

## **ARTICLES OF ASSOCIATION OF CHINA MINSHENG BANKING CORP., LTD.**

(The Articles were considered and approved in the first extraordinary meeting for 2016 of the Company convened on 1 February 2016 and became effective upon the approval of the China Banking Regulatory Commission. The provisions related to the preference shares shall take effect on the date of completion of the first issuance of preference shares of the Company.)

### **Chapter 1 General Provisions**

**Article 1** To protect the legal rights of China Minsheng Banking Corp., Ltd. (the “Bank” or “Company”), the shareholders and creditors of the Bank, and regulate the organization and activities of the Bank, the Articles of Association are hereby formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Commercial Banking Law of the People’s Republic of China (the “Commercial Banking Law”), the Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”), the State Council Guidance Opinion on the Launch of Preference Shares Pilot Scheme and other pertinent rules and regulations.

**Article 2** The Bank is a joint stock limited company incorporated in accordance with the Company Law, the Commercial Banking Law and other relevant regulations.

Upon an Approval by the State Council regarding the Incorporation of China Minsheng Banking Corp., Ltd. (Guo Han [1995] No. 32) and an Approval by the People’s Bank of China regarding the Commencement of Operation of China Minsheng Banking Corp., Ltd. (Yin Fu [1996] No. 14), the Bank is established by way of promotion and registered with the State Administration for Industry and Commerce and obtained a business license on 7 February 1996. The business license number of the Bank is 100000000018983.

Upon its incorporation, the promoters of the Bank are Guangzhou Yitong Group Company (廣州益通集團公司), China Town and Township Enterprises Investment and Development Co., Ltd. (中國鄉鎮企業投資開發有限公司), China Coal Industrial Import and Export Company (中國煤炭工業進出口總公司), China Shipowners Mutual Assurance Association (中國船東互保協會), Shandong Oceanwide Group Company (山東泛海集團公司), Harbin Linen Mill (哈爾濱亞麻廠), Xiamen Fuxin Group Co., Ltd. (廈門福信集團有限公司), Ningbo Economic Construction Investment Company (寧波市經濟建設投資公司), Beijing Vantone Industry Co., Ltd. (北京萬通實業股份有限公司), Hangzhou Unitop Electric Co., Ltd. (杭州通普電器公司), Kunming Jianhua Enterprise Group (昆明建華企業集團), Shenzhen Advance Development Company (深圳前進開發公司), Hope Group Co., Ltd. (希望集團有限公司), Harbin Shirble Electric-Heat Co., Ltd. (哈爾濱歲寶熱電股份有限公司), Zhengzhou Mengda Industrial Co., Ltd. (鄭州夢達實業有限公司), Henan Power Development Co., Ltd. (河南電力開發有限公司), Kunming Department Stores Building (昆明百貨大樓), Nanhai Guicheng Commercial & Trading Material General Corporation (南海市桂城商業貿易物資總公司), China Travel International Trust Investment Co., Ltd. (中國旅遊國際信託投資有限公司), Zhanjiang Economic & Technological Development Zone Finance Development Company (湛江經濟技術開發區財務開發公司), Shenzhen Bao’an Runtian Enterprise Company (深圳市寶安區潤田企業公司), Anshan Teng’ao Special District Liaohe Forage Group Company (鞍山市騰鰲區遼河飼料集團公司), Guangdong Hengfeng Investment Group Co., Ltd. (廣東恒豐投資集團有限公司), Shanxi Antai International Enterprise (Group) Co., Ltd. (山西安泰國際企業(集團)股份有限公司), Henan Xing Ya Enterprise Group Co., Ltd. (河南興亞企業集團有限公司), Nanning Nanhe Development Company (南寧南和發展公司), Changsha Southern Huaqiao Gang’aotabao Trading Company (長沙南方華僑港澳臺胞貿易公司), Zhengzhou Feimengda Leather Products Co., Ltd. (鄭州斐蒙達皮製品有限公司), Shenzhen Chengxin Industrial Development Company (深圳呈鑫實業發展公司), Shunde Vanward Enterprises Group Co., Ltd. (順德市萬和企業集團公司), Shenzhen Shangbu Industrial Co., Ltd. (深圳市上步實業股份有限公司), Chengdu Huaqiao Xinyuan Industrial Co., Ltd. (成都華僑新苑實業有限總公司), Henan Yuantian Property Company (河南原田置業公司), Zhejiang Quzhou Hongji Industrial Co., Ltd. (浙江省衢州市鴻基實業有限公司), Beijing Ideal Industrial Development Company (北京理想產業發展公司), Anshan Pacific Industrial (Group) Co., Ltd. (鞍山太平洋(集團)有限公司), Guangzhou Shanghui Co., Ltd. (廣州商匯有限公司), Anshan Chengnan Steel Rolling Group Company (鞍山城南軋

鋼集團公司), Guangxi Penshibao Co., Ltd. (廣西噴施寶有限公司), Nanning Zhantong Material Supply Company (南寧市展通物資供應公司), Taiyuan Qingquan Coal Coking Transportation and Marketing Group Company (太原清泉煤焦化運銷集團公司), Shanxi Haixin Steel Company (山西省海鑫鋼鐵公司), Luoyang Building Machinery Factory (洛陽建築機械廠), China Shangdong Taidao Group (中國山東台島集團), Tianjin Gangtian Group Company (天津港田集團公司), China Building Materials Zhengzhou Zhongyue Associated Special Cement Factory (中國建材鄭州中嶽聯營特種水泥廠), Liaoning Gaizhou Lutun Tiedong Pipe Fitting Factory (遼寧蓋州市蘆屯鐵東管件廠), Beijing Hengrun Dake Industrial and Trading Company (北京恒潤達科工貿公司), Guangdong Industrial and Commercial Building (廣東省工商大廈), Zhejiang Shangyu Xincheng Industrial Company (浙江上虞信誠實業公司), Zhejiang Rui'an Yongjiu Electromechanical Factory (浙江里安市永久機電廠), Beijing Menshanyuan Development Company (北京門山園開發公司), Zhejiang Wolong Group Co., Ltd. (浙江臥龍集團公司), Zhejiang Shangyu Financial Development Company (浙江上虞市財務開發公司), Shenzhen Taishen Industrial Co., Ltd. (深圳泰紳實業股份有限公司), Kunming Industry & Commerce Association Industrial Company (昆明市工商聯興業公司), Hebei Food Industry Company (河北食品工業總公司), Guangdong Lianshan Minghua Electromechanical Factory (廣東連山明華電化廠) and Shenzhen Huishang Co., Ltd. (深圳匯商有限公司).

The promoters of the Bank made their capital contributions in cash in 1995.

**Article 3** On 27 November 2000, upon an approval by China Securities Regulatory Commission (Zheng Jian Fa Xing Zi [2000] No. 146), the Bank issued 350,000,000 RMB-denominated ordinary shares pursuant to an initial public offering. These shares were listed on the Shanghai Stock Exchange on 19 December 2000.

On 27 February 2003, upon an approval by China Securities Regulatory Commission (Zheng Jian Fa Xing Zi [2003] No. 13), the Bank issued convertible bonds of RMB4 billion at par value of RMB100. These convertible bonds were due and repayable (including principal and interests) on 26 February 2008. The number of shares converted is 1,616,729,400 shares (including bonus shares and additional shares).

On 22 June 2007, upon an approval by China Securities Regulatory Commission (Zheng Jian Fa Xing Zi [2007] No. 7), the Bank issued 2,380,000,000 new RMB-denominated ordinary shares to eight domestic corporate investors pursuant to a private placement.

On 21 October 2009, upon an approval by China Securities Regulatory Commission (Zheng Jian Xu Ke [2009] No. 1104), the Bank issued 3,439,275,500 overseas listed foreign shares (H Shares) of RMB1 each (including 117,569,500 over-allotted shares) which were listed on The Stock Exchange of Hong Kong Limited on 26 November 2009 and 23 December 2009.

On 26 March 2012, according to an approval by China Securities Regulatory Commission (Zheng Jian Xu Ke [2012] No. 211), the Bank further issued 1,650,852,240 overseas listed foreign shares (H Shares) of RMB1 each which were listed on The Stock Exchange of Hong Kong Limited on 2 April 2012.

On [•], according to an approval by China Securities Regulatory Commission (Zheng Jian Xu Ke [•] No. [•]), the Bank is authorized to issue [•] preference shares of RMB100 each through private placing. Those shares were then transferred on [•] on [•].

**Article 4** The registered name of the Bank:

Full name in Chinese: 中國民生銀行股份有限公司

Full name in English: CHINA MINSHENG BANKING CORPORATION LIMITED

Abbreviation in English: CMBC

**Article 5** The Head Office of the Bank is located in Beijing.

Registered address of the Bank: No. 2, Fuxingmennei Avenue, Xicheng District, Beijing, China, 100031

Tel: 58560666

Fax: 58560690

**Article 6** The Bank is a joint stock limited company of indefinite term.

**Article 7** The Chairman of the Board of Directors of the Bank shall be the legal representative of the Bank.

**Article 8** The shares of the Bank include ordinary shares and preference shares. The nominal value of each share of the same class shall be equal. The shareholders shall bear liability of the Bank to the extent of the share capital subscribed by them and the Bank shall bear liability of its debts to the extent of its total capital.

**Article 9** On July 2006, the Bank amended its Articles of Association (the “Original Articles”) in accordance with the Company Law, the Securities Law, other pertinent laws and administrative regulations and rules, to reflect the requirements applicable to the Bank as an A share listed company.

The Original Articles of the Bank became effective on 26 January 2007 upon an Approval by the China Banking Regulatory Commission (the “CBRC”) (Yin Jian Fu [2007] No. 27).

These Articles of Association have been approved by the shareholders’ general meeting and the approval authority of the State Council and shall be effective from the date of the listing of the overseas listed foreign invested shares of the Bank on Hong Kong Exchanges and Clearing Limited (the “Hong Kong Exchange”). Starting from the date of effectiveness of these Articles of Association, the Original Articles and amendments thereof shall be superseded by these Articles of Association.

Starting from the date of effectiveness of these Articles of Association, these Articles of Association shall become a legally binding document which regulates the organization and activities of the Bank and the rights and obligations between the Bank and its shareholders, and among the shareholders.

**Article 10** These Articles of Association shall be binding on the Bank, its shareholders, directors, supervisors, president and other senior management. All of the above personnel may claim their rights in respect of matters relating to the Bank in accordance with these Articles of Association.

The shareholders may institute lawsuits against the Bank pursuant to these Articles of Association; the Bank may institute lawsuits against its shareholders, directors, supervisors, president and other senior management pursuant to these Articles of Association; the shareholders may institute lawsuits against other shareholders pursuant to these Articles of Association; and the shareholders may institute lawsuits against the directors, supervisors, president and other senior management of the Bank pursuant to these Articles of Association.

The lawsuits referred to in the preceding paragraph shall include lawsuits instituted in a court or arbitration applied to an arbitration institution.

**Article 11** The senior management referred to in these Articles of Association shall mean the president, vice presidents, secretary to the Board of Directors, chief financial officer and other senior officers recognized by the regulatory authorities.

**Article 12** The Bank may invest in other companies with limited liabilities and joint stock limited companies subject to the relevant laws and regulations, and shall bear the liabilities of the investees to the extent of the share capital subscribed by it. Subject to approval by the CBRC, the Bank may establish domestic and overseas branches for business expansion.

The Bank is comprised of the headquarters, branches and sub-branches. The headquarters adopts a centralized audit and capital management system for all branches and sub-branches. Branches and sub-branches have their internal financial management systems.

The domestic and overseas branches of the Bank shall not have the status of legal person. Their establishment and business operation shall be in compliance with the requirements of CBRC regarding the management of the financial institutions and within the authorized scope by the headquarters.

Overseas branches of the Bank may carry out all banking or other businesses permitted by laws and regulations of the jurisdiction in which such branches are located.

Subject to approval by the approval authority of the State Council, the Bank may operate as a holding company in accordance with the Company Law as required by its operation management.

**Article 13** The Bank shall be supervised and regulated by the CBRC according to the laws and regulations.

## **Chapter 2 Objectives and Scope of Business**

**Article 14** The objectives of the Bank are to develop various banking businesses in compliance with relevant laws and regulations, support the development of domestic economy and serve the public with main focuses on private enterprises, small and medium enterprises and high-technology enterprises.

The Bank shall operate its business in a prudent manner and maintain its liquidity and capital return at satisfactory levels. The Bank shall operate independently under its internal control system and shall be solely responsible for any risks, profits and losses arising from its operation.

**Article 15** Subject to approvals by the regulatory authorities, such as the banking regulatory authorities under the State Council, and the registration authorities, the business scope of the Bank shall include:

- (1) taking deposits from the public;
- (2) provision of short, medium and long-term loans;
- (3) processing domestic and overseas settlements;
- (4) processing bill acceptance and discount;
- (5) issuance of financial bonds;
- (6) acting as issuance agent and payment agent, and underwriting government bonds;
- (7) dealing in government and corporate bonds;
- (8) engaging in inter-bank borrowing;
- (9) dealing in foreign exchange as principal or agency;
- (10) engaging in bank card business;
- (11) providing letter of credit and guarantee;
- (12) acting as receiving/payment agent and insurance agent;
- (13) providing safekeeping boxes services;

(14) other businesses as approved by the banking regulatory authorities under the State Council.

Subject to approval by the People's Bank of China, the Bank may engage in settlement and sale of foreign exchange businesses.

### **Chapter 3 Shares and Registered Capital**

**Article 16** The shares of the Bank shall be represented by share certificate and are ordinary shares and preference shares. Ordinary shares refer to ordinary shares issued by the Bank in accordance with the general provisions of the Company Law. Preference shares refer to shares issued by the Bank in accordance with the Company Law in addition to ordinary shares which entitle its holder with priority over holders of ordinary shares in receiving distribution of profits and remaining assets of the Bank, but with restrictions on the right to participate in the decision making and management of the Bank.

**Article 17** The shares in the Bank shall be issued in a fair and equal manner and each share of the same class shall enjoy the same rights.

The conditions and price of each share of the same class shall be the same in each issue. Any entity or individual shall pay the same price for each share subscribed.

**Article 18** All the shares issued by the Bank shall have a par value. Par value of each ordinary share shall be RMB1.00, and par value of each preference share shall be RMB100.

RMB mentioned in the preceding paragraph refers to Renminbi, the lawful currency of the People's Republic of China.

**Article 19** Subject to approval by the securities regulatory authorities under the State Council and banking regulatory authorities, the Bank may issue its shares to domestic and overseas investors.

The overseas investors mentioned in the preceding paragraph refer to investors in overseas countries, Hong Kong, Macau and Taiwan who subscribe for the shares issued by the Bank; and domestic investors refer to investors in the PRC, excluding the regions mentioned above, who subscribe for the shares issued by the Bank.

**Article 20** The shares issued by the Bank to domestic investors for subscription in RMB shall be referred to as Domestic Shares. The shares issued by the Bank to overseas investors for subscription in foreign currencies shall be referred to as Overseas Shares. Overseas Shares listed in an overseas country shall be referred to as overseas listed foreign shares. Shares listed in Hong Kong shall be referred to as H shares. The par value of the H shares listed on the Hong Kong Stock Exchange are denominated in RMB and to be subscribed and dealt in Hong Kong dollars.

The foreign currencies mentioned in the preceding paragraph refer to the legal tenders, other than RMB, of other jurisdictions and are recognized by the foreign exchange administration authorities of the State for payment to the Bank for share capital.

Subject to approval of the securities regulatory authorities of the State Council, holders of domestic shares may transfer their shares to overseas investors and such transferred shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred shares on an overseas stock exchange shall comply with the regulations, rules and requirements of such overseas securities market. No approval by class shareholders' meeting is required for the listing and trading of the transferred shares on an overseas stock exchange.

**Article 21** Domestic shares shall be under the custody of the Shanghai branch of China Securities Depository and Clearing Corporation Limited. H shares are mainly under the custody of a company entrusted by Hong Kong Securities Clearing Company Limited, or held in the name of individual shareholders.

**Article 22** Pursuant to an approval by the State Council and the People's Bank of China, the Bank issued 1,380,248,376 ordinary shares to 59 promoters, representing 100% of the total number of the ordinary shares of the Bank in issue, upon its establishment.

After its establishment, the Bank issued 350,000,000 domestically listed domestic shares on 27 November 2000, pursuant to an approval by China Securities Regulatory Commission. Upon completion of the issue of domestic shares, the share capital of the Bank comprises of 1,380,248,376 promoter legal-person shares and 350,000,000 domestically listed domestic shares, representing 79.77% and 20.23% of the total share capital of the Bank respectively.

On 27 February 2003, pursuant to an approval by the China Securities Regulatory Commission (Zheng Jian Fa Xing Zi [2003] No. 13), the Bank issued RMB4 billion convertible bonds of RMB100 each. The convertible bonds were due and repayable (including principal and interests) on 26 February 2008. The number of shares converted is 1,616,729,400 shares (including bonus shares and additional shares).

On 22 June 2007, pursuant to an approval by the China Securities Regulatory Commission ("CSRC") (Zheng Jian Fa Xing Zi [2007] No. 7), the Bank issued 2,380,000,000 new RMB-denominated ordinary shares to eight domestic legal person investors by way of private placement.

On 15 March 2013, pursuant to an approval by the China Securities Regulatory Commission (Zheng Jian Xu Ke [2012] No. 1573), the Bank issued RMB20 billion convertible bonds of RMB100 each. The convertible bonds were redeemed on 24 June 2015 before maturity. The number of shares converted is 2,446,493,105 shares.

**Article 23** Pursuant to an approval by the approval authorities under the State Council, the Bank issued 5,090,127,740 overseas listed foreign shares (H shares), including 3,439,275,500 overseas listed foreign shares (H shares) (including 117,569,500 over-allotted shares) initially offered and 1,650,852,240 additional overseas listed foreign shares (H shares).

**Article 24** On [•], as approved by the approval authority of the State Council, the Bank issued [•] preference shares through private placing.

**Article 25** The issuance of preference shares by the Bank to replenish additional tier-1 capital shall be in compliance with the relevant eligibility criteria of capital instruments of the banking regulatory authority of the State Council.

**Article 26** In accordance with relevant requirements of the banking regulatory authority of the State Council, the Bank has determined the conditions for the mandatory conversion of preference shares to ordinary shares, which state that the preference shares may be converted into ordinary shares based on the conversion price and amount fixed according to the issuance plan of preference shares upon the occurrence of the triggering events.

Ordinary shares converted from preference shares due to mandatory conversion shall have same rankings as the original ordinary shares of the Bank.

**Article 27** As at 1 July 2015, the share capital of the Bank comprised 36,485,348,752 ordinary shares in issue, including 29,551,769,344 domestically listed shares and 6,933,579,408 H shares, representing approximately 81.00% and 19.00% of the total issuable ordinary shares of the Bank respectively, and [•] preference shares in issue.

The above calculation includes bonus shares distributed by the Bank, shares issued upon capitalization of capital reserve and shares issued upon the exercise of convertible bonds by creditors up to 1 July 2015.

**Article 28** Pursuant to the proposed issue of overseas listed foreign shares and domestically listed shares of the Bank as approved by the securities regulatory authorities of the State Council, the Board of Directors of the Bank may arrange for such issues in several batches.

The Bank may implement each of the proposals on issue of FLSs and DLSs as mentioned in the preceding paragraph within 15 months upon the approval by the securities regulatory authorities of the State Council.

**Articles 29** Where the Bank issues the overseas listed foreign shares and domestic shares within the total number of shares determined by the plan, every such issue of shares shall be fully subscribed at one time. Where special circumstances make it impossible for full subscription at one time, the shares may be issued in several batches, subject to approval of the securities regulatory authority of the State Council.

**Article 30** The registered capital of the Bank is RMB28,365,585,227 which is equal to the paid-up capital.

**Article 31** The Bank may increase its registered capital to meet its operation and development needs subject to approval in accordance with the Articles of Association of the Bank. The Bank may increase its capital by the following ways:

- (1) public offering of ordinary shares;
- (2) ordinary shares issue to its existing shareholders;
- (3) distribution of ordinary shares to its existing shareholders;
- (4) private placing of ordinary shares;
- (5) conversion from the preference shares to ordinary shares; and
- (6) any other methods permitted by the applicable laws and administrative regulations.

After being approved according to the Articles of Association of the Bank, the Bank's increase of capital by issuing new shares shall be conducted in accordance with the procedures provided in relevant laws and administrative regulations.

The registered capital of the Bank may increase upon the conversion of convertible bonds issued by the Bank. The conversion of convertible bonds shall comply with the provisions set out in the relevant national laws, administrative regulations, departmental rules as well as the prospectus of the issue of convertible bonds.

The number of issued preference shares of the Bank shall not exceed 50% of the total ordinary shares and the proceeds from the issuance of preference shares shall not exceed 50% of the net assets before the issuance, excluding preference shares that have been repurchased and converted.

**Article 32** Subject to the relevant provisions of the laws, administrative regulations and the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed, the Bank's shares are transferable and free of any lien.

**Article 33** The Bank shall not accept the shares of the Bank as security.

**Article 34** Promoter shares of the Bank shall not be transferred within one year of the date of the Bank's establishment. The shares in issue before the initial public offer of the Bank shall not be transferred within one year of the first date of trading of the Bank's shares on the Shanghai Stock Exchange.

The directors, supervisors and senior management of the Bank shall notify the Bank their holding of shares in the Bank (including preference shares) and changes of their holdings. The shares transferred in any year during their tenures shall not exceed 25% of the total number of the shares of any one class held by them. These individuals shall not transfer the shares in the Bank held by them within six months upon the completion of their terms of office unless so demanded by a court.

The shareholders shall promptly notify the Bank of their interests in shares. However, the Bank shall be prohibited to freeze the shares of any person who is directly or indirectly interested in such shares and does not disclose their interests to the Bank, or otherwise prejudice the interests attached to such shares.

**Article 35** If the directors, supervisors, senior management and shareholders holding more than 5% of the shares of the Bank sell any share within six months from the date of purchase or repurchase any share within six months from the date of disposal, any gains so realised shall be forfeited by the Board of Directors in favour of the Bank. However, securities firms holding more than 5% of the shares as a result of the performance of their underwriting obligation shall not be subject to the six-month restriction. Where the laws, administrative regulations or regulations of the stock exchanges provide otherwise, such provisions shall prevail.

If the Board of the Bank does not abide by the provisions as stipulated in the preceding paragraph, the shareholders may request the Board to act within 30 days. If the Board of the Bank fails to act within such period, the shareholders may institute a proceeding before the People's Court in his/her own name for the benefit of the Bank.

If the Board of the Bank does not abide by the provision above, the responsible Directors shall assume related responsibilities as stipulated by the laws.

#### **Chapter 4 Capital Reduction and Share Repurchase**

**Article 36** The Bank may reduce its registered capital according to the provisions of these Articles of Association.

Any reduction of registered capital of the Bank shall be made in compliance with the Company Law, Commercial Banking Law and other applicable regulations and the procedures specified in these Articles of Association.

Registered capital of the Bank after any reduction shall not be less than the legal minimum amount requirement.

**Article 37** A balance sheet and a list of properties shall be prepared for the reduction of the Bank's registered capital.

The Bank shall inform its creditors within 10 days and make at least 3 public announcements on newspapers recognized by the stock exchange on which the shares of the Bank are listed within 30 days after the resolution to reduce its registered capital is passed. Creditors shall be entitled to demand the Bank to fully settle any liability or provide guarantee for debt repayment within 30 days after receiving such notification, or in case of not receiving such notification, within 90 days after the date of the first public announcement.

**Article 38** Subject to the laws, administrative regulations, departmental rules and these Articles of Association and upon approvals of the relevant government authority, the Bank may repurchase its issued shares under one of the following circumstances:

- (1) cancellation of shares for reduction of registered capital;
- (2) merging with other companies that hold shares in the Bank;
- (3) rewarding the employees of the Bank with shares;
- (4) repurchasing is required by shareholder who disagrees to the resolution of the shareholders' general meeting on the merger or separation of our Bank;



- (5) where the laws, administrative regulations, departmental rules, the Articles of Association or the Issuance Plan for Preference Shares of the Bank in relation to the repurchase of preference shares by the Bank provides otherwise, such provisions shall prevail; and
- (6) other circumstances permitted by the applicable laws or administrative regulations.

Save for the above circumstances, the Bank shall be prohibited from dealing in any shares of the Bank.

**Article 39** Any repurchase of shares by the Bank in cases (1) to (3) abovementioned is subject to approval of the shareholders' general meeting.

After the Bank repurchases its shares according to the provision in the preceding paragraph, the shares repurchased under the circumstances of paragraph (1) above shall be cancelled within 10 days of the date of repurchase and the shares repurchased under the circumstances of paragraph (2) and (4) above shall be disposed of or cancelled within 6 months of the date of repurchase.

The shares of the Bank that are repurchased under the circumstances of paragraph (3) above shall not exceed 5% of the total issued shares of the Bank. The fund used for the repurchase shall be paid from the after-tax profit of the Bank. The shares so repurchased shall be transferred to the employees within one year.

**Article 40** Subject to approval of the relevant government authority, the Bank may repurchase its shares in one of the following ways:

- (1) making an offer to repurchase from all shareholders of the same class on a pro rata basis;
- (2) repurchasing of shares in open market on a stock exchange;
- (3) repurchasing by means of a contractual agreement outside a stock exchange; or
- (4) by other means as permitted by the applicable laws and regulations or as approved by the securities authority of the State Council.

**Article 41** Where the Bank repurchases its shares by means of a contractual agreement outside a stock exchange, prior approval shall be obtained from the shareholders' general meeting in accordance with these Articles of Association. Subject to prior approval of the shareholders' general meeting, same as approval for repurchase, the Bank may rescind or amend the repurchase agreement or waive any of its rights under such agreement.

The repurchase agreement referred to in the preceding paragraph shall include but not limited to agreements for the assumption of liabilities and rights of the shares to be repurchased.

The Bank shall not transfer any repurchase agreement or any rights thereunder.

If redeemable shares are not repurchased by the Bank in open market or through tender, the price of share repurchase shall be fixed at the maximum price available. If shares are repurchased through tender, all the shareholders shall be equally invited for tender.

**Article 42** Shares legally repurchased by the Bank shall be cancelled within the period prescribed by the applicable laws or administrative regulations and any changes to the registered capital resulting from the repurchase shall be filed with the original registry for registration of the change of its registered capital.

The total par value of the above shares so cancelled shall be deducted from the registered capital of the Bank.

**Article 43** Unless the Bank is being liquidated, it shall comply with the following provisions in relation to the repurchase of its issued and outstanding shares:

- (1) where the Bank repurchases its shares at par, payment shall be made out of its distributable profits or out of proceeds from the issuance of new shares for such purpose;
- (2) where the Bank repurchases its shares at a premium, payment equivalent to the par value shall be made out of its distributable profits or out of the proceeds from the issuance of new shares for such purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - (i) if the shares repurchased were issued at par, payment of the premium shall be made out of the distributable profits of the Bank; or
  - (ii) if the shares repurchased were issued at a premium, payment shall be made out of the distributable profits of the Bank or out of the proceeds from the issuance of new shares for such purpose, provided that the amount paid out of the proceeds from the new share issuance shall exceed neither the aggregate of the premiums received by the Bank on the issue of the shares repurchased nor the balance (including the premiums on the issuance of new shares) of the Bank's capital reserve account;
- (3) payment by the Bank for the following purposes shall be made out of its distributable profits:
  - (i) obtaining rights to repurchase its shares;
  - (ii) modifying any contract regarding shares repurchase; and
  - (iii) relieving itself from its obligations under any repurchase contract;
- (4) after the total par value of the shares cancelled is deducted from the registered capital of the Bank in accordance with the relevant provisions, the amount deducted from the distributable profits for payment of the par value of the shares repurchased shall be transferred to the capital reserve account of the Bank.

## **Chapter 5 Financial Assistance for Acquisition of Shares in the Bank**

**Article 44** The Bank (including its branches) and its subsidiaries (including its affiliated companies) shall not provide financial assistance in the forms of donation, advance, guarantee, compensation, loan or any other forms to a person for the acquisition or proposed acquisition of shares in the Bank. Such acquirers of shares in the Bank include any person who directly or indirectly incurs any obligations arising from the acquisition of shares of the Bank.

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

This provision shall not be applicable to the cases as described in Article 43.

**Article 45** The financial assistance referred to in this chapter shall include without limitation to:

- (1) donation;
- (2) guarantee (including guarantor's assumption of responsibility or provision of property to guarantee obligator's performance of obligation), compensation (excluding compensation for the fault of the Bank), releasing of or waiving of rights;

- (3) provision of loans or conclusion of contracts under which the Bank has obligations prior to other parties to the contracts, and changes of parties to loans or contracts, or transfers of the rights under the loans or contracts;
- (4) provision of financial assistance in any other forms, in such an extent that the Bank will become insolvent, has no net assets or its net assets will decrease significantly;
- (5) the assumption of obligation referred to in this chapter shall include the assumption of obligation due to the change of obligator's financial status by entering into contracts or arrangements by the obligator or any other means, no matter whether these contracts or arrangements can be enforced or not, and whether such obligations are assumed solely by the obligator or jointly by the obligator and any other persons.

**Article 46** The following actions are not prohibited by Article 41:

- (1) the provision of financial assistance for the interest of the Bank in good faith and the main purpose of the financial assistance is not the purchase of shares in the Bank or the provision of financial assistance is a part of some aggregate plan of the Bank;
- (2) the Bank legally distributes its properties as dividends;
- (3) the Bank distributes dividends in the form of shares;
- (4) reduction of registered capital, repurchase of shares and change of share structure according to the Articles of Association;
- (5) provision of loans by the Bank in its ordinary course of business, provided that the net assets of the Bank will not decrease as a result, or even if the net assets of the Bank decrease, the financial assistance is provided from the distributable profit of the Bank;
- (6) contribution by the Bank to employees' share option scheme, provided that the net assets of the Bank will not decrease as a result, or even if the net assets of the Bank decrease, the contribution is provided from the distributable profit of the Bank.

## **Chapter 6 Share Certificate and Register of Shareholders**

**Article 47** The share certificate of the Bank shall be in registered form.

Besides those specified in the Company Law, the share certificate of the Bank shall also contain other particulars as required by the stock exchange on which the shares of the Bank are listed.

**Article 48** The share certificate shall be signed by the Chairman of the Board of Directors and (if required by the stock exchange on which the shares of the Bank are listed) other senior management and shall be valid upon the fixing (or printing) of the seal of the Bank. The authorization of the Board of Directors shall be required for using the seal of the Bank. The signatures of the Chairman of the Board of Directors and/or other senior management on the share certificates may also be printed on the share certificates.

The relevant regulations of the securities regulatory authority of the place where the Bank's shares are listed shall be applicable for trading of the shares of the Bank without delivery of share certificates.

**Article 49** The Bank shall maintain a register of shareholders to record the following particulars:

- (1) the name, legal address (domicile) and profession or nature of each shareholder;
- (2) the class and number of the shares held by each shareholder;

- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which each shareholder is registered as such;
- (6) the date on which each shareholders is ceased to be a shareholder.

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

**Article 50** Subject to understanding and/or agreement of the securities regulatory authority of the State Council and overseas securities regulatory authority, the Bank may maintain the register of shareholders of overseas-listed shares under the custody of an overseas agent. The Bank's register of shareholders of H shares is maintained in Hong Kong.

The Bank shall maintain a duplicate copy of the register of shareholders of overseas-listed shares at the registered office of the Bank. The overseas agent shall ensure the consistency between the original copy and duplicate copy of the register of shareholders of overseas-listed shares at all time. In case of inconsistency between the original copy and duplicate copy of the register of shareholders of overseas-listed shares, the original copy shall prevail.

**Article 51** The Bank shall maintain a complete registers of shareholders.

The registers of shareholders shall comprise of the followings:

- (1) the register of shareholders maintained at the registered office of the Bank other than those specified in (2) and (3) of this Article;
- (2) the register of shareholders of the Bank's overseas-listed shares maintained in the jurisdiction of the stock exchange on which the overseas-listed shares are listed;
- (3) the register of shareholders maintained at other places as determined by the Board of Directors for the purpose of listing the shares of the Bank.

**Article 52** The content of the registers of shareholders shall be exclusively. A transfer of shares registered in a register of shareholders shall not be registered in another register of shareholders during the continuation of the registration.

Changes or amendments of the registers of shareholders shall be made according to the applicable laws of the respective jurisdictions in which the registers of shareholders are maintained.

**Article 53** All paid up H shares are freely transferable subject to these Articles of Association. The Board may refuse to accept any document of transfer without giving any reasons unless otherwise the following conditions are fulfilled:

- (1) all transfer instrument or other documents in relation to or affecting the ownership of the securities to be registered are submitted for registration and a payment of HK\$2.5 or such other amount as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred as the "Hong Kong Listing Rules"), if higher, is made to the Bank;
- (2) the transfer instrument only relates to the overseas-listed foreign invested shares listed in Hong Kong;
- (3) stamp duty payable of the transfer instrument is paid;
- (4) relevant share certificate and such evidence as the Board may reasonably require to show the right of the transferor to make the transfer are provided;

- (5) for shares to be transferred to joint shareholders, the number of joint shareholders shall not exceed 4;
- (6) the relevant shares are free from any liens of the Bank.

The transfer of H shares of the Bank shall be carried out in writing on normal or standard instruments of transfer or on a form acceptable to the Board, and such transfer document shall be signed only by hand or, if the transferor or transferee is a security clearing institution or its representative recognised in accordance with the applicable laws and regulation in Hong Kong, signed by hand or signed in printed mechanical form. All transfer instruments shall be maintained at the legal address of the Bank or other places the Board may designate from time to time.

**Article 54** Registration of changes to the register of shareholders of H shares arising from transfer of shares shall not be made within 30 days before the holding of shareholders' meeting or within 5 days before the record day of the Bank's decision to distribute dividends. For changes to the register of shareholders of A shares, the provisions of the relevant laws and regulations of the PRC shall apply.

**Article 55** When the Bank convenes a shareholders' meeting, distributes dividends, liquidates and engages in other behaviors for which confirmation of shareholding is required, the Board of Directors or the convener of the shareholders' meeting shall determine a certain date as the record day of shareholding. After the close of market on the record day, the registered shareholders in the register of shareholders shall be the Bank's shareholders enjoying the relevant rights.

**Article 56** Anyone who raises objections regarding the register of shareholders and demands his/her/its name registered on or deleted from the register of shareholders may petition the competent court to have the register of shareholders be corrected.

**Article 57** For any shareholder whose name is registered on the register of shareholders or anyone who demands his/her/its name registered on the register of shareholders, if his/her/its share certificates ("Original Share Certificate") are lost, he/she/it may apply to the Bank for replacement of new share certificates ("Relevant Shares").

Application for replacement of lost share certificates by holders of domestic shares shall be dealt with according to Article 144 of the Company Law.

Application for replacement of lost share certificates by holders of overseas-listed foreign shares shall be dealt with according to the laws of the jurisdiction in which the original copy of the register of shareholders is maintained and the rules of the stock exchange or other applicable regulations.

Application for replacement of lost share certificates by holders of H shares shall fulfill the following conditions:

- (1) the application shall be made in the standard format specified by the Bank together with a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall contain the reasons of application, an account and evidence of how the share certificates are lost, and a relevant statement of other person (if any) in relation to the application for registration of the Relevant Shares.
- (2) the Bank receives no claim by anyone other than the applicant who demands registration as a shareholder of the Relevant Shares before the Bank decides to issue new share certificates for replacement.
- (3) announcements of the decision to issue new share certificates for replacement by the Bank shall be published on the newspapers specified by the Board of Directors for 90 days. The announcement shall be republished at least once every 30 days.

- (4) before the issue of the announcement on the decision to issue new share certificates for replacement, the Bank shall file with the stock exchange on which its shares are listed a draft of the announcement. The announcement is allowed to be published upon confirmation of the stock exchange that the announcement has been displayed at the stock exchange. The announcement shall be displayed at the stock exchange for 90 days.

If the registered shareholders of the Relevant Shares do not consent to the application for issuing share certificate for replacement, the Bank shall mail to the shareholders the copy of the announcement to be published.

- (5) upon the expiry of the 90 days of announcement and display as stipulated in (3) and (4) of this Article, if it receives no objection to the issuance of share certificates for replacement, the Bank may issue the new share certificates in accordance with the application for replacement.
- (6) upon issue of new share certificates in accordance with this Article, the Bank shall simultaneously cancel the Original Share Certificate, and shall register the cancellation and the replacement issuance on the register of shareholders.
- (7) all the expenses incurred by the Bank for the cancellation of Original Share Certificate and issuance of new share certificates shall be reimbursed by the applicant. The Bank shall be entitled to refuse to take any actions before the applicant provides reasonable guarantee for the payment of the expenses.

**Article 58** After the issue of new share certificates by the Bank under the provisions of the Articles of Association, the names of bona fide purchasers obtaining the new share certificates or any subsequent shareholders registered as the owners of the shares (bona fide purchasers) shall not be deleted from the register of shareholders.

**Article 59** The Bank shall assume no obligation of indemnification to anyone for any losses arising from the cancellation of the Original Share Certificates or issuance of the new share certificates, unless the person can provide evidence of fraudulence on the part of the Bank.

## **Chapter 7 Rights and Obligations of Shareholders**

**Article 60** Shareholders of the Bank shall be parties legally holding shares of the Bank with their names registered in the register of shareholders.

Shareholders shall enjoy rights and assume obligations according to the class and number of their shares. Holders of the same class of shares shall enjoy the same rights and assume the same obligations.

Ordinary shareholders shall have the same rights and obligations. Holders of preference shares shall enjoy the same rights and assume the same obligations in accordance with the laws, administrative regulations, departmental rules or the Articles of Association and the issuance terms. Holders of preference shares issued in the same batch with the same terms shall have the same rights and obligations.

For joint shareholders, if one of the joint shareholders passes away, only the other surviving joint shareholder(s) shall be deemed by the Bank as the owner(s) of the relevant shares. The Board of Directors may require the provision of death certificates acceptable to it for the purpose of amending the register of shareholders. For joint shareholders of any shares, only the shareholder whose name stands first in the register of shareholders is entitled to receive share certificate of the relevant shares and notices of the Bank, to attend any shareholders' general meeting and to exercise their voting rights. Any notice served on the aforesaid shareholder shall be deemed as having been served on all joint holders of the relevant shares.

**Article 61** The holders of ordinary shares of the Bank shall enjoy the following rights:

- (1) receiving dividends and other distributions in proportion to the number of shares held;

- (2) requiring, convening, chairing or attending shareholders' general meetings in person or by proxy in accordance with the laws and exercising their voting rights at the meetings in proportion to the number of the shares held;
- (3) supervising and managing the businesses and the operations of the Bank, and presenting proposals or raising inquiries in relation thereto;
- (4) transferring, granting or pledging their shares in accordance with the laws, administrative regulations, the relevant requirements of the security regulatory authorities of the place(s) where the shares are listed, and the provisions of the Articles of Association;
- (5) obtaining relevant information in accordance with the provisions of the Articles of Association, including:
  - (i) obtaining a copy of the Articles of Association after paying the relevant cost;
  - (ii) reviewing and making copies of the following documents after paying reasonable costs:
    - 1. all parts of the register of shareholders;
    - 2. personal information of the directors, supervisors, president or other senior management of the Bank, including:
      - (A) current and former names and aliases;
      - (B) correspondence (residential) addresses;
      - (C) nationalities;
      - (D) full time and all other part-time positions and duties; and
      - (E) identification documents and numbers.
  - (iii) share capital structure of the Bank;
  - (iv) the latest audited financial statements and reports of the Board, auditors and Supervisory Board of the Bank;
  - (v) special resolutions of the Bank;
  - (vi) reports showing the aggregate par value, number, maximum and minimum prices paid in respect of each class of shares repurchased by the Bank since the end of the previous accounting year and the aggregate amount incurred by the Bank for this purpose;
  - (vii) copies of the latest annual inspection report submitted to the Administration of Industry and Commerce or other competent authorities for recordation;
  - (viii) counterfoils of debentures of the Bank; and
  - (ix) minutes of the shareholders' general meetings.

The Bank shall maintain the above and any other relevant documents at the Bank's correspondence address in Hong Kong for inspection of public members and shareholders according to the Hong Kong Listing Rules. Public members are only entitled to inspect the documents stated in items (i) to (vii) above.

- (6) participating in the distribution of the remaining assets of the Bank in proportion to the number of shares held when the Bank is terminated or liquidated;
- (7) requesting the Bank to repurchase his/her shares in the event that he/she disagrees with the resolution of the shareholders' general meeting on the merger or separation of the Bank; and
- (8) other rights conferred by the applicable laws, administrative regulations, departmental rules or the Articles of Association.

**Article 62** The holders of preference shares of the Bank shall have the following rights:

- (1) class voting rights for specific resolutions of the shareholders' general meetings;
- (2) priority in profit distribution;
- (3) priority in receiving distribution of the remaining assets of the Bank;
- (4) right to request to convene, convene, chair and attend, in person or by proxy, the shareholders' general meetings for holders of preference shares with restored voting rights;
- (5) other rights provided by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 63** Except for matters required to be approved by holders of preference shares according to the laws or the Articles of Association, the holders of preference shares shall have no right to request to convene, convene, chair and attend, in person or by proxy, the shareholders' general meetings and shall have no voting rights.

However, when the Bank fails to pay dividends on preference shares as agreed for a total of three financial years or for two consecutive financial years, holders of preference shares shall have the right to attend the shareholders' general meetings and jointly vote with ordinary shareholders, starting from the day following the date on which the shareholders' general meetings resolves to not distribute dividends for preference shares as agreed. Each preference share shall be entitled to the voting right in accordance with the issuance terms of such preference shares.

The restoration of voting rights of the holders of preference shares as described in the second paragraph of this Article remains effective until the dividends that shall be paid by the Bank in respect of the current period are paid in full.

**Article 64** Shareholders shall submit to the Bank the written documents certifying the class and number of shares of the Bank held by them when they require to review the information or documents stated in the previous article. The Bank shall provide the information and documents as required by such shareholders if their identities are confirmed.

**Article 65** In the event that any resolution of the shareholders' general meetings or Board meetings violates any laws or administrative regulations, shareholders are entitled to file a petition to the competent People's Court to have such resolution rescinded.

In the event that the convening of a shareholders' general meeting or Board meeting or any voting procedure in such meetings violates the laws, administrative regulations or the Articles of Association, or any resolution violates the provisions of the Articles of Association, shareholders shall have the right to file a petition to the competent People's Court to have such resolution revoked within 60 days from the date of the resolution.



**Article 66** Where any Director or senior management of the Bank violates the laws, administrative regulations or the provisions of the Articles of Association when performing his/her duty and causes losses to the Bank, shareholders, individually or jointly, holding more than 1% of the total voting shares of the Bank individually or jointly for 180 consecutive days or above have the right to submit a written demand to the Supervisory Board for initiating a proceeding at the People's Court. If the Bank suffers any loss due to any violations of the laws, administrative regulations or the provisions of the Articles of Association by the Supervisory Board, shareholders have the right to submit a written demand to the Board of Directors for initiating a proceeding at the People's Court.

In the event that the Supervisory Board or Board of Directors rejects to initiate a proceeding after receiving the written demand of the shareholders abovementioned, or fails to initiate a proceeding within 30 days after receiving such demand, or in case of urgency, the Bank will suffer irrecoverable losses if no legal action is taken immediately, shareholders mentioned above have the right to file a lawsuit at the People's Court in their own names for the benefit of the Bank.

If the Bank suffers any losses due to any violations of its legitimate interests by any other parties, shareholders mentioned in the first clause of this article have the right to initiate a proceeding at the People's Court in accordance with the provisions abovementioned.

**Article 67** For any violation of shareholders' interests due to any non-compliance of laws, administrative regulations or provisions of the Articles of Association by any Director or senior management of the Bank, shareholders have the right to initiate a lawsuit at the People's Court.

**Article 68** Shareholders of the Bank shall assume the following obligations:

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to pay subscription funds according to the number of shares subscribed and the method of subscription;
- (3) not to withdraw the capital unless in circumstances as permitted by the applicable laws, administrative regulations and rules;
- (4) shall not abuse their rights to damage interests of the Bank or other shareholders; shareholders shall not abuse the independent legal person status of the Bank or the limited liability of shareholders to damage the interests of creditors of the Bank.

Shareholders shall bear the legal liability of compensation for damage to the Bank or other shareholders by abusing of the shareholders' rights.

Shareholders shall bear the several and joint liability for debt of the Bank for serious damage to interests of creditors of the Bank by abusing the independent legal person status of the Bank and the limited liability of shareholders to evade debts.

- (5) if the capital adequacy ratio of the Bank falls below the statutory standard, the shareholders shall support the measures put forward by the Board to increase the capital adequacy ratio;
- (6) the Bank shall identify and decide on liquidity squeeze by strictly following the payment risks requirements for commercial banks, as set forth by the banking regulatory authority under the State Council. If the possibility that the Bank will encounter liquidity squeeze arises, all shareholders that have taken out loans from the Bank shall repay the loans that are due immediately and undue loans shall be prepaid;
- (7) shareholders shall protect the interests of the Bank such that the terms of loans provided to its shareholders shall not be more favorable than those provided to other borrowers if the loans concerned are in the same category.

If any shareholder ill-intentionally prevents the Bank's normal operation or interests by taking advantage of its shareholder status, the Bank has the right to initiate a legal action at the competent People's Court to have such illegal activities stopped.

The balancing of the loans a single shareholder who has voting rights may take from the Bank shall not exceed 10% of the net capital of the Bank. For this purpose, the loans extended by the Bank to the affiliate(s) of the shareholder who has voting rights are counted in as part of the loans extended to such shareholder.

A shareholder's voting right is limited when he/she has overdue loans payable to the Bank.

- (8) to assume other obligations imposed by the applicable laws, administrative regulations and the Articles of Association.

Ordinary shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares at the time of subscription.

**Article 69** If any shareholder holding more than 5% of the voting rights of the Bank pledges any voting A shares, he/she shall inform the Bank in written form immediately. Pledges of H shares shall be conducted in compliance with Hong Kong laws, rules of the stock exchange and other applicable regulations.

**Article 70** A controlling shareholder and the actual controller of the Bank shall not jeopardize the interests of the Bank by taking advantage of his connection with the Bank and shall assume responsibility of compensation for violation of this provision and losses caused to the Bank.

A controlling shareholder and the actual controller of the Bank have a duty of fidelity to the Bank and other public shareholders. The controlling shareholder shall exercise the rights of contributors in strict compliance with the laws, shall not jeopardize legitimate rights and interests of the Bank and other public shareholders by profit distribution, assets reorganization, external investments, capital occupation or loan guarantee or by taking advantage of its controlling status.

**Article 71** In addition to obligations on controlling shareholders imposed by the applicable laws, administrative regulations or requirements imposed by the stock exchange(s) on which the shares of the Bank are listed, a controlling shareholder shall not exercise his/her voting rights, in a manner prejudicial to the interest of all or some of the shareholders of the Bank in respect of the following matters:

- (1) exempting the responsibility of a director or a supervisor to act in good faith and in the best interest of the Bank;
- (2) approving a director or a supervisor to deprive the property of the Bank (including but not limited to the opportunities favorable to our Bank) in any form for his own benefit or for the benefits of others;
- (3) approving a director or a supervisor to deprive the individual rights and interests of other shareholders (including but not limited to any distribution rights and voting rights, but excluding the restructuring of the Bank which is submitted to the shareholders' general meeting for approval in accordance with the Articles of Association) for his own benefit or for the benefits of others.

**Article 72** A "controlling shareholder" mentioned in the previous articles shall refer to a person satisfying any of the following conditions:

- (1) may elect more than half of the directors when acting alone or in concert with others;
- (2) may exercise or control the exercise of 30% or more of the total voting shares of the Bank when acting alone or in concert with others;

- (3) may hold 30% or more of the issued and outstanding shares of the Bank when acting alone or in concert with others; or
- (4) may de facto control the Bank in any other manner when acting alone or in concert with others.

The term “acting in concert” herein shall mean consensus reached between two or more persons by way of agreement, whether verbal or written, to acquire voting rights in the Bank by any one of them, for the purpose of controlling or consolidating the control over the Bank.

## **Chapter 8 Shareholders’ General Meeting**

### **Section 1 General**

**Article 73** The shareholders’ general meeting should be the organ of authority of the Bank and shall exercise the following duties and powers in accordance with law:

- (i) to decide on the business policies and investment plans of the Bank;
- (ii) to elect and replace directors and decide on matters concerning the remuneration of relevant directors;
- (iii) to elect and replace supervisors who are not representatives of the staff and workers, and decide on matters concerning the remuneration of relevant supervisors;
- (iv) to examine and approve the report of the Board of Directors;
- (v) to examine and approve the report of the Supervisory Board;
- (vi) to examine and approve the Bank’s proposals on the annual financial budgets and final account;
- (vii) to examine and approve plans for profit distribution and the making-up of losses of the Bank;
- (viii) to pass resolutions on the increase or reduction of the Bank’s registered capital;
- (ix) to pass resolutions regarding the issuance of corporate bonds;
- (x) to pass resolutions on merger, division, dissolution, liquidation or change of corporate form of the Bank;
- (xi) to amend the Articles of Association;
- (xii) to pass resolutions on the appointment, dismissal or discontinuation of appointment of accounting firms by the Bank;
- (xiii) to approve any material guarantee with an amount in one single instalment exceeding 1% of the Bank’s total assets;
- (xiv) to examine proposals raised by shareholders who individually or jointly hold more than 3% of the total issued voting shares of the Bank;
- (xv) to examine the purchase and transfer of material assets within a year which account for more than 30% of the latest audited total assets of the Bank;
- (xvi) to examine and approve the change of the use of funds raised by the Bank;
- (xvii) to examine and approve share option scheme;

(xviii) to examine other issues which require approvals by the shareholders' general meeting as stipulated by laws, administrative regulations, departmental rules and relevant regulations of the securities regulatory authority of the jurisdiction where the shares of the Bank are listed as well as the Articles of Association.

The above duties and powers of the shareholders' general meeting shall not be delegated to the Board of Directors or any other institutions or individuals.

**Article 74** Shareholders' general meetings are divided into: annual shareholders' general meetings and extraordinary shareholders' general meetings. The annual shareholders' general meetings shall be convened once a year within six months after the end of each fiscal year.

**Article 75** An extraordinary shareholders' general meeting shall be convened within two months from the occurrence of any of the following circumstances:

- (i) when the number of directors is less than the minimum number required by the Company Law or two-thirds of the number specified in the Articles of Association;
- (ii) when the unrecovered loss of the Bank amounts to one-third of the total amount of its share capital;
- (iii) when such meeting is requested by shareholder(s), individually or jointly, representing more than 10% of the total voting shares of the Bank;
- (iv) when such meeting is requested by more than half of the independent Directors;
- (v) when the Board of Directors deems it necessary;
- (vi) when the Supervisory Board proposes the convening of such a meeting;
- (vii) in other circumstances as stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

The number of shares represented by shareholders as mentioned in item (iii) above shall be calculated as of the date of the written request.

**Article 76** The physical shareholders' general meeting of the Bank shall be convened in the city in which the Bank is located.

The shareholders' meeting shall be convened in a physical venue. Facilities may be provided to allow shareholders to attend the meeting through internet or other channels subject to the relevant regulations. Shareholders participating in the shareholders' general meeting by the above means are deemed to be present at such meeting.

## **Section 2 Convening of Shareholders' General Meeting**

**Article 77** More than half of the independent Directors (at least two) shall have the right to jointly propose to the Board of Directors to convene extraordinary shareholders' general meeting. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, make a written response on whether or not it agrees to convene such meeting within ten days upon receipt of such proposal.

If the Board of Directors agrees, a notice of convening such meeting shall be issued within five days after passing the resolution of the Board of Directors. If the Board of Directors refuses, it shall provide an explanation and issue an announcement accordingly.

**Article 78** The Supervisory Board shall have the right to propose to the Board of Directors in writing to convene an extraordinary shareholders' general meeting. The Board of Directors shall make a written response on whether or not it agrees to convene such meeting within ten days upon receipt of such proposal in accordance with laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees, a notice of convening such meeting shall be issued within five days after passing the resolution of the Board of Directors. Consent of the Supervisory Board must be sought if the resolution contained in the notice is different from the original one.

If the Board of Directors refuses or fails to respond within ten days upon receipt of such proposal, the Board of Directors shall be deemed to be unable or have failed to perform convene and preside over the shareholders' meeting.

**Article 79** Shareholders may request the Board of Directors to convene an extraordinary shareholders' general meeting or a class shareholders' general meeting by the following procedures:

Shareholders individually or jointly representing 10% or more of total voting shares of the Bank shall have the right to request the Board of Directors to convene an extraordinary shareholders' general meeting in writing. The Board of Directors shall make a written response on whether or not it agrees to convene such meeting within ten days upon receipt of such request in accordance with laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees, a notice of convening such general or class meeting shall be issued within five days after passing the resolution of the Board of Directors. Consent of the relevant shareholders must be sought if the resolution contained in the notice is different from the original one.

If the Board of Directors refuses or fails to respond within ten days upon receipt of such request, the shareholders individually or jointly presenting 10% or more shares with voting rights in the proposed extraordinary shareholders' general meeting shall have the right to propose to the Supervisory Board to convene such general or class meeting in writing.

If the Supervisory Board agrees thereto, a notice of convening such general or class meeting shall be issued within five days upon receipt of such proposal. Consent of the relevant shareholders must be sought if the resolution contained in the notice is different from the original one.

If the Supervisory Board fails to give the notice of such general or classic meeting within the specified period, it shall be deemed to have failed to convene the meeting and shareholders individually or jointly presenting more than 10% of the Bank's shares with voting rights at the proposed meeting for more than 90 consecutive days shall have the right to convene and preside over the meeting.

**Article 80** If the Supervisory Board or the shareholders proposes to convene the shareholders' general meeting on its or their own, the Board of Directors shall be informed in writing and the relevant documents shall be filed with the local agency of CSRC and the stock exchange of the jurisdiction where the Bank locates.

The total voting shares presented by shareholders convening such meeting shall not be less than 10% prior to the announcement of the resolution of the shareholders' general meeting.

Shareholders convening such meeting shall submit relevant supporting documents to the local agency of CSRC and the stock exchange of the jurisdiction where the Bank locates when issuing the notice of shareholders' meeting and the resolution announcement.

**Article 81** The Board of Directors and the secretary to the Board of Directors shall provide assistance as necessary for the shareholders' general meeting convened by the Supervisory Board or shareholders. The Board of Directors shall provide the register of shareholders as at the record date of the shares.

**Article 82** Necessary costs of meeting convened by the Supervisory Board or the shareholders shall be borne by the Bank.

### **Section 3 Proposal and Notice of Shareholders' General Meeting**

**Article 83** The content of the proposal shall be within the scope of duties and powers of the shareholders' general meeting and shall have a clear item in the agenda and specific matters to be resolved as well as being in compliance with the laws, administrative regulations and applicable provisions of the Articles of Association.

**Article 84** The Board of Directors, the Supervisory Board, as well as shareholders individually or jointly holding not less than 3% of the total voting shares shall be entitled to propose their resolutions to the shareholders' general meeting of the Bank.

Shareholders individually or jointly holding not less than 3% of the total voting shares of the Bank may submit an interim proposal to the meeting convener in writing ten days prior to the date of the shareholders' general meeting. Convener of the shareholders' general meeting shall issue supplemental notice of the meeting setting out the content of such interim proposal within two days after the receipt of such proposal.

Except in the circumstances provided in the above paragraph, the convener shall not amend any proposal set out in the notice of meeting or add any new proposal subsequent to the publication of such notice.

The shareholders' general meeting shall not adopt resolutions on proposals that have not been specified in the notice of shareholders' general meeting or not in compliance with Article 83 of the Articles of Association.

**Article 85** The Board of Directors shall provide explanation and statement for its decision to exclude any proposal of any shareholder from the agenda at the relevant shareholders' general meeting. The content of such excluded proposal and explanations of the Board of Directors shall be disclosed together with the resolutions of the shareholders' general meeting.

**Article 86** When the Bank convenes a shareholders' general meeting, written notice of the meeting shall be given 45 days prior to the date of the meeting to notify all the shareholders entitled to attend the shareholders' general meeting in the share register of the matters to be considered and the date and the place of the meeting. Shareholders who intend to attend the shareholders' general meeting shall deliver a written reply confirming the attendance to the Bank 20 days before the date of the meeting.

**Article 87** When the Bank convenes an annual shareholders' general meeting, the shareholders holding 3% or more of the total voting shares of the Bank or the supervisory board shall have the right to propose new motions in writing, and the Bank shall place on the agenda those matters in the proposed motions that are within the scope of functions and powers of the shareholders' general meeting.

**Article 88** The Bank shall, based on written replies from the shareholders received 20 days before the date of the shareholders' general meeting, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting is one-half or more of the Bank's total voting shares, the Bank may hold the meeting. Otherwise, the Bank shall within five days notify the shareholders again by public notice of the matters to be considered and the place and the date for the meeting. The Bank then may hold the meeting after the publication of such notice, which shall be published in designated newspapers in accordance with relevant rules.

**Article 89** A notice of the shareholders' general meeting must be in written form and shall contain the following particulars:

- (i) the time, venue and duration of the meeting;

- (ii) the matters to be considered at the meeting and the proposals;
- (iii) a prominent statement stating that an ordinary shareholder (including shareholders of preference shares with restored voting rights) entitled to attend and vote in the meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf and such proxy need not be a shareholder;
- (iv) the record date on which the shareholders are eligible to attend the meeting;
- (v) the name and phone number of the contact person of the meeting;
- (vi) all necessary information and explanations for the shareholders to exercise informed decisions on the matters to be discussed, which shall include without limitation to the terms of the proposed transaction in detail together with copies of the proposed agreement, if any, and the explanation of the cause and effect of any proposal to merge the Bank with others, to repurchase shares, to reorganize the share capitals or to restructure the Bank in any other way raised by the Bank;
- (vii) a disclosure of the nature and extent of any material interest of a director, supervisor, president or other senior executive officer in the matters for discussion and the effect of such interest on his capacity as a shareholder insofar as it is different from the interest of the shareholders of the same class;
- (viii) the full text of any proposed special resolution to be voted at the meeting;
- (ix) the time and place for lodging proxy forms for the relevant meeting.

**Article 90** Where the elections of director and supervisor will be discussed at the shareholders' general meeting, the notices of the shareholders' general meeting shall contain the details of the proposed directors and supervisors including at least the following particulars:

- (i) personal particulars such as education background, working experience and any part-time positions;
- (ii) whether there is any connected relationship with the Bank or the controlling shareholders and actual controller of the Bank;
- (iii) their shareholding in the Bank;
- (iv) whether there is any penalties or punishments imposed by the CSRC and other related departments or the stock exchange.

The election of each director and supervisor shall be proposed by separate proposals.

**Article 91** Notice of a shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting) by delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of domestic shares, notice of the meetings may be issued by public notice.

The public notice shall be published in one or more newspapers designated by the securities governing authority of the State Council between 45 days and 50 days before the date of the 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. Such notice shall be announced in accordance with the provisions of Article 325 set out herein.

**Article 92** 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 notice shall not invalidate the proceedings at that meeting.

**Article 93** Once the notice of shareholders' general meeting is issued, the meeting shall not be postponed or cancelled and proposals contained in the notice shall not be withdrawn without proper reasons. In the event of postponement or cancellation, the convener shall make announcement to state the reasons at least two working days prior to the original date of meeting.

## **Section 4 Convening of Shareholders' General Meeting**

**Article 94** The Board of Directors or other conveners shall take necessary measures to maintain the order of shareholders' general meeting. Behaviours of disrupting the interests of shareholders shall be stopped and reported to relevant departments for investigation promptly.

**Article 95** Any shareholder entitled to attend and vote at a meeting of the Bank shall be entitled to appoint one or more other persons (whether a shareholder or not) as his or her proxy to attend and vote on his behalf, and a proxy so appointed shall:

- (i) have the same right as the shareholder to speak at the shareholders' general meeting;
- (ii) have authority to demand a poll or join in such a demand; and
- (iii) have the right to vote by hand or on a poll, except that the proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

If the shareholder is an authorized clearing house as defined in the Securities and Futures (Clearing Houses) Ordinance of Hong Kong under Chapter 420 of Hong Kong Law or its agent, such shareholder is entitled to appoint one or more persons as his or her proxy to attend and vote at the meeting or as his or her representative at any class meeting. If more than one person is appointed as proxy, the proxy forms shall state clearly the number of shares and the class of shares represented by each of the proxies. The proxy appointed may represent the authorized clearing house or its agent to exercise its rights as if such person is an individual shareholder of the Bank.

**Article 96** The instrument appointing a proxy shall be in writing signed by the appointer or his attorney duly authorized in writing. If the appointer is a legal entity, it shall either be executed under seal or be signed by an attorney duly authorized.

**Article 97** Individual shareholders shall present their identity cards or other valid documents or proof, or the share certificates which can prove their identities when attending the meeting in person. For persons attending the meeting by proxy, the proxies shall present their own valid identity documents, the proxy forms issued by the legal representative of the corporate shareholder in written, and the relevant share certificates.

Corporate shareholders shall attend the meeting by legal representatives or their proxies. Legal representatives attending the meeting shall present their own identification cards, valid proofs showing their qualification as the legal representatives and the relevant share certificates. Proxies attending the meeting shall present their own identification cards, instrument of proxy issued by the legal representatives of the corporate shareholders in written in accordance with laws and the relevant share certificates.

**Article 98** Proxy form used by shareholders to appoint others to attend the shareholders' general meeting shall contain the following contents:

- (i) name of the proxy;
- (ii) whether or not having the right to vote;
- (iii) instruction of voting for or against or abstain from each of the matters to be discussed on the agenda of the shareholders' general meeting;
- (iv) date of issuance and term of validity of the proxy form;
- (v) signatures or seals of the appointers. If the appointers are domestic corporate shareholders, seals of the corporate shall be affixed.



**Article 99** Any format of blank proxy form issued by the Board of directors of the Bank to the shareholders for the appointment of proxies shall provide the shareholder with free choice to instruct their proxies to cast an affirmative or negative vote, and to give separate instructions on each proposal to be voted at the meeting. The proxy form shall state that the proxy may vote at his or her discretion if the appointer does not give any instruction.

**Article 100** The proxy form for voting shall be placed at the registered office of the Bank, or at other place designated in the notice of meeting, at least 24 hours prior to convening of the meeting in which the relevant proposals to be voted, or 24 hours prior to the designated voting time. If the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization document shall be notarized and placed together with the proxy form authorizing the proxy to vote at the registered office of the Bank or other place designated in the notice of meeting.

Where the appointer is a legal person, the legal representative or the person authorized by the resolution of its board of directors or other decision-making body shall attend the shareholders' general meeting of the Bank.

The Bank has the power to request a proxy representing any shareholders to attend the shareholders' general meeting to produce his or her own identification document.

If a corporate shareholder appoints its representatives to attend a meeting, the Bank has the power to request such representatives to produce his or her own identification document and copies of notarized resolutions or power of attorney authorized by its board of directors or other competent body of such corporate shareholders (except for authorized clearing house or its agents).

**Article 101** The attendance records of the meeting shall be prepared by the Bank. The records shall include the names (or company names) of participants, the ID card numbers, resident addresses, numbers of voting shares held or represented, class of shares and names (or company names) of appointers.

**Article 102** When the appointer has passed away, lost his or her ability to act, withdrawn the appointment, withdrawn the authorization of the signed proxy form, or transferred all his or her shares, the vote cast by the proxy in accordance with the proxy form shall remain valid so long as the Bank has not received the written notice regarding such matters before the commencement of the relevant meeting.

**Article 103** The convener and the lawyer appointed by the Bank shall verify the legitimacy of shareholders' qualification in accordance with the register of shareholders provided by the securities registration and clearing authority and shall register the names (or company names) of shareholders as well as the number of voting shares held by them. Before the chairman of the meeting declares the number of shareholders and proxies as well as the total number of voting shares held by them, the registration for meeting shall be terminated.

**Article 104** All directors, supervisors and the secretary of the Board of directors shall attend the shareholders' general meeting, and presidents as well as other senior executives of the Bank shall be present as non-voting delegates.

**Article 105** The shareholders' general meetings shall be convened by the Board of directors in accordance with law and shall be presided over by the Chairman of the Board of directors, or the vice chairman of the Board if the Chairman is unable or fails to perform his or her duties (in case the Bank has two or more vice chairpersons, the one jointly elected by more than half of the directors shall be the chairman of the meeting), or the director elected by over half of the directors if both the Chairman and vice chairman of the Board of directors are unable or fail to perform their duties.

Shareholders' general meetings convened by the Supervisory Board shall be chaired and presided over by the chairman of the Supervisory Board, or the vice chairman of such board if the chairman is unable or fails to perform his or her duties, or the supervisor elected by more than half of the supervisors if the vice chairman of such board is unable or fails to perform his or her duties.

Shareholders' general meetings convened by the shareholders shall be chaired and presided over by a representative proposed by the convener.

In a shareholders' general meeting, where the chairman violates the rules of procedure of the meeting and resulting in the failure of continuing of the meeting, a chairman may be elected by more than half of the attending shareholders with voting rights so as to carry on with the shareholders' general meeting.

**Article 106** The Bank shall formulate the rules of procedure for shareholders' general meeting to specify the convention and voting procedures of a shareholders' general meeting, including the notification, registration, consideration and approval of proposals, polling, vote counting, announcement of results, formation of a resolution, minutes and their signatures, announcements, as well as the principles of the authorization granted to the Board of Directors by the shareholders' meeting. The content of the authorization shall be clear and specific. Rules of procedure of the shareholders' general meeting shall be drafted by the Board of Directors as an annex to the Articles of Association, and submitted to the shareholders' general meeting for approval.

**Article 107** At the annual shareholders' general meeting, the Board of Directors and Supervisory Board shall report their works in the previous year to the shareholders. Each independent Director shall also submit their working reports.

**Article 108** Except for confidential information of the Bank which must not be disclosed at the shareholders' general meeting, the Board of Directors, Supervisory Board and senior executives shall answer and explain enquiries and suggestions from shareholders at the shareholders' general meeting.

**Article 109** Chairman of the meeting shall announce the number of shareholders and proxies attending the meeting as well as the total number of voting shares represented by them, which shall be subject to the numbers stated in the attendance record of the meeting register, prior to voting.

**Article 110** The shareholders' general meeting shall maintain the minutes of meetings which shall include the following particulars:

- (i) date, location, agenda and name (or company name) of the convener of the meeting;
- (ii) name of the chairman and names of the director(s), supervisor(s), president(s) and other senior executives present or present as non-voting attendees at the meeting;
- (iii) number of shareholders or their proxies present at the meeting, number of voting shares held by them and its proportion to the total number of shares of the Bank;
- (iv) discussion, key points of the speech and voting result of each proposal;
- (v) inquiries or suggestions of the shareholders and the corresponding answer or explanation;
- (vi) names of the lawyer(s), tally clerk and scrutineer;
- (vii) other contents required to be recorded in the meeting minutes by the Articles of Association.

**Article 111** The convener shall ensure the truthfulness, accuracy and completeness of the meeting minutes. Directors, supervisors and the Board secretary attending the meeting, convener or his or her representative and the chairman of the meeting shall sign on the meeting minutes. The minutes shall be kept together with the signature book of shareholders attending the meeting, instruments of proxy as well as all valid materials of voting through internet or other ways for no less than ten years.

**Article 112** The convener shall ensure that the shareholders' general meeting is held continuously until final resolutions are reached. In the event that the shareholders' general meeting is adjourned or resolutions fail to be reached due to force majeure or other special reasons, necessary measures shall be adopted to resume the meeting as soon as possible or the meeting shall be concluded immediately, and an announcement shall be promptly published accordingly. The convener shall also report the same to the local agent of CSRC and the stock exchange of the place where the Bank locates.

## **Section 5 Voting and Resolution of Shareholders' General Meeting**

**Article 113** Ordinary shareholders and/or their proxies are entitled to the voting right in proportion to their voting shares and shall have one vote for each share held. Holders of preference shares with restored voting rights are entitled to voting right based on the principal amount of each preference share held in accordance with the relevant issuing terms.

As for class voting, each preference share (excluding preference shares with restored voting rights) is entitled to one vote.

Ordinary shares and preference shares held by the Bank do not carry any voting rights and shall not be counted into the total voting shares of different classes held by the shareholders present at the shareholders' general meeting.

Voting from minority investors shall be counted separately when approving material matters which may affect the interests of the minority investors. The voting result shall be disclosed to the public timely.

The Board of Directors, independent Directors and shareholders fulfilling the relevant conditions may solicit from other shareholders their voting rights at the shareholders' general meeting. Solicitation of voting rights shall have no consideration and sufficient information of specific voting intentions shall be provided to the relevant shareholders. The Bank shall not impose any restriction relating to the minimum shareholdings for the solicitation of voting rights. Where any shareholder who is required to abstain from voting on any particular proposal or restricted to voting only for or against any particular proposal according to the Company Law or other laws and administrative regulations, or the Hong Kong Listing Rules, any vote casts by or on behalf of such shareholders in contravention to such requirements or restrictions shall not be counted.

**Article 114** Resolutions of shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, votes representing more than one half of the voting rights represented by the shareholders who have voting rights (including shareholders' proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution, votes representing two-thirds or more of the voting rights represented by the shareholders who have voting rights (including shareholders' proxies) present at the meeting must be exercised in favor of the resolution.

**Article 115** The following matters shall be decided by an ordinary resolution at a shareholders' general meeting:

- (I) work reports of the Board of Directors and the Supervisory Board;
- (II) plans formulated by the Board of Directors for the distribution of profits and for the making up of losses;
- (III) appointment and removal of the members of the Board of Directors and members of the Supervisory Board, their emoluments and method of payment;

- (IV) annual financial budgets, final accounts, balance sheets and profit and loss accounts and other financial statements of the Bank; and
- (V) the annual report of the Bank;
- (VI) the annual plan for the distribution of profits of the Bank;
- (VII) the engagement or dismiss of the accounting firms;
- (VIII) other matters unless otherwise required to be approved by special resolutions in accordance with the applicable laws and regulations or otherwise as stipulated by the Articles of Association.

**Article 116** The following matters shall be approved by a special resolution at a shareholders' general meeting:

- (i) the increase or decrease of share capital and the issuance of shares of any class, warrants for share subscription and other similar securities;
- (ii) the issue of debentures of the Bank;
- (iii) the separation, merger, change of corporate form, dissolution or liquidation of the Bank;
- (iv) amendments to the Articles of Association;
- (v) share incentive plans;
- (vi) any purchase or sale of our material assets within one year, or provision of guaranty within one year where the amount exceeds 30% of the total amount of the Bank's assets as audited in the latest period;
- (vii) deciding or authorizing the Board of Directors to decide the matters related to the issued preference shares of the Bank, including but not limited to making decision on repurchase or conversion of or distribution of dividends on such preference shares; and
- (viii) any other matters prescribed by the applicable laws and regulations or the Articles of Association, or resolved by the shareholders at a shareholders' general meeting, by an ordinary resolution, to be of a nature that may have a material impact on the Bank and should be adopted by a special resolution.

**Article 117** Holders of preference shares are not entitled to attend shareholders' general meetings and the preference shares held by them shall have no voting rights. However, the Bank shall notify the holders of the preference shares upon the occurrence of any of the following circumstances in accordance with procedures for issuing notice to ordinary shareholders stipulated herein. The holders of preference shares shall then have rights to attend the shareholders' general meeting to consider and approve the following matters by class voting separately from the ordinary shareholders. Each preference share held by the holders of the preference shares shall have one vote, except for preference shares held by the Bank which shall have no voting rights:

- (1) any amendment to the provisions regarding preference shares in the Articles of Association;
- (2) any decrease(s) of the registered capital of the Bank by more than 10% in a single event or in aggregate;
- (3) any merger, division, dissolution or change in form of incorporation;
- (4) issuance of preferences shares;
- (5) any other circumstances specified by laws and regulations or the Articles of Association.

Any resolutions on the foregoing matters shall be approved by ordinary shareholders representing more than two thirds (2/3) of the total voting rights of the ordinary shareholders present, in person or by proxy, at the meeting (including the holders of preference shares with restored voting rights) and by holders of preference shares representing more than two thirds (2/3) of the total voting rights of the holders of preference shares present, in person or by proxy, at the meeting (excluding the holders of preference shares with restored voting rights).

**Article 118** Without prior approval by the shareholders' general meeting in the form of a special resolution, the Bank shall not enter into any contract with any person other than the directors and other senior executives of the Bank whereby the management of all or any important business of the Bank is to be entrusted to such person.

**Article 119** When related party transactions are being considered at the shareholders' general meeting, all shareholders who are interested in such transactions (including ordinary shareholders and holders of preference shares) shall abstain from voting, and the voting shares held by them shall not be counted as valid voting shares. Announcement of the resolutions of the shareholders' general meeting shall sufficiently disclose the votes casted for such related party transactions.

The connected shareholders shall abstain from voting of such matters voluntarily or on the requests by other shareholders or proxies present at the shareholders' general meeting.

**Article 120** The Bank shall, on the premise of ensuring the lawfulness and validity of the shareholders' general meeting, provide various means or channels including the provision of up-to-date information technology such as online voting platforms in preference to facilitate the shareholders' participation of the shareholders' general meeting.

If the Bank convenes the shareholders' general meeting for the issuance of preference shares, the Bank shall provide online voting platform and other channels as approved by the CSRC for shareholders to attend the meeting in a convenient manner.

**Article 121** The Bank may adopt voting by cumulative poll for the election of directors and supervisors. Relevant implementation rules of such cumulative polling scheme shall be formulated by the Bank separately and implemented upon approval by the shareholders' general meeting.

The election of proposed directors and supervisors may be adopted by cumulative polling or in the form of a proposal submitted to the shareholders' general meeting.

The Board of Directors shall provide the shareholders with the biographies and basic background information of the proposed directors and supervisors in form of an announcement according to the provisions of Article 85 herein.

**Article 122** Except for cumulative polling, each of the proposals of the shareholders' general meeting shall be voted in sequence, and different proposals concerning the same matter shall be voted in order when the proposals are submitted. Except in the event of force majeure or other special reasons resulting in the termination of the shareholders' general meeting or that the failure of reaching the resolutions, any proposals proposed at the shareholders' general meeting shall not be set aside or reserve for voting.

When considering and approving the matters regarding the issuance of preference shares, the following matters shall be considered and approved separately:

- (1) the type and number of preference shares;
- (2) method and places of the issuance and arrangement of placing to existing shareholders;
- (3) nominal value, offer price or pricing range and the basis of pricing;

- (4) ways for holders of preference shares participating in profit distribution, including dividend rate and its basis, conditions for distribution of dividends, payment method of dividend, any accumulation of dividend and the right to participate in the distribution of remaining profits;
- (5) terms of repurchase, including the conditions, periods and price of repurchase and the basis of determination and the body to exercise the rights (if any);
- (6) use of proceeds;
- (7) conditional share subscription contract entered into between the Company and subscribers;
- (8) effective period of the resolution;
- (9) proposed amendments to the Articles of Association regarding the relevant terms of profit distribution policy for holders of preference shares and ordinary shareholders;
- (10) authorization to the Board to deal with the matters relating to the issuance;
- (11) other matters.

**Article 123** Proposals submitted to the shareholders' general meeting for consideration shall not be amended at the meeting. Otherwise, the amended proposal shall be deemed as a new one and shall not be voted at such meeting.

**Article 124** At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is (before or after any vote by a show of hands) demanded:

- (i) by the chairman of the meeting;
- (ii) by at least two shareholders entitled to vote present in person or by proxy; or
- (iii) by one or more shareholders present in person or by proxy representing in aggregate 10% or more of all voting shares at the meeting.

Unless required by the relevant rules or regulations of place(s) where the shares of the Bank are listed or a poll is demanded, the chairman, in accordance with the voting result on a show of hands, may declare the voting result and make an entry to that effect in the minutes of the meeting, which shall be conclusive evidence of the fact. There is no need adopted in the resolution of such meeting.

The demand for a poll may be withdrawn by the person who makes such demand.

**Article 125** A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any other items on the agenda may proceed, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting on the matter that the poll was demanded.

**Article 126** The same right of voting shall only be exercised either by voting on site, voting online or other means. The first voting result shall prevail for any multiple voting of the same voting right.

**Article 127** On a poll taken at a meeting, a shareholder (including shareholders' proxy) entitled to two or more votes need not cast all his votes in the same way.

**Article 128** In the case of a tie, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to cast one additional vote.

**Article 129** The shareholders' general meeting shall take votes in form of disclosed ballot.

**Article 130** Before a proposal is submitted for voting at a shareholders' general meeting, two shareholders shall be nominated as representatives to participate in vote counting as well as to act as scrutineer. If a shareholder has interests in any matter to be considered, such shareholder and his or her proxy shall neither participate in vote counting nor act as scrutineer.

During the voting on a proposal at the shareholders' general meeting, the lawyers, representatives of shareholders and supervisors shall be jointly in charge of counting the votes and scrutinizing the voting process. The voting result shall be announced at the meeting and recorded in the meeting minutes.

Shareholders and their proxies who cast their votes via internet or other ways are entitled to check the voting results through the corresponding voting systems.

**Article 131** Chairman of the meeting shall decide whether a resolution is passed and his or her decision shall be final and shall be announced at the meeting and recorded in the meeting minutes.

**Article 132** Prior to the formal public announcement of the voting results, the Bank, the tally clerk, scrutineer, substantial shareholders and internet service providers who involved in the voting on site, via internet or through other channels at the shareholders' general meeting, are liable to keep confidential about the voting results.

**Article 133** Shareholders attending the shareholders' general meeting shall give their opinions to every proposal submitted at the meeting as any one of the following: "For", "Against" or "Abstain".

Any vote that is not filled, incorrectly filled or with unrecognizable writing or not casted votes shall be deemed as having waived the voting rights and the corresponding poll shall be counted as "abstain".

**Article 134** If the chairman of the meeting has any doubt as to the voting result of any proposal being submitted, he or she may have the votes counted. If the chairman does not count the votes, any shareholder who is present in person or by proxy and who disputes the result announced by the chairman may demand to have the votes counted immediately after the announcement of results, and the chairman shall have the votes counted immediately.

**Article 135** At a shareholders' general meeting, if the votes are counted, the counting result shall be recorded in the minutes of the meeting.

Meeting minutes of the shareholders' general meeting shall be kept at the domicile of the Bank together with the signature book of shareholders attending the meeting and the proxy forms.

**Article 136** Shareholders may inspect the duplicates of meeting minutes free of charge during office hours of the Bank. If any shareholder requests for duplicates of relevant meeting minutes, the Bank shall deliver the duplicates within seven days upon receipt of reasonable fees.

**Article 137** When convening a shareholders' general meeting, the Bank shall engage legal advisers to provide legal opinions and make public announcements on the follow issues:

- (i) whether the procedures of convening and holding the meeting comply with laws, administrative regulations and the Articles of Association;
- (ii) whether the qualifications of attendees and convener is legal and valid;
- (iii) whether the procedure and result of voting is legal and valid;

(iv) legal opinions on other matters as requested by the Bank.

**Article 138** Public announcement of the voting results of a shareholders' general meeting, containing the number of shareholders and proxies of each class attending the meeting, the total number of voting shares held by them and its proportion to the total number of voting shares of the Bank, the form of voting, result of each resolution and the detailed content of each resolution, shall be issued in time.

**Article 139** If a proposal is not passed or any proposal adopted at a previous meeting is altered at the shareholders' general meeting, relevant details shall be specified in the notice of the results of the shareholders' general meeting.

**Article 140** Any resolution concerning the election of director and/or supervisor being passed at a shareholders' general meeting shall specify the terms of office of such newly elected directors and/or supervisors.

## **Chapter 9 Special Procedures for the Voting of Class Shareholders**

**Article 141** Shareholders holding different classes of shares are referred to as class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with the relevant laws, administrative regulations and the Articles of Association of the Bank.

**Article 142** If the Bank proposes to change or abrogate the rights of class shareholders, it may do so only after such change or abrogation has been approved by a special resolution of the general meeting of shareholders and by separate meeting of shareholders convened by the affected class shareholders in accordance with Article 138 to Article 142.

**Article 143** In the following circumstances, the rights of a certain class of shareholders shall be deemed to be changed or abrogated:

- (1) an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) conversion of all or part of the shares of such class into shares of another class or conversion of all or part of the shares of another class into shares of such class or the grant of the right of such conversion;
- (3) cancellation or limitation of the rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (4) limitation or cancellation of a dividend preference or a liquidation preference attached to shares of such class;
- (5) the addition, cancellation or limitation of conversion privileges, options, voting rights, transfer or preemptive rights attached to shares of such class, or rights to obtain securities of the Bank;
- (6) cancellation or limitation of rights to receive payment payable by the Bank in particular currencies attached to shares of such class;
- (7) creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (8) the restrictions of the transfer or ownership of the shares of such class or any addition to such restriction;
- (9) the issuance of rights to subscribe for, or conversion into shares in the Bank of such class or another class;



- (10) the increase of the rights and privileges of the shares of another class;
- (11) the capital restructuring of the Bank where the proposed restructuring will result in different classes of shareholders bearing different degrees of responsibility;
- (12) amendment or cancellation of the provisions of this Chapter.

**Article 144** Class shareholders affected, whether or not originally entitled to vote at the general meetings, shall be entitled to vote at class meetings in respect of matters concerning Article 137 (2) to (8) and (11) to (12), with the exception of the interested shareholders.

The aforesaid “interested shareholders” shall mean:

- (1) the controlling shareholders as defined in Article 67 hereof in the case of a repurchase of shares by the Bank on pro rata basis offered by the Bank to all shareholders in accordance with Article 35 hereof or in open market on a stock exchange;
- (2) the shareholders who are parties to an agreement pursuant to which shares are repurchased by the Bank in an over-the-counter market in accordance with Article 37 hereof;
- (3) the shareholders who assume less responsibilities than other shareholders of the same class or those shareholders who have different rights and interests from other shareholders of the same class in the case of a capital restructuring of the Bank.

**Article 145** Resolution of class shareholders’ meeting shall be adopted by votes representing two-thirds or more of the voting rights of shareholders of that class presented at “class shareholders’ meetings” according to Article 138.

**Article 146** Written notice of a “class shareholders’ meeting” shall be given 45 days prior to the date of the meeting to inform all shareholders in the share register of that class of the matters to be considered as well as the time and place of the meeting. Shareholders who intend to attend the meeting shall send a written reply to the Bank 20 days prior to the meeting.

When the voting shares held by the shareholders who intend to attend the meeting reach 50% or more of the total voting shares of such class at the meeting, the Bank may convene the meeting of class shareholders. Otherwise, the Bank shall, within 5 days, inform the shareholders of the matters to be considered, and the time and place of the meeting through public announcement. After issuing such public announcement, the Bank may convene the meeting of class shareholders. The announcement shall be published on newspapers in accordance with relevant requirements.

**Article 147** The notice of “class shareholders’ meeting” shall only be served on shareholders who are entitled to vote at the meeting.

The procedure for conducting general meeting of shareholders contained in the Articles of Association shall, mutatis mutandis, apply to “class shareholders’ meeting”.

**Article 148** In addition to other classes shareholders, holders of domestic shares and overseas-listed foreign-invested shares shall be deemed as shareholders of different classes.

The special procedures for approval by a class of shares shall not apply in the following circumstances:

- (1) where the Bank issues, upon the approval by a special resolution of its shareholders in a shareholders’ general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued domestic shares and/or overseas-listed foreign-invested shares;

- (2) where the Bank's plan to issue domestic shares and overseas-listed foreign-invested shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authority of the State Council.

## **Chapter 10 The Board of Directors**

### **Section 1 Directors**

**Article 149** Directors of the Bank shall be natural persons and do not need to hold the shares of the Bank.

Directors of the Bank shall be equipped with professional knowledge and working experiences required by the positions and shall be in line with the regulations of CRBC. The qualification of directors shall be approved by CRBC.

**Article 150** Directors shall be elected by the shareholders' general meeting and each office term of directors shall be three years. The office term of directors shall be renewable by re-election and reappointment upon expiration of their terms. The renewal term of independent directors shall not exceed six years.

The term to deliver the written notice concerning the intention to nominate candidates for directors and the nominees' statement for acceptance of the nomination to the Bank shall not be less than seven days. Such seven-day notice period shall be no earlier than the second day after the notice of the election issued and no later than seven days prior to the shareholders' general meeting held.

The shareholders' general meeting shall not dismiss any director without cause prior to the expiration of his/her office term. However, the shareholders' general meeting may dismiss any director before expiration of his/her office term by adopting a general resolution in accordance with relevant laws and administrative regulations (but the director's right to raise any claim in accordance with any contract shall not be affected).

After the expiration of the office terms of the Board of Directors, the shareholders' general meeting or extraordinary shareholders' general meeting shall be convened not later than one month for election.

The term of office of directors shall be effective from the date of appointment and expired on the expiry date of the office term of the Board of Directors. If reelection is not timely conducted upon expiry of the term of office of a director, such director shall continue to perform his/her duties in accordance with laws, administrative regulations, rules and the Articles of Association until a new director is elected and assumes his/her office.

After a director is being elected, the Bank shall enter into an employment contract with him in time, which specifies rights and responsibilities between the Bank and directors, the office term of directors, directors' responsibilities for violating laws, regulations, the Articles of Association and employment contracts and the compensation from the Bank for early termination of the employment contracts.

Senior managements may serve as directors.

**Article 151** The election procedures of directors of the Bank shall be as follows: The previous Board shall submit a written resolution in the shareholders' general meeting after an extensive consultation of the shareholders. Biographies and basic information of the candidates shall be included in the resolution according to the relevant provisions of the Articles of Association.

**Article 152** The Board of Directors shall establish a Nomination Committee, which shall be responsible to consult shareholders, collect the candidates nominated and examine whether the qualification of the candidate nominated is in line with requirements of directors of commercial banks specified by the Company Law, the Commercial Bank Law and relevant laws, administrative regulations and departmental

rules. After the examination, the list of the candidates shall be submitted to the Board of Directors for its consideration. The Board of Directors shall propose the relevant resolutions to shareholders' general meeting for voting. If there is any objection raised by shareholders or the Supervisory Board regarding the list of candidates, the shareholders or the Supervisory Board shall have the right to propose new resolution(s) in accordance with the provisions of the Articles of Association. The qualification of such candidate shall be examined by the Nomination Committee and reported to the Board of Directors. The Board of Directors shall decide whether the new resolution(s) shall be proposed in shareholder's general meeting for consideration.

The election of independent directors shall be made in accordance with the provisions of the Articles of Association.

**Article 153** Directors of the Bank shall exercise the rights vested by the Bank prudentially, carefully and diligently to ensure that:

- (1) the commercial operations of the Bank conform to the laws, administrative regulations and various requirements of economic policies of the State and its commercial activities shall not go beyond the business scope specified in the Business License;
- (2) all of the shareholders shall be treated equally;
- (3) the Bank's business operation and management status are well informed;
- (4) periodic reports have been signed with a written confirmation and shall ensure verity, accuracy and integrity of information disclosed by the Bank;
- (5) related information and materials have been provided faithfully to the Supervisory Board according to the facts and shall not hinder the Supervisory Board from exercising their duties and powers; and
- (6) other obligation of duties of diligence stipulated in laws, administrative regulations, rules and provisions of the Articles of Association.

**Article 154** No director can act on behalf of the Bank or the Board of Directors in his/her own name, unless otherwise provided herein or legally authorized by the Board of Directors. When any director acts in his/her own name, and there is a possibility that a third party may reasonably believe that the director is representing the Bank or the Board of Directors, the director shall state his/her stand and capacity in advance.

**Article 155** No director or any of its associates (as defined in Hong Kong Listing Rules) shall vote in respect of the resolution(s) regarding the contracts, transactions, arrangements or other matters in which he/she has material interest(s), and such director shall not be counted into the quorum of the meeting, except for the situations listed below:

- (1)
  - (a) directors or any of their associates are provided with any collaterals or indemnity guarantees for providing loans to the Bank or any of its subsidiaries or for incurring or undertaking any obligation under the requests of the Bank or any of its subsidiaries or in their interests; or
  - (b) the Bank or any of its subsidiaries provides any collaterals or indemnity guarantees to a third party in respect of any debts or obligations, pursuant to which directors or their associates shall undertake all or any part of the obligations (regardless individually or jointly) under a particular guarantee or indemnity or by providing a collateral;
- (2) any offer made by any related parties or the Bank for subscription or purchase of shares, debentures and other securities of issuers or other companies (established by the Bank or in which the issuers have interests), in which the directors or their associates have or will have interests due to their participation in the underwriting or sub-underwriting of such offer;

- (3) any proposal made by any other related company in which directors or their associates have interests directly or indirectly (regardless act as senior managements or executives or shareholders); or any proposal made by any other related company in which directors or their associates are beneficial owners of its shares but do not beneficially own 5% or above of any class of issued share or voting rights of such company (or any third company through which the directors or any of their associates acquire relevant interests) in aggregate;
- (4) any proposal or arrangement involving benefits of employees of the Bank or its subsidiaries, including:
  - (a) adopting, amending or implementing any employee share scheme or share reward or share option scheme from which directors or their associates shall benefit; or
  - (b) adopting, amending or implementing any pension plan, retirement plan, death or disability benefit plan related to directors, their associates and employees of any subsidiaries of the Bank, and in which directors (or their associates) are not given any privileges or benefits that have not been granted to other persons related to such plan or fund generally; and
- (5) contracts or arrangements in which any directors or their associates have interests, and in such contracts or arrangements, directors or their associates have interests in the same way as other holders of the Bank's shares, debentures and other securities only by virtue of their interests in the Bank's shares, debentures and other securities.

When directors or other entities in which he/she is employed directly or indirectly relate to any existing or proposed contracts, transactions or arrangements of the Bank (except employment contract(s)), regardless whether such matter shall be approved by the Board of Directors under general circumstance, the nature and extent of such relationship shall be disclosed to the Board of Directors promptly.

Unless the related directors have made disclosures to the Board of Directors in accordance with the requirements of this clause and such directors have not been counted into the quorum of the Board of Directors nor participate in the voting on the resolution of such matter in the meeting, the Bank shall have the right to rescind such contract, transaction or arrangement, except when the other party is a third person acting in good faith.

**Article 156** Directors shall submit written statements to the Board of Directors when performing the above obligations. The Board of Directors shall decide whether the directors constitute connected persons in the relevant transactions based on the provisions of trading rules of the local stock exchange.

The procedures of abstaining and voting of related directors are as follows: the related directors shall abstain from voting on relevant matters voluntarily or on the requests of other directors or their representatives attending the meeting of the Board of Directors.

**Article 157** Directors shall devote sufficient time to perform their duties. Directors shall attend at least two-thirds of the meeting of the Board of Directors in person.

Directors failing to attend the meeting of the Board of Directors twice consecutively or failing to attend the meeting without assigning other directors to attend for them shall be deemed as unable to perform their duties and the Board of Directors shall suggest the shareholders' general meeting to remove them.

**Article 158** Directors of the Bank may resign before the expiration of their term by submitting written resignation to the Board of Directors. The Board of Directors shall disclose relevant information within two days.

If the number of directors is less than the statutory minimum number of directors as a result of resignation of directors, the original directors shall perform the duties of directors in accordance with laws, administrative regulations and provisions of the Articles of Association before the newly elected director takes office.

Save as the situation mentioned in the preceding clause, resignations of the directors shall be deemed as valid since the day on which their resignations are delivered to the Board of Directors.

**Article 159** The directors shall conduct transferring procedures to the Board of Directors upon resignation or expiration of the term of office. Their fiduciary duties towards the Bank and its shareholders shall not be discharged before the resignation being valid or within reasonable period after validation of the resignation or within reasonable period after expiration of the term of office, and shall remain valid within one year.

**Article 160** The director shall assume responsibility of compensation for losses of the Bank for his violation of laws, administrative regulations, departmental rules and provisions of the Articles of Association when performing his/her duties.

## **Section 2 Independent Directors**

**Article 161** The Bank shall have Directors. Independent Directors are referred to as directors who do not serve in other positions of the Bank and do not have relations with the Bank or its substantial shareholders that may interfere their independent and objective judgments.

**Article 162** An Independent Director shall fulfill the following general qualifications:

- (1) obtains qualifications to serve as a director of a listed commercial bank in accordance with the laws, administrative regulations and other relevant provisions;
- (2) obtains university education or above, or obtains relevant middle professional qualifications or above;
- (3) fulfills the independence requirement specified in the Articles of Association;
- (4) is equipped with a basic knowledge of the operation of listed commercial banks, and is familiar with relevant laws, administrative regulations, rules and regulations; and is able to read, understand and analyze commercial bank's credit statistics and financial statements;
- (5) has more than five years of legal, economic, commercial banking or other working experience required for fulfilling responsibilities of independent directors;
- (6) obtains other qualifications to serve as directors specified in the Articles of Association; and
- (7) meets the requirements of the Hong Kong Listing Rules regarding the qualifications of independent directors.

**Article 163** Independent Directors shall be independent persons, and the following persons shall not serve as independent directors:

- (1) Employees of the Bank and their immediate relatives and main social relationship (immediate relatives are referred to as spouse, parents, children, etc.; main social relationship are referred to as brothers and sisters, parents-in-law, son-in-laws, daughter-in-law, spouse of brothers and sisters, and brothers and sisters of spouses, etc.);
- (2) Natural person shareholders directly or indirectly holding 1% or more of the total voting shares of the Bank or being the top ten shareholders of the Bank and their immediate relatives;

- (3) Employees of the shareholders directly or indirectly holding 5% or more of the total voting shares of the Bank or being the top five shareholders of the Bank and their immediate relatives;
- (4) Persons have had the circumstances cited in the preceding three paragraphs within the latest one year;
- (5) Staff providing financial, legal, consultation or other services to the Bank;
- (6) Persons not allowed to serve as independent directors by China Securities Regulatory Commission and CBRC; and
- (7) Persons not allowed to serve as independent directors by laws, regulations and provisions of the Articles of Association.

**Article 164** Independent Directors shall be nominated, elected and replaced in accordance with the following requirements:

- (1) Candidates of independent Directors may be nominated by any shareholder(s) holding 1% or more of the total voting shares of the Bank individually or collectively, the Board of Directors or the Supervisory Board of the Bank and shall be elected by the shareholders' general meeting.
- (2) Nominators shall seek the consent of the nominees prior to the nomination; possess full acquaintance of the occupation, education level, professional qualification, detailed working experiences and all part-time jobs of the nominees; and provide opinions regarding the nominees' qualification and independence to serve as independent Directors. Nominees shall make a public statement that he/she has no relation with the Bank which may interfere his/her independent and objective judgment.

Before convening the shareholders' general meeting for the election of independent Directors, the Board of Directors of the Bank shall announce the above information as required.

- (3) Before convening the shareholders' general meeting for the election of independent Directors, the Bank shall submit all information of the nominees to China Securities Regulatory Commission, regulatory agencies of China Securities Regulatory Commissions in the locations of the Bank, stock exchanges on which the shares of the Bank are listed and CBRC. If there is objection raised by the Board of Directors regarding to the nominees, the written opinions of the Board of Directors shall also be submitted at the same time.

Nominees disagreed by China Securities Regulatory Commissions may be selected as candidates of directors of the Bank but not candidates of independent Directors. The Board of Directors shall illustrate whether candidates of independent Directors are disagreed by China Securities Regulatory Commissions in the shareholders' general meeting for election of independent Directors.

**Article 165** The office term of independent Directors shall be the same with other directors of the Bank. The office term of independent Directors shall be renewable upon re-election and reappointment upon its expiration. The renewal term of independent Directors shall not exceed six years.

**Article 166** Independent Directors who fail to attend the meeting of the Board of Directors twice consecutively or fail to attend one-third of the total number of the meeting of the Board of Directors in person in a year, the Board of Directors shall suggest the shareholders' general meeting to remove them. Except the above situations and circumstances stipulated in the Company Law, the Commercial Bank Law and the Articles of Association that the persons may not serve as directors, prior to the expiration of the term of office, the independent Directors shall not be removed from office without cause. Removal in advance shall be disclosed as a matter for special disclosure. The independent Directors being removed may make public statements if they think the removal reasons are inappropriate.

**Article 167** The independent Directors may resign before the expiration of their term of office. For resignation, the independent Directors shall submit a written resignation to the Board of Directors, to disclose any matters that are related to his/her resignation or that he/she thinks is necessary to inform the shareholders and creditors.

**Article 168** In addition to the powers conferred by the Company Law and other relevant laws, administrative rules and departmental regulations, independent Directors shall be also conferred by the Bank the following particular powers:

- (1) approve any material and substantial material related party transactions prior to discussion by the Board of Directors; and prior to making any judgment, appoint intermediary agencies to issue independent financial advisor report as the basis for their judgment;
- (2) propose the Board of Directors to appoint or remove an accounting firm;
- (3) propose to the Board of Directors to convene an extraordinary meeting of the shareholders;
- (4) propose to convene a meeting of the Board of Directors;
- (5) appoint independent external audit and advisory bodies;
- (6) determine the effect of the issuance of preference shares on the equity interest of shareholders of all classes; and
- (7) collect the voting rights of shareholders publicly before the shareholders' general meeting.

Independent Directors' exercising of these powers shall be agreed by 50% or more of the independent Directors. If any of the above suggestions is not accepted or any of the above powers is unable to be exercised, the Bank shall make appropriate disclosures.

**Article 169** In addition to the above duties, independent Directors shall provide their independent opinions on the following matters at the shareholders' general meeting or the meeting of the Board of Directors:

- (1) Nomination, appointment and removal of any director;
- (2) Appointment and dismissal of any senior management;
- (3) Remuneration of directors and senior managements;
- (4) Major and substantial related party transactions between shareholders, beneficial owners and their associates as a party and the Bank as another party, and the effectiveness of the measures taken by the Bank to collect receivables;
- (5) Matters deemed by independent Directors that may harm the interests of minority shareholders; and
- (6) Other matters stipulated in the provisions of the Articles of Association.

**Article 170** Independent Directors shall provide their opinions on the above matters in the following ways: agree; qualified opinion with reasons; objection with reasons; unable to provide opinion and the limitations.

If the matters are required to be disclosed, the Banks shall announce the opinions of the independent Directors. In case of any disagreement between independent Directors and conclusions are unable to be reached, the Board of Directors shall disclose opinions of each independent Director separately.

**Article 171** To ensure effective performance of functions by independent Directors, the Bank shall provide the necessary conditions for the independent Directors as follows:

- (1) To ensure that independent Directors have the right to know as other directors may have. In respect of matters which are subject to the Board's approval, a notice shall be served on the independent Directors in advance within the stipulated timeframe and sufficient information shall be provided. Independent Directors may require supplementary if they think the information is insufficient. When two or above independent Directors believe that the information is insufficient or the evidences are not definite, they may collectively propose the Board of Directors in written form to postpone the meeting of the Board of Directors or discussion of the matters, and the Board of Directors shall accept the proposal.

The information provided to Independent Directors by the Bank shall be kept for not less than five years by the Bank and the Independent Directors.

- (2) The Bank shall provide working conditions to independent Directors necessary for them to perform their duties. The secretary of the Board of Directors shall actively provide assistances, such as briefing and providing information, etc.. If independent opinions, proposals and written descriptions provided by independent Directors shall be announced publicly, the secretary of the Board of Directors shall arrange the publication of announcements in the relevant stock exchange timely.
- (3) For fulfilling of their duties by independent Directors, relevant personnel of the Bank shall actively cooperate and may not reject, obstruct or hide or interfere in the independent exercise of their functions.
- (4) The Bank shall pay for the reasonable costs of the appointment of intermediary agencies and other expenses reasonably incurred for the exercise of the Independent Directors' power.
- (5) The Bank shall pay appropriate allowances to Independent Directors. The payment standard shall be formulated by the Board of Directors, approved by the shareholders' general meeting and disclosed in the annual report of the Bank.

Except the above allowance, Independent Directors shall not receive any other additional undisclosed benefits from the Bank and its substantial shareholders or their interested entities and persons.

- (6) The Bank shall purchase liability insurances for independent Directors in order to reduce potential risks which might be incurred during the regular performance of functions of independent Directors.

**Article 172** Independent Directors shall faithfully carry out their duties in accordance with laws, administrative regulations, departmental rules and the Articles of Association, to safeguard interests of the Bank as a whole, and particularly pay attention to legal rights and interests of minority shareholders from being undermined.

**Article 173** Independent Directors shall be independent in the performance of their functions and shall not be influenced by the substantial shareholders, beneficial owners of the Bank or other interested entities or individuals of the Bank.

### **Section 3 The Board of Directors**

**Article 174** The Bank shall establish a Board of Directors, which shall be responsible to the shareholders' general meeting.

**Article 175** The Board of Directors shall consist of 18 directors, of which at least one-third shall be independent directors. The Board of Directors shall have one chairman and a certain number of vice chairman.



The term of office of the chairman and vice chairman shall be three years and shall be renewable. The renewal term of the chairman and vice chairman shall not exceed two terms. However, the renewal term of the chairman and vice chairman may be permitted to extend to three terms as the Board of Directors may think necessary.

The directorship held by senior management of the Bank shall not be less than two.

**Article 176** The Board of Directors shall exercise the following functions and powers:

- (1) convening shareholders' general meetings and reporting on its performance to shareholders at the shareholders' general meetings;
- (2) implementing resolutions of the shareholders' general meetings;
- (3) deciding on operational plans and investment plans of the Bank;
- (4) formulating financial budgets and audited accounts the Bank;
- (5) formulating profit distribution plans and plans for recovery of losses of the Bank;
- (6) formulating proposals for increases in or reductions of registered share capital, issuance of bonds or other securities and listing plans of the Bank;
- (7) formulating proposals for material acquisitions, purchase of the shares, merger, separation, dissolution or change of the nature of the Bank;
- (8) within the scope authorized by the shareholders' general meetings, deciding on external investments, purchases and sales of assets, pledges of assets, material guarantees, and connected transactions of the Bank;
- (9) deciding on the establishment of the internal management structure of the Bank;
- (10) appointing or removing the president and chief finance officer of the Bank based on the recommendations of the nomination committee; appointing the secretary of the Board of Directors based on the recommendations of the chairman of the Board of Directors; appointing or removing senior management, including vice presidents and finance officers, of the Bank based on the recommendations of the president and deciding on matters relating to their emoluments and awards or punishment;
- (11) approving the appointment or dismissal of the presidents, vice presidents of the branches of the Bank and their senior management as determined by CBRC;
- (12) establishing the basic management system of the Bank;
- (13) formulating proposals for any amendment to these Articles of Association;
- (14) managing the disclosure of information of the Bank;
- (15) proposing the appointment or replacement of accounting firms to the shareholders' general meetings for the auditing of the Bank;
- (16) reviewing working reports of the president of the Bank and examining the performance of the president;

- (17) the Board of Directors shall establish a supervisory system to ensure that the management will formulate a code of conduct and working principles for the management staff and the business personnel at all levels and that the regulatory documents will specifically require employees at all levels promptly report any possible conflict of interests, provide detailed rules and establish corresponding mechanism;
- (18) the Board of Directors shall establish a reporting system and require the senior management report operational issues of the Bank to the Board of Directors and directors regularly. The following items shall be regulated under this system:
- (i) the contents and the basic standard of the information reported to the Board of Directors and directors;
  - (ii) the frequency of the report;
  - (iii) the form of the report;
  - (iv) the responsible bodies of the report and the responsibilities for delay or incompleteness of the report; and
  - (v) the confidentiality of the report.
- (19) deciding on matters related to the issued preference shares of the Bank within the scope of authorization of shareholders' general meeting, including but not limited to making decisions on repurchase, conversion and payment of dividends;
- (20) exercising any other power prescribed by the applicable laws, administrative regulations and departmental rules, as well as these Articles of Association.

The resolutions of the above matters of the Board of Directors shall be approved by more than half of all directors, but for the cases of (6), (7), (13) and (19), the resolutions shall be approved by more than two-thirds of all directors.

Matters beyond the scope of authorization of shareholders' general meetings of the Bank shall be proposed in shareholders' general meetings for consideration and approval.

**Article 177** The Board of Directors shall explain the modified audit opinion provided by a registered accounting firm in respect of the Bank's financial statements in the shareholders' general meeting.

**Article 178** The Board of Directors shall formulate the rules of procedures for the Board of Directors, to ensure the execution of the resolutions of the shareholders' general meeting and the efficiency and scientific decision-making of the Board of Directors.

**Article 179** The Board of Directors shall ensure the limits for its power on making venture investments with and disposal of the Bank's assets and establish strict procedures for reviewing and decision-making. Material investments and assets disposals shall be reviewed by relevant specialists and professionals and proposed in the shareholders' general meeting for approval.

Acquisition and disposition of fixed assets during the usual business of the Bank shall be implemented by the president according to the project and the caps approved by the annual budget. For projects of which the investment is in excess of the approved budget amount or caps are specified in the annual budget without detailed breakdown, it shall be implemented upon the following approvals:

- (1) a particular investment with an amount of RMB20 million or below shall be approved by the president and shall be reported to the Board of Directors for filing;

- (2) a particular investment with an amount of more than RMB20 million and up to and including RMB50 million shall be approved by the audit committee authorized by the Board of Directors before the approval by the chairman of the Board of Directors and reporting to the Board of Directors for filing;
- (3) a particular investment with an amount of more than RMB50 million and up to and including 10% of the latest audited net asset value of the Bank shall be approved by a resolution of the Board of Directors; and
- (4) a particular investment with an amount of exceeding 10% of the latest audited net asset value of the Bank shall be approved by the shareholders' general meeting.

**Article 180** When disposing of fixed assets, if the aggregate of expected value of the fixed assets to be disposed of and the total value of fixed assets already disposed of within four months before such disposal proposal exceeds 33% of the value of fixed assets shown in the latest balance sheet reviewed by the shareholders' general meeting, the Board of Directors shall not dispose of or approve the disposal of such fixed assets without the approval of the shareholders' general meeting.

The disposal of fixed assets referred to in this clause includes the transfer of certain rights and interests of assets, but excludes the provision of guarantee with fixed assets.

The effectiveness of transactions conducted by the Bank to dispose of its fixed assets shall not be subject to item (1) of this clause.

**Article 181** The Bank shall manage its related party transactions strictly according to regulations of relevant departments of CBRC.

Related party transactions are referred to as following activities involve transfer of resources or responsibilities between the Bank and related parties:

- (1) granting credits;
- (2) transfer of assets;
- (3) providing services; and
- (4) other related transactions specified by CBRC.

**Article 182** According to the net capital and operating circumstances of the Bank, related party transactions of the Bank shall be classified into general related party transactions, material related party transactions and substantial related party transactions.

A general related party transaction shall refer to a transaction between the Bank and a single related party with an amount of no more than 1% of the net capital of the Bank and the balance of the transactions between the Bank and the related party after such transaction constituting no more than 5% of the net capital of the Bank. General related party transactions shall be approved by the Bank in accordance with internal authorization procedures and reported to Related Party Transactions Supervision Committee for filing. General related party transactions may also follow the authorization procedure of material related party transactions.

A material related party transaction shall refer to a transaction between the Bank and a single related party with an amount of no less than 1% of the net capital of the Bank or the balance of the transactions between the Bank and the related party after such transaction constituting no less than 5% of the net capital of the Bank. Material related party transactions shall be reviewed by Related Party Transactions Supervision Committee of the Bank and approved by the Board of Directors.

A substantial related party transaction shall refer to a transaction between the Bank and a single related party with an amount of no less than 5% of the net capital of the Bank or the balance of the transactions between the Bank and the related party after such transaction constituting no less than 10% of the net amount of the Bank's capital. Substantial related party transactions shall be approved by the shareholders' general meeting.

**Article 183** The Board of Directors of the Bank shall establish special committees, including Strategic Development and Investment Management Committee, Risk Management Committee, Audit Committee, Related Party Transactions Supervision Committee, Nomination Committee, and Remuneration and Assessment Committee. Each special committee shall be composed of no less than three members. The convener of Audit Committee, Related Party Transactions Supervision Committee, Nomination Committee and Remuneration and Assessment Committee shall be acted by independent directors. Audit Committee and Related Party Transaction Supervision Committee shall include at least one independent director who is an accounting professional.

**Article 184** The main functions and duties of Strategic Development and Investment Management Committee shall be as follows:

- (1) studying and formulating long term development strategies and long and medium term development outlines of the Bank, and advising to the Board of Directors, including but not limited to studying and formulating long and medium term strategic objectives of the Bank; studying on the business model of operation and development of the Bank and formulating development direction and operational structure of the Bank; studying and formulating plans and channels for capital replenishment, including profit distribution policy and annual profit distribution plan based on the development objectives; studying and formulating proposals of corporate structure of the Bank based on the strategic plans of the Bank and suggestions of the President; studying and formulating development plans of branches of the Bank, including overseas development plans, based on the strategic plans of the Bank and suggestions of the President; and studying and formulating the objectives and measures of information technology based on the strategic plans of the Bank and suggestions of the President;
- (2) supervising and evaluating the implementation of the strategies and providing proposals;
- (3) providing proposals for adjusting the strategies based on the changes of operating environment;
- (4) studying and formulating relevant systems for investments; proposing suggestions and plans for material investment decisions of the Bank (including investments in fixed assets and equities); and implementing a centralized management of subsidiaries of the Bank;
- (5) studying and formulating relevant systems for merger and acquisition; studying strategies for merger and acquisition and suggesting implementation proposals, including merging targets, acquisition methods and reorganization;
- (6) studying and formulating diversified operation and development model; studying and formulating the establishment and management model of a financial group;
- (7) studying and implementing other major issues relevant to the development strategies of the Bank.

**Article 185** The main functions and duties of Risk Management Committee shall be as follows:

- (1) studying macro-economic financial policy of the State, analyzing the market changes, formulating proposals on management of industrial risks and proposing risk control standard system of the Bank;
- (2) studying laws and regulations, policies and regulatory standards promulgated by the regulatory authorities and proposing effective implementation measures;

- (3) studying development strategies and risk management system of the Bank, and making suggestions on the improvement of organizational structure, control procedures and risk managements etc.;
- (4) studying the implementation and management of strategies of the Bank; evaluating the effectiveness of risk management policies and providing recommendations on dynamic risk control;
- (5) studying the Bank's operating activities and their risks, and proposing core risks issues in risk management according to 5-grade categorization and the requirements of discount method.
- (6) reviewing the risk control standard system and the relevant analyzing reports; supervising the management team of the Bank taking necessary measures such as identification, measurement, supervisory and control to the operating risks of the Bank;
- (7) supervising and evaluating the implementation of strategies; procuring the Bank's management to improve the risk management capacity continuously;
- (8) reviewing risk identification, management skills, risk control and indemnifying mechanisms during the operation and management of the Bank; examining proposed establishment of risk management system;
- (9) reviewing early warning, prevention and contingency measures of material risk events during the Bank's operation and management;
- (10) organizing risk evaluation for material operating activities; studying and formulating risk prevention proposals;
- (11) examining information disclosure issues in the Banks' risk management;
- (12) other functions and powers conferred by the Board of Directors to special committees.

**Article 186** The main functions and duties of Audit Committee shall be as follows:

- (1) providing suggestions on the engagement or replacement of external auditors;
- (2) supervising the internal audit system of the Bank and its implementation;
- (3) facilitating the communications between internal auditors and external auditors of the Bank;
- (4) reviewing the financial information and its disclosure of the Bank;
- (5) reviewing internal control system of the Bank.

**Article 187** The main functions and duties of Related Party Transaction Committee shall be as follows:

- (1) managing the Bank's related party transactions according to laws and regulations, and formulating relevant management systems for related party transactions;
- (2) identifying the Bank's related parties according to laws and regulations, and reporting to the Board of Directors and the Supervisory Board;
- (3) identifying related party transactions of the Bank according to laws, regulations and provisions of these Articles of Association.
- (4) reviewing the Bank's related party transactions according to laws and regulations and under the commercial principle of fairness and justice.

- (5) independent directors shall submit written reports for the fairness and the internal approval procedures of material and substantial related party transactions;
- (6) material related party transactions of the Bank shall be examined by the Related Party Transaction Committee and approved by the Board of Directors. Substantial related party transactions or related party transactions with the amount exceeding the cap authorized by shareholder's general meeting to the Board of Directors shall be approved by the shareholders' general meeting;
- (7) reviewing the information disclosures of the Bank's material related party transactions.

**Article 188** The main functions and duties of Nomination Committee shall be as follows:

- (1) studying standards and procedures for the election of directors and president and providing suggestions;
- (2) identifying qualified candidates for directors and president;
- (3) examining candidates for directors and president and providing suggestions.

**Article 189** The main functions and duties of Remuneration and Assessment Committee shall be as follows:

- (1) studying the assessment standard of directors and senior management; carrying out assessments and providing suggestions;
- (2) studying and examining the remuneration policies and proposals for directors and senior management;
- (3) studying the share incentive plans of the Bank and their implementation and providing relevant suggestions.

**Article 190** Each special committee may engage intermediary institutions to issue professional advice and the reasonable expenses incurred shall be borne by the Bank.

The Bank shall provide basic working conditions to each special committee necessary to perform its functions and duties.

**Article 191** Meetings of the Board of Directors shall be held at least four times every year and be convened by the chairman of the Board. Notice of the meeting shall be served on all of the directors and supervisors 14 days before the date of the meeting.

**Article 192** Extraordinary meeting of the Board of Directors may be convened by shareholders representing more than one tenth of voting rights, the chairman, the president and more than one third of directors or the Supervisory Board. The chairman shall convene and preside over the extraordinary meeting of the Board of Directors within 10 days after receiving such request.

**Article 193** The notice of an extraordinary meeting of the Board of Directors convened by the Board of Directors of the Bank shall be sent in written form, including registered post, telegram, telex and facsimile with confirmation. The notice shall be served on attendees one working day prior to the meeting.

**Article 194** The notice of a meeting of the Board of Directors shall include:

- (1) date and venue of the meeting;
- (2) time limit of the meeting;

(3) matters to be discussed and agenda of the meeting;

(4) issuance date of the notice.

**Article 195** Meetings of the Board of Directors shall be held only if one-half or more of the directors are present. Resolutions of the Board of Directors shall be approved and adopted by more than half of all directors. Each director shall have one vote. Where the number of votes cast for and against a resolution is equal, the chairman of the Board shall have the deciding vote.

Resolutions regarding material events including profit distribution, material investments and disposal of major assets, engagement or dismissal of senior management shall not be voted by communication and shall be approved and adopted by more than two thirds of all directors.

**Article 196** If any director is connected with any enterprise involved in the matter to be resolved in the meeting of the Board of Directors, such director should neither exercise his/her voting right on such matter, nor exercise voting right on behalf of other directors. The meeting of the Board of Directors shall be held only if one-half or more of the directors without connected relations are present and resolutions shall be adopted only by more than half of the directors without connected relations in the matter to be resolved. When directors with no connected relations in the matter present at the meeting of the Board Of Directors are less than three, the Board of Directors shall submit such proposals to the shareholders' general meeting.

If any director has significant interest in the matter to be resolved in the meeting of the Board of Directors, such director shall not exercise his/her voting right on such matter and the meeting shall be held only if one-half or more of the directors without significant interest are present.

**Article 197** The resolution of the Board of Directors shall be voted in form of disclosed ballot. The meetings of the Board of Directors may be held and the resolution may be voted by communication on the basis that directors' opinions can be expressed adequately. Directors attend to the meeting of the Board of Directors shall sign their name on such resolution.

**Article 198** Directors shall attend the meeting of the Board of Directors in person. If a director cannot attend the meeting in person due to some reason, he/she may entrust another director in writing to attend the meeting on his/her behalf.

The proxy letter shall specify the proxy's name, authority domain (including entrusted matters, the scope of the authority and the valid term), and shall be affixed with the signature or seal of the consignor.

The director who attends the meeting of the Board of Directors on behalf of another director shall exercise the right of the consignor within the scope of authorization. If any director fails to attend the meeting of the Board of Directors or entrusts a proxy to be present on his/her behalf, he/she shall be deemed to have waived his/her voting rights at that meeting.

**Article 199** Minutes of the meetings of the Board of Directors shall be taken in the meetings. Directors present at the meeting, the secretary of the board and the recorder of the minutes shall sign their names on the minutes. Directors present at the meeting shall have the right to record his/her explanations for their statements made in the meeting.

Directors shall sign and be responsible for the resolutions of the meetings of the Board of Directors. If any resolution violates any laws, rules or these Articles of Association and causes the Bank to suffer losses, the directors who were involved in the resolution shall be liable for compensation to the Bank while the directors who are certified by the minutes of the meeting as having voted against the resolution are not liable for the losses.

Minutes of the meetings of the Board Of Directors shall be filed by the secretary of the Board of Directors for the Bank's record for not less than ten years.

**Article 200** Minutes of the meetings of the Board of Directors shall include the following contents:

- (1) date, venue and name of the convener of the meetings;
- (2) name of the directors present or directors authorized (proxies) to present the meetings;
- (3) agenda of the meetings;
- (4) summaries of directors' statements;
- (5) voting form and result of each resolution (including the number of votes of agreeing, objecting or abstaining).

#### **Section 4 The chairman**

**Article 201** The Board of Directors shall have one chairman and a certain number of vice chairman. The chairman and vice chairman shall be elected by more than one-half of all directors. The chairman shall exercise the following functions and duties:

- (1) presiding over the shareholders' general meeting and convening and presiding over the meetings of the Board of Directors;
- (2) supervising and inspecting the implementation of resolutions of the Board of Directors;
- (3) proposing candidates for president and chief financial officer of the Bank to the Board of Directors according to the nomination from the Nomination Committee, and proposing candidates for the board secretary;
- (4) signing significant documents of the Board of Directors and other documents that shall be signed by legal representatives of the Bank;
- (5) executing disposal powers in accordance with laws and the interests of the Bank in the case of force majeure events such as exceptionally natural disasters, and reporting to the Board of Directors and shareholders' general meeting thereafter;
- (6) executing functions and powers of legal representatives of the Bank;
- (7) other functions and powers conferred by the Board of Directors.

**Article 202** The vice chairman shall assist the chairman. When the chairman cannot or fails to perform his/her duties and powers, the vice chairman shall act on behalf of the chairman (if the Bank shall have two or above vice chairmen, the vice chairman elected by more than half of all the directors shall act on behalf of the chairman); when the vice chairman cannot or fails to perform his/her duties and powers, a director elected by more than half of all the directors shall act on behalf of the chairman.

### **Chapter 11 President**

**Article 203** The Bank shall have one president who shall be proposed by the chairman of the Board to the Board of Directors according to the nomination by the Nomination Committee. The president may propose to the Board for the appointment of certain vice presidents based on the needs of work. The above nominees shall be appointed upon review by the Board.

The appointments of the president and vice president(s) of the Bank are subject to the approval by CBRC.



**Article 204** The president and the vice president(s) of the Bank shall possess the necessary expertise and experience for performing their duties and have the qualifications as required by CSRC and CBRC. Their appointments shall be approved by CBRC. Anyone being prohibited from entering the securities market by CBRC shall not be appointed as the president or vice president of the Bank as long as such prohibition is still outstanding.

**Article 205** The term of office of the president and vice president(s) of the Bank shall be 3 years and shall be renewable. The renewal term of the president and vice president(s) shall not exceed two terms. However, the renewal term of the president and vice president(s) may be permitted to extend to three terms as the Board of Directors may think necessary.

**Article 206** Circumstances prohibited any person from serving as a director of the Bank as stipulated in this Articles of Association shall be applicable to the president and other senior management of the Bank.

Appointments of senior management shall be approved by CBRC if so required. The fiduciary duties and duties of diligence regarding the directors set out herein shall be applicable to the president and other senior management of the Bank.

The age of the president and other senior management of the Bank being appointed shall not exceed 60. In principle, the Board shall not appoint anyone who aged over 58 as the president and other senior management of the Bank. In extraordinary circumstance that any of the above officials shall retain his post, special approval by the Board of Directors shall be obtained.

**Article 207** Persons assuming posts other than directors in the controlling shareholders or actual controllers of the Bank shall not serve as senior management of the Bank.

**Article 208** The president shall be responsible to the Board and exercise the following functions and duties:

- (1) in charge of daily operation and management of the Bank, and reporting his work to the Board of Directors;
- (2) organizing the implementation of the resolutions of the Board of Directors and the Bank's annual plans and investment proposals;
- (3) drafting plans for the establishment of internal management structure and branches;
- (4) formulating the basic management system;
- (5) formulating specific regulations of the Bank;
- (6) proposing to the Board of Directors the appointment or dismissal of vice president(s), chief finance officer and other senior management;
- (7) proposing to the Board of Directors for the appointment or dismissal of presidents of branches of the Bank;
- (8) deciding on the appointment or dismissal of other management members (other than those required to be appointed or dismissed by the Board of Directors);
- (9) determining the remuneration, benefits, incentives and punishment of employees, and deciding on the appointment and dismissal of employees;
- (10) proposing the convening of an extraordinary meeting of the Board of Directors;
- (11) exercising other powers conferred by these Articles of Association or the Board of Directors.

**Article 209** The president shall be present at meetings of the Board of Directors. However, the president shall have no voting rights at the meetings of the Board of Directors unless he is also a director.

**Article 210** The president shall provide reports on the execution and performance of major contracts entered into by the Bank, the use of capital, profit and loss and any material litigations and guarantees to the Board of Directors or the Supervisory Board upon their request. The president shall ensure the truthfulness of such reports.

**Article 211** When determining remuneration, benefits, safe working conditions, labour insurances, termination of appointment (or dismissal) which may involve the interests of employees, the president shall conduct prior consultation with the labour union and the staff representatives.

**Article 212** Terms of reference of presidents shall be formulated by the president and shall be implemented subject to the approval by the Board of Directors.

**Article 213** Terms of reference of presidents shall include the followings:

- (1) the conditions and procedures for convening a meeting of presidents and eligible participants of the meetings;
- (2) specific duties of each of the president and other senior management of the Bank and their division of labour;
- (3) authority on the utilization of capital and assets of the Bank and the execution of major contracts and the reporting system to the Board of Directors and the Supervisory Board;
- (4) other matters the Board of Directors considered as necessary.

**Article 214** The president and vice president(s) of the Bank shall comply with laws, administrative regulations, rules and the Articles of Association herein and perform the obligations of faithfulness and diligence.

When exercising their powers, the president and vice president(s) of the Bank shall not make any changes on the resolutions of meetings of shareholders and the Board of Directors and shall not exercise beyond their authorities.

**Article 215** President of the Bank may resign before expiration of his term of office. Specific procedures and methods of resignation of president of the Bank shall be prescribed by the provisions of the service contract between the president and the Bank. The president and the vice president(s) of the Bank shall resign only upon the completion of the resignation auditing.

**Article 216** The president and senior management of the Bank shall be liable to indemnify any losses of the Bank arising from their violation of laws, administrative regulations, rules and provisions of the Articles of Association when performing duties.

## **Chapter 12 Secretary to the Board of Directors**

**Article 217** There shall be a secretary to the Board of Directors. The secretary to the Board of Directors is a senior management of the Bank and is responsible to the Board of Directors.

**Article 218** The secretary to the Board of Directors shall possess necessary expertise and experience in banking industry and qualification as required by the local and overseas regulatory authorities and applicable listing rules and shall be appointed by the Board of Directors. Circumstances prohibited any person from serving as a director of the Bank as stipulated in these Articles of Association shall be applicable to the secretary to the Board of Directors.

**Article 219** Main duties of the secretary to the Board of Directors include the followings:

- (1) ensuring the preparation and submission of reports and documents of the Bank according to the requirement of relevant authorities;
- (2) ensuring complete set of constitutional documents and records of the Bank;
- (3) ensuring timely provision of the relevant documents and records to parties with the relevant right of access;
- (4) preparing for the meetings of the Board of Directors and shareholders;
- (5) preparing the documents for the meetings of the Board of Directors and shareholders' meetings and the relevant rules of meetings;
- (6) in charge of the information disclosure of the Bank and ensuring the timely disclosure of accurate, legal, true and complete information of the Bank;
- (7) maintaining the registers of shareholders, seals of the Board of Directors and relevant information and dealing with the management and registration of the Bank's equity interests;
- (8) to perform other duties conferred by the Board of Directors.

**Article 220** The secretary to the Board of Directors shall be nominated by the chairman and be appointed or removed by the Board of Directors. Directors or other senior management of the Bank can concurrently serve as the secretary to the Board of Directors. A director serving as the secretary to the Board of Directors shall not conduct a deed with a dual status as concurrent director and the board secretary if a certain deed requires respective conduction of both the secretary to the Board of Directors and a director. The accountants of the accounting firm and the lawyers of the law firm engaged by the Bank, the president and officials responsible for financial functions of the Bank shall not serve concurrently as the secretary to the Board of Directors. Term of office of the secretary to the Board of Directors shall be the same as that of a director. Normally, the renewal term of the secretary to the Board of Directors shall not exceed two terms. However, the renewal term of the secretary to the Board of Directors may be permitted to extend to three terms as the Board of Directors may think necessary..

### **Chapter 13 Chief Financial Officer**

**Article 221** The Bank shall have a chief financial officer who shall be proposed by the chairman to the Board of Directors according to the nomination by the Nomination Committee. The chief financial officer shall be appointed or removed by the Board of Directors and is a senior management of the Bank responsible to the Board of Directors. Term of office of the chief financial officer shall be the same as that of a director and is renewable. Normally, the renewal term of the chief financial officer shall not exceed two terms. However, the renewal term of the chief financial officer may be permitted to extend to three terms as the Board of Directors may think necessary. The Board of Directors may remove the chief financial officer from his duty if he is found negligence of duties or not fit to undertake the duties and such condition is verified.

**Article 222** The chief financial officer shall possess professional financial knowledge of banking industry, be familiar with the relevant laws and regulations in respect of fiscal and financial matters and have strong business capacity and extensive experience.

Circumstances prohibited any person from serving as a director of the Bank as stipulated in these Articles of Association shall be applicable to the chief financial officer.

**Article 223** The chairman and vice chairman of the Board of Directors, president and vice president and officials responsible for financial functions shall not serve concurrently as the chief financial officer.

**Article 224** Main duties of the chief financial officer include the followings:

- (1) preparing the operation plan of the Bank (including the annual budget and audited accounts, plans for the use and allocation of funds, expenditure proposals, profit distribution plans, plans for make-up of losses and remuneration and benefits adjustment proposals) and researching, making enquires and providing advises on these plans and proposals;
- (2) reviewing the financial statements and reports of the Bank to ensure their truthfulness and legality before submitting to the Board of Directors;
- (3) providing regular report on the management of assets and financial position of the Bank to the Board of Directors and Supervisory Board and answer enquires thereon;
- (4) investments, asset disposals and material contracts entered into by the Bank shall be endorsed by the chief financial officer.

## **Chapter 14 Supervisory Board**

### **Section 1 Supervisor**

**Article 225** Each supervisor of the Bank is a natural person. Supervisors shall be those who represent shareholders, external supervisor(s) and the supervisors appointed by representatives of employees of the Bank. The supervisors shall be elected at the shareholders' general meeting.

The supervisors of the Bank shall have the necessary expertise and experience for discharging their duties and shall comply with the qualification requirements of the CBRC. The appointment qualification of the supervisors shall be reviewed by the CBRC.

The directors, president, vice president, chief financial officer and secretary to the Board shall not act concurrently as supervisors.

The qualification, nomination, election and change of independent directors stipulated herein shall be applicable to the external supervisor.

The circumstances stated herein where the persons shall not be appointed as the director shall also be applicable to the supervisors.

**Article 226** The supervisors shall comply with the laws, administrative regulations and the Articles of Association and shall perform the obligation of faithfulness and diligence. The supervisor shall not take advantage of the position to accept bribes or other illegal income, or misappropriate the property of the Company.

**Article 227** In case of delay in the re-election of supervisor upon the expiration of his/her term of office, or resignation of supervisor during his/her term of office resulting in the absence of the quorum of the Supervisory Board, the former supervisor shall discharge his/her duties as stipulated in the laws, administrative regulations and the Articles of Association prior to the assumption of office of the re-elected supervisor.

**Article 228** Supervisors shall ensure the truthfulness, accuracy and completeness of the disclosed information of the Company.

**Article 229** Supervisors may attend the Board meeting and make enquiry or suggestion on the resolution of the Board meeting.

**Article 230** The term of office of the supervisors is valid from the beginning to the expiration of term of office of the Supervisory Board. In case of delay in the re-election of a supervisor upon the expiration of his/her term of office, the former supervisor shall discharge his/her duties as stipulated in the laws, administrative regulations and the Articles of Association prior to the assumption of office of the re-elected supervisor.

Each term of office of a supervisor shall be 3 years. Supervisors shall not be dismissed by shareholders' general meeting and the meeting of representatives of employees without a cause before the expiration of the term. Supervisors and external supervisors who are the shareholders shall be elected or removed in the shareholders' general meeting. Supervisors who are the employees of the Bank shall be elected or removed in the meeting of representatives of employees. The term of office of supervisors shall be renewable upon re-election and reappointment. The reappointment of external supervisors shall not exceed 6 years.

**Article 231** The supervisor(s) may resign before the expiration of his term of office. The resignation of the director stipulated in the Articles of Association shall be applicable to the supervisors.

**Article 232** Supervisors shall attend meetings of the Supervisory Board in person upon receipt of the written notice. If a supervisor is unable to attend a meeting for any reason, he/she may appoint another supervisor as his/her proxy in writing to attend the meeting on his/her behalf. An external supervisor may appoint another external supervisor as his/her proxy to attend the meeting.

The power of attorney shall contain the name of the proxy, authorized matters, authorization and term of validity and shall be signed or affixed with a seal by the proxy.

The supervisor who acts as proxy shall exercise their rights within the scope of authorization. The supervisor who is unable to attend the meeting of the Supervisory Board and has not appointed any proxy to attend the meeting on his/her behalf shall be deemed as abandoning his/her voting right in such meeting.

**Article 233** A supervisor who is unable to attend two consecutive meetings of the Supervisory Board in person and unable to appoint a proxy to attend the meeting on his/her behalf shall be deemed as unable to perform his/her duties. The Supervisory Board shall propose to the shareholders' general meeting or the meeting of the representatives of employees on the removal of such supervisor.

In the case of an external supervisor attending less than two-thirds of the total number of meetings of the Supervisory Board in person within one year, the Supervisory Board shall propose to the shareholders' general meeting on their removal.

**Article 234** The candidate list of supervisors representing shareholders and external supervisors shall be proposed to the shareholders' general meeting in the form of resolution.

The candidates of supervisors representing shareholders shall be nominated by the Supervisory Board and the shareholders who are solely or jointly holding more than 3% of voting shares in aggregate and shall be elected in the shareholders' general meeting of the Bank.

The candidates of external supervisors shall be nominated by the Supervisory Board and the shareholders who are solely or jointly holding more than 1% of voting shares in aggregate. The external supervisors shall be elected in the shareholders' general meeting of the Bank.

**Article 235** Election of supervisors representing shareholders and external supervisors shall follow the procedures below:

The nominator who nominates the candidate for the supervisor representing shareholder (including the external supervisor) shall obtain prior consent from the nominee with comprehensive understanding of the personal and work background of the nominee and be responsible for providing the bank with the written documents of such information. The candidate shall make commitment in writing that he/she accepts the nomination, ensures the truthful and complete disclosure of information of himself/herself and will discharge the duties of a supervisor upon appointment.

**Article 236** The supervisors representing employees shall be nominated by the employees of the union and shall be elected in the meeting of the employees' representatives. Inclusion of a new candidate shall be allowed when over 10 employees raise objections to the candidate list.

**Article 237** The Supervisory Board comprises the nomination and examination committee. Such committee shall be responsible for seeking the advice of shareholders and collecting the nomination proposals, reviewing whether the qualification of nominees satisfies the requirements of supervisors under the Company Law, the Commercial Banking Law and relevant laws, administrative regulations, department rules and the Articles of Association and submitting findings to the Supervisory Board for review. The Supervisory Board shall propose the report of review to the shareholders' general meeting in the form of resolution for voting. Shareholders (including the proxy of shareholders) who have objections to the candidates shall be entitled to make new proposal as stipulated herein. The nomination and examination committee of the Supervisory Board shall review the qualification of the candidates and report to the Supervisory Board on whether they will propose the candidate list to the shareholders' general meeting for approval.

**Article 238** Supervisors who violate the laws, administrative regulations, department rules or the Articles of Association when performing their duties shall be liable for compensation of the losses so incurred.

**Article 239** Supervisors shall compensate the Bank for their acts which are prejudicial to the interests of the Bank.

## **Section 2 Supervisory Board**

**Article 240** The Bank comprises the Supervisory Board, which is accountable to the shareholders' general meeting.

The Supervisory Board shall consist of 9 supervisors, not less than 2 of which shall be the external supervisors. The number of employees' representatives of the Bank shall not be less than one-third of the supervisors.

The Supervisory Board shall have one chairman and several vice chairmen. The appointment and removal of the chairman and vice chairman of the Supervisory Board shall be approved by more than two-thirds (including two-thirds) of all supervisors by poll.

The term of office of the chairman and vice chairman of the Supervisory Board shall be three years, renewable upon re-election and reappointment. They may serve not more than two sessions in general if being re-elected unless otherwise required by the Supervisory Board as it thinks necessary, and in such case, they may be allowed to serve three consecutive sessions.

The meeting of the Supervisory Board shall be convened and chaired by the chairman of the Supervisory Board. If the chairman of the Supervisory Board is unable to or does not perform his duties, the meeting of Supervisory Board shall be convened or chaired by the vice chairman of the Supervisory Board. If the vice chairman of the Supervisory Board is unable to or does not perform his duties, the meeting of Supervisory Board shall be convened and chaired by the supervisor recommended by more than 50% of the supervisors.

**Article 241** The Bank shall provide favorable working environment for the Supervisory Board to perform its duties. The Supervisory Board shall prepare the annual expense budget, which shall be included in the annual financial budget.

**Article 242** According to the needs of the work, Supervisory Board shall establish agencies which are responsible for the daily work.

**Article 243** The following authorities of the Supervisory Board shall be exercised according to the laws:

- (1) to review the regular reports by the Board and deliver advice on the reports in writing;
- (2) to examine and supervise the financial activities of the Bank, and may, when necessary, engage another accounting firm on behalf of the Bank for the purpose of conducting independent auditing on financial status;
- (3) to oversee whether the conducts of our directors, president, vice president, chief financial officer and secretary to the Board of Directors in carrying out their duties of the Bank comply with the laws and regulations;
- (4) to demand that a director, president, vice president, chief financial officer and secretary to the Board rectify their conduct when such conduct is prejudicial to the interests of the Bank, and report such conduct to shareholders' general meetings or relevant regulatory authorities if necessary; and make proposals to remove directors and senior officers if they breach any applicable laws, administrative regulations, the Articles of Association or the resolution of the shareholders' general meeting;
- (5) to conduct auditing over the issues in connection with the operation and decision making, risk management and internal control of the Bank as and when necessary;
- (6) to carry out an audit, if required, of any resigning director or senior management;
- (7) to advice on the engagement of an accounting firm by us;
- (8) to propose the convening of extraordinary shareholders' general meetings, and, if the Board fails to convene such a meeting as required under the Articles of Association, to convene the shareholders' general meetings;
- (9) to propose to convene an extraordinary board meeting and submit proposals to the shareholders' general meeting;
- (10) to bring actions against directors and senior management according to Rule 152 of the Company Law;
- (11) to investigate any irregularities in the operations of the Bank if necessary, and may engage accounting firms, law firms or other professional firms to assist its work at the costs of the Bank;
- (12) to exercise the other power prescribed by the Articles of Association, or power conferred by the shareholders' general meeting.

Members of the Supervisory Board may be present at meetings of the Board and shall be entitled to express their opinions at the meetings.

**Article 244** The Supervisory Board shall require the president, vice president, chief financial officer, secretary to the Board, internal and external auditors to attend the meeting in order to answer the enquires of the Supervisory Board.

**Article 245** During the performance of duties, the Supervisory Board shall have the right to make inquiries to relevant personnel and departments of the Bank, and such personnel and departments shall be cooperative. Such reasonable costs of duty performance of the Supervisory Board shall be borne by the Bank.

**Article 246** Senior management of the Bank shall be supervised by the Supervisory Board and provide the Bank with the information and report on operating results, major contracts, financial position, risk exposure and business prospects on a regular basis.

**Article 247** The supervisory record and the result of financial and specific supervision made by the Supervisory Board shall be the major reference for the performance evaluation of the director, president, vice president, chief financial officer and the secretary to the Board.

**Article 248** The Supervisory Board of the Bank shall consist of the supervisory committee and the nomination and examination committee.

**Article 249** The main duties of the supervisory committee under the Supervisory Board are:

- (1) to prepare proposals on the examination and supervision of the financial activities of the Bank;
- (2) to prepare proposals on the examination and supervision of the operation, decision making, risk management and internal control of the Bank;
- (3) to organize the audit of the compliance and implementation of major decisions of the Bank, to organize the review and survey on the operating entities of the Bank, and to supervise relevant rectification measures;
- (4) upon the request of regulatory authorities, to conduct special examination of specific projects and promptly submit the examination report;
- (5) other matters authorized by the Supervisory Board.

**Article 250** The main duties of the nomination and examination committee of the Supervisory Board are:

- (1) to advise the Supervisory Board on its scale and composition;
- (2) to review the qualification requirements and procedures on the appointment of the supervisors and to make recommendation to the Supervisory Board;
- (3) to carry out large-scale recruitment for eligible candidates of supervisors;
- (4) to carry out initial review and advise on the appointment and requirement of the candidates for the supervisors nominated by the shareholders;
- (5) to review and decide on the remuneration policy of the supervisors and the budget, which shall be approved at the meeting of shareholders upon review by the Supervisory Board;
- (6) to organize the annual performance review of directors, supervisors and senior management personnel;
- (7) to organize the departure audit of directors and senior management personnel, if needed;
- (8) other matters authorized by the Supervisory Board.



**Article 251** The nomination and examination committee of the Supervisory Board may engage intermediaries for their professional advice at the cost of the Bank.

**Article 252** The Supervisory Board shall formulate the rules of procedures for the Supervisory Board and shall specify the way and procedures of voting in order to ensure the efficiency and scientific decision-making of the Supervisory Board.

**Article 253** The Supervisory Board shall convene at least one meeting every six months. The supervisors shall propose to convene extraordinary meeting of the Supervisory Board.

**Article 254** The chairman of the Supervisory Board shall convene an extraordinary meeting within 5 days in one of the following circumstances:

- (1) when the chairman of the Supervisory Board considers it necessary; or
- (2) upon proposal for convening such meeting by more than one-third of the supervisors.

**Article 255** The Supervisory Board shall dispatch a written notice and the relevant documents to all supervisors 10 days prior to convening the meeting of the Supervisory Board and within 5 days before convening the extraordinary meeting of Supervisory Board.

**Article 256** Notice of meeting of the Supervisory Board shall include the following:

- (1) date and venue of the meeting;
- (2) duration of the meeting;
- (3) subject matters and topics submitted to the meeting for approval; and
- (4) date of the notice.

**Article 257** Minutes shall be kept for the meetings of the Supervisory Board on all resolutions discussed. Supervisors who have attended the meeting shall sign on the minutes.

Supervisors shall be entitled to request recording of their remarks in the meeting in such specific explanatory manner.

### **Section 3 Resolution of the Supervisory Board**

**Article 258** The resolutions of the Supervisory Board shall be considered and reviewed at the meeting of Supervisory Board.

**Article 259** The meeting of the Supervisory Board shall be convened only if more than two-thirds of all the supervisors are present.

**Article 260** Approval on the proposals of the Supervisory Board shall be conducted one by one. Resolution shall be voted after the review is completed. The meeting shall not proceed to the next resolution before the voting of the previous resolution. Each supervisor shall have one vote.

**Article 261** To ensure that the supervisors can fully express their opinions, the meeting of the Supervisory Board shall allow resolutions to be passed by voting through telecommunications, and the resolutions shall be signed by the supervisors attending the meeting.

**Article 262** The approval of the annual report and important and confidential resolution of the Bank shall not be made at the meeting of the Supervisory Board by voting through telecommunications. At meetings of the Supervisory Board, votes shall be cast through a show of hands, by open ballot or through telecommunications. The Supervisory Board shall announce the resolutions and the reports passed based on the voting results, which shall be recorded in the minutes of the meeting.

**Article 263** Resolutions of the Supervisory Board shall be passed by two-thirds (inclusive) of supervisors.

Different opinions on the principles of the resolution or report shall be explained in the resolution and the report.

**Article 264** Supervisors shall sign on the resolutions of the Supervisory Board and shall be accountable to the Supervisory Board. Supervisors whose objections to the vote are recorded in the minutes of the meeting shall not be held accountable.

**Article 265** Records of the meeting of the Supervisory Board shall be kept. The supervisors and the recorder shall sign on the minutes of the meeting. The supervisors shall be entitled to amend the record which is inconsistent to their remarks in the meeting or to record their remarks in the meeting in such specific explanatory manner. As the file of the Bank, the minutes of the meeting of the Supervisory Board shall be kept for at least 10 years.

**Article 266** The minutes of the meeting of the Supervisory Board shall include the following:

- (1) date, venue and convener of the meeting;
- (2) names of the supervisors who attended the meeting and the supervisors (proxies) who attended the meeting on behalf of other parties;
- (3) agenda of the meeting;
- (4) summary of the supervisors' remarks; and
- (5) the way and result of voting of each resolution (the result of voting shall include the number of votes for or against the resolution or abstained)

## **Chapter 15 Qualifications and Obligations of Directors, Supervisors, President and Other Senior Management Personnel**

**Article 267** A director, supervisor, president or other senior executive officer of our Bank may not be:

- (1) a person without legal capacity or with restricted legal capacity;
- (2) a person who has committed an offense of corruption, bribery, infringement of property, misappropriation of property or sabotaging of the social economic order and has been punished because he/she committed such an offense, where less than five years have elapsed since the date of completion of the sentence; or who has been deprived of his/her political rights for committing criminal offense, where less than five years have elapsed since the date of completion of this deprivation;
- (3) a person who has been a director, factory manager or manager of a company or enterprise which has entered into an insolvency liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of revocation of the business license;
- (5) a person who has a relatively large amount of debts and who is in default of such debts;
- (6) a person who is under criminal investigation by a judicial organization for violation of the criminal law for which investigation is not yet concluded;
- (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (8) a non-natural person; or
- (9) a person convicted of contravening provisions of relevant securities regulations by a relevant supervising authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years have elapsed since the date of conviction.

**Article 268** Directors and supervisors of the Bank shall have the requisite expertise and experiences for discharging their respective duties and shall fulfill the requirements of the CBRC. The qualification of directors and supervisor shall be reviewed by the CBRC. The following persons, in addition to those specified in the Company Law of the People's Republic of China, shall not assume the office of director or supervisor:

- (1) persons who are identified as those prohibited from entering the securities market by the securities regulatory authority of the State Council and whose prohibition has not been released;
- (2) persons who are dismissed by other commercial banks or organizations due to failure to discharge duties in good faith;
- (3) persons whose borrowings (excluding bank statement or treasury-guaranteed borrowings) from the Bank exceed the audited net equity of the shareholders or shareholder corporations, where the persons are employed, in the Bank of the previous year; or
- (4) persons who are the employees of the individuals or enterprises which have overdue borrowings from commercial banks.

**Article 269** When the director, president and other senior management personnel of the Bank acts in the name of the Bank, the effectiveness of such act against any third party acting in good faith shall not be affected by the non-compliance in terms of incumbency, election or qualification of such person.

**Article 270** Apart from the obligations provided in laws, administrative regulations, rules or relevant rules of the stock exchanges where shares of the Bank are listed, the director, supervisor, president and other senior management personnel of the Bank shall also assume the following obligations towards every shareholder, when exercising their powers granted by the Bank:

- (1) not operating business beyond the business scope specified in the business license;
- (2) acting in good faith with a view to maximize the Bank's interests;
- (3) not depriving the Bank of its properties by any means, including but not limited to favorable opportunities for the Bank; and
- (4) not depriving shareholders of personal rights and interests, including but not limited to the rights of distribution and voting, except the restructuring of the Bank submitted to and approved by the general meeting of shareholders according to the Articles of Association of the Bank.

**Article 271** When exercising their rights or performing their obligations, the director, supervisor, president and other senior management personnel of the Bank shall be responsible for behaving with prudence, diligence and skills a reasonably prudent person would exercise under similar circumstances.

**Article 272** When performing their duties, the director, supervisor, president and other senior management personnel of the Bank shall observe the principle of good faith, and shall not place themselves in a position where their interest may conflict with their obligations. The principle includes but is not limited to the following obligations:

- (1) acting in good faith with a view to maximize the Bank's interests;
- (2) exercising rights within the scope of authority, without exceeding such scope;
- (3) personally exercising the discretionary power without being manipulated by other persons; the discretionary power shall not be assigned to any other person, unless as approved by laws, administrative regulations, or the informed general meeting of shareholders;
- (4) equally treating shareholders of the same class and fairly treating those of different class;
- (5) except as otherwise provided in the Articles or approved by the informed general meeting of shareholders, not to sign contracts, conduct transactions or make arrangements with the Bank;
- (6) without approval of the informed general meeting of shareholders, not to utilize the Bank's property by any means for their own interests;
- (7) not to take advantage of the position to accept bribes or other illegal income, or misappropriate the property of the Bank by any means, including but not limited to favorable opportunities for the Bank;
- (8) without approval of the general meeting of shareholders in the knowledge, not to accept commissions related to the Bank's transactions;
- (9) observing the Articles of Association of the Bank, faithfully performing their responsibilities and protecting interests of the Bank, and not to take advantage of their position and power to seek personal interests;
- (10) without approval of the informed general meeting of shareholders, not to compete with the Bank by any means;
- (11) not to misappropriate the fund of the Bank, lend the fund of the Bank to other persons in violation of regulations, deposit the fund of the Bank in the account opened in personal name or otherwise, or utilize the assets of the Bank to provide guarantee for the personal debt of the Bank's shareholders or other persons in violation of regulations; and
- (12) without approval of the informed general meeting of shareholders, not to reveal the confidential information of the Bank gained during their term of office; unless for the interest of the Bank, not to take advantage of such information; however, in any one of the following circumstances, such information may be disclosed to the court or other governmental authorities:
  - (i) provided by laws;
  - (ii) required for public interests; or
  - (iii) required by the director, supervisor, president and other senior management personnel for his/her own interests.

**Article 273** The director, supervisor, president and other senior management personnel of the Bank shall not instigate the following persons or institutions (collectively “related persons”) to do anything that they are forbidden to do:

- (1) the spouse or minor children of the director, supervisor, president and other senior management personnel of the Bank;
- (2) trustees of the director, supervisor, president and other senior management personnel of the Bank and those specified in item (1) of this article;
- (3) partners of the director, supervisor, president and other senior management personnel of the Bank and those specified in items (1) and (2) of this article;
- (4) companies solely controlled by the director, supervisor, president and other senior management personnel of the Bank, or jointly controlled by them with those specified in items (1), (2) and (3) of this article or with other directors, supervisors, president and senior management personnel of the Bank; and
- (5) the director, supervisor, manager and other senior management personnel of the controlled companies specified in item (4) of this article.

**Article 274** The obligations of good faith of the director, supervisor, president and other senior management personnel of the Bank may not terminate upon expiration of their term of office, and their obligations to hold the business secrets of the Bank confidential shall remain valid after the expiration of their tenures of office. The duration of other obligations shall be decided in accordance with the principle of fairness, depending on the interval between the date when an event arises and the date when they leave their post, and depending on the circumstances and conditions under which their relationship with the Bank terminates.

**Article 275** The responsibilities borne by the director, supervisor, president and other senior management personnel of the Bank due to violation of a certain obligation may be discharged by the informed general meeting of shareholders, with exception of the circumstances specified in Article 66.

**Article 276** Where the director or his/her associates, supervisor, president or other senior management personnel of the Bank has direct or indirect material interest with the contracts, transactions or arrangements (except the employment contracts between the Bank and its directors, supervisors, president and other senior management personnel) signed or planned by the Bank, such person shall notify the board of directors of the nature and degree of the interest as soon as possible, regardless of whether such matter, in general, shall be subject to approval of the board of directors.

A director shall abstain from voting on the resolutions in respect of the contracts or transactions in which he/she or any of his/her associates are materially interested or the arrangement for other proposals at the board meetings. A director shall not be counted in the quorum in determining whether a quorum is present. The “associates” above shall have the same meaning ascribed to it under the Hong Kong Listing Rules. Unless the interested directors, supervisors, president, vice presidents and other senior management personnel have informed the board of directors of the matter, and the board of directors has approved it at a meeting where such persons are not incorporated into the quorum and nor do they participate in the voting, the Bank shall have the right to cancel such contracts, transactions or arrangements, except that the counterparty is an innocent party who is unaware of the violation of their obligations by related directors, supervisors, president and other senior management personnel.

When the related persons or associates of the director, supervisor, president, vice president and other senior management personnel of the Bank have an interest with a certain contract, transaction or arrangement, it shall be deemed that the director, supervisor, president and other senior management personnel have an interest as well.

**Article 277** Prior to the initial consideration of the president in respect of the signing of a contract, execution of a transaction or decision on an arrangement, if the interested directors, supervisors, president and other senior management personnel of the Bank have notified the board of directors in writing form, declaring that because of the reasons specified in the notification, they have an interest with the contract, transaction or arrangement of the Bank in the future, it shall be deemed that they have made the disclosure as required in the previous article hereof, within the scope of the disclosure of the notification.

**Article 278** The Bank shall not pay taxes for its directors, supervisors, president and other senior management personnel by any means.

**Article 279** The Bank shall not provide credit facilities to connected persons. The terms for the provision of loans or loan guarantee from the Bank to the connected persons shall be on normal commercial terms and the terms of the guaranteed loans provided to the connected persons shall be on terms no more favorable to the terms available to other borrowers of similar loans. The “connected persons” above shall refer to:

- (1) directors, supervisors, management, staff of credit business of a commercial bank or their close relatives; or
- (2) companies, enterprise and other economic organizations in which the persons of the previous clause have investments or assume the office of the senior management.

**Article 280** If the Bank provides loans in violation of the previous article, the payee shall return the loans immediately, regardless of the loan conditions.

**Article 281** The guarantee mentioned in the previous article includes the activities whereby the guarantor bears the responsibility or provides property to ensure the performance of the relevant obligations.

**Article 282** If the directors, supervisors, president and other senior management personnel of the Bank violate their obligations towards the Bank, apart from the rights and remedial measures provided by laws and administrative regulations, the Bank shall have the right to take the following measures:

- (1) requiring relevant directors, supervisors, president and other senior management personnel to compensate the Bank for the loss resulted from their dereliction of duty;
- (2) cancelling any contract or transaction between the Bank and related directors, supervisors, president and other senior management personnel and that between the Bank and a third party (if the third party has known or should have known that the directors, supervisors, president and other senior management personnel had violated their obligations towards the Bank);
- (3) requiring related directors, supervisors, president and other senior management personnel to hand over the proceeds generated in violation of their obligations;
- (4) requiring related directors, supervisors, president and other senior management personnel to recover the funds that originally should be collected by the Bank, including but not limited to commissions;
- (5) requiring related directors, supervisors, president and other senior management personnel to return the interest generated by or possibly generated by the fund that originally should be turned over to the Bank.

**Article 283** The Bank shall enter into a contract in writing with each of the directors or supervisors wherein at least the following requirements shall be included:

- (1) directors, supervisors and senior management shall undertake to the Bank, to comply with the Company Law, Special Regulations, Articles of Association and other regulations stipulated by the Hong Kong Stock Exchange, and agree the Bank shall enjoy the remedial measures stated in the Special Regulations. Such contracts and their positions shall not be transferred;

- (2) directors, supervisors and senior management shall undertake to the Bank to comply and perform their responsibilities to the shareholders as stipulated herein; and
- (3) terms of arbitration as set out in Article 331 of the Articles of Association.

**Article 284** The Bank shall, with the prior approval of shareholders at a shareholders' general meeting, enter into a contract in writing with each of the directors or supervisors wherein his emoluments are stipulated.

The aforesaid emoluments include:

- (1) emoluments in respect of his/her service as a director, supervisor, president or senior executive officer of the Bank;
- (2) emoluments in respect of the provision of other services in connection with the management of the affairs of the Bank; and
- (3) compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against the Bank for his/her benefit in respect of the above matters.

**Article 285** The compensation contracts between the Bank and its directors and supervisors shall provide that when the Bank is acquired, with the prior approval of the shareholders' general meeting, directors and supervisors of the Bank shall have the right to obtain the compensation or other amounts to which they are entitled due to loss of office or retirement. The acquisition hereunder shall mean any one of the following circumstances:

- (1) any person makes an offer of acquisition to all shareholders; or
- (2) any person makes an offer of acquisition with the aim to make the offeror become the controlling shareholder of the Bank.

If relevant directors and supervisors violate the provisions of this article, any fund received by them shall be owned by the persons who accept the foregoing offer and sell their shares, and meanwhile the directors and supervisors shall bear the expenses incurred by allocation of the fund proportionally. The expenses shall not be subtracted from the fund.

## **Chapter 16 Financial and Accounting System, Profit Distribution and Audit**

### **Section 1 Financial and Accounting System**

**Article 286** The Bank shall establish its financial and accounting system according to the relevant laws, administrative regulations and the requirements of competent authorities.

**Article 287** The Bank shall prepare its financial report according to the relevant laws, administrative regulations and the requirements of competent authorities.

The Bank shall prepare its annual financial report within 120 days after the end of each fiscal year, which should be reviewed and verified in accordance with laws, prepare interim financial report within 60 days after the end of the first 6 months of each fiscal year and prepare quarterly financial reports within 1 month after the end of the first 3 and 9 months of each fiscal year, respectively.

The Bank shall submit its annual financial report within 4 months after the end of each fiscal year, submit its interim financial report within 2 months after the end of the first 6 months of each fiscal year, and submit its quarterly financial reports within 1 month after the end of the first 3 and 9 months of each fiscal year, respectively, to CSRC's branch and stock exchanges.

The Bank shall publish its financial reports four times in each fiscal year, which means to publish its first quarterly financial report within 30 days after the end of the first 3 months of each fiscal year, to publish its interim financial report within 60 days after the end of the first 6 months of each fiscal year, to publish its third quarterly financial report within 30 days after the end of the first 9 months of each fiscal year, and to publish its annual financial report within 120 days after the end of each fiscal year.

**Article 288** Annual financial report published by the Bank shall be prepared according to the Chinese Accounting Standards, as well as applicable international accounting standards and overseas accounting standards of the place where the Bank's shares are listed.

**Article 289** The Board of Directors shall submit to annual general meeting of shareholders the financial reports prepared by the Bank as required by the relevant laws, administrative regulations and applicable rules imposed by competent authorities.

**Article 290** The Bank shall make the financial reports available at the Bank for inspection by its shareholders 20 days prior to the convening of the annual general meeting of shareholders. All shareholders of the Bank shall be entitled to obtain the financial reports mentioned in this chapter.

The Bank shall send the following documents: (1) the report of directors together with the balance sheet (including all documents required to be attached to the balance sheet according to the relevant regulations) and the income statement or profit or loss statement, or (2) the financial results in compliance with relevant laws to each shareholder of overseas listed shares by hand or by pre-paid post at least 21 days prior to the convening of the annual general meeting of shareholders to the address appearing on the register of shareholders.

**Article 291** The Bank shall maintain no other accounts books other than a set of statutory accounts books. No asset of the Bank shall be deposited into an account under the name of any individual.

**Article 292** The Bank shall prepare its financial statements in accordance with the Chinese accounting standards and regulations as well as the international accounting standards or the overseas accounting standards of the place where the Bank's shares are listed. In case there are major discrepancies between the financial statements prepared in accordance with the two different accounting standards, it should be explained in the notes to the financial statements. When distributing the after-tax profit for the fiscal year, the Bank shall base on the lower of the after-tax profit as determined in the financial statements prepared according to (1) Chinese accounting standards and regulations, and (2) international accounting standards or overseas accounting standards of the place where the Bank's shares are listed.

**Article 293** The annual financial report and interim financial report for interim profit distribution shall contain the followings:

- (1) a balance sheet;
- (2) a profit and loss statement;
- (3) a statement of profit distribution;
- (4) a statement of changes in financial position (or statement of cash flow);
- (5) notes to financial statements.



If no interim dividends are to be distributed, the interim financial report of the Bank shall include the financial statements and notes except for item (3) above.

**Article 294** The Bank may distribute its after-tax profit after making 10% contributions of the profit to the statutory reserve until the balance of the statutory reserve reaches 50% of the registered capital of the Bank.

If the statutory reserve is not sufficient to make up the accumulative losses, profit of the year shall be used to make up the losses before making any contribution to the statutory reserve according to the aforesaid provision.

After contribution to the statutory reserve, the Bank may also pay dividends of preference shares upon approval of the general meeting of shareholders.

After making up of any losses and contribution to the statutory reserve, the Bank may also distribute its after tax profit to the discretionary reserves upon approval of the general meeting of shareholders.

After making up of any losses and contribution to reserves and distribution of dividends on preference shares, the remaining after-tax profit may be distributed to ordinary shareholders in proportion to their respective shareholdings, unless otherwise required by the Articles of Association.

The Bank shall not distribute any profit to its shareholders of any class before making up any losses, making contributions to the statutory reserve and making full provisions for loan losses required by relevant laws, administrative regulations and requirements of competent authorities.

In case the general meeting of shareholders approves to distribute any profit to any shareholder before making up the losses and making contributions to the statutory reserve as required by the aforesaid provision, shareholders must return profits so distributed to the Bank.

Shares held by the Bank are not entitled to any profit distribution.

**Article 295** Reserves of the Bank may be used for making up losses, expanding the scale of operation or being converted into additional capital of the Bank, but capital reserve shall not be used for making up the Bank's losses.

Where the statutory reserve is converted to share capital, the balance of such reserve shall not fall below 25% of the Bank's registered capital before the conversion.

**Article 296** The capital reserve shall include the following amounts:

- (1) the premium received from shares issuance in excess of the par value;
- (2) other incomes that shall be included into the capital reserve as required by the competent financial authorities of the State Council.

**Article 297** Employees' bonus shall be proposed by the Board of Directors based on the results of operation each year and upon approval of the general meeting of shareholders.

**Article 298** Subject to the particular dividend policies adopted for the preference shares, the Bank may distribute dividends in the form of cash or stock.

The Bank shall provide reasonable investment returns to investors by distributing profits and its profit distribution policy shall be sustainable and stable. The Bank shall make dividends distribution in profit-making years. To the extent that the normal working capital requirement is fulfilled, the Bank shall distribute dividends primarily in cash.

The profit distribution to ordinary shareholders in the form of cash dividends by the Bank each year shall not be less than 10% of the distributable profit of the Bank attributable to ordinary shareholders during the year. The Bank may distribute interim cash dividends.

If the Bank generated profits in the previous accounting year but the Board of Directors did not make any cash profit distribution proposal after the end of the previous accounting year, the reasons thereof and the application of funds retained by the Bank not available for distribution shall be explained in details in its periodic reports and the Independent Directors shall give an independent opinion in such regard. Online voting shall be made available, when such proposal is voted on a general meeting.

The Bank shall disclose its implementation of the cash dividend policy and other relevant matters in its periodic reports in accordance with the applicable requirements.

In the event that adjustments are required to be made to the Bank's profit distribution policy due to the needs of operation and long term development of the Bank, the adjusted profit distribution policy shall comply with the relevant requirements of the regulatory authorities of the places where the shares of the Bank are listed. Any resolution regarding adjustments to the profit distribution policy shall be subject to the prior review of the Independent Directors and the Supervisory Board and, after consideration by the Board, be proposed to the general meeting of the Bank for approval by the Shareholders. Any resolution regarding the adjustments to the Bank's cash dividend policy shall be approved by more than two-thirds of the votes of the Shareholders attending the general meeting of the Bank. Online voting shall be made available, when such proposal is voted on a general meeting.

Cash dividends and other distributions payable to shareholders of the Bank's domestic shares shall be made in RMB. Cash dividends and other distributions payable to H share holders shall be denominated and declared in RMB and paid in HK dollars. Payment in foreign currencies required for the cash dividends and other distributions payable to shareholders of overseas-listed foreign shares shall be obtained according to the applicable PRC foreign exchange control regulations.

Distribution of scrip dividends in form of stock shall be approved by general meeting of shareholders and subject to approval by the banking regulatory authority of the State Council.

**Article 299** Dividend policies for preference shares of the Bank are as follows:

- (1) The dividend on preference shares issued by the Bank may be based on fixed or floating dividend rate determined according to the terms in the offering document of preference shares;

Unless or otherwise provided by laws and regulations or resolved at the general meeting of shareholders, the dividend rate of the issued and outstanding preference shares may be adjusted at different intervals. This means that the dividend shall be paid at fixed dividend rate for each dividend rate adjustment interval.

- (2) No profit shall be distributed to ordinary shareholders before the agreed dividends for each year have been fully paid to holders of preference shares;
- (3) If the Bank has distributable profit after tax, it shall pay dividends to holders of preference shares. However, pursuant to the requirements of the banking regulatory authorities of the State Council, the Bank shall have the right to cancel the payment of dividends on preference shares and such cancellation shall not constitute a breach of the agreement by the Bank. Where the Bank cancels the dividend on preference shares for the year, it shall not distribute profits to ordinary shareholders;
- (4) Where the Bank does not distribute all of the dividends to holders of preference shares in a particular year, such undistributed dividends shall not be accumulated to subsequent years;

- (5) The holders of preference shares, upon receiving the agreed dividends, shall have no right to participate in the distribution of the remaining profits.

**Article 300** After the resolution on profit distribution has been passed at the shareholders' general meeting of the Bank, the Board of the Bank shall complete the distribution of dividends of ordinary shares (or shares) within 2 months after the shareholders' general meeting.

All capital paid up before calls shall be entitled to interests. However, shares paid-up before calls shall not be entitled to dividends subsequently declared.

**Article 301** The Bank shall appoint a receiving agent for holders of overseas-listed foreign shares. The receiving agent shall receive the dividends distributed and other amounts payable to the shareholders in respect of overseas-listed foreign shares and arrange for the distribution of the same to the relevant shareholders.

The receiving agent appointed by the Bank shall meet the relevant requirements of the laws of the place where the Bank's shares are listed or the applicable requirements of the relevant stock exchange.

The receiving agent appointed by the Bank for holders of H shares listed in Hong Kong shall be a company registered as a trust company under the Trust Ordinance of Hong Kong.

The Bank may forfeit unclaimed dividends under the pre-condition of abiding with relevant laws, administrative regulations and rules of China and relevant requirement of Hong Kong Stock Exchange. This right shall only be exercised after the expiration of applicable limitation period.

The Bank shall have the right to terminate sending dividend warrant to the relevant shareholders of overseas-listed foreign shares by mail. But the Bank shall exercise such right only after dividend warrants failed to be redeemed for two consecutive times. The Bank may exercise the right, if a dividend warrant fails to reach the recipient in the first mailing and is returned.

The Bank shall have the right to sell the shares held by holders of overseas-listed foreign shares with whom the Bank could not contact in a way deemed appropriate by the Board of Directors, provided the following conditions are met:

- (1) the Bank has distributed dividends to the shares at least 3 times within 12 years but remained unclaimed;
- (2) the Bank publishes announcements in one or more newspapers of the place in which the shares of the Bank are listed after the expiration of the 12-year period, stating its intention to sell the shares, and informs the securities regulatory authority of the place in which the shares of the Bank are listed, and the relevant announcements have been published in newspapers, which is in compliance with the applicable rules.

## **Section 2 Internal Audit**

**Article 302** The Bank shall adopt an internal audit system and has qualified audit personnel who shall conduct internal audit and supervision over the financial income and expenditure and economic activities of the Bank.

**Article 303** Internal audit system and duties of audit personnel shall be approved by the Board of Directors. Person-in-charge of the audit department shall be accountable and report their work to the chief financial officer.

## **Chapter 17 Engagement of Accounting Firms**

**Article 304** The Bank shall engage independent accounting firms that meet relevant provisions of the state to audit annual financial reports and review other financial reports of the Bank.

**Article 305** The engagement of an accounting firm is subject to approval by the shareholders' general meeting. The Board of Directors shall not appoint any accounting firm before a relevant resolution is adopted by the shareholders' general meeting.

The engagement term of the accounting firm shall begin from the date of the closing of the current annual general meeting of shareholders and end on the date of the closing of the next general meeting of shareholders.

**Article 306** The accounting firm engaged by the Bank shall have the following rights:

- (1) accessing financial statements, records and vouchers of the Bank at any moment and requiring the directors, the president or other senior management to provide relevant information and explanations;
- (2) requiring the Bank to adopt all reasonable measures to obtain materials and statements that are required for the performance of duties of the accounting firm;
- (3) attending shareholders' general meetings, receiving notice of the shareholders' general meeting or other information in relation to the shareholders' general meeting of which all shareholders are entitled to receive and giving speeches at the meeting with regard to matters involving its duties as an accounting firm engaged by the Bank.

**Article 307** If a vacancy occurs on the post of the accounting firm, the Board of Directors may, before the convening of a shareholders' general meeting, engage an accounting firm to fill such vacancy. During the period of vacancy, if the Bank has another incumbent accounting firm, such accounting firm may still exercise its functions.

**Article 308** The shareholders' general meeting may decide to dismiss an accounting firm by adopting an ordinary resolution before the expiration of the term of office of the accounting firm, regardless of the terms and conditions of the contract between the accounting firm and the Bank, provided that the right of claim entitled to the relevant accounting firm against the Bank due to its dismissal shall not be prejudiced.

**Article 309** The remuneration of the accounting firm or the method of determining the remuneration shall be decided by the shareholders' general meeting. The remuneration of the accounting firm engaged by the Board of Directors shall be decided by the Board of Directors.

**Article 310** The decision on engaging, dismissing or not renewing the engagement of an accounting firm shall be made by the shareholders' general meeting, and reported to the securities regulatory authority of the State Council for record.

If the shareholders' general meeting plans to appoint a non-incumbent accounting firm to fill up any vacancy of the post of the accounting firm, or renew the engagement of an accounting firm engaged by the Board of Directors to fill up the vacancy, or dismiss an accounting firm before the expiration of its term of office by passing resolutions, the following provisions shall be satisfied:

- (1) the resolutions of engagement or dismissal shall be sent to the accounting firm to be engaged or dismissed or that has terminated employment during the relevant fiscal year before the dispatch of the notice of the shareholders' general meeting. Termination of employment includes dismissal, resignation and retirement after the expiration of the term of office.

- (2) if the retiring accounting firm makes a statement in writing and requests the Bank to inform the shareholders of its statement, unless the written statement is received after expiry of the specific deadline, the Bank shall take the following measures:
  - (i) making a statement in the notice of resolutions for the fact that the retiring accounting firm has made a statement;
  - (ii) sending the duplicate copy of the statement in the form of an attachment to the notice to shareholders by ways stipulated by the Articles of Association.
- (3) if the Bank fails to send the statement of relevant accounting firm to shareholders according to paragraph (2) above, the accounting firm may request the statement to be read at the shareholders' general meeting and make further claims.
- (4) a retiring accounting firm shall be entitled to attend the following meetings:
  - (i) shareholders' general meeting at which its term of office shall expire:
  - (ii) shareholders' general meeting at which the vacancy due to its dismissal is to be filled up;
  - (iii) shareholders' general meeting convened due to its resignation.

The retiring accounting firm shall be entitled to receive all notices of the aforesaid meetings or other information in relation to the meetings and give speeches at the aforesaid meeting with regard to matters involving its duties as the former accounting firm engaged by the Bank.

**Article 311** If the Bank decides to dismiss or not to renew the engagement of an accounting firm, advance notice shall be given to the accounting firm. The accounting firm shall be entitled to state its opinions to the shareholders' general meeting. If the accounting firm offers to resign, it shall make a statement to the shareholders' general meeting as to whether the Bank is involved in any inappropriate circumstance.

The accounting firm may resign from its duties by delivering its written resignation notice to the legal address of the Bank. The resignation notice shall take effect on the date of delivery to the Bank's legal address or such later date indicated in the notice. The notice shall include the following statements:

- (1) stating that its resignation does not involve any circumstance that should be paid attention to by the Bank's shareholders or creditors; or
- (2) any other statement about circumstances that should be paid attention to.

Such notification shall take effect on the date of delivery to the Bank's legal address or such later date indicated in the notice.

The Bank shall send copies of the aforesaid written notice to relevant competent authorities within 14 days from the date of receipt. If the notice carries the statements mentioned in the 2 paragraphs above, the Bank shall maintain a duplicate copy of the statements in the Bank for the inspection of shareholders. The Bank shall also send the duplicate copy of the aforesaid statements to all shareholders of overseas listed foreign shares by prepaid post, and the address in the register of shareholders shall be the address of the recipient. The Bank may send the duplicate copy of the aforesaid statements to the shareholders of domestic shares in the form of a public announcement.

If the resignation notice of an accounting firm carries any statement about circumstances that should be paid attention to, the accounting firm may ask the Board of Directors to convene an extraordinary shareholders' general meeting for explanation on relevant circumstances of its resignation.

## **Chapter 18 Merger and Division**

**Article 312** The Bank may take merger or division actions according to laws. The procedures of merger or division are as follows:

- (1) preparing a proposal of merger or division by the Board of Directors;
- (2) proposing a resolution at the shareholders' general meeting in accordance with the provisions of the Articles of Association;
- (3) signing a merger or division agreement by each of the merging or dividing parties;
- (4) proceeding examination and approval procedures according to laws;
- (5) handling matters in relations to merger or division, such as creditors' right and liabilities; and
- (6) proceeding registration of dissolution or change of registration.

For a merger or division of the Bank, directors of the Bank shall take necessary measures to protect the legal rights of the shareholders who oppose the Bank's merger or division plans. The shareholders who oppose the Bank's merger or division plans shall have the right to request the Bank or the shareholders who approve the merger or division plans to purchase their shares at a fair price.

The content of the resolution on the merger or division of the Bank shall be recorded as a special document, which shall be available for shareholders. With regard to shareholders of overseas listed companies, the aforesaid documents shall also be sent out by mail.

**Article 313** The merger action taken by the Bank may be in two forms, acquisition or amalgamation.

The merger and division of the Bank shall be in compliance with the Company Law and the Commercial Bank Law.

In the case of a merger of the Bank, a merger agreement shall be signed in respect of the merger by each of the merging parties and prepare a balance sheet and a detailed inventory of assets. The Bank shall inform its creditors of the intended merger within 10 days following the date on which the merger resolution is adopted, and make announcements in newspapers identified by securities exchange where the Bank's shares are listed within 30 days. The creditors shall have the right to claim full repayment of their debts or provision of a corresponding guarantee from the Bank within 30 days from the date of receipt of the notice or within 45 days from the date of the first public announcement for those who have not received the notice.

After the merger of the Bank, the claims and debts of each of the merging parties shall be assumed by the surviving company or the newly-established company.

**Article 314** Where the Bank proceeds into a division, its assets shall be divided accordingly.

In the case of a division of the Bank, the Bank shall prepare a balance sheet and a detailed inventory of assets. The Bank shall inform its creditors of the intended division within 10 days following the date on which the division resolution is adopted, and make announcements in newspapers identified by securities exchange where the Bank's shares are listed within 30 days.

Debts of a company prior to its division shall be jointly and severally assumed by the companies that survives the division, unless otherwise provided in an agreement in writing between the company and the creditors that is reached prior to the division.

**Article 315** The creditors shall have the right to claim full repayment of their debts or provision of a corresponding guarantee from the Bank within 30 days from the date of receipt of the notice or within 45 days from the date of the first public announcement for those who have not received the notice. The Bank shall not proceed merger or division if it is unable to make full repayment of its debts or provide the corresponding guarantee.

**Article 316** Where a merger or division of the Bank involves changes in registered items, such changes shall be registered with the registration authority of the Bank according to laws. If the Bank is dissolved, the cancellation of registration of the Bank shall be carried out according to laws. Where a new company is incorporated, the registration of the incorporation of such company shall be carried out according to laws.

## **Chapter 19 Dissolution and Liquidation**

**Article 317** The Bank shall be dissolved and liquidated according to laws under any of the following circumstances:

- (1) if the shareholders' general meeting resolves to dissolve the Bank;
- (2) dissolution is necessary for the merger or division of the Bank;
- (3) the Bank is unable to pay off its due debts and is therefore declared bankrupt according to laws;
- (4) the Bank is revoked of its business license, ordered to be closed down or deregistered due to its violation of any laws or regulations;
- (5) the Bank encounters grave difficulties in its operation and management, continued existence shall cause material harm to shareholders' interest, and the problems could not be solved through other means. In such case, the shareholders who hold more than 10% of the total voting rights of the Bank (including ordinary shareholders and holders of preference shares with restored voting rights) may make a petition to the people's court for the dissolution of the Bank.

**Article 318** In the case of dissolution of the Bank under the circumstances set out in item (1) and (5) of the preceding Article, a liquidation committee shall be formed within 15 days. The members of the liquidation committee shall be determined by the shareholders' general meeting by ordinary resolutions.

In the case of dissolution of the Bank under the circumstance sets out in item (2) of the preceding Article, liquidation shall be carried out by the merging and dividing parties according to agreements executed upon the merger or division.

In the case of dissolution of the Bank under the circumstance sets out in item (3) of the preceding Article, the people's court shall, according to relevant legal provisions, organize shareholders, relevant departments and professionals to form a liquidation committee to carry out liquidation.

In the case of dissolution of the Bank under the circumstance sets out in item (4) of the preceding Article, the relevant competent authority shall organize shareholders, relevant departments and professionals to form a liquidation committee to carry out liquidation.

**Article 319** If the Board of Directors decides the Bank shall carry out liquidation (except for liquidation resulting from the Bank's declaration of bankruptcy), it shall state in the notice of the shareholders' general meeting convened for this purpose that the Board of Directors has conducted comprehensive investigation on the Bank's conditions and believes that the Bank is able to pay off all its debt within 12 months following the commencement of liquidation. The powers and functions of the Board of Directors of the Bank shall terminate immediately when the resolution on liquidation has been passed at the shareholders' general meeting.

The liquidation committee shall follow the instructions of the shareholders' general meeting to report on its income and expenditures, the Bank's business and progress of liquidation to the shareholder's general meeting at least once a year and make a final report to the shareholders' general meeting upon the end of liquidation.

**Article 320** The liquidation committee shall inform its creditors within 10 days following its establishment, and make at least three announcements in newspapers identified by securities exchange where the Bank's shares are listed within 60 days. The creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the notice or within 45 days from the date of the first public announcement for those who have not received the notice. The liquidation committee shall register the claims. The liquidation committee shall not settle any debt with the creditors during the period of claim declaration.

**Article 321** The creditors shall declare their claims to the liquidation committee within the period specified in laws, administrative regulations or other regulatory documents. The creditors shall explain matters related to their claims and provide supporting materials when declaring their claims. The liquidation committee shall register their claims.

**Article 322** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (1) informing creditors by notice or public announcement;
- (2) sorting of the Bank's assets and preparing a balance sheet and a detailed inventory of assets;
- (3) dealing with and liquidating relevant outstanding businesses of the Bank;
- (4) settling the Bank's outstanding tax liabilities and tax liabilities arising from the liquidation process;
- (5) settling claims and debts of the Bank;
- (6) disposing of the Bank's property remaining after the payment of the Bank's debts;
- (7) participating in civil proceedings on behalf of the Bank.

**Article 323** After the liquidation committee has sorted the Bank's assets and prepared a balance sheet and a detailed inventory of assets, it shall prepare a liquidation plan and submit it to the shareholders' general meeting or relevant competent authority for confirmation.

The Bank's assets shall be used to settle its debts in the following order:

- (1) the liquidation expenses;
- (2) employee salary, social insurance premiums and statutory compensation;
- (3) outstanding taxes;
- (4) debts of the Bank;
- (5) distribution to shareholders in accordance with their respective class of shares and in proportion to their respective shareholdings.

Assets of the Bank shall not be distributed to shareholders before the settlement of items (1) to (4) of the preceding Article.



The property remaining after the payment made according to the preceding Article shall be distributed to the shareholders subject to the class of shares and in proportion to their respective shareholdings. Holders of preference shares shall have priority over ordinary shareholders in receiving distribution of the remaining assets of the Bank, the amount of which shall be the sum of the principal amount and the dividends resolved to be paid but not yet paid for the current period. In the event that the remaining assets are not sufficient to satisfy these payments, they will be distributed on a pro rata basis among the holders of domestic preference shares and holders of offshore preference shares.

Upon the liquidation resulting from bankruptcy, the principal and interests of personal saving accounts shall be paid in priority after the settlement of the liquidation expenses, outstanding employee salary and social insurance premiums.

**Article 324** If the liquidation committee of the Bank, having sorted the Bank's asset and prepared a balance sheet and a detailed inventory of assets, discovers that there are insufficient assets in the Bank to pay off its debts, the committee shall apply to the people's court for declaration of bankruptcy of the Bank according to laws.

Upon the declaration of bankruptcy of the Bank, the Bank shall execute bankruptcy and liquidation according to relevant laws regarding bankruptcy of enterprises.

**Article 325** Upon the completion of liquidation of the Bank, the liquidation committee shall prepare a liquidation report and an income and expenditure statement and financial account for the period of liquidation and, after they are certified by a Chinese certified public accountant, submit them to the shareholders' general meeting or the relevant competent authority for confirmation.

The liquidation committee shall, within 30 days from the confirmation of the shareholders' general meeting or the relevant competent authority, submit the abovementioned documents to the registration authority of the Bank for cancellation of the Bank's registration and announce the Bank's termination. The relevant announcement shall be made in newspapers which are in compliance with relevant regulations.

**Article 326** The members of the liquidation committee shall be loyal to their duties and shall perform their liquidation obligations according to laws.

The members of the liquidation committee shall neither abuse their authorities to accept bribes or other illegal incomes, nor usurp upon the Bank's properties.

In the case of willfully or material default resulting to losses to the Bank or its creditors, the members of the liquidation committee shall assume the responsibility of indemnification.

## **Chapter 20 Amendments to the Articles of Association**

**Article 327** The Bank may amend its Articles of Association in accordance with the provisions in the laws, administrative regulations, departmental rules and its Articles of Association.

**Article 328** The Bank shall amend the Articles of Association if one of the following cases arises:

- (1) upon amendments to the Company Law, the Commercial Bank Law or relevant laws, administrative regulations or departmental rules, the content of the Articles of Association are in contradiction to the provisions in the laws, administrative regulations and departmental rules as amended.
- (2) changes of the Bank resulting in contradiction to the content of the Articles of Association; and
- (3) the shareholders' general meeting decides on an amendment to the Articles of Association.

The shareholders' general meeting may pass ordinary resolutions to authorize the Board of Directors to: (1) amend provisions of the Articles of Association regarding the Bank's registered capital where the Bank increases its registered capital; and (2) make corresponding amendments at the request of the competent authorities if changes have to be made on the wordings or order of provisions of the Bank's Articles of Association passed at the shareholders' general meeting when applying for the registration, approval and examination of such competent authorities.

**Article 329** If any amendment to the Articles of Association approved by general meeting of shareholders involves any matters that need to be approved by relevant competent authorities, such amendment shall be submitted to such authorities for approval. Where there is any amendment involves company registration, the Bank shall attend to an amendment registration in accordance with laws.

**Article 330** The Bank's Articles of Association shall be amended by the Board of Directors in accordance with shareholder's general meeting's resolution in relation to the revision of the Articles of Associations and/or reviewing opinions of relevant competent authorities.

**Article 331** In the case issues involved in the amendment to the Articles of Association are in relation to the information required to be disclosed by the laws and regulations, such amendment shall be publicly announced according to relevant regulations.

## **Chapter 21 Notice and Announcement**

**Article 332** Notices of the Bank shall be:

- (1) delivered by hand;
- (2) sent by mail;
- (3) given by announcement; or
- (4) given by other means stipulated in the Articles of Associations.

**Article 333** The Bank's notice given by announcement shall be deemed as received by all the relevant parties once publicly announced.

Unless the context otherwise requires, "announcement" referred to herein means an announcement made to holders of domestic shares or as to the announcement required to be published in the PRC according to the relevant provisions and the Articles of Association, means an announcement published in newspapers in the PRC.

Such newspapers shall be designated by the laws and regulations of the PRC or security regulatory organizations under State Council. Announcements made to H shares holders or required to be published in Hong Kong according to the relevant provisions and these Articles of Association shall be made in compliance with Hong Kong Listing Rules. Unless otherwise stipulated in the Articles of Association, on the same date when the notice is given to shareholders by the Bank in form of announcement, an electronic version of such notice shall be provided to Hong Kong Stock Exchange through Electronic Publication System for posting on the website of Hong Kong Stock Exchange according to the requirements of Hong Kong Listing Rules. The announcement shall be also posted on the website of the Bank.

**Article 334** Unless otherwise stipulated in the Articles of Association, corporate communication (as defined in Hong Kong Listing Rules), such as notices, information or written statements, sent to holders of overseas-listed foreign shares by the Bank may be delivered by hand or by prepaid post to the registered address of each holder of overseas-listed foreign shares. The Bank may deliver its corporate communication in electronic way in accordance with the provisions of Hong Kong Listing Rules, provided that the Bank

has made appropriate arrangements and is in compliance with the provisions of Listing Rules regarding delivery of corporate communication in electronic way.

By give a written notice to the Bank, overseas-listed foreign shares holders of the Bank may select receiving corporate communication from the Bank either in electronic way or by post. The shareholder may also select only receive corporate communication in either Chinese or English or both Chinese and English. The shareholder may also give a written notice to the Bank in advance within reasonable time to amend his or her choice of the mean to receive the aforesaid communication and language version(s) according to appropriate procedures.

**Article 335** Where a notice is delivered by hand, the recipient shall sign (or affix his or her seal to) the receipt, and the signature date shall be the date of service.

Where a notice is delivered by means of public announcement, relevant announcement shall be published on the newspapers in compliance with the relevant requirements and the date of service shall be the date on which the first announcement is published.

Where a notice is delivered by means of posting, the address of recipient shall be clearly written, the postal fee shall be prepaid and the notice shall be sealed in the envelope, and the date of service shall be the third working days from the date on which the envelope containing such notice is submitted to the post office.

**Article 336** An accidental omission of giving notice of a meeting to a person entitled to receive such notice or such person's failure to receive such notice shall not invalidate the meeting or the resolutions adopted at the meeting.

**Article 337** The Bank designates Chinese Securities Journal, Shanghai Securities News, Securities Time and the website of Shanghai Stock Exchange for publishing notices and other disclosure of the Bank.

## **Chapter 22 Settlement of Disputes**

**Article 338** The Bank shall follow the following dispute settlement rules:

- (1) When any dispute or claim concerning the Bank's business on the basis of the rights and obligations provided in the Articles of Association of the Bank or in the Company Law or other relevant laws or administrative regulations arises between a holder of overseas listed foreign shares and the Bank, between a holder of overseas listed foreign shares and a director, a supervisor or senior management of the Bank or between a holder of overseas listed foreign shares and a holder of domestic shares, the parties involved shall submit such dispute or claim for arbitration.

When a dispute or claim aforesaid is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons (being the Bank or the shareholder, director, supervisor, president or other senior management of the Bank) that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

- (2) A dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant submits the dispute or claim for arbitration, the arbitration shall be carried out in the arbitration institution selected by the applicant.

If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) Unless otherwise provided by laws or administrative regulations, laws of the PRC shall apply to the settlement by means of arbitration of disputes or claims referred to in Item (1).
- (4) The award of the arbitration institution shall be final and binding upon each party.

## **Chapter 23 Supplementary Provisions**

### **Article 339** Definitions:

- (1) A “de facto controller” means any person who, although not a shareholder of a company, can actual control the acts a company by means of investment, agreement or other arrangement.
- (2) Connected Relations mean the relationship between the controlling shareholders, de facto controllers, directors, supervisors, senior management personnel of a company and enterprises in which they directly or indirectly control, and other relationship that may result in a transfer of the interests of the company. However, state-controlled companies shall not have any connected relationship among themselves by virtue of being commonly controlled by the State.

**Article 340** Unless otherwise as specified herein, only ordinary shares and preference shares with restored voting rights shall be counted for the purpose of requesting to convene an extraordinary general meeting of shareholders, convening and presiding over a shareholders’s general meeting, submission of an interim proposal to shareholder’s general meeting and calculation of the shareholdings of relevant shareholders.

**Article 341** The Board of Directors shall formulate sub-clauses according to the requirements of the Articles of Association. Sub-clauses shall not be in contradiction with the requirements of the Articles of Association.

**Article 342** Should there be any other requirements relating to preference shares by the State, such requirements shall prevail.

**Article 343** The Articles of Association shall be written in Chinese. Should there be any inconsistency between different language versions, the latest Chinese version of the Articles of Association approved by and registered with the China Banking Regulatory Commission shall prevail.

**Article 344** In the context, figures with unspecified terms such as “above”, “within” and “below” shall include the given figures, and figures with “less than”, “beyond”, “under” and “exceed” shall not include the given figures.

**Article 345** The Articles were considered and approved by the general meetings of the Bank and became effective upon the approval of the China Banking Regulatory Commission. The provisions relating to preference shares shall take effect upon the completion of the first offering of the preference shares of the Bank.

**Article 346** It shall be the responsibility of the Board of Directors to interpret the Articles of Association of the Bank.

***\*Important Note: The above is an English translation of the Chinese version of the Articles of Association of the Company. In case of any discrepancies or inconsistencies, the Chinese version shall always prevail.***