital. This will enable the Bank to better meet the domestic and foreign capital regulatory requirements, further enhance the Bank's risk resilience, solidify the capital foundation for the sustainable development of various businesses, and provide strong support for the Bank to cope with changes in the domestic and international economic landscape and maintain high-quality development in the future.

The strategic investors introduced by the Bank are CNTC and CDIC. As the highest management authority in China's tobacco industry, CNTC has made comprehensive contributions to promoting economic development and ensuring fiscal revenue growth. It has strong operational stability as well as robust financial strength and business layout. CDIC is a wholly-owned subsidiary of CNTC and is responsible for coordinating and implementing major strategic investment projects determined by CNTC. The strategic cooperation among the Bank, CNTC and CDIC will help promote the development of the Bank's business and further enhance the Bank's industry position and competitive advantage.

(2) Basic information of the Strategic Investors

I.

<i>Entity name:</i>	CNTC
<i>Legal Representative:</i>	Zhang Jianmin
<i>Registered Address:</i>	No. 55, Yuetan South Street, Xicheng District, Beijing
<i>Type of Enterprise:</i>	Enterprise owned by the whole people (全民所有制企業)
<i>Registered capital:</i>	RMB57,000,000,000
<i>Shareholding structure:</i>	CNTC is a super large-scale state-owned enterprise established with the approval of the State Council, and is an enterprise owned by the whole people.
<i>Principal business:</i>	Production, operation, import and export of tobacco monopoly products. Operation and management of state-owned assets.

II.

<i>Entity name:</i>	CDIC
<i>Legal Representative:</i>	Liu Xiaojie
<i>Registered Address:</i>	No. 55 Yuetan South Street, Xicheng District, Beijing
<i>Type of Enterprise:</i>	Limited liability company (legal person sole investment)
<i>Shareholding structure:</i>	A wholly owned subsidiary of CNTC
<i>Principal business:</i>	Organization and implementation of major strategic investment projects of CNTC and undertaking the operation and management of investment projects.

(3) Arrangements for the use of proceeds

The proceeds to be raised from the Issuance shall be no more than RMB120 billion (inclusive), which will be used to replenish the Bank's core tier-1 capital after deducting relevant issuance expenses. The final amount of proceeds raised will be subject to approval of the A Share Issuance Plan by the relevant approval authorities and regulatory authorities.

(4) *Principal terms of the Conditional Strategic Cooperation Agreement*

The principal terms of the Conditional Strategic Cooperation Agreement are set out as below:

Date: 30 March 2025

Parties: (i) the Bank;
(ii) CNTC; and
(iii) CDIC

Principal terms: *Background of cooperation*

State-owned large commercial banks are the mainstay of serving the real economy and act as the ballast for maintaining financial stability. The Bank, as a long-established state-owned large commercial bank, is one of China's major financial service providers.

Capital is fundamental to the sustainable operation of commercial banks, and it is also the foundation for banks to drive real economic growth, promote economic structural adjustment, and prevent various risks. Supporting state-owned large commercial banks in further increasing core tier 1 capital can not only enhance the Bank's robust operational capabilities but also leverage the capital to enhance credit delivery capacity. This increase further strengthens the support for the development of the real economy and provides more powerful backing for driving a sustained positive recovery of the macroeconomy and boosting market confidence.

Duration of the cooperation

Unless the parties agree to the early termination of the Conditional Strategic Cooperation Agreement, the cooperation period shall be from the effective date of the Conditional Strategic Cooperation Agreement to the day when CNTC or CDIC (as the case may be) no longer holds the Shares issued under the Issuance.

Conditions precedent

The Conditional Strategic Cooperation Agreement is established on the date when the legal representatives or authorised representatives of the parties sign and affix the official seals of the parties thereto. Save as the confidentiality obligations, clauses in the Conditional Strategic Cooperation Agreement shall only come into effect on the date on which the relevant Share Subscription Agreement becomes effective.

Arrangement to participate in the governance of the Bank

CNTC and CDIC have the right to exercise voting rights, proposal rights, supervisory rights, and other related shareholder rights⁽¹⁾ in accordance with laws, regulations, the Articles of Association, and the agreements related to the Issuance, actively participating in the corporate governance of the Bank. After the completion of the Issuance (i.e., when the Shares issued are registered under the name of CNTC and CDIC at the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited), CNTC and CDIC are jointly entitled to nominate one qualified non-independent director candidate to the Bank (including one non-independent Director nominated by CNTC to the Board as at the date thereof). The Bank will use its best endeavours to procure the approval of the resolution on director nomination by the Board and the general meeting of the Bank, making CNTC and CDIC have one seat for non-independent Director. The director candidate nominated by CNTC and CDIC, upon election as a Director after going through necessary review procedures and qualification approval by regulatory authorities, will participate in the Board's decision-making and play an active role in the corporate governance of the Bank.

(1) All the rights CNTC and CDIC are entitled pursuant to the Conditional Strategic Cooperation Agreement are limited to the shareholders rights as set forth in the Articles of Association and the PRC laws and regulations. Please refer to the Articles of Association for further details of the rights.

Undertaking to not seek, and not cooperate with others to seek, control of the Bank

Each of CNTC and CDIC commits that during the period it holds or controls Shares, it (and entities controlled by it) will not seek or support, or cooperate with any other party to seek control of the Bank in any form. This includes, but is not limited to, signing of acting in concert agreements/voting proxy agreements with other shareholders or potential shareholders of the Bank and their affiliates and persons acting in concert with any of them through delegation, solicitation of voting rights, agreements, alliances.

Future Exit Arrangements

Each of CNTC and CDIC commits that if it reduces its shareholding in the future through means other than centralised bidding transactions in the secondary market, it shall ensure that it will not affect its performance of the clause “Not Seeking or not Cooperation with Others to Seek Control over the Public Company” under the Conditional Strategic Cooperation Agreement.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM and the H Shareholders Class Meeting for Shareholders’ consideration and approval.

8. Resolution in relation to the execution of the Conditional Strategic Cooperation Agreement between the Bank and the Strategic Investors

As part of the Issuance, the Bank has entered into the Conditional Strategic Cooperation Agreement with the Strategic Investors. Please refer to the sub-section headed “7. Resolution in relation to the introduction of CNTC and CDIC as Strategic Investors by the Bank – (4) Principal terms of the Conditional Strategic Cooperation Agreement” for details of the Conditional Strategic Cooperation Agreement.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM and the H Shareholders Class Meeting for Shareholders’ consideration and approval.

9. Resolution in relation to the execution of the Conditional Share Subscription Agreement between the Bank and the Ministry of Finance

As part of the Issuance, the Bank has entered into the Conditional Share Subscription Agreement with the Ministry of Finance. The principal terms of the Conditional Share Subscription Agreement are set out as follows:

<i>Date:</i>	30 March 2025
<i>Parties:</i>	The Ministry of Finance; and The Bank
<i>Number of A Shares to subscribe:</i>	12,907,010,332, subject to adjustment as a result of any Adjustment Event.
<i>Subscription price and pricing principle:</i>	The subscription price is RMB8.71 (equivalent to approximately HKD9.41) per A Share, subject to adjustment in respect of any Adjustment Event.

Please refer to the section headed “A. A Share Issuance Plan – (V) Pricing benchmark date, issue price and pricing principle” above for further details on the pricing principle.

<i>Conditions precedent:</i>	The Share Subscription Agreement shall be established from the date on which it is duly signed and stamped by parties thereto.
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Except for confidentiality obligations, clauses in Share Subscription Agreement shall only come into effect from the date on which all of the conditions to the implementation of the Issuance are fulfilled (the date on which the last condition is fulfilled shall be the effective date of the relevant Share Subscription Agreement). Please refer to the section headed “C. Approvals at the Board, EGM, Class Meetings and from the regulatory authorities” above for further details on conditions to the implementation of the Issuance.

The Share Subscription Agreement will be automatically terminated if any of the conditions to the implementation of the Issuance are not fulfilled. None of the two Share Subscription Agreements are inter-conditional.

Lock-up period:

The Ministry of Finance will be subject to a lockup such that the A Shares so subscribed shall not be transferred within _____ date when the equity is acquired pursuant to the section headed "A. A Shareholder's Obligations (I) Lock-up period" above for _____.

The Ministry of Finance undertakes that it will not transfer any share of the Bank it holds for a period of 18 months commencing from the completion of the Issuance.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM and the H Shareholders Class Meeting for Shareholders' consideration and approval.

10. Resolution in relation to the execution of the Conditional Share Subscription Agreements between the Bank, CNTC and CDIC

As part of the Issuance, the Bank has entered into the Conditional Share Subscription Agreement with CNTC and CDIC. The principal terms of the Conditional Share Subscription Agreements are set out below:

Date: 30 March 2025

Parties:

- (i) the Bank;
- (ii) CNTC; and
- (iii) CDIC

Number of A Shares to subscribe:

- (i) In relation to the CNTC Subscription, 525,825,487 A Shares, subject to adjustment in respect of any Adjustment Event;
- (ii) In relation to the CDIC Subscription, 344,431,687 A Shares, subject to adjustment in respect of any Adjustment Event.

Subscription price and pricing principle:

The subscription price is RMB8.71 (equivalent to approximately HKD9.41) per A Share, subject to adjustment in respect of any Adjustment Event.

Please refer to the section headed “A. A Share Issuance Plan – (V) Pricing Benchmark Date, issue price and pricing principle” above for further details on the pricing principle.

Conditions precedent:

The Share Subscription Agreement shall be established from the date on which it is duly signed and stamped by parties thereto.

Except for confidentiality obligations, clauses in the Share Subscription Agreement shall only come into effect from the date on which all of the conditions to the implementation of the Issuance are fulfilled (the date on which the last condition is fulfilled shall be the effective date of the Share Subscription Agreement). Please refer to the section headed “C. Approvals at the Board, EGM, Class Meetings and from the regulatory authorities” above for further details on conditions to the implementation of the Issuance.

The Share Subscription Agreements will be automatically terminated if any of the conditions to the implementation of the Issuance are not fulfilled.

None of the two Share Subscription Agreements are inter-conditional.

Lock-up period:

The Subscribers will be subject to a lockup such that the A Shares so subscribed shall not be transferred within five years from the date when the equity is acquired. Please refer to the section headed “A. A Share Issuance Plan – (VII) Lock-up period” above for further details.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM and the H Shareholders Class Meeting for Shareholders’ consideration and approval.

11. Resolution in relation to the Related Party Transaction Concerning the Issuance of A Shares to the Specific Targets

According to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the “Shanghai Listing Rules”), each of the Subscribers is a related party (as defined under the Shanghai Listing Rules) of the Bank and the Issuance constitutes related transaction (as defined under the Shanghai Listing Rules) of the Bank. For details of the resolutions, please refer to the section headed “II. Proposed Issuance of A Shares under Specific Mandate” as set out above.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM and the H Shareholders Class Meeting for Shareholders’ consideration and approval.

12. Resolution in relation to the Bank not being required to issue report on the use of proceeds from the previous fund-raising activities

In accordance with the Guideline for the Application of Regulatory Rules – Issuance No. 7 (《監管規則適用指引-發行類第7號》) by the CSRC, given that the receipt of funds from the previous fund-raising activities of the Bank completed more than five accounting years ago, and there has been no fund-raising through rights issues, additional issuance, or issuance of convertible bonds in the past five accounting years, the Bank is not required to issue a report on the use of proceeds from previous fund-raising activities for the purpose of the Issuance, and is not required to engage any auditors to issue a verification report on such report.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders’ consideration and approval.

13. Resolution in relation to the Bank’s Plan of Shareholder Dividend Return for the next three years (2025-2027)

For the Bank’s Plan of Shareholder Dividend Return for the next three years (2025-2027), please refer to the Appendix V to this circular.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders’ consideration and approval.

14. Resolution in relation to the Exemption of the largest shareholder from increasing the shareholding in the Bank through making an offer

Pursuant to Article 63(3) of the Measures for the Administration of the Takeover of Listed Companies (《上市公司收購管理辦法》), if an investor will, as a result of a share subscription, own more than 30% of the listed company’s issued shares, the investor can be exempted from the obligation to make a mandatory offer if the investor undertakes not to transfer the new shares issued to him within three years and that the non-affiliated shareholders

have approved the waiver of the mandatory offer obligation at a general meeting. Accordingly, while the subscription of the A Shares pursuant to the Issuance will lead to the shareholding of the Ministry of Finance exceeding 30%, taking into account that the Ministry of Finance has undertaken that the new A Shares subscribed under the Issuance shall not be transferred within five years from the date when the equity is acquired, the Ministry of Finance will be exempted from offering a mandatory general offer to all the A Shareholders of the Bank if the non-affiliated shareholders at the general meetings approve the investor from offering a mandatory offer.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval, such that the Ministry of Finance shall be exempted from any obligation to make an offer under the applicable PRC laws and regulations as a result of the MOF Subscription. The Ministry of Finance shall abstain from voting on this resolution.

15. Resolution in relation to the largest shareholder's application of the Whitewash Waiver from the obligation on making a general offer

As at the Latest Practicable Date, the Ministry of Finance held a total of 13,178,424,446 A Shares and 4,553,999,999 H Shares, representing approximately 23.88% of the issued Shares. Upon completion of the Issuance, the shareholding of the Ministry of Finance is expected to increase to more than 30% of the enlarged issued share capital of the Bank. Assuming (i) the Issuance is fully subscribed, (ii) the Ministry of Finance subscribes for 12,907,010,332 A Shares and (iii) there are no Adjustment Events and no further change in the shareholding structure of the Bank, the Ministry of Finance will hold a total of 30,639,434,777 Shares upon completion of the MOF Subscription, representing approximately 34.80% of the enlarged issued share capital of the Bank. For illustration only, assuming only the Ministry of Finance subscribes for 12,907,010,332 A Shares under the Issuance, the Ministry of Finance's shareholding upon completion of the MOF Subscription would represent approximately 35.15% of the issued share capital of the Bank as enlarged by the issuance of A Shares to the Ministry of Finance. As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of A Shares under the Issuance to the Ministry of Finance will give rise to an obligation on the part of the Ministry of Finance to make a mandatory general offer for all H Shares (other than those already owned or agreed to be acquired by the Ministry of Finance and parties acting in concert with it (if any)), unless the Whitewash Waiver is granted by the Executive. Please refer to the section headed "III. Whitewash Waiver" for further details.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM for Independent Shareholders' consideration and approval.

16. Grant of Authorization to the Board of Directors and its authorized persons to handle the matters relating to the Issuance

In accordance with the A Share Issuance Plan, it will be proposed at the EGM and Class Meetings to authorize the Board to, and the Board will be authorized to delegate the authority to the Chairman and the President or other persons authorized by the Chairman and the President to, deal with matters relevant to the Issuance subject to the framework and principles approved at the EGM and Class Meetings and in compliance with the requirements of relevant laws, administrative regulations and normative documents as well as requirements of regulatory authorities.

These matters include but are not limited to:

- (I) formulating, adjusting, amending, supplementing and implementing the specific plan for the Issuance, including but not limited to determining or adjusting the time of issuance, size of issuance, target subscriber, issue price and other matters as well as remedial measures for immediate returns, shareholder return planning and other contents related to the issuance plan, according to the relevant laws, administrative regulations and normative documents, as well as opinions and recommendations of the regulatory authorities, while taking into consideration of the market environment and the specific conditions of the Bank;
- (II) drafting, amending and signing various applications, relevant reports or materials in relation to the Issuance and submitting them to relevant government agencies, regulatory authorities, stock exchanges and securities registration and clearing houses (including but not limited to the National Financial Regulatory Administration, the CSRC, the SFC, the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and Shanghai Branch of China Securities Depository and Clearing Corporation Limited), completing the procedures for approval, registration, filing, shares lock-up and listing and other procedures, and handling the information disclosure for the Issuance in accordance with regulatory requirements;
- (III) deciding upon and engaging the intermediary institutions that participate in the Issuance, as well as amending, supplementing, signing, implementing and terminating any agreement, contract and document related to the Issuance (including but not limited to sponsorship and underwriting agreements, intermediary engagement agreements, agreements related to raised funds, subscription agreements entered into with investors, announcements and other disclosure documents);
- (IV) opening a special account for proceeds from the Issuance, and handling the relevant matters in relation to the use of proceeds from the Issuance;
- (V) upon the completion of the Issuance, applying for change in registered capital as appropriate and modifying the relevant provisions in the Articles of Association in accordance with the results of the Issuance, and reporting to the relevant government

agencies and regulatory authorities for approval or filing, and completing the change of registration, the registration and custody of new Shares and other relevant matters with the market supervision and administration departments and other relevant departments;

- (VI) subject to the applicable PRC laws, if there are new requirements on policies in respect of listed companies issuing new Shares under the laws, administrative regulations and normative documents and by relevant regulatory authorities and if there are changes in market conditions, except for those which are subject to another voting at a EGM of the Bank and cannot be authorized as required by relevant laws, administrative regulations, normative documents and the Articles of Association, adjusting the plan of the Issuance in accordance with relevant rules and requirements of regulatory authorities (including any feedback upon review of the application for the Issuance) and the market situation, and continuing to handle the matters related to the Issuance;
- (VII) further analysing and demonstrating the impacts of the Issuance on the immediate returns of the Bank, formulating and modifying relevant remedial measures and policies, and handling other relevant matters, in the event that the laws, administrative regulations and normative documents impose new requirements, or relevant regulatory authorities require any changes to be made regarding compensating immediate returns for refinancing;
- (VIII) deciding and handling any other matters that are necessary, suitable and appropriate for the Issuance on behalf of the Bank, subject to the relevant laws, administrative regulations and normative documents.

The above authorization will be valid for 12 months commencing from the date of approval at the EGM and H Shareholders Class Meeting.

The above resolution was considered and approved by the Board and is hereby proposed at the EGM and the H Shareholders Class Meeting for Shareholders' consideration and approval.

V. ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee (comprising all non-executive Directors who are not interested or involved in the Issuance and the Whitewash Waiver, namely Mr. Liao, Yi Chien David, Mr. Chan Siu Chung, Mr. Mu Guoxin, Mr. Luo Xiaopeng, Mr. Shi Lei, Mr. Zhang Xiangdong, Ms. Li Xiaohui, Mr. Ma Jun, Mr. Wong Tin Chak and Mr. Xiao Wei) has been formed to advise the Independent Shareholders on the terms of, and voting in respect of, the Issuance and the Whitewash Waiver. As each of

Mr. Li Longcheng, Mr. Wang Linping and Mr. Chang Baosheng is nominated by the Ministry of Finance, and Mr. Chen Junkui is a director of companies related to CNTC, they do not form part of the Independent Board Committee.

Pursuant to Rule 2.1 of the Takeovers Code, Gram Capital, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the MOF Subscription and the Whitewash Waiver and to make recommendations as to voting on resolution numbered 15 in relation to the application of the Whitewash Waiver by the Ministry of Finance.

VI. THE EGM AND THE H SHAREHOLDERS CLASS MEETING

The EGM will be held at Bocom Financial Tower, No. 188 Yin Cheng Zhong Lu, Shanghai, the PRC at 9:30 a.m. on Wednesday, 16 April 2025 and the H Shareholders Class Meeting will be held at Bocom Financial Tower, No. 188 Yin Cheng Zhong Lu, Shanghai, the PRC at 9:30 a.m. on Wednesday, 16 April 2025. The notice convening the EGM and H Shareholders Class Meeting are set out on pages 178 to 181 and 182 to 184 of this circular, respectively.

In accordance with the provisions of the Notice of China Banking Regulatory Commission on Enhancing the Management of Pledge of Equity Interests in Commercial Banks (《中國銀監會關於加強商業銀行股權質押管理的通知》) and Articles of Association, if a Shareholder has pledged fifty percent or more of the equity interests held by such Shareholder in the Bank, such Shareholder's voting right at the general meeting shall be restricted.

If you intend to appoint a proxy to attend the EGM and H Shareholders Class Meeting, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Bank in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by hand, post or fax as soon as practicable and in any event not less than 24 hours before the time appointed for holding the EGM and H Shareholders Class Meeting or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM and H Shareholders Class Meeting or at any adjourned meeting thereof should you so wish.

For determining the entitlement to attend and vote at the EGM and H Shareholders Class Meeting, the register of members of the Bank will be closed from Tuesday, 15 April 2025 to Thursday, 17 April 2025, both days inclusive, during which period no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Bank on Wednesday, 16 April 2025 will be entitled to attend and vote at the EGM and the H Shareholders Class Meeting. In order to be eligible to attend and vote at the EGM and H Shareholders Class Meeting, unregistered holders of Shares should ensure that all the share

transfer documents accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 14 April 2025.

VII. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. As such, the chairman of the EGM and H Shareholders Class Meeting, being a Director independent of the Ministry of Finance, will exercise his power under the Articles of Association to demand a poll for the resolutions proposed at the EGM and H Shareholders Class Meeting.

Set forth below is the summary of thresholds of votes in order for the aforesaid resolutions to be considered as passed:

- resolutions numbered 1, 4 to 6, 9 to 12 and 14, each being an ordinary resolution, must be approved by a simple majority of the votes cast by the relevant Shareholders either in person or by proxy at the EGM;
- resolutions numbered to 9 to 11, each also being a special resolution of the H Shareholders Class Meeting, must be approved by at least two-thirds of the votes cast by the relevant Shareholders either in person or by proxy at the H Shareholders Class Meeting;
- resolutions numbered 2, 7, 8 and 16, each being a special resolution, must be approved by at least two-thirds of the votes cast either in person or by proxy by the relevant Shareholders at the EGM and the H Shareholders Class Meeting;
- resolutions numbered 3 and 13, each being a special resolution, must be approved by at least two-thirds of the votes cast by the relevant Shareholders either in person or by proxy at the EGM;
- resolution numbered 15, being an ordinary resolution, must be approved by at least 75% of the votes cast by the Independent Shareholders either in person or by proxy at the EGM.

The Ministry of Finance and parties act in concert with it (if any) will be required to abstain from voting on resolutions numbered 2 to 4, 9, 11, 14 and 15 above, in each case as set out in the notice of the EGM and/or notice of the H Shareholders Class Meeting (as the case may be).

CNTC and CDIC and parties act in concert with them (if any) will be required to abstain from voting on the resolutions numbered 2 to 4, 7, 8, 10 and 11 above, in each case as set out in the notice the EGM and/or notice of the H Shareholders Class Meeting (as the case may be).

VIII. RECOMMENDATION

Having taken into account, amongst others, the principal factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in the section headed “Letter from Gram Capital” in this circular, the Independent Board Committee concurs with the view of the Independent Financial Adviser and considers that the MOF Subscription and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee concurs with the Independent Financial Adviser and would recommend the Independent Shareholders to vote in favor of the resolutions to be proposed at the EGM to approve the MOF Subscription and the Whitewash Waiver and the resolution to be proposed at the H Shareholders Class Meeting to approve the MOF Subscription.

Shareholders are advised to read the “Letter from the Independent Board Committee” and “Letter from Gram Capital” as set out on pages 35 to 36 and 37 to 63 respectively of this circular. The Board considers that all resolutions proposed at the EGM and the H Shareholders Class Meeting are in the interests of the Bank and its Shareholders as a whole. As such, the Board recommends you to vote in favor of all resolutions proposed at the EGM and the H Shareholders Class Meeting.

IX. FURTHER INFORMATION

Your attention is drawn to the additional information set out in Appendix I to Appendix VII to this circular.

Since Completion is subject to the fulfilment or waiver (as applicable) of the conditions precedent as set out in the A Share Issuance Plan and the Conditional Share Subscription Agreements, the Issuance may or may not proceed.

The Whitewash Waiver, if granted, will, among other things, be conditional upon approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders in respect of the MOF Subscription at the EGM, respectively. Completion of the issuance of A Shares pursuant to the Issuance is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

By order of the Board

Bank of Communications Co., Ltd.

Mr. Zhou Wanfu

Executive Director

A handwritten signature in black ink, appearing to be 'Zhou Wanfu', written in a cursive style.