

**Bank of Jinzhou Co., Ltd.\***  
**Articles of Association\*\***

**Jinzhou, China**

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

\*\* *Should there be any discrepancy between the Chinese and English versions of the Articles of Association, the Chinese version shall prevail.*

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## CHAPTER I GENERAL PROVISIONS

**Article 1** Bank of Jinzhou Co., Ltd. (hereinafter referred to as the “Bank”) is a joint-stock limited liability company established in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”) and other relevant laws and administrative regulations of the PRC.

**Article 2** For the purposes of maintaining the legitimate rights and interests of the Bank, its shareholders and creditors, and of standardizing the organization and behaviour of the Bank, the Articles of Association is hereby formulated in combination with the actual circumstance of the Bank and according to the Company Law, the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Law of the People’s Republic of China on Commercial Banks (hereinafter referred to as the “Commercial Banking Law”), the Corporate Governance Guidelines for Banking and Insurance Institutions, the Prerequisite Clauses for Articles of Association of Companies to Be Listed Overseas, the Special Provisions of the State Council on the Offering and Listing of Shares Overseas by Joint Stock Limited Companies (the “Special Provisions”), the Guidance Opinion on the Launch of Preference Shares Pilot Scheme issued by the State Council (國務院關於開展優先股試點的指導意見), the Trial Administrative Measures on Preference Shares (優先股試點管理辦法), the Guidance Opinion on Issuance of Preference Shares by Commercial Banks for Replenishing Tier-1 Capital jointly issued by the China Banking Regulatory Commission and the China Securities Regulatory Commission (中國銀監會、中國證監會關於商業銀行發行優先股補充一級資本的指導意見) and other relevant laws, administrative regulations, departmental rules and relevant regulations by securities regulatory authorities of the jurisdiction where the Bank’s shares are listed.

**Article 3** The Bank is a joint-stock commercial bank established by means of promotion in accordance with the Company Law, the Commercial Banking Law and other relevant laws and regulations, and upon approval of the Reply on Jinzhou’s Carrying out the Formation of Urban Cooperative Banks (Y.F. No. [1996]295) and the Approval on the Opening of Jinzhou Urban Cooperative Banks (Y.F. No. [1997]29) issued by the People’s Bank of China. It was registered with the Municipal Administration for Industry and Commerce of Liaoning on 22 January 1997, and obtained the Business License for an Enterprise as a Legal Person (Registration No.: 24266821-1).

**Article 4** Promoters of the Bank are all the original shareholders of the sixteen urban cooperative commercial banks (including united urban cooperative banks) in Jinzhou and other new shareholders acting as promoters.

**Article 5** Registered name of the Bank:

Chinese name: 錦州銀行股份有限公司, in short form: 錦州銀行.

English name: BANK OF JINZHOU CO., LTD., in short form: BANK OF JINZHOU.

**Article 6** The domicile of the Bank: No. 68, Keji Road, Songshanxin District, Jinzhou City, Liaoning Province, China;

postal code: 121013;

Tel: (86) 0416-3886952;

Fax number: (86) 0416-3220003.

**Article 7** Pursuant to the relevant requirements of the Constitution of the Communist Party of China and the Company Law, the Bank established an organization for the Communist Party. The Party Committee plays a leading role in steering the direction, controlling the overall situation and ensuring the implementation. The Bank has established working organizations for the Party with sufficient people for Party duties, securing work expenditure for the Party.

**Article 8** The Bank is a joint stock limited company of permanent existence.

**Article 9** The Chairman of the Board of Directors shall be the legal representative of the Bank.

**Article 10** The respective liability of the shareholders of the Bank shall be limited to the shares held by them. The Bank shall be held liable for its debts with all its assets.

**Article 11** Upon approval by the shareholders' general meeting of the Bank and by the Banking Regulatory Authority of the State Council, the Articles of Association of the Bank shall come into force from the day when the foreign shares issued by the Bank for overseas listing are listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange of Hong Kong").

From the date that the Articles of Association takes effect, the original Articles of Association of the Bank shall automatically lose effectiveness. From the effective date, the Articles of Association shall become a legally binding document that regulates the organization and behaviours of the Bank, the rights and obligations relationship between the Bank and its shareholders and among the shareholders.

**Article 12** The Articles of Association shall be binding upon the Bank, its shareholders, directors, supervisors, president and other senior management personnel, all of whom are entitled to claim their rights in relation to the Bank's affairs in accordance with the Articles of Association.

In accordance with the Articles of Association, shareholders shall have the right to take legal proceedings against the Bank; the Bank shall have the right to take legal proceedings against shareholders; shareholders shall have the right to take legal proceedings against other shareholders; and shareholders shall have the right to take legal proceedings against directors, supervisors, president and other of the Bank.

The "legal proceedings" referred to in the preceding paragraph shall include filing suits to a court or applying for arbitration to an arbitration organization.

**Article 13** Other under the Articles of Association shall refer to the vice presidents, assistants to the president, the chief financial officer, secretary to the Board and other members determined by the Board of the Bank.

**Article 14** Based on the need of business development and subject to approval by the banking regulatory authority of the State Council, the Bank may set up branches in domestic and overseas in conformity to the stipulations of laws and regulations of the People's Republic of China (hereafter referred to as "China") or other relevant countries.

**Article 15** The Bank may invest in other enterprises in accordance with the laws, and shall assume responsibilities to the invested enterprises with limitation to its capital contribution or subscribed shares. The Bank shall not become an investor of an enterprise for which the Bank will assume several and joint liabilities.

The Bank implements management system of first-grade legal person and hierarchical grades of operations. The Head Office shall carry out management mode of unified accounting, unified capital allocation, unified management and classified assessment for its branch offices.

**Article 16** The Bank shall accept supervision and administration of the banking regulatory authority of the State Council and other regulatory authorities in accordance with laws.

## CHAPTER II PURPOSE AND SCOPE OF BUSINESS

**Article 17** The purpose of the Bank is: to be in accordance with laws and regulations, achieve the prudent operation and to be guided by the market; to operate with focus on customers and with a purpose to realize economic benefits; and to provide high quality financial services for real economies, local economies, private enterprises, small and micro enterprises, urban and rural residents and the society; to promote the growth of inclusive finance; and to create the maximum value for shareholders and other relevant parties on the premise of achieving sustainable development of the Bank and therefore promote and provide support for the economic and social development.

The operational principles of the Bank shall be safety, mobility and achieving benefits, and the Bank shall take responsible for its operation and assume risks and loses and set the discipline for itself.

**Article 18** The scope of business of the Bank, as registered in accordance with the laws, covers:

- (1) Absorbing public deposits;
- (2) Issuing short-term, medium-term and long-term loans;
- (3) Handling the domestic and international settlement;
- (4) Handling the acceptance and discount of bill;
- (5) Issuing financial bonds;
- (6) Proxy for issuing, cashing, and underwriting government bonds;
- (7) Transaction of government bonds and financial bonds;
- (8) Interbank borrowing;
- (9) Foreign exchange transactions of self-operation or on behalf of customers;
- (10) Bank card business;

- (11) Provision of L/C service and guarantee;
- (12) Collection and payment proxy services and proxy for insurance by-business;
- (13) Provision of safety-deposit box service; and
- (14) Sale of fund;
- (15) Other businesses approved by the banking regulatory authority of the State Council.

### **CHAPTER III SHARES AND REGISTERED CAPITAL**

#### **Section I Issuance of Shares**

**Article 19** The shares of the Bank shall be in the form of stock. All shares issued by the Bank shall be ordinary shares. Subject to approval of the approval authorities authorised by the State Council, the Bank may have other kinds of shares such as preference shares according to its needs. In the Articles of Association, preference shares refer to the other classes of shares governed separately under the Company Law as compared to the ordinary shares governed by the general provisions. Preference shareholders shall participate in the distribution of profits and residual assets of the Bank in priority to ordinary shareholders, but their rights in respect of participating in decision making and management of the Bank (such as voting rights) are restricted.

Unless otherwise specified, references in Chapters 3 to 17 of the Articles of Association to share(s) (including H shares) and share certificate(s) shall refer to ordinary share(s) and ordinary share certificate(s) and references to shareholders in Chapter 3 to Chapter 16 of the Articles of Association shall refer to ordinary shareholders. Special matters relating to preference shares are set out separately in Chapter 18 of the Articles of Association.

**Article 20** The issuance of shares shall comply with the principle of openness, fairness and impartiality, and each share of the same category shall have equal rights.

Shares of the same category issued at the same time shall be issued on the same conditions and at the same price.

All entities and individuals shall pay the same price for each share of the same category they subscribe for.

**Article 21** All the shares issued by the Bank shall have a par value which shall be RMB1.00 for each share.

**Article 22** Subject to the examination and approval of the banking regulatory authority and the securities regulatory authority of the State Council, the Bank may issue shares to domestic and foreign investors.

For the purposes of the preceding paragraph, the term “foreign investors” shall refer to investors from foreign countries or from Hong Kong Special Administrative Region of China (hereafter referred to as “Hong Kong”), Macau Special Administrative Region of China or the Taiwan region of China that subscribe for shares issued by the Bank; and the term “domestic investors” shall refer to investors within China, excluding the above-mentioned regions, that subscribe for shares issued by the Bank.

**Article 23** Shares issued by the Bank to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares issued by the Bank to overseas investors for subscription in foreign currency or shares acquired by overseas investors from domestic shareholders of the Bank shall be referred to as foreign shares. Foreign shares which are listed outside the PRC shall be referred to as foreign shares listed overseas.

The “foreign currency” referred to in the preceding paragraph is a legal currency (other than Renminbi) of other countries or regions which is recognised by the foreign exchange administration authority of the State and can be used for subscription payment of the Bank’s shares.

Foreign shares listed overseas (H shares) issued by the Bank and listed in Hong Kong shall refer to shares listed in the Stock Exchange of Hong Kong upon approval, the par value of stock of which is indicated by Renminbi and the subscription and transaction of which is made by Hong Kong dollars.

Subject to the permission of relevant laws, administrative regulations and departmental rules and the approval of the securities regulatory authority of the State Council, shareholders of the domestic shares may list shares held by them on overseas market for transactions. The listing of such shares for transactions on overseas securities exchanges shall also abide by the regulatory procedures, regulations and requirements of the overseas securities market but no approval is required from category shareholders’ meeting.

**Article 24** Domestic shares issued by the Bank shall be collectively deposited China Securities Depository & Clearing Co., Ltd. Foreign shares listed overseas issued by the Bank may be kept by trustee escrow companies in accordance with laws and requirements of securities registration and depository of the place where the Bank's shares are listed, or may also be held by shareholders in their own name.

**Article 25** With the approval of relevant authorities, the Bank issued 114,614,300 shares (domestic shares) upon establishment.

**Article 26** With the approval of the authority authorized by the State Council, the Bank may issue 13,981,615,684 ordinary shares. The shareholding structure of the Bank is: 13,981,615,684 ordinary shares, among which, 10,464,295,684 are domestic shares, accounting for 74.84% of the total shares of the Bank; 3,517,320,000 are H shares, accounting for 25.16% of the total shares of the Bank.

**Article 27** After the Bank's plan of issuing of overseas listed shares and domestic shares being approved by the securities regulatory authority of the State Council, the Board of the Bank may make implementation arrangements for such plan by means of separate issuance.

The Bank's plan of separate issuance of overseas listed shares and domestic shares pursuant to the preceding paragraph may be implemented respectively within fifteen (15) months from the date of approval by the securities regulatory authority of the State Council.

**Article 28** Where the Bank issues foreign overseas listed shares and domestic shares respectively within the total number of shares defined in the issuance plan, the respective shares shall be subscribed for in full at one time. If they cannot be subscribed for in full at one time under special circumstances, these shares may be issued in several stages subject to the approval of the securities regulatory authority of the State Council.

**Article 29** The Bank's registered capital shall be RMB13,981,615,684.

## **Section II Increase and Reduction of Shares and Their Redemption**

**Article 30** The Bank may, based on its demands of operation and business development and in accordance with the relevant laws and regulations and subject to the resolutions approved by the general meeting as well as approval by the regulatory authorities, approve an increase of capital in the following ways:

- (1) public offering of new shares to non-specific investors;
- (2) placing new shares to its existing shareholders;
- (3) allotting new shares to its existing shareholders;
- (4) capitalizing its capital reserve;
- (5) any other means which is permitted by the laws, administrative regulations and approved by the regulatory authorities.

The Bank's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations of the State.

**Article 31** In accordance with the provisions of the Articles of Association, the Bank may reduce its registered capital.

The Bank's reduction of its registered capital shall be approved by the banking regulatory authority of the State Council and shall follow procedures set out in the Company Law, the Commercial Banking Law and the Articles of Association and other relevant regulations.

**Article 32** The Bank must prepare a balance sheet and an inventory of assets when it to reduce its registered capital.

The Bank shall notify its creditors within ten (10) days from the date of adoption of the Bank's resolution on reduction of registered capital and shall publish an announcement in the newspaper within thirty (30) days from the date of such resolution. A creditor shall, within thirty (30) days of receiving the notice from the Bank or, or within forty-five (45) days since the date of the first public announcement for those who have not received the notice, be entitled to require the Bank to repay its debts in full or provide a corresponding guarantee for such debts.

The registered share capital of the Bank following the reduction of capital shall not fall below the minimum statutory requirement.

**Article 33** The Bank may, in accordance with stipulations of laws, administrative regulations, departmental rules and the Articles of Association, repurchase its outstanding shares under the following circumstances:

- (1) reducing its registered capital;
- (2) merging with another company that holds shares of the Bank;
- (3) using such shares in connection with employee shareholding plans or share incentives;
- (4) acquiring shares held by shareholders who vote against any resolution proposed in any general meeting on the merger or division of the Bank upon their request;
- (5) using such shares for conversion of convertible bonds issued by the Bank;
- (6) those deemed necessary by the Bank for protecting the Bank's value and interests of the shareholders.

The Bank shall not engage in the trading of its shares save for the circumstances specified above.

**Article 34** The repurchase of shares made due to the circumstances as set out in previous paragraphs (1) and (2) shall be resolved by the general meeting of shareholders of the Bank. Where the Bank purchases its shares under the circumstances set out in paragraphs (3), (5) and (6) of the preceding article hereof, it may be resolved by more than two-thirds of Directors present at the Board meeting in accordance with the Articles of Association or the authorization of the general meeting. The shares of the repurchase made by the Bank under the above mentioned circumstance in paragraph (1) shall be cancelled within 10 days; the shares of the repurchase made by the Bank under the above mentioned circumstance in paragraphs (2) and (4) shall be transferred or cancelled within 6 months.

The aggregate number of shares repurchased by the Bank under the abovementioned circumstances in paragraph (3), (5) and (6) shall not exceed 10% of the total issued shares of the Bank and shall be transferred or deregistered within three years.

In the event of share cancellation, the Bank shall apply to the relevant authority for registration of the change in its registered capital. The aggregate nominal value of the cancelled shares shall be deducted from the Bank's registered capital.

**Article 35** The Bank may, with the examination and approval of relevant regulatory authorities, repurchase its shares in one of the following manners:

- (1) to make a repurchase offer pro rata to all of its shareholders;
- (2) to repurchase shares through open transaction at a stock exchange;
- (3) to repurchase shares through agreement outside a securities exchange;
- (4) other means as permitted by the laws, administrative regulations and the regulatory authorities.

**Article 36** Where the Bank repurchases its shares through agreement outside a securities exchange, it shall seek prior approval of the shareholders' general meeting in accordance with the Articles of Association. Upon the prior approval by the shareholders' general meeting obtained in the same manner, the Bank may rescind or change a contract so entered into by the Bank or waive any of its rights thereunder shareholders' general meeting.

The contract to repurchase shares as referred to in the preceding paragraph includes, but not limited to, agreements whereby redemption obligations are undertaken and redemption rights are acquired.

The Bank shall not assign a contract for repurchasing its shares or any of its rights thereunder.

Where the Bank has the right to repurchase redeemable shares, repurchases not made through the market or by tender shall be limited to a maximum price; if repurchases are made by tender, invitation for tenders shall be made to all shareholders alike.

**Article 37** Unless the Bank is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its outstanding shares:

- (1) Where the Bank repurchases its shares at par value, payment shall be deducted from the book balance of the distributable profits of the Bank and the proceeds of a fresh issuance of shares made for that purpose;
- (2) Where the Bank repurchases its shares at a premium over their par value, the portion corresponding to the par value shall be made out of the book balance of distributable profits of the Bank and the proceeds of a fresh issuance of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  1. If the shares repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Bank;
  2. If the shares repurchased were issued at a premium over their par value, payment shall be made out of the book balance of the distributable profits of the Bank and the proceeds of a fresh issue of shares made for that purpose; However, the amount deducted from the proceeds of the fresh issuance of shares shall not exceed the aggregate of premiums received by the Bank from the original shares issuance, nor exceed the balance of the Bank's capital reserve account (including the premiums on the fresh issuance of shares);
- (3) Payment by the Bank for the following purposes shall be paid from the Bank's distributable profits:
  1. obtaining rights to repurchase shares of the Bank;
  2. modifying of any contract for repurchasing shares of the Bank;
  3. release of its obligation under any contract for repurchasing its shares.
- (4) After the Bank's registered capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Bank for payment of the par value portion of the shares repurchased shall be transferred to the Bank's capital reserve account.

### **Section III Transfer of Shares**

**Article 38** Unless otherwise provided by the laws, administrative regulations, departmental rules, laws of the locality where the Bank's shares are listed and relevant requirements of the Hong Kong Stock Exchange, the shares of the Bank may be transferred freely without any lien being attached.

**Article 39** Foreign shares listed overseas (H shares) listed on the Hong Kong Stock Exchange which was fully paid can be transferred freely pursuant to the Articles of Association. However, unless the transfer complies with the following conditions, the Board may refuse to recognise any transfer documents without stating any reasons therefor:

- (1) any transfer documents and other documents relating to or affecting the title to any shares shall be registered and the fee levied pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereafter referred to as the "Listing Rules") shall be paid to the Bank;
- (2) the transfer documents only involve the foreign shares listed overseas (H shares) listed on the Hong Kong Stock Exchange;
- (3) the stamp duty payable on the transfer documents has been paid according to legal requirements of Hong Kong;
- (4) relevant share certificate(s) and the evidences certifying the right to transfer shares as reasonably required by the Board shall be provided;
- (5) if the share is to be transferred to joint owners, the number of the joint owners shall not exceed four (4);
- (6) relevant shares are free from all liens of the Bank.

If the Board refuses to register the transfer of shares, the Bank shall deliver a notification related to the refusal of transfer of shares to the transferor and transferee within two (2) months from the date of the formal application for transferring the shares.

**Article 40** Shareholders of the Bank's foreign shares listed overseas (H shares) listed in Hong Kong shall transfer all or part of the shares by an instrument in writing in any usual or common form or any other form which the Board may approve or standard transfer form specified by the stock exchange in the place where the Bank's shares are listed.

The instrument of transfer of the share shall be executed by hand. If the transferor or transferee is a recognised clearing institution as defined in the Securities and Futures Ordinance of Hong Kong or its agent, the share transfer form may be executed by hand or in mechanically-printed form. All instruments of transfer shall be placed at the legal address of the Bank or other places that the Board may designate.

**Article 41** The shares issued by the Bank before the public offering, shall not be transferred within one year after the listing of shares of the Bank.

The directors, supervisors and senior management of the Bank shall report to the Bank periodically on his or her holdings of shares and its changes during his or her term. The maximum shares transferred shall not exceed 25% of the total shares of the Bank held by her or him. The shares held by them shall not be transferred within one year after the listing of the shares of the Bank. The directors, supervisors and senior management of the Bank shall not transfer the shares held by her or him within half year after the termination of her or his term. The transfer of shares of the Bank of the foreign listed shares shall also comply with the relevant regulations by securities regulatory authorities of the jurisdiction where the Bank's shares are listed.

The Bank shall not accept any shares of the Bank as the subject of a pledge.

**Article 42** The trading and transfer of shares of the Bank shall follow the relevant regulations issued by the bank regulatory authorities of the state.

#### **Section IV Financial Assistance for Acquisition of the Bank's Shares**

**Article 43** The Bank (including branches of the Bank) or its subsidiaries shall not, by any means including bestowal, underwriting, guarantee, compensation or loans and at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Bank. The aforesaid acquirer of shares of the Bank includes a person who directly or indirectly assumes any obligations due to the acquisition of shares of the Bank.

The Bank (including the branches of the Bank) or its subsidiaries shall not, by any means and at any time, provide financial assistance to the aforesaid acquirer for the purpose of reducing or discharging the obligations assumed by that person.

This provision does not apply to the circumstances stated in Article 45 of the Articles of Association.

**Article 44** The financial assistance referred to in this section includes (but not limited to) the following means:

- (1) Gift;
- (2) Guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (but excluding compensation arising from the Bank's own default) or relief or waiver of any rights;
- (3) Provision of loans or any other agreements under which the obligations of the Bank are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under such loans or agreements;
- (4) any other forms of financial assistance given by the Bank when the Bank is insolvent or has no net assets or when its net assets would be reduced to a material extent.

The expression "assuming an obligation" referred to in this section includes the assumption of obligations by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by the changing of the obligor's financial position by any other means.

**Article 45** The following activities shall not be deemed to be activities as prohibited under Article 43 of the Articles of Association:

- (1) the provision of financial assistance by the Bank where the financial assistance is given in good faith for the interest of the Bank, and the principal purpose of provision the financial assistance is not for the acquisition of shares of the Bank, or the provision of the financial assistance is an incidental part of certain master plan of the Bank;

- (2) the lawful distribution of the Bank's assets as dividend;
- (3) distribution of dividends in form of shares;
- (4) a reduction of registered capital, a repurchase of shares or adjustment of the shareholding structure of the Bank effected in accordance with the Articles of Association;
- (5) the lending of money by the Bank within its scope of operation and in the ordinary course of its business (provided that the net assets of the Bank are not thereby reduced or, to the extent that the net assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Bank);
- (6) The provision of fund by the Bank for contributions to employee shareholding schemes (provided that the net assets of the Bank are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Bank).

#### **CHAPTER IV PARTY COMMITTEE**

**Article 46** The Bank's Party Committee plays a leading role in steering the direction, controlling the overall situation and ensuring the implementation. It is mainly responsible for political direction, leadership team, basic system, major decisions and building of the Party. Material matters relating to operation and management shall first be considered and discussed by the Party Committee before they are submitted to the board of directors or the management of the Bank for determination. The Bank ensures that the Party Committee shall be equipped with sufficient staff to deal with the Party affairs and provided with sufficient funds to operate the Party's organization. Meanwhile, the Disciplinary Committee (hereinafter referred to as the "Discipline Committee") shall be set in accordance with the regulations. The number of positions of the Bank's secretary, deputy secretary and members of the Party Committee and the Disciplinary Committee is set according to the approval from senior Party organizations.

**Article 47** Qualified members of the Party Committee may join the Board, the Board of supervisors and the senior management by statutory procedures. Qualified Party members in the Board, the Board of supervisors and the senior management may join the Party Committee according to the relevant requirements and procedures.

**Article 48** Party Committee of the Bank performs the following duties and responsibilities pursuant to the rules of the Party such as the Constitution of the Communist Party of China:

- (1) guarantee supervision of the consistent implementation of the direction and policies of the Party and the State at the Bank and implementation of the major strategic policies of the Party Central Committee and the State Council and any major deployment in relation to the superior Party organizations;
- (2) strengthen its leadership and gate keeping role in the management of the process of selection and appointment of personnel, focus on standards, procedure, evaluation, recommendation and supervision, and uphold the integration of the principle that the Party controlling the personnel, the function of the Board of Directors in the lawful selection of the senior management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the senior management;
- (3) study and discuss on, and advise and give recommendation on the reform and stable development of, and important matters on operation and management of the Bank, as well as the major issues involving the vital interest of staffs; support performance of duties by the general meetings, the Board of Directors, the Board of supervisors and the senior management in accordance with the procedures stipulated in the Articles of Associations; support the workers congress to roll out their work;
- (4) take the main responsibility for the comprehensive strengthening of Party discipline, directing ideological and political work, united front work, cultivation of spiritual civilization, cultivation of corporate culture, as well as work of groups such as labour unions and communist youth league, and play a leading role in improving the Party's style of work and upholding integrity, and provide support to the Disciplinary Committee in fully performing the supervisory duties;
- (5) strengthen construction of grassroots Party organizations and team building, giving full play of the role as a bastion of the Party branch while demonstrating as the vanguard and exemplary role of Party members, and leading the reform and development of the Bank through active commitment of the cadres and staffs;
- (6) other relevant important issues within the scope of duties of the Party Committee.

## CHAPTER V SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

**Article 49** Shares of the Bank shall be in registered form.

The items specified on the share certificates of the Bank shall, in addition to those provided in the Company Law, contain the following items required to be specified by the stock exchange(s) on which the shares of the Bank are listed:

- (1) name of the Bank;
- (2) date of establishment of the Bank;
- (3) the category of share, par value and number of share it represents;
- (4) the serial number of share;
- (5) other items required to be specified by Company Law and other relevant laws, administrative regulations, departmental rules and stock exchange on which shares of the Bank are listed.

If the share capital of the Bank includes shares with no voting right, words of “no voting right” shall be added to the name of such shares. If the equity capital includes shares with different voting rights, words of “restricted voting right” or “limited voting right” shall be added to the name of each category of shares (except for shares with the most preferential voting rights).

During the period when H shares are listed in Hong Kong Stock Exchange, the Bank shall ensure that all its listing documents pertaining to H shares include the statements stipulated below, and shall further instruct and cause its share registrars to refuse to register the subscription, purchase or transfer of any of its shares in the name of any individual holder unless and until the holder delivers to the share registrar a signed form in respect of the shares including the following statements:

- (1) the purchaser of shares agrees with the Bank and each shareholder of the Bank, and the Bank agrees with each shareholder, to observe and comply with the Company Law, the Special Regulations and other requirements of the relevant laws, administrative regulations and the Articles.

- (2) the purchaser of shares agrees with the Bank, each of the other shareholders, the directors, the supervisors, and the members of senior management, and the Bank (acting both for itself and for each director, supervisor and member of senior management) agrees with each shareholder to refer all differences and claims arising from the Articles or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Bank to arbitration in accordance with the Articles, and any referral to an arbitration tribunal shall be deemed to authorize the tribunal to conduct its hearing in an open hearing and to publish its findings. The findings of the arbitration tribunal shall be final and conclusive.
- (3) the purchaser of shares agrees with the Bank and each shareholder of the Bank that shares in the Bank are freely transferable by the holder of such shares.
- (4) the purchaser of shares authorizes the Bank to enter into a contract on his behalf with each director and member of senior management whereby such directors and members of senior management undertake to observe and comply with their obligations to shareholders stipulated in the Articles.

**Article 50** The share certificates shall be signed by the Chairman of the Board. Where the stock exchange on which the shares of the Bank are listed requires the share certificates to be signed by the Bank's other senior management personnel, the share certificates shall also be signed by other relevant senior management personnel. The share certificates shall take effect after being affixed with the seal of the Bank or the seal of the Bank in printed form. The share certificates shall only be affixed with the Bank's seal under the authorization of the Board. The signatures of the Chairman of the Bank or other relevant senior management personnel on the share certificates may also be in printed form.

**Article 51** The Bank shall keep a register of shareholders which shall contain the following particulars:

- (1) the name, address (domicile), occupation or nature of each shareholder;
- (2) the category and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;

- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which a person is registered as a shareholder;
- (6) the date on which a person ceases to be a shareholder.

The register of shareholders shall be the sufficient evidence of the holding of the Bank's shares by a shareholder, unless there is evidence to the contrary.

Where two or more persons are registered as the joint holders of any shares, they shall be deemed as the joint owners of such shares, provided that they are subject to the following constraints:

- (1) the Bank shall not register more than 4 persons as the joint holders of any share(s);
- (2) all the joint holders of any share(s) shall be jointly and severally liable for payment of all amounts due from such share(s);
- (3) if one of the joint shareholders is deceased, only the surviving persons among the joint shareholders shall be regarded as the owners of relevant shares of the Bank, provided that the Board of Directors shall have the right to require the surviving persons to provide a certificate of death (in a manner deemed appropriate by the Board of Directors) for the purpose of changing the register of shareholders; and
- (4) as far as all joint shareholders are concerned, only the joint shareholder whose name appears first in the register of shareholders has the right to receive the share certificate of the relevant shares from the Bank, to receive notices of the Bank, to attend the shareholders' general meeting convened by the Bank or to exercise all the voting rights attached to the relevant shares; and any notice served on such a shareholder shall be treated as having been served on all the other joint shareholders of those shares.

**Article 52** The Bank may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of shareholders of overseas-listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares (excluding preference shares) shall be maintained in Hong Kong.

The Bank shall maintain a duplicate of the register of holders of overseas listed foreign shares at the Bank's domicile; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas-listed foreign shares at all times.

If there is any inconsistency between the original and the duplicate of the register of holders of foreign shares listed overseas, the original shall prevail.

**Article 53** The Bank shall maintain a complete register of shareholders.

The register of shareholders shall include the following parts:

- (1) the register of shareholders maintained at the Bank's domicile, other than those as described in items (2) and (3) of this article;
- (2) the register of shareholders in respect of the holders of overseas-listed foreign shares of the Bank maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (3) the register of shareholders maintained at such other places as the Board may consider necessary for the purpose of listing of the Bank's shares (including preference shares).

**Article 54** Each part of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

Changes or corrections of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is maintained.

Transfer and shift of shares shall be registered in the stock registration institute appointed by the Bank.

The Bank shall instruct and urge its share transfer registration agency to refuse the registration of subscription, purchase or transfer of shares in the name of any individual shareholder, unless or until such an individual shareholder submits a signed transfer form of the relevant shares to the share transfer registration agency.

**Article 55** If the relevant laws and regulations and the requirements of the securities regulatory authorities of the place where the shares of the Bank are listed stipulate that no share transfer may be entered in the register of shareholders prior to the date of a shareholders' general meeting or the record date set by the Bank for the purpose of distribution of dividends, such provisions shall prevail.

**Article 56** When the Bank intends to convene a shareholders' general meeting, distribute dividends, liquidate or engage in other activities that involve determination of shareholdings, the Board shall decide on a date for the determination of rights attaching to shares in the Bank. Shareholders whose names appear in the register of shareholders at the end of the record date are shareholders of the Bank.

**Article 57** Any person who objects to the register of shareholders and requests to have his name registered in or removed from the register of shareholders may apply to a court of competent jurisdiction for correction of the register.

**Article 58** Any shareholder who is registered in, or any person who requests to have his name registered in, the register of shareholders may, if his share certificates (the "original certificates") are lost, stolen or ruined, apply to the Bank for a replacement share certificate in respect of such shares (the "relevant shares").

If a holder of domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with regulations in the Article 143 of the Company Law.

If a holder of overseas-listed foreign shares loses his share certificates and applies for their replacements, it may be dealt with in accordance with the laws of the place where the original register of holders of foreign shares listed overseas is maintained, the rules of the stock exchange or other relevant regulations.

The issuance of replacement share certificates which are lost, stolen or ruined to holders of H shares who apply for a replacement shall comply with the following requirements:

- (1) The applicant shall submit an application to the Bank in prescribed form accompanied by a notarization document or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss, steal or ruin of the share certificates as well as the declaration that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares;
- (2) No declaration has been received by the Bank from a person other than the applicant for having his name registered as a holder of the relevant shares before the Bank decides to issue the replacement share certificate;
- (3) The Bank shall, if it decides to issue a replacement new share certificate to the applicant, make an announcement of its intention to issue the replacement new share certificate in such newspapers designated by the Board. The announcement shall be made at least once every thirty (30) days for a period of ninety (90) days;
- (4) The Bank shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Bank may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days;

In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the relevant shares, the Bank shall send by post to such registered shareholder a copy of the announcement to be published;

- (5) If, upon expiration of the 90-day period referred to in Items (3) and (4) of this article, the Bank has not received from any person any objection to such application, the Bank may issue a replacement share certificate to the applicant according to his application;
- (6) Where the Bank issues a replacement share certificate under this article, it shall forthwith cancel the original certificate and register the cancellation and the issuance in the register of shareholders accordingly;

- (7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate by the Bank shall be borne by the applicant. The Bank may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 59** Where the Bank issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he/she is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 60** The Bank shall not be liable for any loss suffered by any person due to the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Bank acted fraudulently.

## **CHAPTER VI RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

**Article 61** A shareholder of the Bank is a person who lawfully holds the shares of the Bank and whose name is registered in the register of shareholders.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

**Article 62** The shareholders of the Bank shall be entitled to the following rights (if the Articles of Association have other regulations on the rights of preference shareholders, those other regulations shall apply):

- (1) the right to receive dividends and benefit distributions in other forms in proportion to the number of shares held;
- (2) the right to attend or entrust proxy to attend general meetings and to exercise the corresponding voting right thereat;
- (3) the right to supervise and manage the business activities of the Bank and to put forward proposals and raise inquiries;

- (4) the right to transfer shares held by them in accordance with the laws, administrative regulations, rules, the relevant requirements of the securities regulatory authority in the place of listing of the shares of the Bank and the provisions of the Articles of Association;
- (5) The right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  1. to obtain a copy of the Articles of Association, subject to payment of relevant costs;
  2. to inspect free of charge and copy, subject to payment of a reasonable charge:
    - (i) all parts of the register of shareholders;
    - (ii) personal particulars of each of the Bank's directors, supervisors, president and other senior management staff, including:
      - a) Present and former name and alias;
      - b) Principal address (domicile);
      - c) Nationality;
      - d) Full-time and all other part-time occupations and duties;
      - e) Identification document and its number;
    - (iii) the status of the Bank's issued share capital;
    - (iv) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares (by domestic shares and foreign shares (including H shares (if applicable)) repurchased by the Bank since the last fiscal year and the aggregate amount incurred by the Bank for this purpose;
    - (v) the latest audited financial statements and the reports of the board of directors, the auditors and the supervisors of the Bank;

(vi) special resolutions of the Bank;

(vii) copies of the latest annual inspection report filed with the AIC or other authorities in the PRC;

(viii) minutes of shareholders' general meeting (for inspection only).

Documents set out in Items (i) to (viii) excluding Item (ii) above and any other applicable documents shall be made available by the Bank, according to the requirements of the Listing Rules, at the Bank's address in Hong Kong, for the public and shareholders to inspect free of charge.

- (6) in the event of the termination or liquidation of the Bank, to participate in the distribution of remaining assets of the Bank in accordance with the number of shares held;
- (7) with respect to shareholders who vote against any resolution on the merger or division of the Bank proposed at the a general meeting, the right to demand the Bank to repurchase the shares held by them;
- (8) other rights conferred by laws, administrative regulations, department rules and the Articles of Association.

The Bank shall not exercise any right against any person who fails to disclose any of his direct or indirect interest in the Bank for the purpose of freezing or otherwise damaging the interest of such person as attached to shares.

**Article 63** When the credit extension of a shareholder of the Bank is overdue, his/her voting right in the general meeting and voting right of the Board member nominated by him/her in the Board of Directors shall be limited. The credit conditions received by the shareholders of the Bank shall not be more favourable than those obtained by other customers of the Bank.

**Article 64** Substantial shareholders shall truthfully, accurately and completely disclose the particulars of any related parties to the Board of Directors Shareholders, particularly substantial shareholders, shall support the Board of Directors in formulating reasonable capital plans, in order to meet the capital regulatory requirements on a continuous basis. When the capital adequacy ratio of the Bank fails to meet the regulatory requirements, shareholders shall formulate a capital restoration plan where the capital adequacy ratio will meet the regulatory

requirements within a limited time frame and restore capital by increasing core capital and other means. Substantial shareholders shall not prevent other shareholders from injecting capital or eligible shareholders from investing in the Bank. As part of the Bank's capital plans, the substantial shareholders shall also make long-term undertakings in writing to inject additional capital to the Bank when necessary for replenishing the capital of the Bank.

**Article 65** Shareholders demanding inspection of the relevant information aforesaid in the Article 62 of the Articles of Association or copies of the materials shall provide to the Bank the written documents certifying the class and number of shares of the Bank they hold. Upon verification of the shareholder's identity, the Bank shall provide such information at the shareholder's request.

Shareholders shall keep the commercial secrets of the Bank when exercising the aforesaid right to know, properly using the information of the Bank. Shareholders who violate the duty of confidentiality and thereby cause damage to the Bank shall be liable for such damage.

**Article 66** If any resolution made by the general meeting and the Board of Directors of the Bank violates the laws and administrative regulations, the shareholders are entitled to apply to the People's Court to affirm it as invalid.

If the convening procedures and voting ways of the general meeting and the Board of Directors violate laws, administrative regulations or the Articles of Association, or the content of resolution is in violation of the Articles of Association, shareholders are entitled to apply to the People's Court for revocation of such resolutions within 60 days upon the date of adopting the resolution.

Where shareholders file lawsuits in accordance with the provisions of the preceding paragraph, the Bank can apply to the People's Court for requiring the shareholders to provide corresponding guarantee.

If the change of registration has been made by the Bank in accordance with the resolution of the general meeting, after the People's Court announces such a resolution be void or rescinded, the Bank shall apply to the Bank's registration authority for revocation of the change of registration.

**Article 67** If Board members and senior management personnel violate laws, administrative regulations or stipulations of the Articles of Association when performing duties of the Bank and thereby cause damage to the Bank, shareholders who independently or jointly hold one percent (1%) or more of the shares of the Bank for more than one hundred and eighty (180) days are entitled to apply in writing to the Board of Supervisors to file a suit to the People's Court; if the Board of Supervisors violates laws, administrative regulations or stipulations of the Articles of Association when performing duties of the Bank thereby causing damage to the Bank, shareholders are entitled to apply in writing to the Board of Directors to file a suit to the People's Court.

Where the Board of Directors and the Board of Supervisors refuse to file a suit after receiving the written request of shareholders aforesaid in the preceding paragraph, or don't file a suit within thirty (30) days from the date of receiving the request, or if the suit is not filed immediately, irreparable damage to the benefit of the Bank may be caused due to urgent situations, shareholders specified in the preceding paragraph are entitled to directly file a suit to the People's Court in his own name for the benefit of the Bank.

If another person infringes upon the legitimate interest of the Bank and thereby causes damage to the Bank, shareholders specified in the first paragraph may file a suit to the People's Court in accordance with provisions of the first two paragraphs.

**Article 68** When the Board members and senior management personnel infringe on legitimate interests of shareholders in violation of laws, administrative regulations or stipulations in this Articles of Association, then the shareholders have the right to file suit to the People's Court.

**Article 69** Shareholders of the Bank shall perform the following obligations (if the Articles of Association have other regulations on the rights of preference shareholders, those other regulations shall apply):

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to fulfill their obligations of integrity and ensure that the shareholders' qualification and information submitted by them is true, complete and effective, and shall bear the consequences of providing false information or false statements under the laws;
- (3) to pay share capital according to the number of shares subscribed and the method of subscription;

- (4) to purchase shares of the Bank with their own funds and ensure the fund are obtained from legal sources, rather than entrusted funds, debt funds and other funds not owned by themselves, unless otherwise prescribed by laws and regulations as well as the regulatory requirements;
- (5) the shareholding percentage and the number of equity holders shall comply with the regulatory requirements, and shall not appoint others to hold shares of the Bank or hold on behalf of others the shares of the Bank;
- (6) not to withdraw the shares unless required by the laws and administrative regulations;
- (7) according to laws and regulations as well as regulatory requirements, report to the Bank truthfully, among others, the financial information, shareholding structure, source of capital, controlling shareholder, de facto controller, related parties, parties acting in concert, ultimate beneficial owners, and investments in other financial institutions;
- (8) according to laws and regulations as well as regulatory requirements, timely report to the Bank in writing any changes in the controlling shareholder, de facto controller, related parties, parties acting in concert and ultimate beneficial owners of the relevant shareholder;
- (9) according to laws and regulations as well as regulatory requirements, timely report to the Bank in writing the merger, division, imposition of regulatory measures on the relevant shareholder such as suspension of business, designation of trustee, takeover or revocation on it, or its process of dissolution, bankruptcy or liquidation, or any changes in its legal representative, company name, operating place, operating scope and other major matters;
- (10) according to laws and regulations as well as regulatory requirements, timely report to the Bank in writing any occurrence where the shares of the Bank held by the shareholder are involved in litigation, arbitration, imposition of legal enforcement by judicial bodies, pledges or release of pledges;
- (11) the shareholder's transfer of or pledge over the shares in the Bank, or entering into of any related-party transactions with the Bank, shall abide by laws and regulations as well as regulatory requirements without prejudicing the interests of other shareholders and the Bank;

- (12) not to obtain inappropriate interests, and not to interfere with the decision-making and management power and rights of the board of directors and senior management of the Bank conferred by this Articles of Association and shall not interfere with the operation and management of the Bank without relying on the board of directors and senior management;
- (13) the shareholder and its controlling shareholder or de facto controller shall not abuse their shareholders' rights or related relations to harm the legal interests of the Bank, other shareholders and interested parties; and not to abuse the independent legal person status of the Bank and the limited liability of shareholders to harm the interests of any creditor of the Bank; shareholders of the Bank who abuse their shareholder's rights and thereby cause loss on the Bank or other shareholders shall be liable for indemnity according to the law; where shareholders of the Bank abuse the Bank's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Bank, such shareholders shall be jointly liable for the debts owed by the Bank;
- (14) to safeguard interests and reputation of the Bank and to provide support for the Bank's legal operation;
- (15) to cooperate with the regulators in carrying out any investigation and risk handling in the event of occurrence of any risk event involving the Bank or any major violation of regulations by the Bank;
- (16) other obligations imposed by laws, administrative regulations, relevant supervisory authorities and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.

Shareholders shall assume relevant responsibilities and obligations according to the corresponding system for loss absorption and risk mitigation in the event of occurrence of any major risk of the Bank.

**Article 70** Any unit and individual which and who purchase 5% or more of the total number of issued shares of the Bank should obtain a prior approval of the banking regulatory authority under the State Council and send a written notice to the Bank. Any shareholder who should obtain approval from the regulatory authority but did not do so, or who fails to report to the regulatory authority, such shareholder shall be forbidden to exercise, inter alia, the right to request for convening a general meeting, voting right, nomination right, motion right and disposal right. If, in the absence of the prior approval of the banking regulatory authority under the State Council, the number of shares held by a shareholder equals to or is in excess of 5% of the total number of issued shares of the Bank (“Excess Shares”), such shareholder must transfer such Excess Shares within the period prescribed by the banking regulatory authority under the State Council.

Notwithstanding the foregoing provisions, shareholders holding the Excess Shares shall not be subject to any restriction when exercising the shareholder rights as stipulated in (1) and (8) of Article 62.

**Article 71** For any shareholder who makes false representation, abuses shareholder’s rights or commits other acts which are detrimental to the interests of the Bank, the banking regulatory authority may, inter alia, restrict or prohibit the Bank from entering into connected transaction with such shareholder, limit the amount of equity interest held by such shareholder in the Bank or the ratio of equity interest pledged by such shareholder, and may restrict, inter alia, his right to request for convening a general meeting, his voting right, nomination right, motion right and disposal right.

**Article 72** Shareholders of the Bank who create pledge on the shares of the Bank for itself or for others, shall strictly comply with the requirements of laws and regulations and supervisory authorities, and shall give prior notice to the Board of Directors. Shareholders, especially substantial shareholders, shall inform the Board of Directors of the Bank in advance before transferring their domestic shares.

The office of the Board of Directors or other department designated by the Board of Directors shall be responsible for the daily work of the collection, filing and reporting of the information in relation to the pledge of the Bank’s shares and information on equity transfer.

The shareholders who have nominated directors or supervisors of the Bank or the shareholders who hold, direct or indirect and individually or together, 2% or above shares or voting rights of the Bank shall make filing to the Board of Directors and provide information such as the reason for the pledge, number of shares pledged, term of pledge and entities of pledgee before they create pledge of shares of the Bank. The Board of Directors shall review and decide the validity of such filing by resolutions. As long as the Board of Directors deem such pledge may have material adverse effect on the stabilization of the shareholdings structure, the corporate governance and the risk and related transaction control, such filing shall not be allowed. When the Board of Directors conducts review of such filing, the directors nominated by the shareholders who create the pledge on shares of the Bank and elected by the shareholders' meeting of the Bank shall be abstained.

After the completion of pledge of the shares of the Bank, the shareholders shall, based on the Bank's requirement of risk management and information disclosure, provide information relating to such share pledge within fifteen (15) days.

If the borrowing balance in the Bank exceeded the net worth of the shareholding in the Bank held by a shareholder, it shall not pledge any shares of the Bank.

If the shares pledged by the shareholder exceeds 50% of shares of the Bank held by such shareholder, such shareholder's voting right on the shareholder meeting and the voting rights of director nominated by such shareholders on the meeting of the board of directors of the Bank shall be restricted.

**Article 73** The controlling shareholder and the actual controller shall not use their connected relationship to act in detriment to the interests of the Bank. If they have violated this provision and caused damage to the Bank, they shall bear the liability for such damages.

The controlling shareholder and the actual controller of the Bank shall have fiduciary duties towards the Bank and public shareholders of the Bank. The controlling shareholder shall exercise its rights as a contributor in strict compliance with the laws. The controlling shareholder shall not do harm to the legitimate interests of the Bank and public shareholders of the Bank through means such as profit distribution, asset restructuring, overseas investment, possession of capital and lending guarantees and shall not make use of its controlling status against the interests of the Bank and public shareholders of the Bank.

**Article 74** In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Bank are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Bank:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Bank;
- (2) to approve the deprivation by a director or supervisor (for his own benefit or for the benefit of another person), by any means, of the Bank's assets, including (but not limited to) opportunities beneficial to the Bank;
- (3) to approve the deprivation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) any rights to distributions and voting rights save for the restructuring of the Bank submitted to the general meeting for approval in accordance with the Articles of Association.

**Article 75** The term "controlling shareholder" referred to in the preceding Article means a person who satisfies any one of the following conditions:

- (1) a person who, acting alone or in concert with others, has the right to elect more than half of the Board members;
- (2) a person who, acting alone or in concert with others, has the right to exercise or to control the exercise of 30% or more of the voting rights in total number of voting shares of the Bank;
- (3) a person who, acting alone or in concert with others, holds 30% or more of total number of voting shares of the Bank;
- (4) a person who, acting alone or in concert with others, has real control of the Bank in any other way.

## **CHAPTER VII SHAREHOLDERS' GENERAL MEETING**

### **Section I General Provisions of Shareholders' General Meeting**

**Article 76** The shareholders' general meeting is the organ of power of the Bank which exercises the following functions and powers according to law:

- (1) determining the Bank's business policies and investment plans;
- (2) electing and replacing directors, and determining matters concerning remunerations to directors;
- (3) electing and replacing the supervisors not appointed from employee representatives, and determining remunerations to supervisors;
- (4) examining and approving reports of the Board of directors;
- (5) examining and approving reports of the Board of supervisors;
- (6) examining and approving the Bank's annual financial budget and final account proposals;
- (7) examining and approving the Bank's profit distribution plans and losses making up plans;
- (8) adopting resolutions concerning the increase or decrease of the Bank's registered capital;
- (9) adopting resolutions on the listing of the Bank;
- (10) adopting resolutions on issuing bonds of the Bank;
- (11) adopting resolutions on the acquisition of the Bank's shares in accordance with the provisions of laws;
- (12) make resolution on merger, division, dissolution and liquidation or form change of the Bank;

- (13) modifying the Articles of Association;
- (14) consider and approve the rules of procedures for shareholders' meeting, the board of directors and the board of supervisors of the Bank;
- (15) adopting resolution on engagement, dismissing or discontinuing the appointment of an accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis;
- (16) examining fixed assets investments, external guarantees, external investments, and connected transaction matters which should be submitted to the shareholders' general meeting for examination in accordance with the relevant laws, administrative regulations, departmental regulations, provisions of the securities regulators where the Bank's stocks are listed for trading as well as the Bank's Articles of Association and other internal system rules;
- (17) examining temporary proposals put forward by the shareholders who hold than 3% of the total voting shares of the Bank individually or jointly;
- (18) examining and approving changes in use of the raised capital;
- (19) examining and approving the proposal on equity incentive plans;
- (20) determining the issuance of preference shares; determining or authorising the Board to determine matters relating to preference shares issued by the Bank, including but not limited to redemption, conversion and distribution of dividends;
- (21) examining other matters which shall be decided by the shareholders' general meeting according to the laws, administrative regulations, departmental rules, securities regulatory body where the Bank's stocks are listed for trading, the Articles of Association, and the Bank's other internal rules.

**Article 77** Without the prior approval of the shareholders' general meeting, the Bank shall not conclude any contract with any person other than a director, president or other senior management personnel of the Bank for the delegation of the whole business management or part of the important business management of the Bank to that person.

**Article 78** The shareholders' general meeting consists of the annual meeting and temporary meetings. The annual meeting shall be held once every year within six (6) months upon conclusion of the previous fiscal year.

**Article 79** The Bank shall convene an extraordinary shareholders' general meeting within two (2) months since the date of the occurrence of any of the following circumstances:

- (1) The number of directors is less than the statutory minimum number prescribed by the Company Law or two thirds (2/3) of the number prescribed in the Articles of Association;
- (2) The Bank's loss not made up reaches one third (1/3) of the total paid-in equity;
- (3) Written request has been put forward by the shareholders who have more than ten percent (10%) of the total voting shares of the Bank individually or jointly held;
- (4) The Board of directors deems it as necessary;
- (5) The convening of the meeting at the requisition of more than half of and no less than two (2) independent directors;
- (6) The Board of supervisors proposes to convene;
- (7) Other circumstances stipulated by laws, administrative regulations, departmental regulations or the Articles of Association.

The number of shares of the aforesaid Item (3) shall be calculated as of the date when shareholders put forward a written request.

**Article 80** Where the annual general meeting or the extraordinary general meeting of the Bank fail to be convened within the time of period prescribed by laws, it shall report to the regulatory authorities in writing with reasons.

**Article 81** The location for the Bank to convene a shareholders' general meeting shall be the Bank's domicile or other places specified in the notice of the shareholders' general meeting.

The shareholders' general meeting will set up an assembly room and be held in the form of live meeting. The Bank may also provide safe, economical and convenient network or other means for the convenience of shareholders to attend the general meeting according to the relevant provisions. Shareholders attend the general meeting through the aforesaid means shall be considered as present.

**Article 82** When a shareholders' general meeting is being held, the Bank shall engage lawyers to observe the meeting, give legal opinions as to the matters set out below and, make announcements as to the matters set out below as required by the rules of the jurisdiction in which the shares of the Bank are listed:

- (1) whether the procedures for convening and holding the shareholders' general meeting are in compliance with the laws, administrative rules and the Articles;
- (2) whether the qualifications of the attendees and convener are legal and valid;
- (3) verify the qualifications of shareholders who have put forward new proposals at the shareholders' general meeting;
- (4) whether the voting procedures and voting outcome of the shareholders' general meeting are legal and valid;
- (5) legal opinions on other relevant issues as requested by the Bank.

## **Section II Convening of Shareholders' General Meeting**

**Article 83** The Board of Directors shall have the right to call general meetings.

**Article 84** The board of supervisors shall have the right to propose for an extraordinary general meeting of shareholders to the board of directors, and shall put forward its proposal to the board of directors in written form. The board of directors shall give a written reply on whether to agree or disagree to convene an extraordinary general meeting of shareholders according to the provisions of the laws, administrative regulations and the Articles of Association within 10 days after receiving the proposal.

The board of directors will issue a notice to convene a shareholders' general meeting within 5 days after making the resolution where it agrees to convene an extraordinary general meeting of shareholders, any changes made to the original proposal in the notice shall obtain consents of the board of supervisors.

Where the board of directors disagrees to convene an extraordinary general meeting of shareholders or fails to give a feedback after receiving the proposal within 10 days, the board of directors shall be regarded as unable to perform or fail to perform its duty to convene a shareholders' general meeting, the board of supervisors can convene and preside over a shareholders' general meeting on its own initiative.

**Article 85** The following procedures shall be followed where shareholders require to convene an extraordinary general meeting of shareholders or a classified shareholder meeting:

- (1) The shareholders that solely or collectively hold ten percent (10%) or more shares of the Bank can sign one or several written requests in the same form and contents to submit to the board of directors to require the latter to convene an extraordinary general meeting of shareholders or a classified shareholders' meeting and explain the subject of the meeting. The board of directors shall give a written reply on agreeing or disagreeing to convene an extraordinary general meeting of shareholders or a classified shareholders' meeting within 10 days upon receipt of the request in accordance with the laws, administrative regulations and the Articles of Association;
- (2) Where the board of directors agrees to hold an extraordinary general meeting of shareholders or a classified shareholders meeting, it shall send out a notice within 5 days after the resolution of the board of directors is made, any changes made to the original proposal in the notices shall obtain the consent of the relevant shareholders;
- (3) Where the board of directors does not agree to hold an extraordinary general meeting of shareholders or classified shareholders' meeting or fails to give a reply within ten (10) days upon receipt of the proposal, the shareholders that solely or collectively hold ten percent (10%) or more of total number of voting shares of the Bank shall have the right to propose the board of supervisors to hold an extraordinary general meeting of shareholders, and shall put forward the request to the board of supervisors in written form;

- (4) Where the board of supervisors agrees to hold an extraordinary general meeting of shareholders or a classified shareholders' meeting, it shall send out a notice within 5 days upon receipt of the request, any changes made to the original proposal in the notices shall obtain the consent of the relevant shareholders;
- (5) Where the board of supervisors fails to send out a notice on the extraordinary general meeting of shareholders or classified shareholders meeting within the prescribed time limit, it shall be regarded that the board of supervisors will not convene or preside over the meeting, and the shareholders that solely or collectively hold ten percent (10%) or more of total number of voting shares of the Bank for consecutively ninety (90) or more days may hold or preside over the meeting on their own initiatives.

**Article 86** Where the board of supervisors or shareholders decide to convene the shareholders' general meeting on its/their own initiative, it/they shall send out a written notice to the board of directors, and shall put on the records of the dispatched office of the securities regulatory authority of the State Council at the locality of the Bank, the banking regulatory authority of the State Council and the Stock Exchange where the Bank's stocks are listed for trading.

Before the resolution of the shareholders' general meeting is announced, the proportion of voting shares of the Bank held by the summoning shareholders shall be no less than ten percent (10%).

The shareholders that convene the meeting shall, when sending out a notice on meeting and circulating an announcement on the resolution of the shareholders' general meeting, submit the relevant certification materials to the securities regulatory authority of the State Council at the locality of the Bank and the Stock Exchange where the Bank's stocks are listed for trading.

**Article 87** In respect to the shareholders' general meeting convened by the board of supervisors or shareholders on its/their own initiative, the board of directors and its secretary shall show cooperation. The board of directors shall provide the register of shareholders on the date of equity registration.

**Article 88** The expenses necessary for holding the shareholders' general meeting convened by the board of supervisors or shareholders shall be born by the Bank.

### **Section III Proposal and Notice of the Shareholders' General Meeting**

**Article 89** The contents of a proposal shall be within the duty of the shareholders' general meeting, have definite topics and specific matters for resolution, and shall be in line with the laws, administrative regulations and the Articles of Association. The proposal shall be submitted or delivered to the board of directors by written form.

**Article 90** Where the Bank convenes a shareholders' general meeting, the board of directors, the board of supervisors and the shareholders that solely or collectively hold three percent (3%) or more of the voting shares of the Bank may put forward a proposal to the Bank.

The shareholders that solely or collectively hold three percent (3%) or more of the voting shares of the Bank may put forward an interim proposal and submit it to the convener in written form within ten (10) days before the meeting is held. The convener shall issue a supplementary notice on the meeting and announce the contents of the interim proposal within two (2) days upon receipt of the aforesaid proposal.

If the listing rules state otherwise where the Bank's stocks are listed, the contents shall meet the rules as well.

Unless it is prescribed by the preceding paragraph, the convener shall, after sending out a notice on the shareholders' general meeting, not amend the proposal as mentioned in the aforesaid notice or add any new proposal.

The shareholders' general meeting shall not vote on or make a resolution for any proposal that is not listed in the notice on the general meeting of shareholders or that is inconsistent with Article 89 of the Articles of Association.

**Article 91** Where the Bank shall convene a shareholders' general meeting, a notice shall be given twenty (20) days before the meeting to notify shareholders of the time, location of the meeting and the matters to be examined. Notice of an extraordinary general meeting of shareholders shall be given fifteen (15) days before the meeting to shareholders.

**Article 92** A notice of the shareholders' general meeting shall comply with the following requirements:

- (1) be in writing;
- (2) state the time, venue, duration and form of the meeting;
- (3) state the matters to be considered at the meeting and the proposals;

- (4) provide such information and explanations as are necessary for the shareholders to exercise an informed judgment on the proposals before them; this principle includes (but not limited to) the terms of the proposed transaction must be provided in detail together with the proposed contract (if any), and the cause and effect of such proposal must be properly explained while the Bank proposes a merger, repurchase of shares, reorganising the share capital or restructuring the Bank in any other way;
- (5) contain a disclosure of the nature and extent of any material interest of a director, supervisor, president or other senior management personnel in the matters for discussion and the effect of interest on his/her capacity as a shareholder insofar as it is different from the interest of the shareholders of the same class;
- (6) contain the full text of any proposed special resolution to be voted at the meeting;
- (7) contain a prominent statement that a shareholder entitled to attend and vote shall be entitled to appoint one or more proxies to attend and vote on his/her behalf and that a proxy need not to be a shareholder;
- (8) specify the time and place for lodging proxy forms for the relevant meeting;
- (9) specify the record date on which the shareholders are eligible to attend the shareholders' general meeting;
- (10) list the name and the phone number of the permanent contact person of the meeting.

**Article 93** If the elections of directors and supervisors are intended to be discussed at the shareholder's general meeting, the notice of the shareholders' general meeting shall fully disclose the details of the candidates for the role of directors and supervisors, and shall at least include the following particulars:

- (1) personal particulars such as education level, work experience and any part-time work undertaken;
- (2) whether there is any connected relationship with the Bank or with the controlling shareholders and de facto controllers of the Bank;
- (3) disclosure of their shareholding in the Bank;

- (4) whether they have been subject to any penalties imposed by the securities regulatory authority of the State Council and other relevant departments, and any stock exchange disciplinary action;

Except for the election of directors and supervisors via cumulative voting, the election of each director and supervisor shall be voted upon on a separate basis.

**Article 94** Unless otherwise required by relevant laws, regulations, listing rules of place(s) where the Bank's shares are listed or the Articles of Association, the notice, information or written statement for the shareholders' general meeting shall be served on the shareholders entitled to attend (whether or not entitled to vote at the general meeting) by special appointed person or prepaid mail, or publication on our website or other methods stipulated in the Articles of Association. The recipient address in the register of shareholders shall prevail. For the holders of domestic shares, the notice of the shareholders' general meeting may be issued in the form of public notice.

The public notice in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council between twenty (20) to twenty five (25) days before the date of the annual general meeting or fifteen (15) to twenty (20) days before the date of the extraordinary general meeting. After the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

**Article 95** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive the notice shall not invalidate the proceedings at that meeting.

**Article 96** After the notice on convening the shareholders' general meeting sent out, the shareholders' general meeting shall not be postponed or cancelled and the proposal listed in the notice on the shareholders' general meeting shall not be cancelled without justifiable causes. In the case of any circumstance for postponement or cancellation of the meeting, the convener shall make an announcement and explain the reasons at least two (2) working days before the date for the planned shareholders' general meeting.

## **Section IV Holding of the General Meeting of Shareholders**

**Article 97** The Board of Directors and any other convener shall take necessary measures to guarantee the normal order of the shareholders' general meeting, and shall take measures to deter any act of disturbing the shareholders' general meeting, picking quarrels and provoking troubles or damaging the lawful rights and interests of any shareholder, and shall timely report it to the relevant department for investigation and punishment.

**Article 98** Any shareholder entitled to attend and vote at the shareholders' general meeting shall be entitled to appoint one or more other persons (who may not be shareholders) as his/her proxy to attend and vote on his/her behalf. The shareholder proxy can exercise the following rights according to the entrustment of the shareholder:

- (1) have the same right as the shareholders to speak at the shareholders' general meeting;
- (2) have authority to demand a poll or join in such a demand;
- (3) have the right to vote by hand or on a poll, except that, where a shareholder has appointed more than one proxy, his/her proxies may only exercise the voting rights when a poll is taken.

**Article 99** A shareholder shall entrust the proxy in writing, which shall be signed by the entrusting party or by the proxy entrusted by the entrusting party in writing; if the shareholder is a legal entity, the written entrustment file shall be sealed by the legal entity's stamp or signed by its directors or the proxy officially appointed by the shareholder.

**Article 100** A shareholder shall attend the meeting upon the strength of his/her ID card or other valid certificates or proof or stock account certificate that can prove his/her identity; a proxy who attends the meeting entrusted by a shareholder shall show his/her valid ID card and the letter of attorney issued by the shareholder.

Institutional shareholders should assign his/her legal representative or a proxy authorised by the legal representative to attend the meeting. Where a legal representative attends the meeting, he/she should show the ID card, and a valid certification to prove the qualification of the legal representative; where an entrusted proxy attends the meeting, the proxy should show his/her ID card, a written letter of attorney issued by the legal representative of the institutional shareholder unit in accordance with the laws.

**Article 101** The letter of attorney issued by a shareholder to entrust a proxy to attend the shareholders' general meeting shall be in writing and include the following contents:

- (1) the name of the proxy;
- (2) whether have the voting right or not;
- (3) the instructions which respectively vote consent, objection or abstention over each item to be examined by the shareholders' general meeting;
- (4) the issuance date and expiry date of the letter of attorney;
- (5) whether have the voting right over temporary proposal which may be included in the agenda of the shareholders' general meeting or not, and specific instructions shall be given over what voting right shall be exercised if the proxy does have the voting right;
- (6) the signature (or seal) of entrusting party. Where the entrusting party is an institutional shareholder, the legal entity shall seal on the letter of attorney.

The letter of attorney shall indicate that the shareholder proxy can vote according to his/her own opinions if the shareholder does not make specific instructions.

**Article 102** The instrument appointing a voting proxy shall be placed at the domicile of the Bank or at such other place as specified in the notice of the meeting within twenty-four (24) hours prior to the meeting at which the proxy is authorised to vote or within twenty-four (24) hours prior to the specified time of the vote. Where the instrument is signed by another person authorised by the entrusting party, the power of attorney or other authorization document shall be notarised. The notarised power of attorney or other authorization document shall be placed together with the instrument appointing the voting proxy at the domicile of the Bank or at such other place as specified in the notice of the meeting.

Where the entrusting party is a legal person, its legal representative or the person authorised by resolution of its Board of Directors or other decision-making body shall be entitled to attend the Bank's shareholders' general meeting as the representative of such legal person.

Where the shareholder is a recognised clearing house (or its proxy) defined by the Hong Kong Securities and Futures Ordinance, the shareholder may authorise one or more persons it considers appropriate as its representative(s) at any shareholders' general meeting or any category shareholders' meeting; However, if more than one person obtain authorisation, the power of attorney shall contain the involved number and category of shares for which such persons are authorised, the authorised persons can represent the recognised clearing house (or its proxy) to exercise its right, as if the persons are the Bank's individual shareholders.

**Article 103** Where the entrusting party dies, loses its capacity for action, has revoked the authorisation of signing instrument of appointment prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of the power of attorney shall remain valid as long as the Bank has not received a written notice of the event prior to the relevant meeting.

**Article 104** When a shareholders' general meeting is held, all the directors and supervisors and the secretary of the Board of Directors shall attend the meeting, and the president and other senior management personnel shall attend the meeting as nonvoting delegates.

**Article 105** The general meeting of shareholders shall be held by the chairman of the Board of Directors. Where the chairman cannot perform his/her duties or fails to perform his/her duties, the deputy chairman shall preside over the meeting; where the deputy chairman cannot or fails to perform his/her duties, half of the directors or more shall jointly recommend one director to preside over the meeting.

Where the Board of Supervisors convene the shareholders' general meeting by themselves, the chairman of the Board of Supervisors shall preside over the meeting. Where the chairman of the Board of Supervisors cannot perform his duties or fails to perform his duties, the deputy chairman of the Board of Supervisors shall preside over the meeting; where the deputy chairman of the Board of Supervisors can not perform his duties or fails to perform his duties, half of the supervisors or more shall jointly recommend one supervisor to preside over the meeting.

Where the shareholders convene the shareholders' general meeting by themselves, the convener shall recommend one representative to preside over the meeting.

When the shareholders' general meeting is held and the presider of the meeting violates the rules of procedure and makes it difficult for the shareholders' general meeting to continue its meeting, the shareholders' general meeting may recommend one person as the presider of the meeting upon consent of not less than half of the voting shareholders that are present at the meeting, and continue the meeting.

Unless otherwise provided in this Articles of Association, if the Board of Directors is unable or fails to perform its duty in convening the shareholders' general meeting, the Board of Supervisors shall promptly convene the meeting. If the Board of Supervisors does not convene the meeting, the shareholders who individually or jointly hold 10% or more of the Bank's shares for not less than ninety (90) consecutive days may convene or preside such meetings on their own initiative. If for whatever reason the shareholder can not elect a chairman of the meeting, such chairman shall be acted by the shareholder (including shareholder proxy) who attends such meeting and have the largest voting right.

**Article 106** The Bank shall formulate the rules of procedures for the shareholders' general meeting, which shall provide detailed provisions for the convening and voting procedures. The rules of procedures for the shareholders' general meeting shall be made as an appendix to the Articles of Association, prepared by the Board of Directors and approved by the shareholders' general meeting.

**Article 107** At an annual shareholders' general meeting, the Board of Directors and the Board of Supervisors shall report their respective work of the previous year to the general meeting of shareholders.

**Article 108** The directors, supervisors and senior management personnel shall explain the inquiries and suggestions of shareholders at the shareholders' general meeting except for the information involving the Bank's business secrets which can't be made public at the shareholders' general meeting.

#### **Section V Voting and Resolution of the Shareholders' General Meeting**

**Article 109** Resolutions of the shareholders' general meeting include ordinary and special resolutions.

Ordinary resolutions of the shareholders' general meeting shall be passed by half (1/2) of the voting rights held by shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' general meeting shall be passed by more than two-thirds (2/3) of the voting rights held by the shareholders (including proxies) present at the meeting.

**Article 110** The following matters shall be passed by ordinary resolution by the shareholders' general meeting:

- (1) The work report of the Board of Directors and the Board of Supervisors;
- (2) The profit distribution plan and loss make-up plan proposed by the Board of Directors;
- (3) Appointment and removal (except for removal of independent directors) and remuneration and payment methods of the members of the Board of Directors and the Board of Supervisors;
- (4) The Bank's annual budget and final accounts report, balance sheet, profits statement and other financial statements;
- (5) The Bank's annual report;
- (6) Examination of changes in the way of using raised capital;
- (7) Other matters other than those stated to be passed by special resolutions by the laws, administrative regulations, provisions of the securities regulatory authorities of the place where the Bank's shares are listed or the Articles of Association.

**Article 111** The following matters shall be resolved by way of special resolutions of the shareholders' general meeting:

- (1) Increase or reduction of the Bank's share capital and issuance of any category of shares, warrants or other similar securities;
- (2) Issuance of the Bank's bonds or listing;
- (3) Division, merger, dissolution and liquidation or form change of the Bank;
- (4) Amendment of the Articles of Association;

- (5) Removal of independent directors;
- (6) Fixed assets investment, external guarantee, external investment matters which shall be submitted to the shareholders' general meeting for examination in accordance with the relevant laws, administrative regulations and departmental rules, the provisions of the securities regulatory authority of the place where the Bank's stocks are listed as well as the provisions of the Articles of Association and other internal system;
- (7) Consideration and approval of the proposal on equity incentive plan;
- (8) Matters to be passed by special resolutions by the laws, administrative regulations, departmental regulations, provisions of securities regulatory authority of the place where the Bank's shares are listed or of the Articles of Association, as well as other matters, as determined by way of an ordinary resolution of the shareholders' general meeting, which may have a significant impact on the Bank and require adoption by way of a special resolution.

**Article 112** The shareholders (including proxies) shall exercise their voting rights according to the number of voting shares that they hold at the shareholders' general meeting, each share shall carry one voting right.

The Bank has no voting right for the shares it holds, and such part of shares shall not be included in the total amount of voting shares of the shareholders that attend the shareholders' general meeting.

When any shareholder is not allowed to exercise any voting right or is restricted to cast either affirmative or negative vote, then the vote of the shareholder or its proxy in violation of the aforesaid rules or restrictions shall not be included in the voting result.

The Board of Directors, independent directors and shareholders conforming to the relevant prescribed requirements can solicit shareholders' voting rights.

**Article 113** In case the shareholders' general meeting examines matters relating to related/connected transactions, the related/connected shareholder (hereafter referred to as the "related shareholder") shall withdraw from the voting, its voting shares shall not be included in the total amount of valid voting shares. The resolution announcement of the shareholders' general meeting shall be given full disclosure of non-related shareholders' vote.

While the shareholders' general meeting examines related/connected transactions matters, the related shareholders shall withdraw from the voting; where the meeting need the related shareholders to give explanations, the related shareholders bear the duty and obligation to make truthful explanation in the meeting.

The meeting presider shall announce at the beginning of the meeting where there are matters that related shareholders shall withdraw from voting.

Related shareholder can withdraw by himself/herself, or any other shareholder attending the shareholders' general meeting can put forward withdrawing requests.

**Article 114** The Bank can provide convenience for shareholders to attend the shareholders' general meeting through all kinds of means and methods and provide modern information technology means on priority basis, such as network voting platform under the premise of guaranteeing the conformity to laws and effectiveness of the shareholders' general meeting.

**Article 115** The list of directors and supervisors candidates shall be submitted to the shareholders' general meeting for voting in the form of proposal.

When the shareholders' general meeting votes on the election of directors, the cumulative voting system may be implemented according to the provisions in the Articles of Association or the resolution of the shareholders' general meeting.

The cumulative voting system means that each share has the number of voting right equal to the number of directors to be elected, and the voting right owned by a shareholder may all be used toward one director candidate at the shareholders' general meeting for election of directors.

**Article 116** Except for the cumulative voting system, the shareholders' general meeting shall vote on all the proposals item by item, and shall vote on the proposals on the basis of the time sequence of the proposals if there are various proposals for one matter. Unless the shareholders' general meeting is suspended or no resolution can be made due to special reasons such as force majeure, the shareholders' general meeting shall not shelve the proposals or suspend the voting of proposals.

**Article 117** When the shareholders' general meeting examines a proposal, it shall not amend the proposal, otherwise, the relevant modification shall be regarded as a new proposal and shall not be voted on at the present shareholders' general meeting.

**Article 118** Votes of the shareholders' general meeting shall be taken by raising hands for resolutions, unless relevant regulations of the securities regulatory authority of the locality where the shares of the Bank are listed require voting by poll, or the following persons require voting by ballot before or after voting by raising hands:

- (1) The meeting presider;
- (2) At least two (2) shareholders having voting rights or proxies of shareholders having voting rights;
- (3) One or several shareholders (including their proxies) holding individually or jointly ten percent (10%) or more of the voting shares at the meeting.

Unless the securities regulatory authority of the locality where the shares of the Bank are listed requires otherwise or somebody proposes voting by ballot, the presider of the meeting shall declare whether the proposal has been adopted according to the results of the vote by raising hands, and shall record the content in the minutes of the meeting, which shall serve as final evidence without having to state the number or proportion of the votes for or against the resolution adopted at the meeting.

The request for voting by ballot may be withdrawn by the person who made it.

**Article 119** The same voting right can only be exercised by means of one of the following: vote at the scene, through network or other voting methods. The same voting right with duplicate voting will be subject to the outcome of the first voting.

**Article 120** Where the matter requested to be voted upon by ballot is the election of the presider or the adjournment of the meeting, a ballot shall be taken immediately; where a ballot is requested for any other matter, such ballot shall be taken at the time decided upon by the presider and the meeting may proceed with the discussion of other matters; the result of the ballot shall still be regarded as a resolution adopted at that meeting.

**Article 121** When a ballot is held, shareholders (including their proxies) with two (2) or more votes need not cast all their votes as affirmative or negative.

**Article 122** Before the shareholders' general meeting votes on proposals, it shall recommend two (2) shareholders to take part in the calculation and monitoring of the cast of ballots. In case any matter for deliberation concerns the interest of any shareholder, such shareholder and his/her proxy shall not take part in the calculation and monitoring of the cast of ballots.

When the shareholders' general meeting is voting on the proposals, the lawyers, representatives of shareholders and supervisors shall be jointly responsible for the calculation and monitoring of ballots, the voting results shall be announced on the site and shall be recorded in the minute of the meeting.

The shareholders or their proxies that vote through network or by any other means shall have the right to check their voting results through the corresponding voting system.

**Article 123** The live meetings of the shareholders' general meeting shall not end any earlier than that held through network or by any other means. The presider of the meeting shall declare the voting and result of each proposal at the meeting, and announce whether the proposal has been adopted in light of the voting result.

Before the voting result is formally announced, relevant parties including the Bank, vote counters, vote monitors, main shareholders and the network service provider, etc. involved in the voting of the shareholders' general meeting on the site, through network or by any other means, shall bear the obligation of keeping the confidentiality of the voting.

**Article 124** The shareholders attending the shareholders' general meeting shall deliver one of the following kinds of opinion on the proposals put forward for voting: consent, objection or abstention.

Voters, whose ballots are not filled in, wrongly filled in or unintelligible shall be regarded as having abandoned their voting rights and the voting results of their shares shall be regarded as "abstention".

**Article 125** The presider of the meeting shall be responsible for deciding whether or not a resolution of the shareholders' general meeting has been passed. His/her decision shall be final and shall be announced at the meeting and recorded in the minute of the meeting.

**Article 126** Where the presider of the meeting has any doubts over the results of a resolution put forward for voting, he/she may organise the counting of the number of vote cast; where the presider of the meeting does not count the votes, a shareholder or its proxy attending the meeting who challenges the result announced by the presider of the meeting shall have the right to request counting of votes to be conducted immediately after such announcement, and the presider of the meeting shall immediately organise the counting of the votes.

**Article 127** Where counting of votes is held at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of the meeting.

The minutes shall be signed by the person who presides the meeting and the Directors present at the meeting. The minutes of the meeting together with the attendance records signed by the attending shareholders and proxies' power of attorneys shall be kept as permanent records at the Bank's domicile.

**Article 128** Shareholders may examine photocopies of the minutes of meetings during the Bank's office hours free of charge. If any shareholder requests from the Bank a photocopy of relevant minutes of meetings, the Bank shall send such photocopies within 7 days of receiving payment of reasonable charges.

**Article 129** The resolutions of the shareholders' general meeting shall be announced in a timely manner, and the announcement shall indicate the number of shareholders and proxies that attended the meeting, the total amount of their voting shares and its proportion to the total voting shares of the Bank, the voting method, the voting result of each proposal and detailed contents of each resolution.

**Article 130** Where a proposal is not adopted or the shareholders' general meeting changes the resolution of any previous shareholders' general meeting, it shall give a special notice in the announcement on the resolution of the shareholders' general meeting.

**Article 131** Where the shareholders' general meeting adopts the proposal on the election of relevant directors or supervisors, the post-taking time of the newly appointed directors or supervisors shall be calculated from the date when the resolution of the shareholders' general meeting is adopted and the qualification approval for appointment is legally obtained from the regulatory authorities.

**Article 132** Where the shareholders' general meeting adopts the proposal on profit distribution, cash dividends, rights issue or capitalisation of capital reserves, the Bank shall implement the specific scheme within two (2) months upon conclusion of the shareholders' general meeting.

## **CHAPTER VIII SPECIAL PROCEDURES FOR VOTING BY CLASSIFIED SHAREHOLDERS**

**Article 133** Shareholders who hold different categories of shares shall be classified shareholders.

Classified shareholders enjoy rights and assume obligations according to laws, administrative regulations and the provisions of the Articles of Association.

**Article 134** Where the Bank proposes to change or abrogate the rights of classified shareholders, the proposal shall be implemented only after it has been approved by a special resolution of the shareholders' general meeting and by the shareholders' meetings convened separately by affected classified shareholders according to Article 136 to Article 140 of the Articles of Association.

**Article 135** In the following conditions, the rights of a certain classified shareholders shall be deemed to be changed or abrogated:

- (1) an increase or decrease in the number of shares of such category, or an increase or decrease in the number of shares of a category which enjoys equal or more voting rights, distribution rights and other privileges to those of the shares of such category;
- (2) a conversion of all or part of the shares of such category to the shares of another category, or a conversion of all or part of the shares of another category to the shares of such category, or the grant of such conversion right;
- (3) a cancellation or reduction of the right of the shares of such category to gain accrued dividends or cumulative dividends;
- (4) a reduction or cancellation of the priority of the shares of such category to in obtaining dividends, or property distribution in the Bank's liquidation;
- (5) an increase, cancellation or reduction in the share conversion rights, options, voting rights, transfer rights, pre-emptive rights, and rights to acquire the Bank's securities attached to the shares of such category;
- (6) a cancelation or reduction of rights to receive amounts payable of the Bank in a particular currency attached to shares of such class;

- (7) a creation of a new category of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such category;
- (8) an imposition of restrictions or increase of restrictions on the transfer or ownership of shares of such category;
- (9) a right to subscribe for such class or another category of shares, or convert into another category of shares;
- (10) an increase in the rights and privileges of shares of another category;
- (11) restructuring plan of the Bank will cause shareholders of different categories to bear liability disproportionately during the restructuring;
- (12) an amendment or cancellation of the provisions in this chapter.

**Article 136** Affected classified shareholders, regardless of whether they originally have voting rights in the shareholders' general meeting, have the voting rights on the classified shareholders' meeting for issues stated in (2) to (8) and (11) to (12) of Article 135, except for the interested shareholders.

The interested shareholders mentioned in the preceding paragraph are defined as follows:

- (1) when the Bank issues a buy-back offer to all shareholders equally pro rata or buys back its own shares by open transaction at stock exchange according to Article 35, Section II, Chapter III of the Articles of Association. The "interested shareholders" refer to the controlling shareholders defined in Article 75, Chapter VI of the Articles of Association;
- (2) when the Bank buys back its own shares by agreement outside a stock exchange in accordance with Article 35, Section II, Chapter III of this Articles of Association, the "interested shareholders" refer to the shareholders which are related to the agreement;
- (3) in the Bank's restructuring plan, the "interested shareholders" refers to those shareholders who undertake liability in a lower proportion than other shareholders under this category or refers to the shareholders who own interests different from other shareholders under this category.

**Article 137** The resolutions of classified shareholders' meeting shall be passed by more than two-thirds (2/3) of voting shares of shareholders who attend classified shareholders' meeting and have the voting rights according to Article 136.

When any shareholder is not allowed to exercise any voting right on a proposal or is restricted to casting affirmative vote or negative vote, the vote that the shareholder or its agent casts in violation of the foregoing stipulation or restriction shall not be included in the voting result.

**Article 138** If the Bank intends to convene a shareholders' class meeting, it should issue a written notice twenty (20) days before the annual general meeting or fifteen (15) days before the extraordinary general meeting to inform all registered shareholders under this category about the issues to be reviewed at the meeting, meeting date and meeting place.

**Article 139** The notice on meeting of classified shareholders only needs to be sent to shareholders entitled to vote at the meeting.

Meetings of classified shareholders should be held in the procedure, to the extent possible, same as that of the shareholders' general meeting. The provisions on procedures of shareholders' general meeting as stated in the Articles of Association apply to the meeting of classified shareholders.

**Article 140** In addition to other classified shareholders, shareholders of domestic shares and shareholders of foreign shares listed overseas are regarded as shareholders under different categories.

The following circumstances shall not apply to special procedures for voting by classified shareholders:

- (1) upon approval of the general meeting of shareholders by special resolution, the Bank issues domestic listed shares and overseas listed shares every other twelve (12) months, either separately or simultaneously, and the domestic listed shares and overseas listed shares to be issued do not exceed twenty percent (20%) of the total number of such category of shares already issued to the public;

- (2) the plan on issuing domestic listed shares and overseas listed shares at the incorporation of the Bank is accomplished within fifteen (15) months from the date of obtaining approval from the securities regulatory authority of the State Council;
- (3) shares of the Bank held by its promoters are converted into overseas listed shares upon approval by the securities regulatory authority of the State Council or the securities approval authority authorised by the State Council.

## **CHAPTER IX BOARD OF DIRECTORS**

### **Section I Director**

**Article 141** The directors of the Bank are natural persons. The directors of the Bank must have the service qualifications serving as directors required by the banking regulatory and administrative authorities under the State Council, and only serve as directors of the Bank after their service qualifications are examined and approved by the banking regulatory authority of the State Council.

**Article 142** The directors are elected or replaced by the shareholders' general meeting for a term of three (3) years. A director may, if re-elected upon expiration of the term of office, serve consecutive terms. Before the expiration of the term, the shareholders' general meeting cannot remove a director from his/her post without cause. The directors of the Bank need not hold shares of the Bank.

The term of office of directors is from the date when the resolution is passed by the shareholders' general meeting and the qualification approval for appointment is obtained from the regulatory authorities, until the expiration of the term of office of the current Board. Where no election is conducted in time before the expiration of the term of office of a director, the existing director shall, before the director-elected takes office, continue to perform his duty as a director in accordance with laws, administrative regulations, and departmental rules and the Articles of Association.

The president or other senior management personnel can concurrently serve as a director, but the total number of directors concurrently serving as the president or other senior management personnel positions and the directors serving as the representatives of the employees shall be no more than half (1/2) of directors of the Bank.

After elected by the shareholders' general meeting, the service qualifications of the directors shall be examined and approved by the banking regulatory authority of the State Council.

Under the prerequisite to abide by relevant laws and administrative regulations, the shareholders' general meeting may remove any director (except independent directors) before the expiration of his/her term of office by way of an ordinary resolution (but claims made by the director pursuant to any contract are not affected).

**Article 143** The general procedures for nomination and election of directors are as follows:

- (1) For the directors to be elected and appointed by the general meeting of the Bank, according to the number of persons to be elected and in accordance with the Articles, a list of nominated candidates for directors can be drawn up by the nomination and remuneration committee of the preceding Board of Directors. Shareholders individually or jointly holding three percent (3%) or more of the total issued shares with voting rights of the Bank may also nominate candidates for directors to the Board of Directors. Such nomination shall comply with the requirements of the Articles of Association and the number of candidates nominated shall not exceed the numbers of directors to be appointed.

Unless stipulated otherwise by the State, the number of directors nominated by such shareholder and their related parties shall not, on principle, exceed the one-third (1/3) of the total number of directors on the Board of Directors;

- (2) Before the aforementioned shareholders' general meeting mentioned is convened, the nominees shall provide written undertakings that they accept the nomination, that the publicly disclosed information regarding their qualifications for serving as directors are truthful and complete and that they shall conscientiously perform their obligations upon election;

- (3) The nomination and remuneration committee of the Board of Directors shall respectively conduct preliminary verification on the qualifications and eligibility of the candidates for directors, and the names of qualified candidates shall be submitted to the Board of Directors for consideration. After approval by way of resolution from the Board of Directors, written proposals regarding the candidates for directors shall be submitted to the shareholders' general meeting; the Board of Directors shall disclose in accordance with the laws, regulations and the Articles, detailed information of the nominees to shareholders before the shareholders' general meeting is convened to ensure shareholders will have sufficient understanding of the candidates before voting;
- (4) The intention of the director candidate and the written notice to indicate the willingness of candidate to accept the nominations shall be issued to the Bank within seven (7) days before the convening of the shareholders' general meeting;
- (5) The period for the nominators and the nominee to submit the aforesaid notice and commitment (such period shall start from the second day of the issuance of the notice of the shareholders' general meeting) shall be not less than seven (7) days.

**Article 144** The directors shall comply with the laws, administrative regulations and the Articles of Association, and bear the following faithful obligations to the Bank:

- (1) shall not take bribes or other illegal income by making use of position, and not seize the properties of the Bank;
- (2) shall not misappropriate funds of the Bank;
- (3) shall not save the assets or funds of the Bank into the accounts opened in his/her own name or other personal name;

- (4) shall not violate the provisions of the Articles of Association, or without the consent of the shareholders' general meeting or the Board of Directors, to loan funds of the Bank to others or provide the properties of the Bank to others for guarantee;
- (5) shall not violate the provisions of the Articles of Association, or without the consent of the shareholders' general meeting, enter into a contract or transaction with the Bank;
- (6) without the consent of the shareholders' general meeting, shall not take advantage of the position, to seek business opportunities that shall belong to the Bank for himself or others, and engage in the business similar to the Bank by himself or with others;
- (7) shall not accept and occupy the commissions in transactions with the Bank;
- (8) shall not disclose the secrets of the Bank without approval;
- (9) shall not impair the interests of the Bank by making use his/her associate relationship;
- (10) exercise the powers within the limits of their responsibilities, and shall not abuse powers;
- (11) shall not reap benefits for him/her or others by making use of inside information;
- (12) shall not maliciously harm the interests of the Bank in other ways;
- (13) other faithful obligations stipulated by laws, administrative regulations, and departmental rules and the Articles of Association.

The revenues obtained by the director in violation of this Article shall belong to the Bank; in the event of causing losses to the Bank, the director shall be liable for compensation.

**Article 145** The directors shall comply with the laws, administrative regulations and the Articles of Association, and bear the following diligence obligations to the Bank:

- (1) shall cautiously, carefully and diligently exercise the rights conferred by laws and the Articles of Association, and guarantee sufficient time and efforts to perform his duties in order to ensure the Bank's business practices comply with national laws, administrative regulations and the requirements of the national economic policies, and commercial activities shall not exceed the business range stipulated on the business license;
- (2) shall be accountable to all shareholders and the Bank and be fair to all shareholders when performing their duties;
- (3) shall carefully read the business, financial reports of the Bank, timely understand the business operations and management of the Bank and have the power to require the senior management to provide the relevant information that gives full, timely and accurate view on the operation and management of the Bank or explain the relevant matters thereof;
- (4) attend the meetings of the Board of Directors in a timely manner, fully review the matters to be resolved by the Board of Directors, give independent, professional and objective opinions, cast votes independently at his/her prudent discretion and take responsibilities for the resolutions of the board;
- (5) shall sign a written confirmation to the Bank's periodic reports, to ensure that the information disclosed by the Bank is true, accurate and complete;
- (6) personally exercise the legally conferred disposal right of the Bank, shall not be manipulated by others; without the permit of laws, regulations or without the approval of shareholders' general meeting upon informed circumstances, shall not grant the disposal right to others for exercise;
- (7) shall truthfully provide relevant information and data to the Board of Supervisors, and shall not prevent the exercise of functions and powers of the Board of Supervisors or the supervisors;

- (8) supervise the implementation of the resolutions of the general meetings and the board meetings by the senior management;
- (9) actively participate in relevant trainings, understand the rights, obligations and responsibilities of directors, be familiar with relevant laws and regulations, and perpetuate their professional competence and capability essential to perform their duties;
- (10) be diligent and fulfil duties, and maintain the financial security of the Bank;
- (11) follow high standards of professional ethics and give consideration to the legal interests of the interested parties;
- (12) other diligence obligations stipulated by laws, administrative regulations, and departmental rules and the Articles of Association.

**Article 146** The directors shall attend Board meetings earnestly and responsibly, and shall propose motions or address their opinions in an independent, professional and objective manner.

A director shall spend sufficient time to carry out their duties. An independent director shall work in the Bank for no less than fifteen (15) working days each year. A director who is a member of the audit committee, or the principal of the related-party transactions control committee and the risk management committee shall work in the Bank for no less than twenty-five (25) working days each year.

Directors shall attend at least two-thirds (2/3) of the on-site Board meetings in person each year. A director may appoint, in writing, another director to vote on his or her behalf if unable to attend a Board meeting in person. However, an independent director may not appoint a non-independent director to vote on his or her behalf. Such an appointing director shall independently assume legal liability. One director may, on principle, act on their behalf for not more than 2 directors who are not present at the board meeting in person. When considering any related transactions, a non-related director may not appoint the related director(s) to attend the meeting on his or her behalf.

A director shall be deemed incapable of carrying out their duties if they fail to attend two (2) consecutive Board meetings either personally or by appointing other directors to attend on their behalf, or attends less than two-thirds (2/3) of the total Board meetings in person within one (1) year. The Board of Directors shall, in a democratic manner such as through a shareholders' general meeting or workers congress, make a proposal to remove such directors.

**Article 147** The director may resign before the expiration of his term. The director shall submit a written resignation to the Board of Directors to resign. The Board of Directors will disclose the situation in two (2) days.

**Article 148** Where the number of the directors in the Board of Directors of the Bank is less than the statutory number or less than two-thirds (2/3) of the number that required by the Articles of Association due to the resignation of a director within his term of office, such director shall, until a new director is elected, continue to perform his duty as a director in accordance with laws, administrative regulations, and departmental rules and the Articles of Association. Any director of a bank and insurance institution that is dealing with major risks should not resign without the approval of regulatory authority.

Except as provided in the preceding clauses, the resignation of directors shall come into force upon the delivery of the resignation report to the Board of Directors.

When the number of the directors in the Board of Directors is less than the minimum number stipulated in the Company Law or the minimum number required for voting by the Board of Directors due to the removal of directors by the shareholders' general meeting or death, the loss of independence and resignation of independent directors, or other circumstances that cannot perform the duties of directors, the powers of the Board of Directors shall be exercised by the shareholders' general meetings until the number of the directors in the Board of Directors meets the minimum quorum.

When the term of office of directors expires, or the number of the directors in the Board of Directors is less than the minimum number specified in the Company Law or two-thirds (2/3) of the number required by the Articles of Association, the Bank shall promptly conduct the procedures for the election of directors and convene a shareholders' general meeting for the election of directors.

**Article 149** Where a director violates the provisions of laws, regulations or the Articles of Association, infringes the interest of the shareholders, other directors, supervisors and senior management personnel of the Bank, and constitutes a crime, and such facts have been adjudicated by the competent court upon final judgment, from the date of the effectiveness of such judgment, the director is accordingly dismissed from office, and the dismissal is announced by the chairman of Board of Directors on the next board meeting.

**Article 150** Upon the effective resignation or the expiration of the term of office, the director shall complete all transfer procedures to the Board of Directors, and the faithful obligations borne to the Bank and shareholders are not accordingly released and shall be still effective within a reasonable period specified in the Articles of Association, his/her confidentiality obligation to conserve trade secret of the Bank is still effective after the end of his/her term of office, until the secret becomes public information. The duration of the obligations shall be decided based on the principle of fairness, depending on the length of the event and the time of departure, and the circumstances and conditions under which the relationship between the directors and the Bank comes to the end.

**Article 151** Without the provisions of the Articles of Association and the lawful authority of the Board of Directors, any director shall not act on behalf of the Bank or the Board of Directors in his own name. When a director acts in his/her own name, under the circumstances that the third party may reasonably believe that the director acts on behalf of the Bank or the Board of Directors, the director shall declare his/her position and identity in advance.

**Article 152** A director that violates laws, administrative regulations, departmental rules or the Articles of Association and causes losses to the Bank in performing duties of the Bank shall be liable for compensations.

**Article 153** The Board of Directors shall develop standards and procedures for assessing the performance of directors, to strengthen the management of the duty fulfilment of directors.

## **Section II Independent Directors**

**Article 154** The independent directors of the Bank shall be implemented in accordance with the related provisions of laws, administrative regulations and departmental rules.

**Article 155** Independent directors of the Bank refer to the directors that do not hold any position other than the directors and the members of the special committee of the Board of Directors, and have no relationship with the Bank and shareholders, and the actual controllers which possibly impedes his independent and objective judgment.

Independent directors shall meet the following basic requirements:

- (1) in accordance with the laws, regulations and other relevant regulations, have the qualifications to be serving as directors of the Bank;
- (2) perform the duties independently, not affected by the shareholders, actual controllers, or other units or individuals that have interests with the Bank;
- (3) have a basic knowledge for the operation of listed companies, familiar with relevant laws, administrative regulations, departmental rules and regulations;
- (4) have more than five (5) years of legal, economic, financial or other working experiences beneficial for performing duties of independent directors;
- (5) have a university degree or related intermediate professional titles;
- (6) familiar with laws and regulations related to commercial bank management;
- (7) able to read, understand and analyse the credit statistics reports and financial statements of commercial banks;
- (8) meet the relevant requirements on independent directors stipulated in the Listing Rules;
- (9) meet other requirements stipulated by laws, administrative regulations, departmental rules or regulatory authority.

**Article 156** Except the persons that shall not serve as directors of the Bank, the following persons shall not serve as independent directors of the Bank:

- (1) the persons who hold more than one percent (1%) of the shares of the Bank or take office in the companies of the shareholders;

- (2) persons taking office in the Bank, or in the enterprises which are held the controlling shares by the Bank or actually controlled by the Bank;
- (3) persons who have ever taken office in the Bank, or in the enterprises which are held the controlling shares by the Bank or actually controlled by the Bank within three (3) years prior to taking office;
- (4) persons taking office in enterprises which fail to return the money borrowed from the Bank;
- (5) persons taking office in institutions that has legal, accounting, auditing, management consulting and other business contacts or interest relations with the Bank;
- (6) any other person who can be controlled or significantly affected through a variety of ways by the Bank;
- (7) close relatives of above-mentioned persons (close relatives mentioned in this article mean husband and wife, parents, children, paternal grandparents, maternal grandparents, brothers and sisters. For the persons taking office in the Bank or the subsidiary companies of the Bank, close relatives also include the spouses of wife's parents, daughter-in-law and son-in-law, and brothers and sisters, and the brothers and sisters of spouses, etc.);
- (8) persons working in state organs;
- (9) other persons that shall not serve as independent directors stipulated by laws, administrative regulations, departmental rules or the securities regulatory body and the banking regulatory authority of the State Council, and Hong Kong Stock Exchange.

**Article 157** A staff member from a government authority shall not concurrently serve as an independent director of the Bank. The independent directors of the Bank may act as an independent director in no more than five (5) domestic and overseas companies at the same time and shall not hold positions in more than two (2) commercial banks at the same time.

An independent director shall, before holding a position in other non – commercial financial institutions, inform the Bank of such facts and confirm that there is no related relationships and conflict of interest between such a position and their position in the Bank.

The term of service of an independent director shall be the same as that of other directors of the Bank and may be re – elected and re-appointed upon the expiration of their term of office, provided that such term of office in the Bank of the independent directors shall not be more than six (6) years on an accumulative basis.

**Article 158** The members of the Bank’s Board of Directors shall have one third (1/3) or more independent directors, including at least one (1) accounting professional.

**Article 159** The way and procedures for nomination of independent directors:

- (1) The Board of Directors may nominate and the Nomination and Remuneration Committee may propose candidates qualified for independent directors to the Board of Directors;
- (2) The same shareholder may only nominate one (1) independent director candidate, and is not allowed to nominate independent director and external supervisor at the same time, shareholders who have nominated non-independent directors and their related parties shall not nominate independent directors;
- (3) The nominator of independent director shall obtain prior consent of the nominee before the nomination. The nominator shall fully understand the occupation, education, job title, detailed work experience, and all of the part-time work of the nominee, and comment on the qualifications and independence of the nominee to serve as independent director, and the nominee shall make a public statement that no relationship exists between him/her and the Bank which may affect the his/her independence and objective judgment;
- (4) The Nomination and Remuneration Committee of the Board, the Board of supervisors and the shareholders that individually or jointly hold more than one percent (1%) of the issued shares of the Bank with voting rights may nominate independent director candidates and independent directors are elected by the shareholders’ general meeting.

**Article 160** An independent director may resign before the expiration of the term of office. Before the shareholders’ general meeting or the Board of Directors approves the resignation of an independent director, the independent director shall continue to perform his/ her duties.

The independent director shall submit a written resignation report to the Board of Directors for resignation, and explain any circumstance related to the resignation or which he/she considers necessary to be noticed by shareholders and creditors of the Bank. Where the resignation of the independent director results in that the proportion of independent directors of the Board of Directors of the Bank is below the minimum requirement of the laws and regulations, the resignation report of the independent director shall take effect after the new independent director fills his/her vacancy, except where the independent director resigns due to loss of independence and is dismissed.

**Article 161** An independent director in one of the following circumstances shall be removed by the shareholders' general meeting proposed by the Board of Directors or supervisors:

- (1) not meet the service qualifications for an independent director due to position change and not resign personally;
- (2) the number of on-site board meetings attended in person in one year is less than two-thirds (2/3) of the total number of on-site board meetings;
- (3) neither attends in person the board meeting nor engages another independent director to attend the board meeting for two (2) consecutive times; or not attend in person the board meeting for three (3) consecutive times;
- (4) other circumstances not suitable to serve as an independent director stipulated by the laws and regulations.

In the event of failure to attend in person the board meeting for three (3) consecutive times as specified in item (3) above, the Bank shall convene a shareholders' general meeting to remove the independent director and elect a new independent director within three (3) months.

**Article 162** The independent director whose service qualifications are cancelled by the banking regulatory authority of the State Council due to serious misconduct shall not serve as the independent director of the Bank. His/her post is accordingly removed from the date of the cancellation of service qualifications, and the Bank shall promptly elect a new independent director. The following conducts shall be deemed as serious misconducts of independent directors:

- (1) disclose the trade secrets of the Bank, and impair the legal interests of the Bank;

- (2) accept improper benefits in the course of the performance of duties, or use the position of independent director for personal gain;
- (3) clearly know the resolution of the Board of Directors violates laws, regulations or the Articles of Association of the Bank, and not propose objections;
- (4) an independent director doesn't exercise the veto for associated/connected transactions that result in a significant loss to the Bank, which shall be submitted to the Board of Directors for deliberation according to laws, administrative regulations, departmental rules, the related regulations of the stock exchange in which the shares of the Bank are listed, the Articles of Association, and other internal systems;
- (5) other serious misconducts identified by the regulatory authority.

**Article 163** Independent directors bear fiduciary obligations and shall be diligent and fulfil duties. An independent director shall work in the Bank no less than fifteen (15) working days each year. An independent director may appoint another independent director to attend Board meetings on their behalf, but he/she should attend in person at least two-thirds (2/3) of total Board meetings held in one (1) year.

**Article 164** Independent directors shall give objective, impartial and independent opinions on the matters discussed at the shareholders' general meeting or the Board meetings of the Bank, and shall in particular, give opinions to the shareholders' general meeting or the Board of Directors in relation to the following matters:

- (1) the legality and fairness of significant connected party transactions;
- (2) profit distribution plans;
- (3) the nomination and appointment and dismissal of directors and the appointment and dismissal of senior management members;
- (4) the remuneration of directors and senior management members;
- (5) matters that may cause significant loss to the Bank;
- (6) matters deemed by the independent directors as such that may impair the legitimate rights and interests of the depositors and minority shareholders of the Bank and other persons who have interest in the Bank;

- (7) the effect of the issuance of preference shares on the rights and interests of each class of shareholders;
- (8) the appointment or removal of the accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis;
- (9) other circumstance as provided for by the laws and regulations, regulatory rules and the Articles of Association.

**Article 165** The opinions expressed by independent directors on the Bank's decisions shall be stated in the records of the board meetings. Independent directors not proposing objections on the resolutions of the board meetings that violate laws, regulations or the Articles of Association of the Bank and result in serious losses to the Bank shall be liable for compensations according to laws.

**Article 166** In order to ensure the effective functioning of independent directors, the Bank shall provide the necessary conditions for independent directors:

- (1) the Bank shall ensure that the independent directors are entitled to the same right of information as other directors, and provide the independent directors with necessary information for participation in decision-making in a timely and complete manner;
- (2) the Bank shall provide independent directors with the necessary working conditions to perform their duties;
- (3) when independent directors exercise their functions and powers, the relevant personnel of the Bank shall actively cooperate and shall not refuse, obstruct, conceal, or interfere with the independent exercise of the functions and powers;
- (4) the fees of the intermediary hired by independent directors and other costs for the exercise of functions and powers shall be borne by the Bank;
- (5) the Bank gives proper allowances to independent directors. The plan for allowance standard shall be made by the Board of Directors, passed through the consideration and discussion of the shareholders' general meeting, and disclosed in the annual report of the Bank. In addition to the above-mentioned allowances, the independent directors shall not obtain any other additional, undisclosed interests from the Bank and the major shareholders or interested organizations and personnel of the Bank.

**Article 167** The independent directors shall perform their functions and duties in good faith, independently and diligently, effectively safeguard the legitimate rights and interests of the Bank, minority shareholders and financial consumers, free from any influence from the shareholders, actual controller, senior management or other entities or individuals who have an material interest in the Bank.

If there are major defects in the corporate governance mechanism or the corporate governance mechanism fails in the Bank, independent directors shall report relevant information to the regulatory authorities in time. In addition to reporting the relevant circumstances to the regulatory authorities, independent directors shall keep the Bank's secrets confidential.

**Article 168** Independent directors of the Bank may elect one (1) independent director, who is responsible for convening special meetings attended by independent directors to study issues related to the performance of their duties.

### **Section III Board of Directors**

**Article 169** The Bank sets up the Board of Directors, which is responsible for the shareholders' general meeting.

**Article 170** The Board of Directors consists of fifteen (15) directors, including five (5) executive directors, five (5) non-executive directors and five (5) independent directors. The Board of Directors has one (1) chairman and one (1) deputy chairman of Board of Directors, and the number of independent directors shall be not less than one third (1/3) of all directors.

It is not necessary for directors to hold shares of the Bank.

The method and procedure for nominating the chairman of the Board of Directors are set out below:

- (1) shareholders who individually or jointly hold ten percent (10%) or above shareholdings of the Bank can nominate the chairman of the Board of Directors and the candidate of the chairman of the Board of Directors shall be the directors of the Bank.
- (2) the qualification and conditions of the candidate for the chairman of the Board of Directors shall be reviewed by the nomination and compensation committee of the Board of the Directors and submit the candidate who meet the qualification for election at the meeting of the Board of Directors.

**Article 171** The Board of Directors shall exercise the following functions and powers:

- (1) convene the shareholders' general meeting and to report to the shareholders' general meeting;
- (2) implement the resolutions of the shareholders' general meeting;
- (3) decide the development strategies of the Bank and supervise the implementation of the strategies;
- (4) decide the operation plan, investment plan;
- (5) formulate the capital plan of the Bank and assume the ultimate responsibility for capital or solvency management;
- (6) formulate policies on risk tolerance level, risk management and internal control of the Bank and assume ultimate responsibility for comprehensive risk management;
- (7) formulate the annual financial budget plan and final account plan of the Bank;
- (8) formulate the profit distribution plan and loss make-up plan of the Bank;
- (9) formulate the plans for the increase or decrease of the registered capitals, the issuance of bonds or other securities and the listing of the Bank;
- (10) make the plans for major acquisitions of the Bank, the acquisitions of the stock of the Bank or merger, division, dissolution and form change of the Bank;
- (11) regularly evaluate and improve the Bank's corporate governance;
- (12) in accordance with laws and regulations and the provisions of the Articles and Association decide the Bank's external investment, purchases of assets, disposal and write-off of assets, pledged assets, related/connected transactions, data governance and other matters;
- (13) determine arrangement plans for the Bank's internal management agencies, branches and capacity, and the number of management personnel;

- (14) according to the nomination of the chairman of Board of Directors, engage or dismiss the president and secretary of the Board of the Bank; upon the nomination of the president, engage or dismiss the vice president, assistant president, chief financial officer and other senior management personnel;
- (15) decide the remuneration matters and disciplinary matters of senior management personnel, supervise senior management to perform their duties;
- (16) formulate the basic management system, validate work rules for the president;
- (17) formulate the amendment plan for the Articles of Association, formulate the Rules of Procedures for Shareholders' General Meetings, the Rules of Procedures for Board meetings, and consider and approve the working rules of the special committees of the Board of Directors;
- (18) manage the information disclosure matters of the Bank, and assume the ultimate responsibility for the authenticity, accuracy, completeness and timeliness of accounting and financial reports;
- (19) propose on the engagement or replacement of the accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis to the shareholders' general meeting;
- (20) listen to the work report of the president of the Bank and check the work of the president;
- (21) safeguard the legitimate rights and interests of financial consumers and other stakeholders, determine the strategies, policies and target for the protection works of consumer rights of the Bank and assume the ultimate responsibility for protection of consumer rights;
- (22) establish the mechanism for identification, verification and management of the conflict of interests between the Bank and shareholders, in particular substantial shareholders;
- (23) assume the management responsibility for affairs of shareholders;

- (24) verify the Bank's compliance with the Corporate Governance Code specified in Listing Rules of Hong Kong Stock Exchange and the information disclosed in the Corporate Governance Report;
- (25) other functions and powers conferred by laws, administrative regulations, departmental rules or the Articles of Association.

The Board shall consider the research and discussion of the Party Committee before making decisions on the major issues of the Bank.

**Article 172** The Board of Directors shall explain the non-standard audit opinions issued by certified public accountants on the financial report of the Bank to the shareholders' general meeting.

**Article 173** The Board of Directors of the Bank assumes the ultimate responsibility for the management of equity affairs. The chairman of the Bank shall be the first responsible person in handling the equity affairs of the Bank. The secretary of the Board of Directors shall assist the chairman, and shall be the direct person responsible for dealing with the equity affairs. The chairman and the secretary of the Board of the Directors shall perform their duties faithfully, honestly and diligently. Those who fail to fulfill their duties with due diligence shall undertake legal liabilities according to the law.

**Article 174** The Board of Directors shall formulate adequate rules and procedures for Board meetings, including notice of meeting, mode of meeting, preparation of documents, method of voting, proposal mechanism, Board minutes and the signing thereof, and the principles of granting authorization to the Board of Directors. Such rules and procedures shall be approved and implemented at a shareholders' general meeting so as to ensure the efficiency and scientific policy – making of the Board of Directors.

The rules and procedures of the Board of Directors shall contain the proposal mechanisms and procedures for proposals of every description and clarify the rights and obligations of each governing entity. The proposing parties of all proposals shall be clearly recorded in the minutes.

**Article 175** The Board of Directors shall define its authority in relation to foreign investment and acquisitions and disposals of the Bank's assets outside the scope of normal banking business, and establish strict examination and policy-making procedures; it shall arrange for the assessment and examination by relevant experts and professionals of substantial investment projects and asset disposals, and submit a report of the same to the shareholders for approval.

For the disposal of any fixed assets by the Board of Directors, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within four (4) months immediately preceding such proposal for disposal exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed at a shareholders' general meeting, the Board of Directors shall not dispose of or approve of the disposal of such fixed assets without the approval of the shareholders.

The disposal of fixed assets referred to in this Article includes the transfer of interests of certain assets, but excludes the provision of fixed assets as pledges to any guarantees.

The validity of transactions conducted by the Bank in relation to the disposal of fixed assets shall not be affected notwithstanding any violation of the requirements set out in the first paragraph of this Article.

**Article 176** The Board of Directors shall hold regular meetings at least four (4) times every year, at least once in a quarter, convened by the chairman of Board of Directors, and noticed to all directors and supervisors in a written form within fourteen (14) days before the meeting.

**Article 177** Upon any of the following circumstances, the chairman of Board of Directors convenes and presides over an interim board meeting within ten (10) days after receiving the proposal:

- (1) proposed by shareholders representing more than one tenth (1/10) of the voting rights;
- (2) proposed by more than one third (1/3) of directors;
- (3) proposed by the Board of Supervisors;
- (4) the chairman of Board of Directors considers necessary;

- (5) proposed by more than two (2) independent directors;
- (6) proposed by the president;
- (7) the regulatory department requires to hold the meeting;
- (8) other circumstances stipulated in the Articles of Association.

**Article 178** The ways of notice for an interim board meeting are: issue the notice to each director in the form of fax, express mail, hand delivery, or e-mail; the notice period is: three (3) working days before the meeting. Where the interim board meeting is needed to be held as soon as possible under emergency situation, the meeting notice may be issued by telephone or other oral ways, but the convener shall give an explanation at the meeting.

**Article 179** The meeting notice of the board meeting includes the following:

- (1) the time and place of the meeting;
- (2) duration of the meeting;
- (3) the subject and issues;
- (4) the date of the notice.

**Article 180** The board meeting shall be held upon the attendance of more than half of directors. The resolutions of the Board of Directors must be passed upon the approval of more than half of all the directors, and the profit distribution plan, the remuneration plan, major investment, the major asset disposal plans, recruiting or dismissing senior management, the capital increase plan, major shareholding structure change and financial reorganization, etc., must be passed upon the approval of more than two thirds (2/3) of directors.

One person, one vote, is performed for the vote on resolutions of the Board of Directors.

**Article 181** Unless there is any exceptional circumstance (if any) contained in this Articles of Association as approved by the Stock Exchange, a director shall not vote for the the contracts or arrangement or other resolutions in which he/she or any of his or her close associate has material interest. When determining the quorum of the board meeting, such director shall not be accounted for the purpose of meeting the quorum.

The director that has associated relationship with the enterprise involved in the resolution of the board meeting shall not exercise the right to vote on the resolution, nor exercise voting rights on behalf of other directors. The board meeting could be held upon the attendance of directors without associated relationship, and the resolution of the board meeting shall be passed upon the approval of directors without associated relationship. The aforementioned matters that shall be passed upon the approval of more than two thirds (2/3) of the directors of the Board must be passed upon the approval of more than two thirds (2/3) of the directors without associated relationship. In the event of less than three (3) attending directors without associated relationship, the matter shall be submitted to the shareholders' general meeting for deliberation.

**Article 182** The meetings of the Board of Directors may be convened by members attending in person (including video and telephone dial-in) and by way of circulation of a written resolution. The voting method for the meetings convened by members attending in person is by hand or on a poll.

The Bank shall record the meeting of the Board of Directors convened by members attending in person through tape or video. If the meeting of the Board of Directors is convened through telephone or video dial-in, the Directors attending the meeting should be guaranteed to be capable of listening to other Directors clearly and mutual communication. If the Directors cannot immediately sign the meeting minutes of such meetings, they should adopt oral resolutions and execute the written resolutions as soon as possible. The oral resolutions of the Directors have the equivalent effect of executed written resolutions. However, the executed written resolutions afterwards should be consistent with the oral resolutions during the meeting. If there is inconsistency between such executed written resolutions and the oral resolutions, the oral resolutions should take priority.

Unless otherwise required by the listing rules or applicable provisions in the place where the Bank's shares are listed, under the prerequisite to sufficiently ensure directors to express opinions and have the full conditions to understand the meeting subject and issues and other information, the interim board meeting may consider Board resolutions by means of circulation of a written resolution and the Directors or Directors entrusted by them shall state clearly their affirmative or negative opinions or abstention on the resolutions. Once the number of directors who sign in favor of a resolution reaches the quorum as required by these Articles, the resolution shall be deemed to be adopted.

The profit distribution plan, remuneration plan, major investment, the major asset disposal plans, recruiting or dismissing senior management, the capital increase plan, major shareholding structure change and financial reorganization, etc. of the Bank shall be submitted to the Board of Directors for approval by two thirds (2/3) and shall not be voted by means of circulation of a written resolution.

**Article 183** The board meeting shall be attended by directors personally. Regular or interim board meeting may be held by telephone or similar communications equipment, as long as the participating directors can hear speech of other directors and make normal communication, all the participating directors shall be deemed to have personally attended the meeting. The director unable to attend can entrust another director to attend the meeting in a written form, the power of attorney shall clearly state the agent's name, ID number, the reason why the principal cannot attend, the agency matters, the scope and validity of authorization, the brief comments of the principal on each proposal, and the instructions of the principal on the voting intention for each proposal, and signed and sealed by the principal.

The director who attends the meeting on behalf of another director shall exercise the rights of directors within the authority. The director not attending the board meeting and not entrusting a representative to attend the meeting shall be deemed to have waived the right to vote.

**Article 184** The Board of Directors shall make meeting minutes for all decisions of matters discussed at the meeting, and the attending directors and the recorder shall sign on the meeting minutes. The attending directors shall have the rights to require making explanatory notes on their speech at the meeting. If a director has different opinions on the meeting minutes, he/she may attach a note at the time of signature. The meeting minutes shall be kept permanently.

**Article 185** The directors shall be responsible for resolution of the Board of Directors. Where the board resolutions violate laws, administrative regulations or the Articles of Association, resulting in losses to the Bank, the directors involved in the resolution shall be liable for compensations to the Bank. But the director whose vote is proved to express dissent and is recorded in the minutes may be exempted from liability.

**Section IV Chairman of Board of Directors**

**Article 186** The Board of Directors shall have one (1) chairman of Board of Directors and one (1) deputy chairman of Board of Directors. The chairman of Board of Directors and the deputy chairman of Board of Directors shall be elected by more than half of all the directors on the board meeting, and have a term of office for three (3) years and may be re-elected.

**Article 187** The chairman of the Board of Directors and the president of the Bank shall be divided.

**Article 188** The chairman of the Board of Directors shall exercise the following functions and powers:

- (1) preside over the shareholders' general meeting and convene and preside over board meetings;
- (2) supervise and inspect the implementation of resolutions of board meetings;
- (3) sign the corporate bonds and other negotiable securities;
- (4) propose the president candidate and the board secretary of the Bank to the Board of Directors and other candidates that shall be engaged or dismissed by the Board of Directors proposed by the chairman of Board of Directors;
- (5) propose member candidates of the special committees of the Board of Directors;
- (6) sign important documents of the Board of Directors and other documents that shall be signed by the legal representative of the Bank;

- (7) in emergency situations such as natural disasters and other force majeure, exercise the special handling right on the affairs of the Bank in compliance with the law and the interests of the Bank, and report to the Board of Directors or shareholders' general meeting afterwards;
- (8) exercise the functions and powers of the Bank's legal representative;
- (9) other matters authorised by the Board of Directors.

**Article 189** The meeting of the Board of Directors of the Bank shall be convened and presided by the chairman of the Board of Directors. Where the chairman of Board of Directors is unable to perform duties or fails to perform duties, the deputy chairman of the Board of Directors shall convene and preside the meeting; where the deputy chairman of the Board of Directors is unable to perform his/her duties, more than half of the directors shall elect one (1) director to perform duties.

#### **Section V Special Committee of the Board of Directors**

**Article 190** In order to fully perform duties, the Board of Directors sets up Strategy Committee, Risk Management Committee, Related-party Transaction Control Committee, Audit Committee and Nomination and Remuneration Committee, and Consumers' Rights Protection Committee. The special committees of the Board of Directors shall be accountable to the Board of Directors, provide professional advice to the Board of Directors or make decisions on specific matters as authorized by the Board of Directors. The number of people for the special committees of the Board of Directors is not less than three (3), and the proportion of independent Directors among the Related-party Transaction Control Committee, Audit Committee, Nomination and Remuneration Committee and Risk Management Committee shall not, on principle, be less than one third (1/3), and the chiefs of the Related-party Transaction Control Committee, Audit Committee and the Nomination and Remuneration Committee shall be acted by independent Directors.

**Article 191** The Nomination and Remuneration Committee are primarily responsible for:

- (1) reviewing the remuneration management system and policy, formulating the remuneration plan for the directors and senior management of the Bank and make proposal of remuneration to the Board of Directors and supervising its implementation;

- (2) formulating the criteria and procedures for the election and appointment of directors and senior management personnel;
- (3) conducting preliminary review of qualification and conditions of directors and senior management personnel and make recommendations to the Board of Directors;
- (4) formulating assessment standards of directors and senior management personnel, conducting the above mentioned assessment and make recommendations to the Board of Directors;
- (5) seeking for qualified candidates of directors and senior management personnel;
- (6) other matters authorised by the Board of Directors.

**Article 192** Risk Management and Related-party Transaction Control Committee are primarily responsible for:

- (1) supervising the risk control in terms of the credit, floating, market, compliance and reputations;
- (2) making regular assessment of the risk policy, management status and risk status; making assessment on the working procedure and working results of internal audit department of the Bank and putting forward a sound risk management advice;
- (3) determining the strategy on the overall management of the risk and the cap of the overall risk;
- (4) reviewing the asset and liability management policies of the Bank;
- (5) other matters authorised by the Board of Directors.

**Article 193** The Strategy Committee is primarily responsible for:

- (1) formulating the goal of operations and the long term development strategies of the Bank;

- (2) supervising and inspecting the implementation on the annual business targets and investment programmes;
- (3) researching and providing advice on material investment and asset operating projects that shall be approved by the Board of Directors;
- (4) researching and providing advice on other material matters that will affect the development of the Bank;
- (5) other matters authorised by the Board of Directors.

**Article 194** The Audit Committee is primarily responsible for:

- (1) examining the accounting policies, financial condition and financial reporting procedures of the Bank;
- (2) examining the status of risk and compliance;
- (3) coordinating on the annual audit work, proposing the appointment or replacement of the accounting firm; preparing report with judgement on whether the financial information audited is true, complete, timely and accurate and make proposals to the Board of Directors;
- (4) overseeing the internal control system and conducting audit for material related party transactions;
- (5) other matters authorised by the Board of Directors.

**Article 195** Related-party Transaction Control Committee are primarily responsible for:

- (1) managing the related party transaction in accordance with laws and regulations and formulating the related party transaction system;
- (2) identifying the related parties in accordance with laws and regulations and report to the Board of Directors, Board of supervisors and china bank industry regulatory authorities;

- (3) reviewing the related party transaction of the Bank in accordance with laws and regulations and the business principles of fairness;
- (4) the independent board committee shall issue written report on the fairness and the compliance of internal procedure in relation to material related party transactions and very material related party transactions;
- (5) inspecting and supervising the control of the Bank's related party transactions, and the implementation of related party transactions control system by the Bank's directors, senior management personnel, the related parties, and report to the Board of Directors;
- (6) other matters authorised by the Board of Directors.

**Article 196** The Consumers' Rights Protection Committee of the Board of Directors is mainly responsible for the followings:

- (1) formulate the strategies for, policies on and goals of consumers' rights protection of the Bank and include consumers' rights protection into corporate governance and business development strategies, and direct the senior management on enhancement, in terms of overall planning, of cultivation of corporate culture in respect of consumers' rights protection;
- (2) supervise and guide the senior management on efficient performance and implementation of work relating to consumers' rights protection, listen, on a regular basis, to special reports by the senior management on the working progress of consumers' rights protection of the Bank, consider and approve such special reports, submit to the Board such special reports, and disclose information as required, and supervise the senior management in effectively implementing the strategic objects and policies for protection of consumer rights;
- (3) responsible for supervising the work of consumers' rights protection of the Bank and evaluating the comprehensiveness, timeliness and efficiency of the work, and the performance of the senior management;
- (4) consider resolutions on consumers' rights protection proposed to be submitted to the Board for review, and advise the Board in this respect according to the overall strategies of the Bank;

- (5) other duties and powers as stipulated by the laws and regulations, the Articles of Associations of the Bank, and as authorized by the Board.

**Article 197** The Board of Directors formulates the rules of procedure and working duties of all committees, and all committees formulate the annual working plan and regularly hold meetings.

**Article 198** All special committees may engage external agencies to offer professional opinions, and related fees are borne by the Bank.

## **Section VI Secretary of the Board of Directors**

**Article 199** The Board of Directors shall have board secretary, nominated by the chairman of Board of Directors, appointed and dismissed by the Board of Directors, to be responsible for the Board of Directors. The board secretary is the senior management personnel of the Bank.

The board secretary shall comply with the relevant provisions of laws and administrative regulations, departmental rules and the Articles of Association.

**Article 200** The board secretary shall be a natural person that has the necessary professional expertise and experience, commissioned by the Board of Directors.

**Article 201** The board secretary of the Bank shall meet the following conditions:

- (1) having good work ethic and personal qualities;
- (2) having the financial, management, legal and other expertise necessary for performing duties;
- (3) having the working experiences necessary for performing duties, including but not limited to company management experiences and the experiences working in banks;
- (4) meeting the conditions to serve as the board secretary required by the Stock Exchange in which the shares are listed;
- (5) meeting the service qualifications required by the banking regulatory authority of the State Council.

**Article 202** The directors or other senior management personnel can concurrently serve as the board secretary. The accountants of the accounting firm engaged by the Bank shall not concurrently serve as the board secretary.

When a director concurrently serves as the board secretary, if an act should be done by a director and board secretary separately, the person acting as the director and board secretary shall not act in double identities.

**Article 203** The primary duties of the board secretary are:

- (1) ensuring that the Bank has complete organizational documents and records;
- (2) ensuring that the Bank prepares and submits reports and documents required by competent authorities in accordance with laws;
- (3) ensuring that the register of shareholders of the Bank is properly maintained to ensure that the person entitled to obtaining the relevant records and documents of the Bank can get the relevant records and documents in a timely manner;
- (4) responsible for the information release of the Bank, and preparing and submitting the reports and documents issued by the Board of Directors and shareholders' general meeting required by related national authorities;
- (5) organizing and preparing the board meetings and shareholders' general meeting, and is responsible for organizing the custody of the meeting documents and records;
- (6) responsible for drafting board documents and related rules and regulations;
- (7) responsible for information disclosure of the Bank, and taking effective measures to ensure that the information disclosure is timely, accurate, legitimate, true and complete;
- (8) assisting the Board of Directors of the Bank to strengthen the construction of corporate governance;
- (9) responsible for the investor relations management of the Bank, improving the communication, reception and service mechanism of the Bank with investors;

- (10) responsible for the equity management affairs of the Bank, including safekeeping share-holding materials of the shareholders of the Bank, urging the directors, supervisors, senior management personnel and other relevant personnel to comply with the relevant provisions about the shares trading of the Bank etc.;
- (11) assisting the Board of Directors of the Bank to develop the capital market development strategy, assist in planning or implementing the capital market refinancing or mergers and acquisitions transactions of the Bank;
- (12) responsible for the normal operation of the training affairs, organizing the directors, supervisors, senior management personnel and other relevant personnel to receive trainings on relevant laws and regulations and other normative documents;
- (13) urging the directors, supervisors and senior management personnel of the Bank to fulfil the faithful and diligence obligations. When knowing the aforesaid personnel violating relevant laws and regulations, or other normative documents or the Articles of Association to make or possibly make the relevant decisions, shall give cautions and immediately report to the Stock Exchange;
- (14) other matters authorised by the Board of Directors;
- (15) other duties that shall be performed required by the Company Law, the securities regulatory authority of the State Council, the banking regulatory authority of the State Council, and the Stock Exchange in which the shares are listed.

**Article 204** The board secretary is nominated by the chairman of Board of Directors, and appointed or dismissed by the Board of Directors after receiving the approval of his/her service qualification permission from the banking regulatory authority of the State Council.

The term of office of the board secretary is the same as the Board of Directors.

**Article 205** The board secretary could concurrently serve as the chief of the office of Board of Directors, responsible for the work of the office of Board of Directors and the daily management work of each committee secretary.

**Article 206** The Board of Directors of the Bank may engage securities affairs representative, to assist the board secretary to perform duties.

## **CHAPTER X PRESIDENT AND OTHER SENIOR MANAGEMENT PERSONNEL**

**Article 207** The Bank shall have one (1) president, nominated by the chairman of Board of Directors, and appointed or dismissed by the Board of Directors.

The Bank shall have a number of vice presidents, nominated by the president, appointed or dismissed by the Board of Directors.

The president, vice president, assistant to the president, chief financial officer, chief information officer, chief risk officer, chief legal officer, board secretary and other persons determined by the Board of Directors are the senior management personnel of the Bank.

The service qualifications of senior management personnel should be reported to the banking regulatory authority of the State Council for approval.

**Article 208** The faithful obligations stipulated in the Article 144 and the diligence obligations stipulated in the Item (1), (2), (5), (6), (7), (10), (11), (12) of Article 145 of the Articles of Association shall also apply to senior management personnel.

**Article 209** Each term of office of the president and other senior management personnel is three (3) years, and may serve consecutive terms if re-elected.

**Article 210** The president is responsible for the Board of Directors, and shall exercise the following functions and powers:

- (1) presiding over the Bank's daily operation management, organizing and implementing the board resolutions, and report to the Board of Directors;
- (2) organizing and implementing the annual operation plan and investment plan approved by the Board of Directors;
- (3) preparing the establishment and dissolution and merger of the internal management departments and outlets of the Bank;
- (4) formulating the basic management system of the Bank, developing specific regulations, procedures;

- (5) proposing the appointment or dismissal of other senior management personnel to the Board of Directors other than those who should be appointed or dismissed by Board of Directors upon the proposal of the chairman of Board of Directors;
- (6) appointing or dismissing the management personnel other than those who should be appointed or dismissed by the Board of Directors or whose appointment or dismissal should be approved by the Board of Directors;
- (7) authorizing senior management members, internal functional departments and personnel in charge of branches to be engaged in business activities;
- (8) determining the emoluments, welfares, and the imposition of any disciplinary measures of employees of the Bank;
- (9) determining the employment and dismissal of employees of the Bank;
- (10) other functions and powers conferred by the Articles of Association, the Board of Directors, and the chairman of Board of Directors.

The non-director president could attend board meetings, but has no voting right at board meetings.

**Article 211** The senior management personnel should establish a system to regularly report to the Board of Directors, to promptly, accurately and completely report the signing and implementation of material contracts of the Bank, and the use of funds, financial status, risk condition, operation performance, business prospects, as well as material litigation, and guarantee matters. The president must ensure the authenticity of the reports.

When proposing decisions on wages, welfares, safety and labour protection and labour insurance, non-reappointment (or dismissal) of the employees of the Bank and other issues involving the vital interests of employees, the president should listen to the views of the labour union in advance.

**Article 212** The president shall establish working rules that shall be implemented after the approval of the Board of Directors.

**Article 213** The working rules of the president includes the following:

- (1) the condition, procedures and participating personnel of the president meeting;
- (2) the specific responsibilities and work division of the president and other senior management personnel;
- (3) the authority of funds and asset utilization, and signing material contracts, and the reporting system to the Board of Directors and the Board of Supervisors;
- (4) other matters that the Board of Directors considers necessary.

**Article 214** The senior management personnel shall accept the supervision of the Board of Supervisors, and regularly provide the operation management and financial status and other information of the Bank to the Board of Supervisors, and shall not obstruct and impede the inspection, auditing and other activities of the Board of Supervisors according to its functions and powers. When the Board of Supervisors undertakes the performance of duties, the senior management personnel shall give cooperation, and give responsible treatment for matters which are doubted or are ordered to rectify by the Board of Supervisors.

**Article 215** The senior management personnel may resign before the expiration of the term of office. The specific procedures and measures about the resignation of senior management personnel are stipulated by the labour contracts between the senior management personnel and the Bank. The senior management personnel could leave only after finishing the off-office auditing conducted by the Board of Supervisors.

**Article 216** The senior management of the Bank should establish and improve the internal control mechanisms with internal rules and regulations, operational risk control system, credit approval system as the main contents based on the needs of the business activities of the Bank.

The president of the Bank shall not be a member of the Credit Review Committee.

**Article 217** At the end of the operation year or upon the necessity considered by the Board of Directors, the senior management should report on his work to the Board of Directors.

**Article 218** At the time of major emergencies such as a bank run that may occur in the Bank, the president should take urgent measures, and immediately report to the People's Bank of China, banking regulatory authority of the State Council, and the Board of Directors and Board of Supervisors.

**Article 219** The senior management personnel that violate laws, administrative regulations, departmental rules or the Articles of Association and cause losses to the Bank in performing duties of the Bank shall be liable for compensations.

## **CHAPTER XI BOARD OF SUPERVISORS**

### **Section I Supervisor**

**Article 220** The supervisors are assumed by shareholder representatives, the staff representatives of the Bank and the external supervisors elected by the shareholders' general meeting. The shareholder supervisors and external supervisors are elected or replaced from the shareholders' general meeting; staff representatives assuming the office of supervisors are elected or replaced by the staff representatives assembly or other forms of democratic elections.

**Article 221** The way and procedures for nomination of shareholder representative supervisors and external supervisors are as follows:

- (1) The shareholder supervisor candidates are nominated by the Board of Supervisor or the shareholders that individually or jointly hold more than three percent (3%) voting shares of the Bank while such nomination shall comply with the Articles of Association of the Bank and the number of such nomination shall not exceed the number of candidates to be elected. External supervisor candidates are nominated by the Board of Supervisor or the shareholders that individually or jointly hold more than one percent (1%) voting shares of the Bank;
- (2) Such shareholders and their related parties shall not nominate candidates for directors and supervisors at the same time; the shareholders and their related parties that have already nominated directors shall not nominate supervisors, but that otherwise prescribed by the State shall prevail;
- (3) The supervisor candidate shall make a written commitment before the shareholders' general meeting to accept the nomination, and undertake that the information provided are true and complete, and ensure that he/she will earnestly discharge his duties as a supervisor upon the appointment.

**Article 222** Supervisors should have expertise or work experience in law, accounting and other aspects. The personnel and structure of Board of Supervisors should be able to ensure the Board of Supervisors' independent and effective exercise of the supervision and inspection on directors and senior management personnel and the finance personnel of the Bank.

The directors, president, and senior management personnel shall not concurrently serve as supervisors.

**Article 223** The supervisors shall comply with the laws, administrative regulations and the Articles of Association, and bear the faithful obligations and diligence obligations to the Bank, and shall not take illegitimate benefits by making use of the position, and not seize the properties of the Bank.

Where supervisors have the following serious misconducts, the Board of Supervisors should recommend the shareholders' general meeting, the staff representatives assembly for removal:

- (1) deliberately disclosing the trade secrets of the Bank, and impair the legal interests of the Bank;
- (2) accepting illegitimate benefits in the course of the performance of duties, or use the position of supervisors for personal gain;
- (3) should find problems but be unable to find in supervision or hidden problems that are found, resulting in significant losses to the Bank;
- (4) other serious misconducts stipulated in laws and the Articles of Association of the Bank.

**Article 224** The term of office of supervisors is three (3) years. A supervisor may, if re-elected upon expiration of the term of office, serve consecutive terms. Before the expiration of the term, the shareholders' general meeting and the staff representatives assembly cannot dismiss the supervisor from his post without cause.

**Article 225** Where a supervisor neither personally attends the supervisor meeting for two (2) consecutive times without special reasons, nor appoints another supervisor to attend the supervisor meeting, nor personally attends at least two thirds (2/3) of the on-site supervisor meetings, he/she shall be deemed not to perform the duties, and the Board of Supervisors shall propose that the shareholders' general meeting or the staff representatives assembly, the general staff meeting or other bodies to remove such supervisor.

Each shareholder supervisor shall work for the Bank for not less than fifteen (15) working days each year.

**Article 226** The supervisor may resign before the expiration of his/her term, and the provisions about the resignation of directors in Chapter IX of the Articles of Association shall apply to supervisors.

**Article 227** Where no election is conducted in time before the expiration of the term of office of a supervisor, or the number of the supervisors in the Board of Supervisors of the Bank is less than the statutory number due to the resignation of a supervisor within his/her term of office, the existing supervisor shall, before the supervisor elected takes office, continue to perform his/her duty as a supervisor in accordance with laws, administrative regulations, and departmental rules and the Articles of Association.

After a supervisor is elected by the shareholders' general meeting, his/her service qualifications should be approved by the banking regulatory authority of the State Council in accordance with the requirements of relevant laws and regulations and the banking regulatory authority of the State Council.

**Article 228** Supervisors shall ensure that the disclosed information of the Bank is true, accurate and complete.

**Article 229** Supervisors of the Bank shall perform the following duties or obligations:

- (1) to attend board meetings, and to inquire about or put forth proposals on matters on which resolutions have been or are to be adopted by the Board of Directors;
- (2) to attend the meetings of the Board of Supervisors on time, fully review the resolutions of the Board of Supervisors, express opinions independently, professionally and objectively, and vote independently on the basis of prudent judgment;

- (3) to be responsible for the resolutions of the Board of Supervisors;
- (4) to actively participate in the training organized by the Bank and regulatory authorities, understand the rights and obligations of supervisors, be familiar with relevant laws and regulations, and continue to possess the professional knowledge and capabilities required to perform their duties;
- (5) to have loyal and diligent obligations to the Bank, perform their duties conscientiously and prudently, and ensure that they have sufficient time and energy to perform their duties;
- (6) to proactively participate in the supervision and examination activities organized by the board of supervisors, and shall have the right to conduct investigations and obtain evidence independently in accordance with law, and raise queries and put forward supervisory opinions based on facts;
- (7) to comply with laws and regulations, regulatory requirements and the Articles of Association.

**Article 230** The supervisor shall not use their connected relationship to impair the interests of the Bank, in the event of losses to the Bank, the supervisor shall be liable for compensations.

**Article 231** The supervisors that violate laws, administrative regulations, departmental rules or the Articles of Association and cause losses to the Bank in performing duties of the Bank shall be liable for compensations.

## **Section II External Supervisor**

**Article 232** External supervisors shall meet the conditions of the banking regulatory authority of the State Council. The election procedures for external supervisors refer to the provisions about the election procedures for independent directors in Article 159 of the Articles of Association.

The same shareholder can only nominate one (1) external supervisor candidate, and shall not nominate independent director and external supervisor at the same time.

The duration for an external supervisor to hold the post in the Bank cannot exceed an accumulation of six (6) years. The external supervisor of the Bank shall not hold positions in more than two commercial banks and shall not hold position in financial institutions which may have interest conflict.

**Article 233** The working hours of an external supervisor for the Bank shall not be less than fifteen (15) working days every year. Where an external supervisor attends less than two thirds (2/3) of the total meetings of the Board of Supervisors in one year, nor personally attends the meeting of the Board of Directors or appoints another supervisor to attend the meeting of the Board of Supervisors for two (2) consecutive times, or has serious misconducts, the Board of Supervisors shall recommend the shareholders' general meeting for dismissal.

An external supervisor shall make declaration to the Board of Supervisors before the inauguration, to ensure he/she has sufficient time and effort to perform his/her duties, and promise to be diligent and fulfil the duties. An external supervisor shall not concurrently serve in more than two (2) commercial banks, and shall not serve as an external supervisor in a financial institution that may have a conflict of interest.

**Article 234** The following circumstances of external supervisors should be considered as serious misconducts:

- (1) disclosing the trade secrets of the Bank, and impair the legal interests of the Bank;
- (2) accepting illegitimate benefits in the course of the performance of duties;
- (3) using the position of external supervisor for personal gain;
- (4) should find problems but be unable to find in supervision or hidden problems that are found, resulting in significant losses to the Bank;
- (5) other serious misconducts considered by the banking regulatory authority of the State Council.

**Article 235** When all the external supervisors of the Bank agree unanimously, it entitled to a written proposal to the Board of Supervisors to submit a proposal to the Board of Directors to hold a shareholders' general meeting or an extraordinary general meeting of shareholders. The Board of Supervisors shall give a feedback of agreement or disagreement in a written form after the receipt of the proposal.

**Article 236** The Bank shall pay allowances to external supervisors. The expenses needed by external supervisor in the performance of duties shall be borne by the Bank.

### **Section III Board of Supervisors**

**Article 237** The Bank shall have a Board of Supervisors. The Board of Supervisors is the Bank's supervision body, and independently exercises supervision functions, responsible for the shareholders' general meeting.

**Article 238** The Board of Supervisors consists of eight (8) supervisors, including two (2) supervisors as shareholder representatives, three (3) external supervisors and three (3) supervisors as the staff representatives. The Board of Supervisors has one (1) chairman, there can be vice chairmen, and the number of external supervisors shall be not less than one third (1/3) of the total number of supervisors, the proportion of supervisors served by staff representatives shall not be less than one third (1/3) of the total number of supervisors. The supervisors served by shareholder representatives and external supervisors shall be elected or removed by shareholders' general meetings. The supervisors served by staff representatives shall be elected democratically by staff of the Bank through the staff representative assembly, the general staff meeting or other democratic methods.

**Article 239** The Board of Supervisors shall exercise the following functions and powers:

- (1) reviewing the regular reports formulated by the Board of Directors of the Bank and putting forth written review opinions on the truth, accuracy and completeness of reports;
- (2) inspecting and supervising the financial activities of the Bank;
- (3) supervising and evaluating the performance of directors and senior management personnel of the Bank on their duties, reporting the assessment results and reasons for the performance of duties of the directors and senior management personnel to the banking regulatory authority of the State Council within four (4) months after the end of each year, and reporting the assessment results for the performance of duties of the directors and senior management personnel to the shareholders' general meeting; the performance assessment work is carried out at least once a year; proposing dismissal advice for the directors and senior management personnel that violate laws, administrative regulations, the Articles of Association or resolutions of shareholders' general meeting;

- (4) when the acts of directors and senior management personnel impair the interests of the Bank, requiring the directors and senior management personnel to rectify, and entitled to reporting to the shareholders' general meeting or the relevant regulatory authority according to laws;
- (5) making self-assessment on the work of the Board of Supervisors and make assessment on the performance of duties of supervisors, reporting the results and reasons for self-assessment of the Board of Supervisors and the assessment of the performance of duties of the supervisors to the banking regulatory authority of the State Council within four (4) months after the end of each year, and report the assessment results to the shareholders' general meeting;
- (6) propose to hold an extraordinary general meeting of shareholders, and convene and preside over shareholders' general meeting when the Board of Directors doesn't perform its duties to convene and preside over the shareholders' general meeting in accordance with the Company Law;
- (7) putting forth proposals to shareholders' general meeting;
- (8) attending the board meetings and the meetings of special committees of the Board of Directors, and may inquire about or put forth proposals on matters on resolutions of the meetings;
- (9) conducting off-office auditing on senior management personnel;
- (10) inquiring into the directors, Board of Directors, and senior management personnel;
- (11) reviewing the Bank's profit distribution programme, and putting forth written review opinions on the compliance and rationality of the profit distribution programme;
- (12) supervising the compliance, engagement terms of the appointment, dismissal, reappointment of the accounting firm and the fairness of remunerations as well as the independence and effectiveness of the external audit work;
- (13) supervising the Bank's financial activities, business decisions, risk management and internal control;

- (14) taking legal proceedings against directors and senior management personnel in accordance with Article 151 of the Company Law;
- (15) investigating any irregularities in the operations of the Bank; when necessary, may engage accounting firms, law firms and other professional firms to assist the work; and
- (16) other functions and powers conferred by the Articles of Association and the shareholders' general meeting.

**Article 240** Aside from the duties and powers stated in the laws, administrative rules and the Articles, the Board of Supervisors shall focus on the following matters:

- (1) to supervise the Board of Directors in establishing a sound business philosophy, normative values, and guidance in line with the Bank's development strategies; regularly evaluate and make a report on the scientificity, reasonableness and effectiveness of the Bank's development strategies formulated by the Board of Directors;
- (2) to supervise the work performance, financial activities, internal control, risk management, etc. of the Board of Directors and members of senior management;
- (3) to supervise the selection procedures of directors; to make a comprehensive evaluation of the work performance of directors, supervisors and members of senior management;
- (4) to supervise and ensure that the implementation of the Bank's remuneration systems and the remuneration proposals for the members of senior management are scientific and rational;
- (5) to regularly communicate with the banking regulatory authority regarding the Bank's circumstances.;
- (6) other matters stipulated by laws and regulations, regulatory requirements and the Articles of Association.

If the Board of Supervisors discovers that problems exist with the way the Board of Directors and the members of senior management are making and implementing of significant financial decisions, the Board of Supervisors shall instruct the Board of Directors to rectify its decision making. When necessary, the Board of Supervisors may report the problematic behavior to the banking regulatory authority.

When the Board of Supervisors detects any abnormal trading volatility in the Bank, it shall make enquiries of the Board of Directors or the members of senior management.

**Article 241** All reasonable expenses for the engagement of lawyers, certified accountants, auditors and other professionals when the Board of Supervisors exercises functions and powers shall be borne by the Bank.

**Article 242** If all the external supervisors consider that the information relating to the resolutions to be discussed by the Board of Supervisors is insufficient or that the elaboration regarding the resolutions is unclear, they may jointly make a written proposal to postpone the convening of meeting or the review of the relevant resolution, and the Board of Supervisors shall adopt the proposal.

**Article 243** When finding the Board of Directors, senior management and their members violate laws, administrative regulations, the Articles of Association of the Bank and other circumstances, the Board of Supervisors shall recommend disciplinary actions against those who are responsible, and issue timely notice of the rectification within a definite time; the Board of Directors and senior management personnel shall perform timely disciplinary actions or rectification, and report the results to the Board of Supervisors in a written form.

**Article 244** The Board of Supervisors shall discuss official business through the meetings of the Board of Supervisors. The meetings of Board of Supervisors consist of regular meetings and interim meetings, and either type of meeting shall be convened and presided over by the chairman of the Board of Supervisors.

The Board of Supervisors shall hold regular meetings at least 4 times annually and once quarterly. The notice regarding the forthcoming meeting for the Board of Supervisors shall be served to all supervisors ten (10) days before the meeting date, and the documents to be used in the meeting shall be served on all supervisors five (5) days before the meeting date.

The motions on the meeting of Board of Supervisors is discussed and voted by Board of Supervisors term by term. The resolutions of the Board of Supervisors can be voted by members attending in person and by circulation of a written resolution. The resolutions of the Board of Supervisors shall be passed by more than half of all supervisors.

If all the external supervisors consider that the information relating to the resolutions to be discussed by the Board of Supervisors is insufficient or that the elaboration regarding the resolutions is unclear, they may jointly make a written proposal to postpone the convening of meeting or the review of the relevant resolution, and the Board of Supervisors shall adopt the proposal.

**Article 245** An interim meeting of the Board of Supervisors shall be convened and presided over by the chairman of the Board of Supervisors within ten (10) days if any of the following events occurs:

- (1) the chairman of the Board of Supervisors deems the meeting to be necessary;
- (2) more than one-third (1/3) of the supervisors have made a proposal requesting the meeting;
- (3) all external supervisors have made a proposal requesting the meeting; or
- (4) the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles specify any other situations.

The notice regarding the forthcoming interim meeting for the Board of Supervisors shall be in writing and served to all supervisors five (5) days before the meeting date, and the documents to be used in the meeting shall be served on all supervisors three (3) days before the meeting date.

Where there are emergency situations, the interim meeting shall be held as soon as possible, and the service of the notice regarding the forthcoming meeting and documents to be used in the meeting shall not be subject to the time-limits of the preceding paragraph but nonetheless it must guarantee that such notice and documents will be served on the supervisors before the meeting.

**Article 246** The Board of Supervisors shall formulate comprehensive procedural rules for Board of Supervisor, including information such as notice for meetings, preparation of documents, the manner in which meetings will be convened, form of voting, mechanism for making proposals, minutes of meetings and the signatures for the minutes, etc., and these procedural rules shall be implemented upon approval by the shareholders' general meeting to ensure the efficiency and scientific decision-making of the Board of Supervisors.

**Article 247** The Board of Supervisors shall proactively guide the Bank's internal audit department in independently carrying out audits, and effectively carry out the business management and performance appraisal for the internal audit department.

**Article 248** Depending on its needs, the Board of Supervisors may, orally or in writing, make suggestions, give indications, arrange for interviews or make enquiries towards the Board of Directors, the members of senior management and other staff and require them to respond.

**Article 249** The Board of Supervisors may, in the performance of its duties, adopt a variety of methods, e.g. offsite testing, inspections, attending meetings, conducting interviews, examining reports, conducting research, carrying out surveys, exit audit and engagement of third-party professional organizations to offer assistance.

The Board of Supervisors shall have the right to use all the operational and management information of the Bank according to the needs for performance of its duties.

**Article 250** The Board of Supervisors shall be informed in advance of the major decisions made by the Bank, and shall be provided with relevant information regarding the decision, such as operating conditions, financial information, major contracts, major events and cases, audits, changes of important personnel, as well as any other information requested by the supervisors.

**Article 251** The Bank shall ensure that the work of the Board of Supervisors is carried out normally and provide the Supervisors with necessary working conditions and specialised office space. The Board of Supervisors shall have its own independent budget. The Board of Supervisors shall have the right to administrate its budget independently according to its business needs. The expenses needed for the Board of Supervisors to carry out its duties shall be borne by the Bank.

**Article 252** The Board of Supervisors shall report on its work to the shareholders' general meeting at least once a year, and the report shall include:

- (1) particulars arising out of the supervision of the Board of Directors and members of senior management, namely their work performance, financial activities, internal controls, risk management;
- (2) particulars of the work carried out by the Board of Supervisors;
- (3) any independent opinions expressed regarding related matters; and
- (4) other matters that the Board of Supervisors considers should be reported to the shareholders' general meeting.

**Article 253** Minutes shall be taken to record the decisions of matters discussed at the meeting. Supervisors and the recorder attending the meetings shall sign the meeting minutes. The meeting minutes shall be kept permanently.

Supervisors shall have the right to request explanatory notes regarding any remarks that have been made during the meeting to be placed in the minutes.

**Article 254** The notice regarding the forthcoming meeting of the Board of Supervisors shall include the following information:

- (1) date, time and venue of the meeting;
- (2) meeting duration;
- (3) date of issuing the notice;
- (4) other matters to be noticed pursuant to the procedural rules for the Board of Supervisors of the Bank.

**Article 255** The Board of Supervisors shall have an office equipped with full-time staff, who will be responsible for daily work of the Board of Supervisors.

**Article 256** When the Board of Directors and senior management personnel and their members refuse or delay to take appropriate measures on the resolutions, comments and suggestions of Board of Supervisors, the Board of Supervisors shall have the right to report to shareholders' general meeting, or propose to convene an extraordinary shareholders' general meeting, if necessary, report to the regulatory authority.

**Article 257** The staff supervisors also shall accept the supervision from the staff representatives assembly, the general staff meeting or other democratic form, and regularly report work to the staff representatives assembly.

#### **Section IV Chairman of Board of Supervisors**

**Article 258** The appointment and dismissal of the chairman and vice chairman of Board of Supervisors shall passed by two thirds (2/3) of the members of the Board of Supervisors through voting. The chairman of the Board of Supervisors shall convene and preside over the meeting of the Board of Supervisors; and where the chairman of the Board of Supervisors cannot perform such functions or fails to do so, the vice chairman of the Board of Supervisors shall convene and preside over the meeting of the Board of Supervisors; and where the vice chairman of the Board of Supervisors cannot perform such functions or fails to do so, a supervisor jointly elected by more than half (1/2) of the supervisors shall convene and preside over the meeting of the Board of Supervisors.

**Article 259** In addition to the general conditions as Supervisors, the chairman and vice chairman of Board of Supervisors must have professional knowledge and work experience in at least one aspect of accounting, audit, finance, and law.

**Article 260** The chairman of Board of Supervisors exercise the following functions and powers:

- (1) convening and presiding over the meeting of Board of Supervisors;
- (2) supervising and inspecting the implementation of resolutions of Board of Supervisors;
- (3) examining and signing documents related to the Board of Supervisors;
- (4) reporting the work of Board of Supervisors to shareholders' general meeting on behalf of the Board of Supervisors;
- (5) organizing the performance of duties of Board of Supervisors, and organizing the formulation of work plan of Board of Supervisors and the implementation of decisions of Board of Supervisors;
- (6) other functions and powers conferred by the Board of Supervisors;
- (7) other duties stipulated in laws, regulations, and the Articles of Association.

**Article 261** The chairman of the Board of Supervisors exercises functions and powers conferred by the Board of Supervisors when the meeting of the Board of Supervisors is not in session.

**Section V Special Committee of the Board of Supervisors**

**Article 262** In order to intensify the supervision, the Board of Supervisors sets up the Nomination Committee of the Board of Supervisors and Supervision Committee of the Board of Supervisors, and may also set up other special committees as needed. The special committees of the Board of Supervisors are responsible for the Board of Supervisors, the members are nominated by the chairman of the Board of Supervisors and elected by the Board of Supervisors, and the number of people is not less than three (3). The term of office of committees is the same as the Board of Supervisors, and the members may, if re-elected upon expiration of the term of office, serve consecutive terms.

The chiefs of the Nomination Committee of the Board of Supervisors and Supervision of the Board of Supervisors shall be external supervisors.

**Article 263** The Nomination Committee of the Board of Supervisors is primarily responsible for:

- (1) making proposal to the Board of Supervisors on the scale and composition of the Board of Supervisors;
- (2) preparing the conditions of service, criteria and selection procedures for Supervisors; making preliminary assessment on the service qualifications and conditions of the candidate Supervisors, and making recommendations to the Board of Supervisors;
- (3) supervising the selection procedure of directors;
- (4) conducting comprehensive assessment on the performance of Directors, Supervisors and senior management and report to the Board of Supervisors;
- (5) Supervising on whether the compensation system and policy of the Bank and the compensation plan of the senior management are scientific and reasonable;
- (6) other matters authorised by the Board of Supervisors.

**Article 264** The Supervision Committee of Board of Supervisors is primarily responsible for:

- (1) formulating the supervision plan on the Bank's financial activities and conduct inspections;
- (2) supervising the Board of Directors to form views, value principle on stable operation and formulate the development strategy which suitable to the Bank;
- (3) formulating and implementing the off-office auditing programme on senior management personnel of the Bank;
- (4) formulating audit plans for the operational decisions, risk management and internal control of the Bank;
- (5) supervising and inspecting operational decisions, risk management and internal control of the Bank;
- (6) other matters authorised by the Board of Supervisors.

**CHAPTER XII QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS,  
SUPERVISORS,  
PRESIDENT AND OTHER SENIOR MANAGEMENT PERSONNEL**

**Article 265** None of the following persons shall serve as a Director, Supervisor, president or other senior management personnel of the Bank:

- (1) a person who has no or limited capacity for civil conduct;
- (2) a person has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the economic order of the socialist market economy and five (5) years have not passed since the completion date of the execution of the penalty; or a person has ever been deprived of his political rights due to any crime and five (5) years have not passed since the completion date of the execution of the penalty;

- (3) a person who, being a Director or the head or manager of a company or enterprise that went into bankruptcy and liquidation, was personally liable for the bankruptcy of the said company or enterprise, where less than three (3) years have passed since the completion date of liquidation of the Bank or enterprise;
- (4) a person who, being the legal representative of a company or an enterprise, the business license of which was revoked for violation of laws and which was ordered to close down, was personally liable for the above, where less than three (3) years have passed from the date the business license of the Bank or enterprise was revoked;
- (5) a person who fails to liquidate a relatively large amount of personal debts due;
- (6) a person who is subject to investigation by judicial body for violation of criminal law where the said investigation has not yet been concluded;
- (7) a person who is not eligible for enterprise leadership according to the laws and administrative regulations;
- (8) a person who is not a natural person;
- (9) a person who has been convicted of contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he/she has acted fraudulently or dishonestly, where less than five (5) years have passed since the date of the conviction;
- (10) a person who is subject to a penalty of prohibition from engaging in stock market activities imposed by the securities regulatory authority of the State Council, where the term of the penalty has not yet expired;
- (11) a person who is subject to a prohibition from engaging in market activities imposed by the banking regulatory authority of the State Council, where the prohibition has not yet removed;
- (12) any other circumstances as prescribed by the laws, administrative regulations, and departmental rules.

Where the Bank elects or appoints the directors in violation of the provisions of this article, such election, appointment or engagement shall be invalid. Where, during his/her term of office, a director, supervisor, president or other senior management personnel is found to be a person as specified in this article, the Bank shall remove him from office.

**Article 266** The validity of an act of the director, president, and any other senior management personnel on behalf of the Bank to any bona fide third party is not affected by any irregularity in his term of office, election or qualification.

**Article 267** In addition to obligations imposed by the laws, administrative regulations or listing rules of the stock exchanges on which the Bank's shares are listed, the Bank's directors, supervisors, president and other senior management personnel shall owe the following duties to each shareholder, in the exercise of the functions and powers of the Bank granted to him/her:

- (1) Not to cause the Bank to carry out any business outside the scope of business stipulated in its business license;
- (2) To act honestly in the best interests of the Bank;
- (3) Not to expropriate the Bank's property in any way, including (but not limited to) opportunities advantageous to the Bank;
- (4) Not to expropriate individual rights of shareholders, including (but not limited to) rights of distribution and voting rights, but not including a restructuring of the Bank submitted to shareholders' general meeting for approval in accordance with the Articles of Association.

**Article 268** The Bank's director, supervisor, president and other senior management personnel shall owe a duty, in the exercise of his/her powers and discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 269** The Bank's director, supervisor, president and other senior management personnel shall exercise his/her powers or carry out his/her duties in accordance with the principle of honesty and shall not put himself/herself in a position where his/her duty and his/her interest may conflict. Such principle includes (but not limited to) fulfilling the following obligations:

- (1) To act honestly in the best interests of the Bank;
- (2) To exercise rights within the scope of his/her functions and powers and not to exceed;
- (3) To exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by the laws, administrative regulations or with the informed consent of shareholders given in a shareholders' general meeting, not to delegate his/her power of discretion;
- (4) To treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) Except in accordance with the Articles of Association or with the informed consent of shareholders given in shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Bank;
- (6) Without the informed consent of shareholders given in shareholders' general meeting, not to use the Bank's property for his/her own benefit by any means;
- (7) Not to exploit his/her position to accept bribes or other illegal income or expropriate the Bank's property by any means, including (but not limited to) opportunities advantageous to the Bank;
- (8) Without the informed consent of shareholders given in shareholders' general meeting, not to accept commissions in connection with the Bank's transactions;
- (9) To abide by the Articles of Association, faithfully perform his/her duties and protect the Bank's interests, and not to exploit his/her position and power in the Bank to advance his/her own private interests;
- (10) Not to compete with the Bank in any form without the consent of shareholders given in shareholders' general meeting;
- (11) Not to misappropriate the Bank's funds or to lend the Bank's funds to others, not to open accounts in his/her own name or other names for the deposit of the Bank's assets and not to use the Bank's assets to guarantee the shareholders of the Bank and other personal debts;

(12) Unless otherwise permitted by informed shareholders in shareholders' general meeting, to keep information relating to the Bank acquired by him/her in the course of and during his/her tenure in confidence and not to use such information for purposes even in furtherance of the interests of the Bank, save that disclosure of such information to the court or other governmental authorities is permitted if:

1. the disclosure is made pursuant to the law;
2. public interests require the disclosure;
3. the interests of the relevant director, supervisor, president and other senior management personnel require disclosure.

**Article 270** The director, supervisor, president and other senior management personnel of the Bank shall not cause the following persons or entities ("associates") to do what he/she is prohibited from doing:

- (1) The spouse or minor child of that director, supervisor, president and other senior management personnel of the Bank;
- (2) The trustee of that director, supervisor, president and other senior management personnel of the Bank or of any persons referred to in Item (1) of this article;
- (3) Any persons having partnership with that director, supervisor, president and other senior management personnel of the Bank or with those referred to in Item (1) and (2) of this article;
- (4) A company controlled by the director, supervisor, president and other senior management personnel of the Bank solely or jointly with those persons referred to in Item (1), (2), (3) above in fact;
- (5) The director, supervisor, president, and other senior management personnel of the controlled company referred to in Item (4) of this article.

**Article 271** The fiduciary duties of the director, supervisor, president, and other senior management personnel of the Bank do not necessarily cease with the termination of their tenure. The duty of confidence in relation to business of the Bank survives after the termination of their tenure. Other duties may continue for such period as fairness depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances and conditions of the termination of the relationship with the Bank.

**Article 272** Except for circumstances prescribed in Article 74 of Chapter VI of the Articles of Association, a director, supervisor, president and other senior management personnel of the Bank may be relieved of liability for specific breaches of his/her duty by the informed consent of shareholders given at a shareholders' general meeting.

**Article 273** Where a director, supervisor, president and other senior management personnel of the Bank is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement made or proposed to be made with the Bank (other than the employment contracts of the director, supervisor, president and other senior management personnel with the Bank), he/she shall declare the nature and extent of his/her interests to the Board of Directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board of Directors.

Unless the interested director, supervisor, president and other senior management personnel has disclosed his/her interests in accordance with this article, and the contract, transaction or arrangement is approved by the Board of Directors at a meeting in which the interested director, supervisor, president and other senior management personnel concerned are not counted in the quorum and refrained from voting, the Bank is entitled to rescind the contract, transaction or arrangement except as against a bona fide third party thereto acting without knowing the breach of duty by the interested director, supervisor, president and other senior management personnel.

A director, supervisor, president and other senior management personnel of the Bank is deemed to be interested in a contract, transaction or arrangement in which an associate (as defined in the Listing Rules) of the director, supervisor, president and other senior management personnel is interested.

**Article 274** Before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Bank, a director, supervisor, president and other senior management personnel of the Bank gives to the Board of Directors a general notice in writing stating that, due to the contents specified in the notice,

he/she is interested in such contract, transaction or arrangement of the Bank, the director, supervisor, president and other senior management personnel shall be deemed as the completion of disclosures specified in the Article 273 of the Articles of Association within the scope of the declarations of such notice.

**Article 275** The Bank shall not in any manner pay taxes for or on behalf of its directors, supervisors, president, and other senior management personnel.

**Article 276** The Bank and its parent company shall not directly or indirectly make a loan or a loan guarantee to a director, supervisor, president and other senior management personnel of the Bank, or any of the respective associates of the aforementioned persons.

However, the preceding stipulations shall not apply to the following:

- (1) A loan or a loan guarantee offered by the Bank to its subsidiary to the subsidiary of the Bank;
- (2) In accordance with the terms of an employment contract approved by the shareholders' general meeting, a loan or a loan guarantee or any other funds provided to a director, supervisor, president and other senior management personnel of the Bank, to meet expenditure incurred for the purposes of the Bank or for the purpose of enabling him/her to perform his/her duties; and
- (3) The Bank shall not provide loans and guarantee for its loans under more favourable terms than normal commercial terms.

**Article 277** If a loan made by the Bank in breach of the above provision, the receiver of the loan shall repay it immediately regardless of the terms of the loan.

The security provided by the Bank which is not in compliance with the provisions in Article 276 of this Articles of Association, such security shall not be enforced, except for the following circumstances:

- (1) the lender does not know such circumstance when it provides relevant loans to the directors, supervisors, manager and other senior management of the Bank or its parent company.

- (2) the subject of the security has been legally sold to a bona fide third party by the lender of such loan.

**Article 278** For the purposes of the foregoing provisions of this Chapter, a security includes undertaking the liability or property provided to secure the performance of obligations by the obligor.

**Article 279** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, president and other senior management personnel of the Bank is in breach of his/her duties to the Bank, the Bank has a right to:

- (1) Claim damages from the directors, supervisors, president, and other senior management personnel for losses caused to the Bank as a result of such breach;
- (2) Rescind any contract or transaction entered into by the Bank with the director, supervisor, president and other senior management personnel or with a third party (where such third party knows or should know that there is such a breach of duties by such director, supervisor, president and other senior management personnel);
- (3) Demand the director, supervisor, president and other senior management personnel to surrender the profits made by him/her in breach of his/her duties;
- (4) Recover any fund received by the director, supervisor, president and other senior management personnel which should have been otherwise received by the Bank, including (but not limiting to) commissions;
- (5) Demand repayment of the interest earned or which may have been earned by the director, supervisor, president and other senior management personnel on the funds that should have been paid to the Bank.

**Article 280** The Bank shall, with the prior approval of shareholders in shareholders' general meeting, enter into a contract in writing with a director or supervisor wherein his/her remunerations are stipulated, including:

- (1) remunerations in respect of his/her service as director, supervisor and other senior management personnel of the Bank;

- (2) remunerations in respect of his/her service as director, supervisor and other senior management personnel of any subsidiary of the Bank;
- (3) remunerations in respect of the provision of other services in connection with the management of the Bank or any of its subsidiaries;
- (4) compensation for loss of the position or retirement from office.

**Article 281** Except under a contract entered into in accordance with the foregoing, no proceedings may be brought to a court by a director or supervisor against the Bank for any benefits in respect of the matters abovementioned.

**Article 282** The contract for remunerations entered into between the Bank and its directors or supervisors should provide that in the event of a takeover of the Bank, the directors and supervisors shall, subject to the prior approval of the shareholders in shareholders' general meeting, have the right to receive compensation or other payment for loss of the position or retirement. A takeover of the Bank as referred to above means:

- (1) Takeover offer made by any person to all shareholders;
- (2) An offer made by any person with a view to rendering the offeror a "controlling shareholder" as well as the meaning of Article 75 of Chapter VI of the Articles of Association.

If the relevant director or supervisor does not comply with this Article, any sum so received by him/her shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing that sum pro rata among those persons shall be borne by the relevant director or supervisor and shall not be paid out of that sum.

**Article 283** Job qualifications for directors, supervisors, and senior management personnel shall comply with the laws, administrative regulations, departmental rules, normative documents, and the provisions of the Articles of Association and the requirements of the regulatory authority. The job qualifications of directors, senior management personnel shall be reviewed by the banking regulatory authority of the State Council in accordance with the above provisions.

## **CHAPTER XIII FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

### **Section I Financial and Accounting System**

**Article 284** The Bank shall establish its financial and accounting system in accordance with the laws, administrative regulations and related rules made by regulatory authority.

**Article 285** The Bank shall announce the financial report for two (2) times in each fiscal year, i.e.: to prepare an interim financial report within sixty (60) days from the end of the first six (6) months of each fiscal year and to prepare a financial report within one hundred and twenty (120) days upon expiration of each fiscal year and submit it for examination and verification in accordance with the law. If the relevant supervisory authorities in which the shares of the Bank are listed have other provisions, the Bank shall follow such provisions.

The financial reports abovementioned shall be prepared in accordance with relevant laws, administrative regulations, departmental regulations, and the provisions of Listing Rules, and submitted to the banking regulatory authority of the State Council and the stock exchange in which the shares of the Bank are listed.

**Article 286** The Board of Directors of the Bank shall submit financial reports prepared by the Bank as are required by any laws, administrative regulations or normative documents promulgated by local government and competent department, to the shareholders at every annual shareholders' general meeting.

**Article 287** The Bank shall deposit its annual report ((a) reports of the Board of Directors of the Bank, together with the balance sheet (together with each documents required to be attached therein by laws and regulations), profit and loss statements and cash flow statements; or (b) summary of financial statements) at the Bank for inspection by the shareholders at least twenty (20) days before the convening of the annual shareholders' general meeting. Each shareholder of the Bank is entitled to obtain financial reports mentioned in this chapter.

The Bank shall send the aforementioned report to each H-shareholder by prepaid mail or other ways stipulated by laws and regulations, by the Listing Rules, or in the Articles of Association at least twenty-one (21) days before the convening of the annual shareholders' general meeting, and the addresses of the recipients shall be the registered addresses as shown on the register of shareholders.

**Article 288** The financial statements of the Bank shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place overseas where the Bank's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the financial statements. When the Bank is to distribute its after – tax profits for that financial year, the lower of the after-tax profits as shown in the two financial statements shall be adopted. If other provisions in applicable laws, administrative regulations or the Listing Rules shall prevail.

The interim result announcement or financial information announcement or disclosed by the Bank shall follow up with the PRC general accounting standards and laws as long as following up with the international general accounting standards or other accounting standards in which the shares of the Bank are listed.

**Article 289** The Bank shall not keep accounting books other than those acquires by law. Any account shall not be opened for the Bank's assets under an individual's name.

**Article 290** The profits after income tax paid by the Bank shall be distributed in the following order:

- (1) To make up the losses of the previous years;
- (2) To extract ten percent (10%) of the statutory accumulation fund;
- (3) To extract fund for general preparation;
- (4) To extract the any accumulation fund by the resolutions of shareholders' general meeting;
- (5) To distribute profits to shareholders.

To distribute the profits in light of the proportions of shares held by shareholders, unless it is instructed by the Articles of Association to not distribute profits according to the proportions of shares held by shareholders.

No further contribution may be required when the accumulated amount of the statutory reserve funds of the Bank reaches fifty percent (50%) of its registered capital. The shareholders' general meeting shall decide on whether to set aside discretionary reserve funds after setting aside statutory reserve funds and general reserves. The Bank shall not distribute profits to shareholders before making up losses and setting aside statutory reserve funds and general reserves.

If the shareholder' meeting distributes the profits by violating the provisions of the preceding paragraph before, the profits distributed must be refunded to the Bank.

No profit may be distributed for the Bank's shares held by the Bank.

The payment of dividends on preference shares should be subject to laws, administrative regulations, rules, and relevant provisions of the securities regulatory authorities in the place where the Bank's shares are listed and the preference shares are issued or listed, and the Articles of the Association.

**Article 291** The accumulation fund of the Bank can be used making up losses, expanding the Bank's operation or increasing the capital of the Bank, provided that capital accumulation fund shall not be used for making up the losses sustained by the Bank.

When the statutory accumulation fund is converted into capital, the balance of the statutory accumulation fund shall not fall below twenty-five percent (25%) of the Bank's registered capital before being converted to increase.

**Article 292** Capital accumulation fund includes the following items:

- (1) Premium proceeded from the shares issued over their par value;
- (2) Any other income required to be included in the capital accumulation fund by the competent finance department of the State Council.

**Article 293** Dividends shall be distributed in the following forms:

- (1) Cash;
- (2) Shares.

The profit distribution of the Bank attaches the emphasis on the reasonable return on the investment of investors. The profit distribution policy and plans shall be carefully formulated based on factors such as achieving the reasonable return on the investment of investors, ensuring the Bank's risk resistance capacity and supporting the Bank's long-term development. The Bank's profit distribution policy should maintain a certain continuity and stability. On the premise of ensuring that the capital adequacy ratios meet the regulatory requirements, the Bank may distribute cash dividend if there are distributable profits after making up for losses in accordance with laws, appropriating statutory provident reserves and general reserves.

Any amount paid upon any shares before a call is made on shares shall bear interest thereon, and however, the shareholder is not entitled to any dividends of such pre-paid share capital declared subsequently. The Bank may exercise the power to cease sending dividend warrants to holders of the shares by post if such warrants have been left uncashed on two consecutive occasions, provided that the Bank may do so on the first occasion on which such undelivered warrants are returned.

Subject to the compliance of the Chinese laws, regulations and the rules of the Stock Exchange, for the dividends that have not been received by any shareholder, the Bank can exercise the power to forfeiture it but such power can not be exercised before the lapse of the relevant period of time.

In relation to the power to issue warrants to subscribe shares to holders on a non-name basis, the Bank shall not re-issue any new warrants to replace the lost ones unless the Bank has no doubt that such warrants have been destroyed.

The Bank may exercise the power to sell the shares of a holder of overseas-listed foreign shares who is unreachable in the way the Board of Directors considers appropriate only upon fulfilling the following requirements:

- (1) During a period of twelve (12) years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the shareholder;
- (2) On expiry of twelve (12) years, the Bank gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers published in the place where the shares of the Bank are listed, and notifies the securities regulatory body of the place in which the shares of the Bank are listed.

The Bank shall pay cash dividends and other amounts to holders of domestic shares in Renminbi. The Bank shall calculate and declare cash dividends and other payments which are payable to holders of H shares in Renminbi, and shall pay such amounts in Hong Kong dollar. The Bank shall pay cash dividends and other amounts to holders of overseas listed foreign shares in foreign currency in accordance with the relevant foreign exchange control regulations of the State.

Dividends distributed in shares shall be upon resolutions of the shareholders' general meeting and reported to the banking regulatory authority for approval.

**Article 294** The Bank shall engage a receiving agent on behalf of the holders of overseas listed foreign shares, to receive dividends of overseas listed foreign shares and all other monies owing by the Bank in respect of such shares on behalf of such shareholders.

The receiving agent engaged by the Bank shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Bank's shares are listed.

The receiving agent on behalf of holders of H shares engaged by the Bank shall be a trust company registered under the Trustee Ordinance of Hong Kong.

## **Section II Internal Audit**

**Article 295** The Bank shall implement an internal audit system, establish an independent and vertical audit management system, and shall have a chief audit officer or person in charge of audit in accordance with relevant regulatory requirements. The chief audit officer or person in charge of audit shall be appointed and dismissed by the Board of Directors, and report to the Board of Directors and its audit committee regularly. The chief audit officer or person in charge of audit is responsible for the Board of Directors, and the internal audit department shall be accountable and report to the chief audit officer or person in charge of audit. The internal audit department shall engage full-time auditors to conduct internal audit of income and expenditure of its finances and economic activities.

**Article 296** The internal audit system and duties of the internal auditors of the Bank shall be implemented upon approval by the Board of Directors. The Board of Directors shall bear ultimate responsibility for the establishment, operation and maintenance of the internal audit system, as well as the independence and effectiveness of internal audit. The Board of Supervisors of the Bank shall guide and supervise the internal audit work and have the right to request the Board of Directors and senior management to provide audit-related information.

### **Section III Engagement of Accounting Firm**

**Article 297** The Bank shall engage an independent accounting firm the relevant regulations of the State to audit the Bank's annual financial statements and review the Bank's other financial reports.

The Bank's engagement of an accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis shall be decided by shareholders' general meeting.

**Article 298** The accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis engaged by the Bank shall hold the term of office from the conclusion of this annual shareholders' general meeting to the conclusion of the next annual shareholders' general meeting.

**Article 299** The accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis engaged by the Bank shall have the following rights:

- (1) To inspect at any time the accounting books, records and vouchers of the Bank, and to require the directors, president and other senior management personnel of the Bank to provide any relevant information and explanation thereof;
- (2) To require the Bank to take all reasonable steps to obtain all necessary information and explanation for the performing the duties from its subsidiaries;
- (3) To attend shareholders' general meeting and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the accounting firm of the Bank.

**Article 300** Before the convening of the shareholders' general meeting, the Board of Directors may fill the vacancy in the office of the accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis by engaging other accounting firm but while there is still any such vacancy, the surviving or continuing accounting firm, if any, may continue to act.

**Article 301** The shareholders' general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, regardless the stipulations in the contract clauses between the Bank and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

**Article 302** The remuneration of an accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis or the manner in which such remuneration is to be fixed shall be determined by the shareholders' general meeting. The remuneration of an accounting firm engaged by the Board of Directors to fill in vacancy shall be determined by the Board of Directors and submitted to be approved by the shareholders' general meeting.

**Article 303** The Bank's engagement, removal and non-reengagement of an accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis shall be resolved by shareholders' general meeting and filed with the securities regulatory authority and the banking regulatory authority of the State Council.

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the engagement of an accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accountants' firm which carries out statutory audit on the financial reports of the Bank on a regular basis, or to reengage an accounting firm which was engaged by the Board of Directors to fill a casual vacancy, or to remove the accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal about the engagement or the removal shall be sent to the firm proposed to be engaged or proposing to cease to act or the firm which has ceased to act in the relevant accounting year before notice of meeting is given to the shareholders.

Ceasing to act includes leaving by removal, resignation and retirement.

- (2) If the firm which is about to cease to act makes representations in writing and requests the Bank to notify the shareholders of such representations, unless the representations are received too late, the Bank shall:

1. In any notice given to shareholders about a resolution to be made, state the representations that have been made by such accounting firm;

2. Attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.
- (3) If the firm's representations are not sent in accordance with Item (2) above, the relevant firm may require that the representations be read out at the shareholders' general meeting and may lodge further complaints.
- (4) An accounting firm which is about to cease to act shall be entitled to attend:
  1. the shareholders' general meeting relating to the expiry of its term of office;
  2. any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal;
  3. any shareholders' general meeting convened on its resignation.

The accounting firm ceasing to act has the right to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting in relation to matters concerning its role as the former accountants' firm of the Bank.

**Article 304** In dismissing or discontinuing the engagement of an accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis, the Bank shall notify the accounting firm in advance and the accounting firm has the right to make representations to the shareholders' general meeting. If an accounting firm resigns, it shall clarify to the shareholders at a shareholders' general meeting whether or not there is any improper affair.

An accounting firm may resign from its position by depositing its written notice of resignation at the legal address of the Bank. The notice shall take effect from the date of deposit at the legal address of the Bank or any later date specified in such written notice. Such notice shall contain following statements:

- (1) declaration that its resignation does not involve any circumstances which should be brought to the attention of the shareholders or creditors of the Bank;
- (2) a description of such circumstances.

The Bank shall send a copy of the written notice specified in the preceding paragraph to the relevant competent authority within fourteen (14) days after receiving such notice. If the notice contains the representations referred to in the preceding Item 2, the Bank shall deposit the aforesaid copy at the Bank for inspection by the shareholders. The Bank shall also send it to each holder of overseas listed foreign shares by pre-paid mail or by releasing on the website of the Bank or other ways stipulated in the Articles of Association, and the addresses of addressees shall be those recorded in the register of shareholders.

If the resignation notice of an accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis contains any statement of explaining the affair, the accounting firm may request the Board of Directors to convene an extraordinary general meeting of shareholders for presenting the explanations regarding the resignation given by the accounting firm.

#### **CHAPTER XIV NOTICE AND ANNOUNCEMENT**

**Article 305** The notices stated in the Articles shall be given in one or more of the following ways (including to the shareholders with a registered address outside of Hong Kong):

- (1) by hand;
- (2) by prepaid mail;
- (3) by fax or e-mail;
- (4) by way of an announcement made in the press or other designated media;
- (5) subject to compliance with the laws, administrative regulations, departmental rules, normative documents and the relevant rules of the securities regulatory authorities, and the provisions under the Articles, by way of posting on the websites of the Bank and the Stock Exchange of Hong Kong;
- (6) by such ways as agreed in advance between the Bank and the party to be notified or any other way which is recognized by the party to be notified after having received such notice; and

- (7) other ways which are recognized by the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed or stipulated in the Articles.

The notice of convening of a meeting of the Board of Directors/Supervisors shall be issued in any of the following ways: by hand, by fax, by mail/post, by e-mail.

Even where the Articles have otherwise provided for the methods of announcement or notification for any documents, notices, or other corporate communication, subject to the relevant provisions of the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed, the Bank may choose to publish its communication by the means specified in item (5) of the first paragraph in the Articles, to replace the means of sending written documents to each shareholder of overseas-listed foreign shares by hand or by prepaid mail. The said communication above refer to any documents sent or to be sent by the Bank to the shareholders for reference or for taking action, include but are not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), reports of the Board of Directors (together with balance sheets and income statements), notice of shareholders' general meetings, circulars and other communication.

**Article 306** Delivery date of notices of the Bank:

- (1) where a notice is delivered by hand, the recipient or its agent shall acknowledge receipt by signing (or sealing) the delivery receipt, and the date on which the recipient or its agent signs the delivery receipt shall be the delivery date;
- (2) where a notice is sent by mail, the delivery date shall be 48 hours after such notice is delivered to the post office;
- (3) where a notice is sent out by fax or e-mail or published on a website, the date of sending or publishing the notice shall be the delivery date;
- (4) where a notice is given by way of announcement, the date on which the announcement is first published shall be the delivery date. Where an announcement is published, in a newspaper which meets the relevant requirements, once the announcement is published, all persons concerned shall be deemed to have received the notice.

Where the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed provides otherwise, such provisions shall prevail.

**Article 307** Where, as a result of accidental omission, a notice of meeting is not given to a person who is entitled to receive such notice or where such person has not received the notice, the meeting or any resolution adopted at the meeting shall not be invalidated as a result.

**Article 308** Where the listing rules of the securities regulatory authorities in the jurisdiction in which the Bank's shares are listed require that the Bank send, mail, distribute, release or announce, or provide by other means the Bank's corporate communication in both English and Chinese versions, if the Bank has made appropriate arrangements to determine whether its shareholders expect to receive the English or the Chinese version only, the Bank may (based on the preference expressed by shareholders) send the English or Chinese version only to relevant shareholders within the scope permitted by the applicable laws and regulations and in accordance with applicable laws and regulations.

**Article 309** The Bank shall send announcements and disclose information to the shareholders of domestic shares in the newspapers and websites for information disclosure specified by the laws, administrative regulations or relevant domestic regulatory authorities. Where announcements are to be sent to the shareholders of H-shares in accordance with the Articles, then relevant announcements shall, at the same time, be published in the methods specified by the Listing Rules.

## **CHAPTER XV MERGER, DIVISION, DISSOLUTION AND LIQUIDATION**

### **Section I Merger and Division**

**Article 310** In the event of a merger or division of the Bank, a proposal of merger or division shall be made by the Board of the Bank and after the proposal is approved in accordance with the procedures stipulated in the Articles of Association, such proposal shall be examined and approved in accordance with the law. If a shareholder objects to a proposal of merger or division, such shareholder shall have the right to demand the Bank or those shareholders who approved the proposal of merger or division to purchase his/her shares at a fair price. The content of a resolution on the merger or division of the Bank shall be made into a special document to be available for inspection by the shareholders.

**Article 311** The Bank to merger may proceed by either merger by absorption or merger by the establishment of a new company.

Merger by absorption means the absorption by one company of other company or companies in which case the absorbed company or companies shall be dissolved. Merger by new establishment means the merger of two or more companies to form a new company, in which case all parties to the merger shall be dissolved.

**Article 312** In the event of a merger, the Board of Directors shall prepare the merger or division project and the project shall be resolved by the shareholders' general meeting in accordance with the Articles of Association, and the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Bank shall notify its creditors within ten (10) days after the date of the Bank's resolution on merger and shall make a public notice on newspapers, recognised by the stock exchange in which the Bank's shares are listed, within thirty (30) days from the date of the Bank's resolution on merger. Creditors may, within thirty (30) days after receipt of such notice from the Bank, or within forty-five (45) days after the date of the notice on newspapers for those who do not receive such notice, to demand that the Bank repay their debts or provide a corresponding guarantee for such debts.

**Article 313** After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

**Article 314** When the Bank is divided, its assets shall be split up accordingly.

In the event of a division of the Bank, all the parties involved shall prepare balance sheets and inventories of assets. The Bank shall notify its creditors within ten (10) days from the date of the Bank's resolution on division and shall make announcement on newspapers recognised by the stock exchange in which the Bank's shares are listed within thirty (30) days from the date of the Bank's resolution on division.

**Article 315** Unless otherwise agreed by the Bank and creditors on settling liabilities in writing prior to the division, the ancillary obligation with respect to debts incurred by the Bank before its division shall be borne by the companies after the division.

**Article 316** When the merger or division of the Bank involves changes in registered particulars, such changes shall be registered with the Bank registration authority in accordance with the law; when the Bank dissolves, the Bank shall finish its deregistration in accordance with the law; when a new company is established, its establishment shall be registered in accordance with the law.

## **Section II Dissolution and Liquidation**

**Article 317** The Bank shall be dissolved upon the occurrence of any of the following:

- (1) The expiry of the term of operation;
- (2) A resolution on dissolution is passed by shareholders' general meeting;
- (3) Dissolution is necessary due to a merger or division of the Bank;
- (4) The Bank's business license is revoked or cancelled or it is ordered to close down according to the law;
- (5) Where the Bank meets any serious difficulty during its operation and/or management so that the interests of the shareholders will be subject to heavy loss if it continues and it cannot be solved by any other means, the shareholders who hold ten percent (10%) or more of the voting rights of all the shareholders of the Bank may plead the people's court to dissolve the Bank;
- (6) The Bank is declared in bankruptcy in accordance with the law because of inability to repay debts due;
- (7) The Bank is ordered to be terminated due to its violation of law or regulations.

The dissolution of the Bank shall be approved by the banking regulatory authority of the State Council.

**Article 318** In circumstances in Item (1) of Article 317 of the Articles of Association, the Bank may continue to exist upon the revisions to the Articles of Association.

The revisions to the Articles of Association according to the preceding paragraph shall be approved by shareholders who hold two thirds (2/3) or more of the voting rights of all the shareholders at the shareholders' general meeting.

**Article 319** When the Bank is dissolved under Item(1), (2), (4), and(5)of Article 317 of the Articles of Association, a liquidation committee shall be set up within fifteen (15) days from the matter the dissolution exists and commence liquidation afterwards, and its members shall be determined by the Board of Directors or shareholders' general meeting; when the Bank is dissolved under Item(6), the People's Court shall organise the shareholders, relevant organisations and relevant professionals to establish a liquidation committee to proceed with the liquidation in accordance with the provisions of relevant laws; where the Bank is dissolved under Item(7), the relevant competent authority shall organise the shareholders, relevant organizations and professionals to establish a liquidation committee to proceed with the liquidation. If a liquidation committee is not set up within the specified period to carry out liquidation procedures, creditors may apply to the People's Court for engagement of relevant persons to form a liquidation committee so as to proceed with the liquidation.

**Article 320** Where the Board of Directors proposes to liquidate the Bank due to causes other than that the Bank has been declared insolvent, the Board of Directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Bank, the Board of Directors is in the opinion of that the Bank will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in shareholders' general meeting for the liquidation of the Bank, all functions and powers of the Board of Directors shall cease.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the committee's receipts and payments, the business of the Bank and the progress of the liquidation and to present a final report to the shareholders' general meeting on completion of the liquidation.

**Article 321** During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) To ascertain the Bank's assets and separately prepare a balance sheet and an inventory of assets;

- (2) To notify creditors by sending notice or by making a public notice;
- (3) To deal with and settle the Bank's outstanding business deals relating to the liquidation;
- (4) To settle outstanding taxes or the taxes incurred in the liquidation process;
- (5) To ascertain all claims and debts;
- (6) To dispose of the remaining assets of the Bank after the repayment of debts;
- (7) To represent the Bank in any civil proceedings.

**Article 322** The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make a public notice on newspapers recognised by the stock exchange in which the Bank's shares are listed within sixty (60) days from such date. Creditors should, within thirty (30) days after receipt of the notice, or within forty-five (45) days from the date of the public notice for those who do not receive the notice, submit their claims to the liquidation committee.

When submitting their claims, creditors shall explain relevant particulars of their claims and provide supporting materials. The liquidation committee shall record the claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

**Article 323** After checking the Bank's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit to the shareholders' general meeting or the People's Court for confirmation.

After paying the liquidation cost, staff salary, labour insurance, statutory compensation, the principal and interest of individual savings deposits and the outstanding taxes respectively, and after repayment of its debts in accordance with the provisions above, the remaining assets of the Bank shall be distributed to the shareholders of the Bank based on the types of their shares and in proportion to their respective shareholdings.

During the liquidation period, the Bank shall continue to exist but shall not carry out any business activities not relating to liquidation. The assets of the Bank shall not be distributed to the shareholders before the repayment in accordance with provisions of the preceding paragraph.

**Article 324** In the event of the Bank’s liquidation owing to dissolution, if the liquidation committee, after ascertaining the Bank’s assets and preparing a balance sheet and an inventory of assets, discovers that the Bank’s assets are insufficient to repay its debts, it shall immediately apply to the court for declaration of bankruptcy.

After the Bank is declared bankruptcy by a ruling of the People’s Court, the liquidation committee shall transfer the liquidation matters to the People’s Court.

**Article 325** Following the completion of liquidation, the liquidation committee shall present the liquidation report submitted to the shareholders’ general meeting, the banking regulatory authority of the State Council or the People’s Court for confirmation.

Within thirty (30) days from the date of the shareholders’ general meeting or the banking regulatory authority of the State Council or the People’s Court confirmed, the liquidation committee shall submit the aforementioned documents to the Bank registration authorities for deregistration of the Bank and announce that the Bank ceases to exist.

**Article 326** Members of the liquidation committee shall perform their duties faithfully and carry out the liquidation in accordance with the laws.

Members of the liquidation committee shall not take advantage of their position to take bribes or other illegal income, or misappropriate the assets of the Bank.

If members of the liquidation committee cause any loss to the Bank or its creditors, either wilfully or due to gross negligence, they shall be liable for compensation.

**Article 327** Where the Bank is declared bankrupted in accordance with the laws, a bankruptcy liquidation shall be implemented in accordance with the corporate bankruptcy laws.

**CHAPTER XVI AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**Article 328** The Bank may, pursuant to the requirements of the laws, administrative regulations and the Articles of Association, amend the Articles of Association.

**Article 329** The Bank shall amend the Articles of Association under any of the following situations:

- (1) There is a discrepancy between the provisions of the Articles of Association and those of the laws and administrative regulations after amendments to the Company Law, the Commercial Banking Law or relevant laws and administrative regulations;
- (2) There are changes in the situation of the Bank resulting in inconsistency in relation to that mentioned in the Articles of Association;
- (3) The shareholders' general meeting resolves to amend the Articles of Association.

**Article 330** If the amendments upon the resolutions of shareholders' general meeting are subject to approval by the competent authorities, such amendments shall be submitted to such competent authority for approval; if registration is necessary for the amendments, such registration shall be carried out in compliance with the relevant laws.

**Article 331** The Board of Directors may amend the Articles of Association in accordance with the resolution on amendments to the Articles of Association passed at the shareholders' general meeting and the approval opinions of the relevant competent authorities.

**Article 332** Any amendment to the Articles of Association shall be subject to the public notice if so required by the laws and regulations.

## **CHAPTER XVII SETTLEMENT OF DISPUTES**

**Article 333** The Bank shall act according to the following principles to settle disputes:

- (1) Whenever any disputes or claims arise between holders of the overseas-listed foreign shares and the Bank, holders of the overseas-listed foreign shares and the Bank's directors, supervisors, president, and other senior management personnel, or holders of the overseas-listed foreign shares and holders of domestic shares, based on the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Bank, such disputes or claims shall be referred by the relevant parties to arbitration.

- (2) Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Bank or a shareholder, director, supervisor, president and other senior management personnel of the Bank) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.
- (3) Disputes in relation to the identification of shareholders and disputes in relation to the register of shareholders need not be referred to arbitration.
- (4) A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply the arbitration to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (5) If any disputes or claims of rights prescribed in this article are referred to arbitration, the laws of the PRC shall apply, save as otherwise provided in the laws and administrative regulations.
- (6) The award of an arbitration agency shall be final and conclusive and binding on all parties.

## **CHAPTER XVIII SPECIAL PROVISIONS ON PREFERENCE SHARES**

**Article 334** Unless otherwise specified in laws, administrative regulations, departmental rules, regulations of the securities regulatory authorities in the place where the shares of the Bank are listed or this Chapter, the rights and obligations of preference shareholders and management of preference shares shall be governed by the provisions relating to ordinary shares (including H shares) in the Articles of Association.

**Article 335** The number of preference shares issued by the Bank shall not exceed 50% of the total number of ordinary shares of the Bank, and the capital raised from the issue of preference shares shall not be more than 50% of the net assets of the Bank prior to the relevant issuance (excluding the preference shares that have been redeemed or converted).

**Article 336** In accordance with relevant rules on regulatory capital for commercial banks, the Bank may formulate terms governing the mandatory conversion of the preference shares into ordinary shares, namely, upon the occurrence of certain trigger events, the Bank shall convert the preference shares into ordinary shares in accordance with the conversion price and conversion amount as determined at the time of issuance of the preference shares. In circumstances when the preference shares are mandatorily converted into ordinary shares, the Bank shall report such conversion to banking regulatory authorities under the State Council for review and approval.

**Article 337** The preference shares issued by the Bank shall not have any put option, and the preference shareholders shall have no right to require the Bank to redeem preference shares. Subject to the approval of the banking regulatory authorities under the State Council and upon compliance with the relevant requirements, the Bank has the right to redeem all or part of the preference shares after the fifth year following the date of the relevant issuance of the preference shares. The redemption period of the preference shares commences on such date as agreed upon at the time of issuance of the preference shares and ends on the date of redemption or conversion of all the preference shares. The total number of outstanding preference shares shall be written down accordingly upon redemption of preference shares.

The exercise by the Bank of its right to redeem the preference shares shall be subject to the fulfilment of the following conditions:

- (1) the Bank shall use capital instruments of the same or superior quality to replace the preference shares to be redeemed and such replacement shall only be made at a time at which the Bank has a sustainable income generating capability; or
- (2) the capital position of the Bank immediately after redemption of the preference shares will remain significantly higher than the regulatory capital requirements prescribed by the banking regulatory authorities under the State Council.

The redemption price of offshore preference shares will be an amount equal to the issue price plus the amount of dividend declared but unpaid for the then current period.

**Article 338** Preference shareholders of the Bank shall enjoy the following rights:

- (1) to receive distribution of dividends in priority to ordinary shareholders;
- (2) to receive distribution of residual assets of the Bank on liquidation in priority to those of ordinary shareholders;

- (3) upon the occurrence of the circumstances provided in Article 340, to attend and vote at shareholders' general meetings;
- (4) upon the occurrence of the circumstances provided in Article 341, to have its voting rights restored in accordance with the requirements of that Article;
- (5) to make proposals or inquiries in relation to the business operations and activities of the Bank;
- (6) to inspect the Bank's Articles of Association, register of shareholders, record of bondholders, minutes of shareholders' general meetings, resolutions of meetings of the Board, resolutions of meetings of the Board of Supervisors and financial reports; and
- (7) other rights conferred to preference shareholders by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 339** Only votes of ordinary shares and votes of preference shares with restored voting rights shall be counted when calculating the proportion of shares and the amount of shares held by the shareholders in the event of the following:

- (1) a request to convene an extraordinary general meeting of shareholders;
- (2) a request to convene and preside over a general meeting of shareholders;
- (3) a request to submit a proposal or an interim proposal to a general meeting of shareholders;
- (4) a request to nominate the directors and supervisors who are not staff representatives of the Bank;
- (5) identifying controlling shareholder(s) according to the relevant provisions of the Articles of Association;
- (6) identifying person(s) restricted from serving as independent directors of the Bank according to the related provisions of the Articles of Association;

- (7) identifying the ten largest shareholders of the Bank and the number of shares held by them and the shareholder(s) holding 5% or more of the shares of the Bank in accordance with the Securities Law of the People's Republic of China and relevant regulations; and
- (8) other circumstances provided under laws, administrative regulations, departmental rules and the Articles of Association.

**Article 340** The preference shareholders are not entitled to attend any shareholders' general meeting of the Bank, nor do the preference shares carry voting rights in any shareholders' general meeting other than in the following circumstances:

- (1) amendments to the Articles of Association that relate to preference shares;
- (2) reduction of the registered capital of the Bank by more than 10% on a single or aggregate basis;
- (3) merger, division, dissolution or change of corporate form of the Bank;
- (4) issuance of preference shares by the Bank;
- (5) other events specified in laws, administrative regulations, departmental rules and the Articles of Association.

On the occurrence of any of the above matters, the Bank shall notify preference shareholders of the shareholders' general meeting and follow the notice procedures to ordinary shareholders as provided under the Articles of Association. The preference shareholders are entitled to vote at a separate class meeting with respect to the above matters and each preference share shall have one vote (preference shares held by the Bank do not entitle the Bank to vote).

Resolutions relating to the above matters shall be approved by more than two thirds of the votes held by ordinary shareholders present at the meeting (including preference shareholders with restored voting rights) and by more than two thirds of the votes held by preference shareholders present at the meeting (excluding preference shareholders with restored voting rights).

**Article 341** In the event that the Bank fails to pay the prescribed dividend to the preference shareholders for three financial years in aggregate or two consecutive financial years, the preference shareholders will have the right to attend and vote at the shareholders' general meetings as if they are ordinary shareholders from the day immediately after the shareholders' general meeting resolves that the Bank will not pay the prescribed dividend for the current dividend period. The voting rights of the preference shareholders will remain restored until the Bank pays the then current period dividend in full.

The formula for calculating the voting rights of the offshore preference shares with restored voting rights is as follows:  $Q = V/P \times \text{conversion exchange rate}$ , with any fractional restored voting right rounded down to the nearest whole number. Where: "Q" denotes the H share voting rights restored from the offshore preference shares held by each offshore preference shareholder; "V" denotes the aggregate value of the offshore preference shares with restored voting rights held by each offshore preference shareholder; "P" denotes the conversion price; the initial conversion price is decided by the issuance plan for offshore preference shares passed by shareholders' general meeting and denominated in Hong Kong dollars which shall be converted with reference to the central parity rate of RMB to HKD used by the interbank foreign exchange market as published by the China Foreign Exchange Trade System on the trading day prior to the announcement date of the Board resolution on the Offshore Preference Share issuance plan (rounded up to the nearest 2 decimal places); the adjustment method of the conversion price P is decided by the provisions agreed upon the issuance of preference shares; and the "conversion exchange rate" refers to the cross rate between Hong Kong dollars and the currency in which the offshore preference shares are denominated based on the RMB central parity rate published by the China Foreign Exchange Trading System on the trading date preceding the date of the announcement of the passing of the Board resolution in respect of the issuance plan for offshore preference shares.

**Article 342** The dividend rate for the issued and outstanding preference shares of the Bank consists of the benchmark rate and the fixed spread. The dividend rate may be adjusted at different intervals. During a specified period after issuance of the preference shares, the dividend rate will remain the same and during any adjusted dividend rate period, the dividend rate will remain the same.

Preference shareholders shall rank in priority to the ordinary shareholders in terms of dividend distribution and the preference shares shall be entitled to the dividend rate and distribution of profits in accordance with the agreed terms. Dividends to the preference shareholders shall be payable in cash.

After receiving the dividends at the prescribed dividend rate, the preference shareholders shall not be entitled to any distribution of residual profits of the Bank together with the ordinary shareholders. In accordance with the relevant rules on regulatory capital of commercial banks, the Bank shall have the right to cancel dividends in whole or in part and this will not constitute an event of default. Any amount of dividends not paid to the preference shareholders in full by the Bank will not be accumulated to the following dividend periods.

**Article 343** In the event of liquidation of the Bank as a result of dissolution, bankruptcy or other reasons, the remaining assets of the Bank after liquidation in accordance with laws, administrative regulations, departmental rules and Article 323 shall be distributed first to the preference shareholders. Preference shareholders will be entitled to an amount equal to the aggregate value of the preference shares then issued and outstanding plus any declared but unpaid dividends for the then current period. If there are insufficient remaining assets, the distribution will be made ratably according to the aggregate value of the preference shares held by each preference shareholder as a proportion of the aggregate value of all preference shares of the Bank.

## **CHAPTER XIX SUPPLEMENTARY PROVISIONS**

### **Article 344** Definitions

- (1) The “actual controller” shall refer to the persons who, not being a shareholder of the Bank, is able to exercise control over the acts of the Bank through an investment relationship, any agreement or other arrangement.
- (2) The “connected relationship” shall refer to the relationship between the Bank’s controlling shareholders, actual controllers, directors, supervisors, senior management personnel and the enterprises under their direct or indirect control, as well as other relationships that may result in the transfer of the interests of the Bank. However, state-owned enterprises shall not have the relationship aforementioned due to jointly being controlled by the State.
- (3) The “substantial shareholder” shall refer to the shareholder who holds, directly, indirectly or jointly, control 5% of shares of the Bank or voting right and have a material influence on the Bank.

**Article 345** The Board of Directors may formulate the rules, norms, regulations, systems, and methods in accordance with the provisions of the Articles of Association. The rules, norms, regulations, systems, and methods shall not contravene the provisions of the Articles of Association.

**Article 346** These Articles of Association are drafted in Chinese. In case of any discrepancy between versions in other languages or different versions of the Articles of Association, the latest Chinese version registered with the relevant AIC authority shall prevail.

**Article 347** All “over”, “within” in the Articles of Association include the relevant figure itself; “exceed”, “less than”, and “lower than” does not include the relevant figure itself; “total number of voting shares” mentioned in the Articles of Association only includes total number of ordinary shares and preference shares with restored voting rights.

**Article 348** The accounting firm referred in the Articles of Association shall have the same meaning of “Auditor”.

**Article 349** The right of interpretation shall belong to the Board of Directors of the Bank.