

**Articles of Association of**  
**Bank of Chongqing Co., Ltd.**

**Contents**

|            |   |     |
|------------|---|-----|
| Chapter 1  | General Provisions . . . . .  | 1   |
| Chapter 2  | Purpose and Scope of Business . . . . .   | 4   |
| Chapter 3  | Shares and Registered Capital . . . . .   | 4   |
| Chapter 4  | Reduction of Capital and Repurchase of Shares . . . . .   | 7   |
| Chapter 5  | Financial Assistance for Repurchase of Shares of the Bank . . . . .                                     | 10  |
| Chapter 6  | Share Certificates and Shareholders' Register . . . . .   | 12  |
| Chapter 7  | Shareholders and General Meeting . . . . .  | 17  |
| Section 1  | Shareholders . . . . .  | 17  |
| Section 2  | The General Provisions of Shareholders' General Meeting . . . . .                                       | 25  |
| Section 3  | Summoning of the Shareholders' General Meeting . . . . .  | 28  |
| Section 4  | Proposing Motion at and Notice of Shareholders' General Meeting . . . . .                               | 30  |
| Section 5  | Convening of Shareholders' General Meeting . . . . .  | 35  |
| Section 6  | Voting and Resolution of Shareholders' General Meeting . . . . .  | 40  |
| Chapter 8  | Special Procedures for the Voting of Class Shareholders . . . . .                                       | 45  |
| Chapter 9  | The Party Committee . . . . .   | 48  |
| Chapter 10 | Directors and The Board of Directors . . . . .  | 51  |
| Section 1  | Directors . . . . .   | 51  |
| Section 2  | Independent Directors . . . . .   | 53  |
| Section 3  | Board of Directors . . . . .  | 60  |
| Chapter 11 | Secretary of the Board of Directors . . . . .   | 69  |
| Chapter 12 | Senior Management . . . . .   | 71  |
| Chapter 13 | Board of Supervisors . . . . .  | 76  |
| Section 1  | Supervisors . . . . .   | 76  |
| Section 2  | External Supervisors . . . . .  | 78  |
| Section 3  | Board of Supervisors . . . . .  | 83  |
| Chapter 14 | Qualifications and Obligations of Directors, Supervisors and<br>Senior Management of the Bank . . . . . | 90  |
| Chapter 15 | Financial and Accounting System, Profit Distribution and Audit . . . . .                                | 97  |
| Chapter 16 | Engagement of Accounting Firms . . . . .  | 101 |
| Chapter 17 | Labor Employment . . . . .  | 103 |
| Chapter 18 | Merger, Division, Dissolution and Liquidation . . . . .   | 104 |
| Section 1  | Merger and Division . . . . .   | 104 |
| Section 2  | Dissolution and Liquidation . . . . .   | 105 |
| Chapter 19 | Procedures for Amending the Articles of Association . . . . .   | 108 |
| Chapter 20 | Special Provisions on Preference Shares . . . . .   | 109 |
| Chapter 21 | Notices . . . . .   | 114 |
| Chapter 22 | Dispute Resolutions . . . . .   | 115 |
| Chapter 23 | Supplementary Provisions . . . . .  | 116 |

## Chapter 1 General Provisions

**Article 1** The Articles of Association are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Banking Supervision and Regulatory Law of the People's Republic of China (hereinafter referred to as the "Banking Supervision and Regulatory Law"), the Commercial Banking Law of the People's Republic of China (hereinafter referred to as the "Commercial Banking Law"), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for the Articles of Association of the Companies Listed Overseas (hereinafter referred to as the "Mandatory Provisions"), the Letter of Opinion on the Supplements and Amendments to the Articles of Association of the Companies Listed in Hong Kong (Zheng Jian Hai Han [1995] No.1), the Official Reply of the State Council regarding Adjusting the Application of Provisions to the Notice Period for Convention of Shareholders' Meetings and other Matters of Overseas Listed Companies (Guohan [2019] No. 97), relevant requirements of the Communist Party of China, as well as other relevant laws, regulations, rules and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Listing Rules"), with an aim to protect the legitimate rights and interests of Bank of Chongqing Co., Ltd. (hereinafter referred to as the "Bank"), and its shareholders and creditors, and to standardize the organization and activities of the Bank.

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

The Bank is established by way of promotion with the approval of "Yin Fu (1996) No. 278" by the People's Bank of China on 2 September 1996, and registered with the Administration for Industry and Commerce of Chongqing and obtained a business license on 27 September 1996.

The Bank currently holds a Business License (the unified social credit code: 91500000202869177Y) issued by the Market Supervision Administration Department of Chongqing, and a Financial License (the institution number: B0206H250000001) issued by the relevant banking regulatory authority in China.

The share capital of the Bank upon its promotion was RMB225.19 million, and the promoters and their capital contribution were as follows: original shareholders of original 37 urban credit cooperatives and one urban credit joint cooperative (including 395 institutions and corporate legal persons and 2,074 natural persons) with a capital contribution of RMB160.76 million converted from the net assets of these urban credit cooperatives and one urban credit joint cooperative; 39 enterprises and public institutions including Chongqing Jingtong Industrial Company (重慶警通實業總公司), being new shareholders, with a capital contribution of RMB69.43 million by way of currency funds; 10 local Bureaus of Finance including the Chongqing Bureau of Finance with a capital contribution of RMB25.00 million by way of currency funds.

**Article 3** The registered name of the Bank:

Full name in Chinese: 重慶銀行股份有限公司; Abbreviation: 重慶銀行

Full name in English: BANK OF CHONGQING CO., Ltd..

- Article 4** The domicile of the Bank is: No. 6 Yongpingmen Street, Jiangbei District, Chongqing, 400024.
- Tel: 8623 6379 2129
- Fax: 8623 6379 2238
- Article 5** The Bank is a joint stock limited company of indefinite term.
- Article 6** The Chairman of the Bank shall be the legal representative of the Bank.
- Article 7** The shareholders shall bear liability of the Bank to the extent of the share capital held by them and the Bank shall bear liability of its debts to the extent of its total capital.
- Article 8** The Articles of Association shall take effect upon being approved at the shareholders' general meeting and reviewed and approved by the relevant banking regulatory authority. From the effective date, the original Articles of the Bank will automatically lapse.
- From the effective date, the Articles of Association shall become a legally binding document which regulates the organization and acts of the Bank, and defines the rights and obligations between the Bank and its shareholders, and among the shareholders.
- Article 9** Pursuant to the Company Law and the Constitution of Communist Party of China ("CPC"), the Bank shall set up a committee for the Communist Party of China (the "Party Committee") and an organization for discipline inspection and supervision to implement Party activities. The Party Committee functions as integrated parts of the Bank's corporate governance and plays a leading role. The Bank shall demonstrate a consistent adherence to the integration of the works on strengthening the Party's leadership enhancement and corporate governance improvement, the synchronization between Party construction and enterprise reform, the synchronization between Party organization setting and operation branch structuring, between appointment of Party organization leaders and deployment of Party workforce, and shall ensure simultaneous implementation of Party building activities. Powers and responsibilities, work patterns of Party organizations in the course of corporate decision making, implementation of corporate decisions and supervision shall be clearly defined. Party organizations shall align their work and activities with the Bank's institutional framework, mechanisms, systems and operations, and shall perform its duties as leadership in an organized, institutionalized and concrete way.
- Article 10** The Bank adopts "bidirectional access and cross appointment" leadership system. The eligible members of the Party organizations of the Bank may be appointed as members of the Board of Directors, the Board of Supervisors and the senior management through legal procedures; the eligible Party members of the Board of Directors, the Board of Supervisors and the senior management may be appointed as members of the Party organizations of the Bank in accordance with relevant regulations and procedures.

**Article 11** The Articles of Association shall be binding on the Bank, its shareholders, directors, supervisors and other senior management. All personnel mentioned above may claim their rights in respect of matters relating to the Bank pursuant to the Articles of Association.

The shareholders may institute lawsuits against the Bank pursuant to the Articles of Association; the Bank may institute lawsuits against its shareholders, directors, supervisors and senior management pursuant to the Articles of Association; the shareholders may institute lawsuits against other shareholders pursuant to the Articles of Association; and the shareholders may institute lawsuits against the directors, supervisors and senior management of the Bank pursuant to the 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 12** The “senior management” referred to in the Articles of Association shall mean the Bank’s president, vice presidents, chief financial officer, secretary to the Board of Directors, chief executive officer and other management personnel designated by the Bank based on actual circumstances. The Bank’s directors, senior management and other personnel whose qualifications are required to be reviewed by relevant banking regulatory authority shall have qualifications required by such authority and be subject to its review.

**Article 13** The Bank’s investment shall conform to the national development plan and industrial policies, the layout of state-owned economy and structural adjustment direction, the enterprise development strategy and plan, as well as the investment decision-making procedures and management system of the Bank.

The Bank shall adhere to making investment in accordance with the principle of “emphasizing the main business and enhancing core competitiveness”. The scale of investment shall be compatible with the Bank’s asset management scale, debt to assets ratio and actual fund-raising capacity.

The Bank may invest in other companies with limited liabilities and joint stock limited companies subject to the relevant laws and regulations, and shall assume liability to the extent of its investment in such companies. Except for otherwise stipulated by law, the Bank shall not become a contributor who is jointly and severally liable for the debts of the invested company. Based on its business development needs and with the approval of the relevant banking regulatory authority, the Bank may establish branches.

**Article 14** The Bank shall implement the management system of a class one legal person and operate by different tiers. Branch organs do not have legal person qualifications and shall commence business within the scope authorised by the head office according to law and the head office shall assume their civil liabilities.

**Article 15** The Bank may establish certain special committees and internal management organs according to the requirements of business operation and management.

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

**Article 16** The business purpose of the Bank is: to adhere to law compliance and scientific development; to insist on credibility-rooted, innovation-sourced, efficiency-oriented and quality-based principles, to boost the Bank's talents, to construct the Bank with distinguishing features, to expand the Bank by science and technology and to develop the Bank by management; to provide quality financial services for customers and maximize capital values for shareholders with an aim to build up a modern commercial bank with sufficient capital, sound governance, effective internal control and healthy operations.

**Article 17** Upon the registration according to law, the business scope of the Bank is:

Receiving deposits of the public; granting short-term, medium-term and long-term loans; handling domestic settlement; handling bills acceptance and discounting; issuing financial bonds; acting as agents in issuance and payment and underwriting government bonds; buying and selling government bonds; inter-bank borrowings; providing letters of credit services and guarantees; acting as agent in the collection and payment of monies and insurance business; providing safe deposit box services; credit asset transfer; handling entrusted loans for local financial revolving funds; foreign exchange deposits; foreign exchange loans; foreign currency conversion; international settlement; exchange settlement and selling; foreign exchange inter-bank borrowings; self-operating and acting as agent in buying and selling of foreign exchanges; ordinary derivative products transactions; buying and selling of foreign currency quoted securities other than shares; credit checking, advisory and witnessing businesses; launching credit cards; sales of securities investment funds; handling online banking businesses, such as account information enquiry, online transfer, agent service, loan transaction, group customer management, wealth management service, e-commerce, customer service and public information; other businesses as approved by the relevant banking regulatory authorities in China.

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

**Article 18** The Bank shall have ordinary shares at all times; according to its needs and upon the approval by the vetting authority authorized by the State Council, the Bank may create other classes of shares such as preference shares.

Preference shares herein refer to other classes of shares separately governed under the Company Law as compared to the ordinary shares. Holders of preference shares shall participate in the distribution of profit and residual assets of the Bank in priority to holders of ordinary shares, however their rights in respect of participating in the Bank's decision-making and management (such as voting rights) are subject to restriction.

Unless otherwise specified, share(s) and share certificate(s) referred to in Chapter 3 to Chapter 18 and Chapter 21 to Chapter 23 herein shall indicate ordinary share(s) and ordinary share certificate(s). The special matters regarding preference shares are set out separately in Chapter 20 of the Articles of Association.

**Article 19** the shares of the Bank shall adopt the form of share certificates. The shares issued by the Bank shall have a par value of RMB1 per ordinary share and RMB100 per preference share.

**Article 20** Subject to approval by the relevant supervisory authority, the Bank may issue shares to domestic investors and overseas investors.

Overseas investors referred to in the preceding paragraph shall mean investors in foreign countries, Hong Kong, Macau and Taiwan who subscribe for shares issued by the Bank; domestic investors shall mean investors within the PRC other than the places referred to above who subscribe for shares issued by the Bank.

**Article 21** 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 foreign shares. Foreign shares listed in an overseas country shall be referred to as overseas listed foreign shares.

Upon approval by the securities supervisory authority of the State Council and the relevant banking regulatory authority, shareholders holding the unlisted shares of the Bank may have such shares held by them listed and traded publicly in overseas markets. If such shares are listed and traded on overseas stock exchanges, the regulatory procedures, provisions and requirements of the overseas stock markets shall also be complied with. No voting in shareholders' general meeting will be required for the listing and trading of such shares on overseas stock exchanges.

**Article 22** Domestic shares issued by the Bank shall be under the custody of the relevant competent depository. Overseas listed foreign shares issued by the Bank are listed in Hong Kong, which are mainly under the custody of an entrusted custody company under the Hong Kong Securities Clearing Company Limited.

**Article 23** With the approval of approving department authorized by the State Council, the Bank issues a total of 3,127,054,805 ordinary shares after its establishment. At the time of its establishment, the Bank issued 225,190,000 ordinary shares, representing 8.16% of the total number of ordinary shares issuable by the Bank; With approval of the relevant banking regulatory authority of the State upon its establishment, the Bank issued a total of 1,765,428,604 ordinary shares in separate tranches, representing 56.46% of the total number of ordinary shares issuable by the Bank; with approval of the relevant regulatory authority, the Bank issued 670,000,000 overseas listed foreign shares, and has an aggregate of 684,608,901 issued overseas listed foreign shares upon the exercise of the over-allotment option, representing 21.89% of the total number of ordinary shares issuable by the Bank; with the approval of relevant regulatory authorities, the Bank issued 421,827,300 overseas listed foreign shares, representing 13.49% of the total number of ordinary shares issuable by the Bank.

**Article 24** The Bank's capital structure of ordinary shares is: 3,127,054,805 ordinary shares, of which 1,548,033,993 shares are domestic shares, representing 49.50% of the ordinary shares of the Bank; and 1,579,020,812 shares are overseas listed foreign shares, representing 50.50% of the ordinary shares of the Bank.

**Article 25** Subject to approval of the Bank's plan to issue overseas listed foreign shares and domestic shares by the securities supervisory authority of the State Council, the Board of Directors of the Bank may implement arrangement regarding the issuance of the shares respectively.

The Bank may separately implement its plan to issue overseas listed foreign shares and domestic shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities regulatory authority of the State Council.

**Article 26** In the event that there are overseas listed foreign shares and domestic shares included in the total number of shares stated in the said plan, such shares shall be fully subscribed for at their respective offerings. Should the shares not be fully subscribed for due to special circumstances, such shares may be issued in separate offering upon approval by relevant regulatory authority.

**Article 27** The registered share capital of the Bank shall be RMB3,127,054,805.

**Article 28** The Bank may, based on its requirements for operation and development and in accordance with applicable laws and administrative regulations, increase its capital in the following ways, upon approval of a shareholders' general meeting by a special resolution, relevant banking regulatory authority, and other regulatory authority:

- (1) offering new shares to unspecified investors for subscription;
- (2) placing new shares to its existing shareholders;
- (3) distributing new shares to its existing shareholders;
- (4) converting capital reserve into capital;
- (5) using any other ways permitted by the applicable laws, administrative regulations, and relevant regulatory authority.

Any increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the applicable laws and administrative regulations.

**Article 29** In case that a shareholder has failed to make capital contribution on time or make full capital contribution, or is involved into the false capital contribution or withdrawal of capital, he/she shall continue to perform the capital contribution obligation and be liable to other shareholders for event of default in accordance with the agreement of shareholders' contribution while he/she is entitled to receive operating revenue based on the actual contribution ratio.

**Article 30** Unless otherwise stipulated in the relevant laws and administrative regulations, shares of the Bank shall be freely transferable without any liens.

#### **Chapter 4 Reduction of Capital and Repurchase of Shares**

**Article 31** According to the provisions of these Articles, the Bank may reduce its registered capital.

**Article 32** The Bank shall prepare a balance sheet and a list of inventory of assets on reduction of its registered capital.

The Bank shall notify its creditors within ten days from the date of the Bank's resolution on reduction of registered capital and shall publish an announcement in newspapers at least three times within thirty days. A creditor shall have the right within thirty days of receipt of the notice from the Bank, or within 90 days from the date of the first announcement where the creditor did not receive such notice, to demand the Bank to repay its debts or provide an appropriate guarantee for such debts.

The Bank's registered capital must not, upon the reduction of capital, be less than the minimum amount required by the law.

**Article 33** The Bank may, in accordance with laws, administrative regulations, the Listing Rules, and the Articles of Association and subject to necessary approvals of the relevant banking regulatory authority of the State and other regulatory authority, repurchase its issued shares under the following circumstances:

- (1) for the reduction of its registered capital;
- (2) when merging with another company that holds shares in the Bank;
- (3) when the shares are used for employee stock ownership plans or equity incentives;
- (4) when the shareholder disagrees with the resolution of a shareholders' general meeting on the merger or separation of the Bank and requires the Bank to repurchase its shares;
- (5) when the shares are used for converting corporate bonds issued by the Bank which are convertible into shares;
- (6) when it is necessary for the Bank to safeguard its corporate value and shareholders' rights and interests;
- (7) under other circumstances permitted by the applicable laws or administrative regulations.

Except the above circumstances, the Bank shall not purchase the shares of the Bank.

Any acquisition of the Bank's shares as a result of (1) to (2) referred to above shall be resolved at a shareholders' general meeting. The acquisition by the Bank of the Bank's shares due to the circumstances specified in (3), (5) and (6) above shall be subject to a resolution of the meeting of the Board of Directors which is attended by over two-thirds of the directors, pursuant to the Articles of Association or the authorization of the general meeting.

The Bank's shares acquired by the Bank pursuant to paragraph I of this article shall be cancelled within ten days following the date of the acquisition, in the event of (1) above, or transferred or cancelled within six months in the event of (2) or (4) above, or transferred or cancelled within three years with the total number of shares of the Bank held by it less than 10% of its total issued shares, in the event of (3), (5) or (6) above.

In case of acquisition by the Bank of its shares, it shall perform the information disclosure obligation in accordance with relevant regulatory provisions. The acquisition by the Bank due to circumstances specified in (3), (5) or (6) above of paragraph I of this article shall be conducted through public and centralized trading.

If relevant rules of the securities regulatory organization in the place where the shares of the Bank are listed provide otherwise, such provisions shall be complied with.

The Bank shall not accept those shares issued by itself as pledges.

#### **Article 34**

The Bank may, with the approval of the relevant regulatory authority, conduct the repurchase in any one of the following ways:

- (1) making a *pro rata* offer of repurchase to all of its shareholders;
- (2) repurchasing shares through public trading on a stock exchange;
- (3) repurchasing by a privately negotiated agreement; or
- (4) by other means as stipulated by the applicable laws and administrative regulations or as approved by the relevant regulatory authority.

**Article 35** The Bank shall obtain prior approval from the shareholders at a shareholders' general meeting (in the manner defined in the Articles) prior to its repurchase of shares by an off-market agreement. The Bank may, by obtaining the prior approval of the shareholders at a shareholders' general meeting (in the same manner as set forth above), discharge or amend the above contracts or waive any of its rights thereunder.

Contracts for the repurchase of shares referred to in the preceding paragraph shall include (but not limited to) an agreement to undertake the obligation to repurchase shares and acquire the right of repurchasing shares.

The Bank shall not transfer a contract on the repurchase of its shares or any rights thereunder.

**Article 36** Shares which have been repurchased by the Bank shall be cancelled or transferred within the period prescribed by the law and administrative regulations. As regards the cancelled shares, the Bank shall apply to the company registration authority to register the change in registered capital.

The aggregate par value of the cancelled shares shall be deducted from the Bank's registered capital.

**Article 37** Unless the Bank is undergoing liquidation process, it shall comply with the following requirements with respect to a repurchase of its issued shares:

- (1) for repurchases of shares by the Bank at their par value, payment shall be made from the book balance of its distributable profits or from the proceeds of a new issue for that purpose;
- (2) for repurchases of shares by the Bank at a premium to its par value, payment up to the par value shall be made from the book balance of its distributable profits or from the proceeds of a new issue for that purpose. Payment of the portion which is in excess of the par value shall be effected as follows:
  - i. if the shares being repurchased were issued at par value, payment shall be made from the surplus of its distributable profits; and
  - ii. if the shares being repurchased were issued at a premium to its par value, payment shall be made from the book balance of its distributable profits or from the proceeds of a new issue for that purpose. However, the amount deducted from the proceeds of such new issue shall not exceed the aggregate amount of the premiums received by the Bank on issuance of the shares so repurchased, nor shall it exceed the amount in the Bank's capital reserve account (including the premiums on the new issue) at the time of such repurchase;

- (3) The Bank shall make the following payment from the Bank's distributable profits:
  - i. payment for acquisitions of rights to repurchase its own shares;
  - ii. payment for the variation of any contract for the repurchase of its shares; and
  - iii. payment for release from its obligations under any repurchase contract.
- (4) After the aggregate par value of the cancelled shares is deducted from the Bank's registered capital according to relevant provisions, the amount deducted from the distributable profits for payment of said aggregate par value of the shares shall be credited to the Bank's capital reserve account.

## **Chapter 5 Financial Assistance for Repurchase of Shares of the Bank**

**Article 38** The Bank or any subsidiary (including the affiliated companies of the Company, similarly hereinafter) shall not, by any means (including but not limited to gift, advancement, guarantee, compensation, loan or others) at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Bank. Such acquirer of shares of the Bank includes a person who directly or indirectly incurs any obligations due to the acquisition of shares.

The Bank or any subsidiary shall not, by any means at any time, provide financial assistance to such obligors for the purpose of reducing or discharging the obligations assumed by them.

This Article does not apply to the circumstances as set out in Article 40 of this chapter.

**Article 39** Financial assistance referred to in this chapter shall include but not limited to the following means:

- (1) a gift;
- (2) a guarantee (including any liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation due to the Bank's own default), or release or waiver of any rights;
- (3) provision of a loan or any other contract under which the obligations of the Bank are to be fulfilled before the obligations of other parties, or a change in the parties to, the novation of, or the assignment of rights arising under, such a loan or contract; or

- (4) any other form of financial assistance given by the Bank when the Bank is insolvent or has no net assets, or when its net assets would thereby be reduced by a material extent.

The obligations referred to in this chapter shall include the obligations of the obligor by signing a contract or making an arrangement or changing its financial status in any other ways, regardless of whether or not the aforesaid contract or arrangement is enforceable, or whether or not undertaken individually or jointly.

**Article 40**

The following activities shall not be deemed to be the activities forbidden under Article 38 of this chapter:

- (1) the provision of financial assistance by the Bank where the financial assistance is given in good faith for the benefit of the Bank, and the principal purpose in giving financial assistance is not for the acquisition of shares or the giving of financial assistance is an incidental part of a major plan of the Bank;
- (2) lawful distribution of the Bank's property in the form of dividends;
- (3) distribution of dividends in the form of shares;
- (4) reduction of registered capital, repurchase of shares, adjustment in shareholding structure in accordance with these Articles;
- (5) the lending of money by the Bank within its scope of business and in the ordinary course of business (provided that the net assets of the Bank are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits);
- (6) the provision of money by the Bank for contributions to an employees' shareholding plan (provided that the net assets of the Bank are not thereby reduced or, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits).

## Chapter 6 Share Certificates and Shareholders' Register

**Article 41** The Share certificates of the Bank shall be in registered form.

Share certificates of the Bank shall, other than the matters specified by the Company Law, also contain other items required to be contained therein by the stock exchange where the shares of the Bank are listed.

**Article 42** Share certificates shall be signed by the chairman. Where the signatures of other senior management of the Bank are required by the stocks exchange where the Bank's shares are listed, the share certificates shall also be signed by such other senior management. The share certificates of the Bank shall become effective after the Bank seal is affixed thereto or printed thereon. Affixing the seal of the Bank on the share certificates shall be authorized by the Board of Directors. The signature of the chairman or other senior management on the share certificates may also be in printed form.

Stipulations of the securities regulatory authorities in the place where the shares of the Bank are listed shall apply in case the shares of the Bank are issued and transacted in scripless form.

**Article 43** The Bank shall establish a shareholders' register and record the following, or complete the register of shareholders in accordance with applicable laws, regulations, rules and the Listing Rules:

- (1) name, address or domicile, occupation or nature of each shareholder;
- (2) class and number of shares held by each shareholder;
- (3) amount already paid or payable for the shares held by each shareholder;
- (4) serial number of shares held by each shareholder;
- (5) date on which each shareholder is registered as a shareholder; and
- (6) date on which each shareholder ceases to be a shareholder.

Unless proved to the contrary, the shareholders' register is sufficient proof that the shareholder holds share(s) of the Bank.

**Article 44** The Bank may keep the shareholders' register of the overseas listed foreign shares in a place outside the PRC and entrust a foreign agency to manage the same in accordance with the understanding and agreement reached between the securities regulatory authority of the State Council and the foreign securities regulatory authority. The original register of shareholders of Hong Kong listed foreign shares (including ordinary shares only) shall be kept in Hong Kong.

The Bank shall keep a copy of the shareholders' register of the overseas listed foreign shares at its registered office. The entrusted foreign agency shall ensure that the original and copy of the shareholders' register of overseas listed foreign shares are consistent at all time.

In case the original and copy of the shareholders' register of overseas listed foreign shares are inconsistent, the original register shall prevail.

**Article 45** The Bank shall keep a complete shareholders' register.

The shareholders' register shall include the following:

- (1) a shareholders' register kept at the registered office of the Bank other than those stipulated in (2), (3) and (4) of this Article;
- (2) the shareholders' register of overseas listed foreign shares (including ordinary shares only) of the Bank kept at the place of the stock exchange for listing of the overseas listed foreign shares;
- (3) the shareholders' register stored at other places as determined by the Board of Directors for the purpose of the listing of the Bank's shares;
- (4) the register of holders of preference shares to be kept at other places as determined by the Board of Directors for the purpose of the listing of the Bank's preference shares.

**Article 46** Each part of the shareholders' register should not overlap with another. The transfer of shares registered in a one part of that register, shall not be registered in other parts of the shareholders register during the registration period.

Any change or correction in the register of shareholders, shall be in compliance with the relevant laws at each place of the relevant register.

**Article 47**

Overseas listed foreign shares paid in full may be freely transferable according to the Articles of Association, however, such transfer shall meet the following conditions, otherwise the Board may refuse to recognize any instrument regarding such transfer, with no need of stating any reason:

- (1) full payment to the Bank of specified fees by Listing Rules of the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) to register the documents regarding the share transfer and other share ownership, or affecting share ownership;
- (2) transfer instrument involve only the overseas listed foreign shares listed in Hong Kong;
- (3) payment of stamp duty payable for transfer document;
- (4) provision of the relevant shares certificate, and evidence reasonably required by the Board to testify the transferor having the right to transfer such shares;
- (5) when shares are transferred to shareholders in a joint account, such jointly registered shareholders shall not be more than four people;
- (6) the relevant shares are without any of the Bank’s lien.

If the Company refuses to register the transfer of shares, a notice of the refusal of registration of such transfer of shares shall be issued to the transferor and the transferee within 2 months upon the submission of transfer application.

All overseas listed foreign shares shall be transferred in ordinary or common form of transfer or in written documents of transfer of any other form acceptable to the Board of Directors (including standard transfer form or other form of transfer as prescribed by The Stock Exchange of Hong Kong Limited from time to time). Such written documents of transfer can be signed by hands. If the transferor or transferee of the Bank’s shares are the Recognised Clearing House (herein refers to as “Recognised Clearing House”) or its agent within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the written documents of transfer can be signed in machine printed form.

**Article 48**

No change in the register of shareholders shall be effected due to transfer of shares within thirty (30) days before the convening of the general meeting or within five (5) days prior to the date set for allocation of share dividends. However, if laws, relevant laws and the listing rules of the stock exchange in the place where the shares of the Bank are listed provide otherwise in relation to the registration of the change in the register of shareholders of a listed company, such provisions shall be complied with.

**Article 49** When the Bank convenes a general meeting of shareholders, allocates share dividends, goes into liquidation or conducts other actions where shareholdings are required to be identified, the Board shall set one day as the record date for the purpose of determining shareholdings, and a shareholder whose name is in the register of shareholders after the trading hours on the record date may enjoy the relevant rights.

**Article 50** Where any shareholder requires the registration of its name (or title) on the shareholders' register or the cancellation of its name (or title) from the shareholders' register due to its objection to what is contained in the shareholders' register, such shareholder may apply to the court which has jurisdiction for an amendment to the shareholders' register.

**Article 51** Any person who is a registered shareholder or who requests his name be entered in the register of shareholders may, if his share certificate (the "original certificate") relating to the shares is lost, apply to the Bank for a replacement share certificate in respect of such shares (the "Relevant Shares").

Application by a holder of Domestic Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with the relevant requirements of the Company Law.

Application by a holder of overseas listed foreign shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of holders of overseas listed foreign shares is maintained, the rules of the stock exchange or other relevant regulations.

Applications for re-issue of share certificates by overseas listed foreign shareholders shall satisfy the following requirements:

- (1) The applicant shall submit an application in the prescribed form by the Bank accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss of share certificate; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) The Bank has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (3) The Bank shall, if it intends to issue a replacement share certificate to the applicant, publish a notice of its intention to do so at least once every thirty days within a period of ninety days in such newspapers as may be prescribed by the Board of Directors.
- (4) The Bank shall, prior to publication of the notice of issuing a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of reply from such stock exchange confirming that the notice has been exhibited in the premises of the stock exchange. Such notice shall be displayed in the premises of the stock exchange for a period of ninety days.

In the case of an application of reissuing share certificate which is made without the consent of the registered holder of the Relevant Shares, the Bank shall deliver by mail to such registered shareholder a hard copy of the notice to be published.

- (5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Bank has not received any objections from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Bank issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Bank is entitled to refuse to take any action until reasonable security is provided by the applicant for such expenses.

**Article 52** Where the Bank issues a replacement share certificate pursuant to the Articles of Association, the name of a *bona fide* purchaser who acquires the aforementioned new share certificate or a shareholder who is thereafter registered as the owner of the relevant shares (in the case that he is a *bona fide* purchaser) shall not be removed from the register of shareholders.

**Article 53** The Bank shall have no obligation to compensate any person for any loss arising from deregistration of the original certificate or reissue of new shares, unless the said person can prove that the Bank has committed any fraud.

## Chapter 7 Shareholders and General Meeting

### Section 1 Shareholders

**Article 54** 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.

If two or more individuals registered as joint shareholders of any share, they are treated as co-owners of any related shares, subject to the following restrictions:

- (1) the Bank is not required to register as joint shareholders more than four individuals;
- (2) all joint shareholders of any share shall bear the joint and several liabilities for all amount of money due to the related share;
- (3) if one of the joint shareholders pass away, only other living joint shareholders should be regarded by the Bank as the holders the ownership of the related share. However, the Board retains the right to ask for proper death certificate in order to change the register of shareholders;
- (4) In the regard of joint shareholders of any share, only the first ranked shareholder in the register of shareholders has the right to collect related share from the Bank, receive notifications from the Bank, attend the shareholders' general meeting of the Bank, or exercise all voting rights of related shares. All notifications sent to this individual are treated as delivered to all joint shareholders of such related shares.

**Article 55**

Shareholders of the Bank shall enjoy the following rights, and in the case that the Articles of Association provide for otherwise in terms of the rights of the holders of preference shares, such relevant provisions thereof shall apply:

- (1) collecting dividends and other forms of benefits distributed on the basis of the number of shares held by them;
- (2) attending or entrusting proxy to attend meetings of shareholders and exercise the voting rights on the basis of the number of shares held by them;
- (3) supervising business operation of the Bank and putting forward suggestions or inquiries accordingly;
- (4) transferring shares in accordance with laws, administrative regulations and the Articles of Association;
- (5) obtaining relevant information in accordance with laws, administrative regulations and the Articles of Association, including:
  1. obtaining the Articles of Association after paying relevant cost;
  2. 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 director, supervisor, president and other senior management personnel of the Bank, including current and previous name and alias, principal Address (domicile), nationality, full-time and all other part-time positions and duties, identity documentation and its number.
    - 3) status of share capital of the Bank, counterfoils of the Bank's bonds;
    - 4) report on the aggregate par value, quantity, highest price and lowest price of each class of shares repurchased by the Bank since the last fiscal year, as well as all the expenses paid by the Bank therefore;
    - 5) the financial and accounting reports, interim reports and annual reports announced by the Bank;
    - 6) minutes of general meeting of shareholders.

- (6) participating in the distribution of the Bank's remaining property in proportion to the number of shares held by the shareholders when the Bank is terminated or liquidated;
- (7) other rights conferred by laws, administrative regulations and the Articles of Association.

The Bank shall not exercise any powers to freeze or otherwise impair any of the rights attaching to any share of the Bank by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Bank.

**Article 56**

In the event that any resolution of the shareholders' general meetings or Board meetings of the Bank 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 the contents of 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 57**

Where any Director, 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 shares of the Bank individually or jointly for 180 consecutive days or above are entitled to submit a written demand to the Board of Supervisory 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 Board of Supervisory, 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 Board of Supervisory or Board of Directors rejects the initiation of 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 where the Bank will suffer irrecoverable losses if no legal action is taken immediately, shareholders mentioned above shall 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 two provisions abovementioned.

**Article 58** Where directors and senior managers are in violation of the provisions of laws, administrative regulations or the Articles of Association, damaging the interests of the Bank's shareholders, such shareholders shall have the right to file a suit in the people's court.

**Article 59** The Bank's shareholders bear the following obligations, and in the case that the Articles of Association provide for otherwise in terms of the obligations of the holders of preference shares, such relevant provisions thereof shall apply:

- (1) comply with the laws, regulations and regulatory requirements as well as the Articles of Association; fulfill the fiduciary duty to the Bank in accordance with laws so as to ensure that the information submitted in relation to them is true, complete and valid; the substantial shareholders shall also declare to the Board of Directors their connected parties, their connected relationship with other shareholders and their shareholdings in other commercial banks in a truthful and complete manner. If there is any change in the connected relationship, it shall be reported timely to the Board of Directors;
- (2) pay for shares according to the number of their subscribed shares and the type of their subscription;
- (3) not to refund shares, except in the cases regulated by the laws and regulations;
- (4) not to seek improper benefits or interfere with the decision-making rights and management rights entrusted to the Board of Directors and senior management officers pursuant to the Articles of Association, and not to bypass the Board of Directors and senior management and directly intervene in the Bank's operations and management; not to abuse the rights of shareholders to damage the interests of the Bank or other shareholders; Where the Bank's shareholders abuse the rights of shareholders to damage the interests of the Bank or other shareholders, they shall assume liability for compensation in accordance with laws;
- (5) not to abuse the independent status of the Bank juridical person or limited liability of shareholders to damage the interests of the Bank's creditors; Where the Bank's shareholders abuse the independent status of the Bank juridical person or limited liability of shareholders to avoid debts, or cause a serious damage to the interests of the Bank's creditors, they shall be jointly and severally liable for the Bank's debts;
- (6) shareholders, especially the substantial shareholders (being shareholders holding or controlling, directly or indirectly, over 5% shares or voting rights of the Bank or able to have significant influence on decisions of the Bank), shall support the reasonable capital plans formulated by the Board of Directors to enable the Bank to meet regulatory capital requirements constantly. Shareholders shall support the reasonable measures suggested by the Board of Directors to raise the capital adequacy ratio of the Bank when the ratio is lower than the statutory standard, where the capital adequacy ratio can meet regulatory requirements within prescribed period through replenishing capital by way of increasing core capital or taking

other measures. Substantial shareholders shall not hinder the replenishment of capital by other shareholders or the introduction of new qualified shareholders. Substantial shareholders shall also make written long-term undertakings to the Bank in respect of capital replenishment, which will form a part of the capital plans of the Bank. When purchasing shares of the Bank, the substantial shareholders shall undertake in writing to comply with the laws, regulations and regulatory requirements as well as the Articles of Association and make a statement on the purpose of purchasing shares of the Bank;

- (7) The substantial shareholders of the Bank shall establish an effective risk isolation mechanism to prevent risk contagion and transfer among shareholders, the Bank and other affiliates;
- (8) The substantial shareholders of the Bank shall effectively manage their concurrent holding of positions as any of the members of the board of directors, members of the board of supervisors and the senior management member in the Bank and in any other affiliates to prevent conflicts of interest;
- (9) The substantial shareholders of the Bank shall report the following information to the Bank in a timely, accurate and complete manner:
  - (1) business conditions, financial information and shareholding structure;
  - (2) source of capital invested in the Bank;
  - (3) the controlling shareholder, *de facto* controller, related parties, parties acting in concert and ultimate beneficiary and their changes;
  - (4) litigation protection measures being adopted of enforcement for the equity interest held in the Bank;
  - (5) pledged or released of the equity interest held in the Bank;
  - (6) change of name;
  - (7) mergers and divisions;
  - (8) subject to regulatory measures such as being ordered to stop doing business for internal rectification, appointed trusteeship, takeover or cancellation, or entering into dissolution, bankruptcy, liquidation;
  - (9) other circumstances that may affect the qualification and condition of shareholders or lead to changes in the shareholding in the Bank;
- (10) other obligations stipulated by laws, administrative regulations and the Articles of Association.

For shareholders with false statements, misuse of shareholders' rights or other behavior that damages the Bank's interests, the relevant banking regulatory authority in China may restrict or prohibit the Bank from conducting related party transactions with such shareholders, impose limits on the amount of equity interest of the Bank held by such shareholders, the proportion of pledged shares and others. It may also restrict the rights of such shareholders of, amongst others, proposing to convene a general meeting, voting, nomination, making proposals and disposition.

Shareholders do not assume responsibility for any subsequent supplement in share capital, except those terms agreed on the subscription of their shares.

**Article 60** If any entity or individual purchases the outstanding shares of the Bank, or the Bank changes its capital or shareholders, and such purchase or change leads to the shareholding of any entity or individual in the Bank reaching or exceeding 5%, the approval from the relevant banking regulatory authority in China shall be obtained in advance for such purchase or change. If such purchase or change leads to the shareholding of any entity or individual in the Bank being more than 1% but less than 5%, report shall be made to the relevant banking regulatory authority in China after obtaining such equity interest.

If the purchase or change in the preceding paragraph does not obtain the advance approval from the relevant banking regulatory authority in China, prior to the obtaining of such approval from the relevant banking regulatory authority in China, no entity or individual shall obtain or hold the shares of the Bank according to such purchase or change. Shareholders who shall obtain but have not obtained the approval or have not reported to the relevant banking regulatory authority in China, shall not exercise the rights of, amongst others, proposing to convene a general meeting, voting, nomination, making proposals and disposition.

If a shareholder does not obtain the approval from the relevant banking regulatory authority in China or complete the reporting procedures according to the above requirements, the shareholder shall transfer such exceeding shares within the time limit set forth by the relevant banking regulatory authority in China.

Notwithstanding the above, the above shareholders shall not be subject to any restrictions while exercising the shareholder's rights specified in item (1) of Article 55 of this Articles of Association, except otherwise provided by laws and regulations.

**Article 61** Where the Bank's capital adequacy ratio is below the standard of Commercial Bank Law, the shareholders should support the proposals and measures by the Board to increase the capital adequacy ratio.

**Article 62** 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.

The Bank encounters liquidity squeeze when the Bank is under circumstances that the indicators below do not conform with the lowest standard prescribed by the related state regulatory institutions or other circumstances that lead the Bank suffers payment risks:

1. the ratio between balance of current assets at the end of the period and balance of current liabilities at the end of period;
2. the ratio between the sum of deposit reserve and monies prepared to be paid and balance of various deposits at the end of the period (excluding entrusted deposits);
3. the ratio between balance of non-performing loans at the end of the period and balance of various loans at the end of the period;
4. the ratio between the sum of interbank borrowings and placements from banks and other financial institutions take away the sum of interbank lendings and placements with banks and other financial institutions) and balance of various deposits at the end of the period (excluding entrusted deposits).

**Article 63** The credit balance of the Bank to the same shareholder shall not exceed 10% of the net balance of the capital of the Bank.

The total credit balance of the Bank to the corporate clients involving the same shareholder shall not exceed 15% of the net balance of the capital of the Bank.

The total credit balance of the Bank to all the shareholders and its connected parties shall not exceed 50% of the net balance of the capital of the Bank.

When the credit balance is calculated, the amount of cash collaterals provided and the certificates of deposit and national bonds pledged by the connected parties shall be deducted.

**Article 64** The Bank shall not provide guarantee for financing of shareholders and its connected parties, except in case of shareholders and its connected parties providing fully counter- guarantee with certificates of deposit or treasury bonds.

If the Bank provides guarantee to shareholders or *de facto* controllers, it should be passed by the general meeting of the Bank. The “shareholders” referred in this article or shareholders controlled by the “*de facto* controller” referred in this article, should abstain from voting for the guarantee issue under this article, and any such poll shall only be passed by more than half of the voting rights held by other shareholders represented the meeting.

**Article 65** During the period where a shareholders, especially a substantial shareholder, has credit extended by the Bank overdue, the voting rights of this shareholder at shareholder’s general meetings and those of his representing director at board meetings shall be restricted, and the Bank should set forth the above situations in the minutes of the general meeting.

**Article 66** Where a shareholder pledges his equity interests in the Bank, the following provisions shall apply:

- (1) Where a shareholder pledges his equity interests in the Bank as guarantee for the benefit of his own or that of any third parties, he shall comply with all applicable laws, rules and regulations, and the requirements of regulatory authorities, and shall furnish the Board of Directors of the Bank with prior notice. The department in charge of managing securities matters under the Board of Directors is responsible for collecting, collating and reporting of such information in relation to pledge of equity interests. Where a shareholder who has representation on the Board of Directors or the Board of Supervisors, or directly, indirectly or jointly holds or controls more than 2% of share capital or voting rights in the Bank pledges his equity interests in the Bank, it shall make prior filing to the Board of Directors of the Bank, which shall state the basic information of the pledge including the reasons for the pledge, the number of shares involved, the term of pledge and the particulars of the pledgees. Where the Board of Directors considers the pledge to be materially adverse to the stability of the Bank’s shareholding structure, the corporate governance as well as the risk and connected transaction control, the filing shall not be accepted. The Director(s) nominated by a shareholder proposing to pledge his shares in the Bank shall abstain from voting at the meeting of the Board of Directors at which such proposal is considered.

- (2) Upon the registration of pledge of equity interests, the shareholders involved shall provide the Bank with the relevant information in relation to the pledge of equity interests in a timely manner, so as to facilitate the Bank's risk management and information disclosure compliance.
- (3) A shareholder whose outstanding borrowing amount owed to the Bank exceeds the audited net equity interests held by him for the last fiscal year is prohibited from pledging his equity interests in the Bank.
- (4) Where a shareholder pledges 50% or more of his equity interests in the Bank, the voting rights of such shareholder at the shareholders' general meetings, as well as the voting rights of the director(s) designated by such shareholder at board meetings, shall be subject to restrictions.

**Article 67**

The Bank's controlling shareholders and *de facto* controllers shall not use their association relationship to damage the interests of the Bank. Where their violation of the relevant provisions causes losses to the Bank, they shall be liable for compensation.

The Bank's controlling shareholder and *de facto* controller shall assume fiduciary obligations to the Bank and public shareholders of the Bank. The controlling shareholders should in strict accordance with laws exercise their rights as investors, and shall not damage the legitimate rights and interests of the Bank and its public shareholders by means of profit allocation, assets restructuring, external investment, fund use or loan guarantees.

**Article 68**

Except for the obligations as required by laws, administrative regulations or the listing rules, the controlling shareholder in exercising their power as a shareholder, shall not through exercise of their voting rights make a decision detrimental to the interests of all or part of the Bank's shareholders on the following matters:

- (1) dismissal of any directors' or supervisors' shall only be in good faith and to the best interests of the Bank;
- (2) approve directors or supervisors to deprive of the Bank's assets (for their own or others' interests) in any form, including (but not limited to) any favorable opportunity to the Bank;
- (3) approve directors or supervisors to deprive of other shareholders' personal interests on (for their own or others' interests), including (but not limited to) any allocation rights, voting rights, but excluding the Bank's reorganization adopted at the shareholders' general meeting according to the Articles of Association.

**Article 69**

The controlling shareholder as referred to in the above Article, is a person meeting one of the following conditions:

- (1) individually or by taking concerted action with other persons, being able to elect more than half of the directors;
- (2) individually or by taking concerted action with other persons, being able to exercise more than 30% of the Bank's voting rights, or can control the exercise of more than 30% of the voting rights;
- (3) individually or by taking concerted action with other persons, possessing more than 30% of the Bank's outstanding shares; and
- (4) individually or by taking concerted action with other persons, actually controlling the Bank via other methods.

**Section 2 The general provisions of shareholders' general meeting****Article 70**

The general meeting of shareholders is an organ of power in the Bank which performs the following functions and powers according to law.

- (1) to decide the Bank's business policy and investment plans;
- (2) to elect and replace directors and decide on matters related to the remuneration of such directors;
- (3) to elect and replace supervisors served by representatives of shareholders, and decide on matters related to the remuneration of supervisors;
- (4) to examine and approve the report of the Board of Directors;
- (5) to examine and approve the report of the Board of Supervisors;
- (6) to examine and approve the Bank's annual financial budget and its final accounts;
- (7) to examine and approve the Bank's plans for profit allocation and loss recovery;
- (8) to adopt a resolution on increase or decrease in the Bank's registered capital;
- (9) to adopt resolutions on matters involving merger, separation, dissolution and liquidation of the Bank;

- (10) to make a resolution on the issuance of the Bank's bonds;
- (11) to adopt resolutions on the hiring or firing or discontinuing the appointment of an accounting firm;
- (12) to amend the Articles of Association;
- (13) to examine and approve proposals made by the shareholders representing more than 3% of the voting shares in the Bank;
- (14) to examine and approve the matters of providing guarantee for shareholders and *de facto* controllers;
- (15) to examine and approve the purchase or sale of material assets or guarantee amounts for financing accounting of or more than 30% of the Bank's latest audited total assets;
- (16) to examine and approve financing guarantees provided to any guaranteed party whose debt to assets ratio is higher than 70%;
- (17) to examine and approve any single financing guarantee with an amount exceeding 10% of the latest audited net assets value of the Bank;
- (18) to examine and approve connected transactions which shall be approved by the shareholders general meeting in accordance with laws, administrative regulations, rules and provisions of the securities regulatory authority of the places where the shares of the Bank are listed.
- (19) to examine and approve changes in the use of proceeds;
- (20) to examine and approve the equity incentive plan;
- (21) to determine the issuance of preference shares; to determine or authorize the Board of Directors to determine the matters relating to the issuance of preference shares by the Bank, including but without limitation to redemption, conversion and dividend distribution etc.;
- (22) other matters which should be determined by the general meeting of shareholders in accordance with the laws, administrative regulations as well as the Articles of Association.

**Article 71** In addition to examine and approve the matters in accordance with the related laws on the annual general meeting, the following matters should be included in the scope of consideration of the general meeting:

- (1) to report the rectification opinion regarding the Bank issued by relevant Banking regulatory authorities and the execution status of rectification by the Bank;
- (2) to report the assessment of individual directors to the Board of Directors and the duty report of independent directors;
- (3) to report the assessment of individual supervisors to the Board of Supervisors and the duty report of external supervisors.

**Article 72** Only with the prior approval of the general meeting, can the Bank enter into a contract with any person other than the directors, the supervisors, the senior managers of the Bank, according to which significant business management is entirely or partly handed over to the other persons.

**Article 73** There are two types of shareholders' general meeting: annual general meeting and extraordinary general meeting, and each shall be convened by the Board of Directors. The annual general meeting shall be held once a year within six months after the end of the previous accounting year. If a shareholders' general meeting is postponed under a special circumstance, the Bank should address reasons to the banking regulatory authorities in a timely manner.

An extraordinary general meeting shall be convened by the Board of Directors within two months upon the occurrence of any of the following events:

- (1) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the minimum number stipulated in the Articles of Association;
- (2) the unrecovered loss of the Bank reaches one-third of the Bank's total share capital;
- (3) upon request in writing by shareholders holding more than 10% of the Bank's outstanding shares with voting rights to convene an extraordinary general meeting;
- (4) the Board of Directors may deem necessary or upon the request by the Board of Supervisors;
- (5) other circumstances stipulated by laws, administrative regulations, rules or the Bank's Articles.

The decision of convening extraordinary general meeting should be reported in writing for filing to the regulatory authorities.

**Article 74** The general meeting of shareholders in the Bank shall be held at the domicile of the Bank or other specific places.

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

**Article 75** When convening a shareholders' general meeting, the Bank shall engage legal advisers to provide legal opinions 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 valid and binding;
- (iv) legal opinions on other matters as requested by the Bank.

### **Section 3 Summoning of the Shareholders' General Meeting**

**Article 76** Independent Directors shall have the right to jointly propose to the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to convening of an extraordinary general meeting within 10 days upon receipt of such proposal of the same from the Independent Directors.

In the event that the Board of Directors agrees to convene an extraordinary general meeting, the notice of general meeting shall be issued within five days after passing such resolution of the Board of Directors. In the event that the Board of Directors does not agree to convene an extraordinary general meeting, reasons for such disagreement shall be given by way of an announcement.

**Article 77** The supervisory board shall have the right to propose to the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to convening of an extraordinary general meeting within 10 days upon receipt of such proposal of the same.

In the event that the Board of Directors agrees to convene an extraordinary general meeting, the notice of general meeting shall be issued within five days after passing such resolution of the Board of Directors. Any changes to the original proposal made in the notice shall require prior approval of the supervisory board.

In the event that the Board of Directors does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days upon receipt of such proposal, the Board of Directors shall be deemed to be incapable of performing or failing to perform the duty of convening a general meeting, in which case the supervisory board may convene and preside over such meeting on an unilateral basis.

**Article 78** Shareholders individually or jointly holding 10% or more of the total voting shares of the Bank shall have the right to request the Board of Directors to convene an extraordinary general meeting or a class shareholders' general meeting in writing. The Board of Directors shall, in accordance with provisions of the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within 10 days upon receipt of such request.

In the event that the Board of Directors agrees to convene an extraordinary general meeting, the notice of general meeting shall be issued within five days after passing such resolution of the Board of Directors. Any changes to the original request made in the notice shall require prior approval of the shareholders concerned.

In the event that the Board of Directors does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days within 30 days upon receipt of such request, the shareholders making such request may convene the general meeting on their own within four months upon receipt of such request by the Board of Directors. The procedures of convening such meeting shall to the extent possible be the same as those of convening such meeting by the Board of Directors.

Reasonable costs incurred by the Shareholders in respect of convening and presiding over the meeting due to the failure of the Board of Directors to convene the general meeting according to the aforementioned requirements shall be borne by the Bank, which may be deducted from the Bank's outstanding payment to directors in dereliction of duty.

**Article 79** 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 is located.

Shares presented by shareholders convening such meeting shall not be less than 10% of the total voting shares 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 the relevant authority and the stock exchange of the jurisdiction where the Bank is located upon the issuance of the notice of the general meeting and the announcement of the resolutions of the general meeting.

**Article 80** The Board of Directors and the secretary to the Board of Directors shall cooperate with respect to matters relating to the shareholders' general meeting convened by the supervisory board or shareholders on their own. The Board of Directors shall provide the register of shareholders as at the record date.

**Article 81** If the supervisory board or the shareholders convene the shareholders' general meeting on its or their own, all necessary expenses arising therefrom shall be borne by the Bank.

## **Section 4 Proposing Motion at and Notice of Shareholders' General Meeting**

**Article 82** The Bank shall notify all of its shareholders of the date and place of the meeting, the matters to be considered at the meeting, 20 working days prior to an annual general meeting, and 10 working days or 15 days (whichever is longer) prior to an extraordinary general meeting. If relevant laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the shares of the Bank are listed provide otherwise in relation to the time for dispatch of other documents for an annual general meeting or extraordinary meeting, such provisions shall be complied with.

**Article 83** Whenever the Bank convenes a shareholders' general meeting, the board of directors, the supervisory board, as well as shareholders individually or jointly holding 3% or more of the total voting shares of the Bank shall have the right to propose motions to the Bank.

Whenever the Bank convenes a general meeting, shareholders individually or jointly holding 3% or more of the total voting shares of the Bank may propose an ex tempore motion ten days prior to the general meeting or before the latest date of issuing supplemental notice of a shareholders' general meeting as required by the Listing Rules (whichever is shorter) by furnishing the same to the convener in writing. The convener shall issue a supplemental notice of general meeting setting out the content of such ex tempore motion within two days after the receipt of such motion pursuant to the Listing Rules. The substance of the ex tempore motion shall fall within the terms of reference of the shareholders' general meeting, which shall have a clear subject for discussion and specific issues for resolution.

Save as provided above, the convener shall not amend motions stated in or add new motions to the notice of general meeting after the same has been issued and announced. No voting or resolution shall be effected or adopted at the general meeting for motions that have not been stated in the notice of general meeting or that do not comply with previous Article.

The general meeting shall not decide or notify such matters not contained in the notice concerned.

**Article 84** The notice of the shareholders' general meeting shall satisfy the following criteria:

- (i) be in writing;
- (ii) specify the place, date and time of the meeting;
- (iii) state the matters to be discussed at the meeting;
- (iv) provide such information and explanation as is necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to merge the Bank with another, to repurchase the shares of the Bank, to reorganise its share capital, or to restructure the Bank in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement (if any), and the cause and effect of such proposal must be properly explained;

- (v) contain a disclosure of the nature and extent of the material interests (if any) of any directors, supervisors, president and other senior officers in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;
- (vi) contain the full text of any special resolution proposed to be passed at the meeting;
- (vii) contain a conspicuous statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his or her behalf and that a proxy need not be a shareholder;
- (viii) specify the time and place for lodging proxy forms for the relevant meeting;
- (ix) contain the record date to determine the shareholders who are entitled to attend the general meeting;
- (x) contain the name and phone number of the coordinator of the meeting;
- (xi) Where the general meeting is to be conducted online or by way of other means, the time and procedure of such online voting or other voting methods shall be clearly stated in the notice of general meeting.

**Article 85**

Where matters on the election of new directors and supervisors are to be discussed at the shareholders' general meeting, detailed information concerning the directors' and supervisors' candidates shall be fully disclosed in the notice of the shareholder's general meeting, which shall at least include the following:

- (i) educational background, work experience, part-time jobs and other personal information;
- (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 relevant authorities and other related departments or the stock exchange.

In addition to the adoption of cumulative voting system for election of directors and supervisors, motions relating to each of the directors' and supervisors' candidates shall be proposed on an individual basis.

**Article 86**

## Methods and procedures of nominating directors:

- (i) director candidates shall be proposed by the Board of Directors within the number of candidates as set out in the Articles of Association. Unless otherwise stated in these Articles of Association, the shareholders individually or jointly holding 3% or more of shares of the Bank shall have the right to propose such candidates to the Board of Directors, but the number of candidates proposed by such shareholders must comply with the provisions of the Articles of Association, and must not exceed the number of people to be selected.

The nomination committee under the Board of Directors shall make a preliminary examination on qualifications and conditions of director candidates. The name of qualified candidates is then submitted to the Board of Directors for consideration. Director candidates shall be presented to the general meeting for election in a written proposal after approved by the Board of Directors. The Board of Directors shall disclose details such as the brief information and background of the director candidates 30 days before the date of the shareholders' general meeting to ensure that shareholders have enough knowledge about candidates when they cast their votes.

- (ii) one shareholder, together with his associates shall not nominate both a director candidate and a supervisor candidate; where a candidate nominated by one shareholder together with his associates has served as director (or supervisor), such shareholder shall not nominate another director (or supervisor) candidate before the expiry of the term or replacement of such director (or supervisor). The number of directors nominated by one shareholder and his associates in principle shall not exceed one third of the total number of members of the Board of Directors.
- (iii) prior to the convening of the general meeting, director candidates shall make a written undertaking to accept their nomination, and shall guarantee that publicly disclosed information about them is true and complete, and that they shall after successfully elected effectively perform the obligations as a director.
- (iv) except for the cumulative voting system, each director candidate shall be voted one by one at the shareholders' general meeting.
- (v) where proposals for the election of directors are passed, such new directors shall be appointed immediately after their qualifications are approved by recognised regulatory authority.
- (vi) In case of temporary addition of new directors, the relevant nomination methods and procedures shall be as same as those required by this Article. Any person appointed by the Board of Directors to fill a casual vacancy or as an addition to the Board of Directors shall hold office only until the next annual general meeting of the Bank.

**Article 87**

## Methods and procedures of nominating supervisors:

- (i) supervisor candidates shall be proposed by the supervisory board within the number of candidates as set out in the Articles of Association. Unless otherwise stated in these Articles of Association, the shareholders individually or jointly holding 3% or more of shares of the Bank shall have the right to propose such candidates to the supervisory board, but the number of candidates proposed by such shareholders must comply with the provisions of the Articles of Association, and must not exceed the number of people to be selected.

The supervising and nomination committee under the supervisory board shall make a preliminary examination on qualifications and conditions of supervisor candidates. The name of qualified candidates is then submitted to the supervisory board for consideration. Supervisor candidates shall be presented to the general meeting for election in a written proposal after approved by the supervisory board. The supervisory board shall disclose the brief information and background of the supervisor candidates 30 days before the date of the shareholders' general meeting to ensure that shareholders have enough knowledge about candidates when they cast their votes.

- (ii) one shareholder, together with his associates, shall not nominate both one supervisor candidate and one director candidate; where a candidate nominated by one shareholder together with his associates has served as supervisor (or director), such shareholder shall not nominate another director (or supervisor) candidate before the expiry of the term or replacement of such supervisor (or director). The number of supervisors nominated by one shareholder and its associates in principle shall not exceed one third of the total number of members of the supervisory board.
- (iii) prior to the convening of the general meeting, such supervisor candidates shall make a written undertaking to accept their nomination, and shall guarantee that publicly disclosed information about them is true and complete, and that they after successfully elected shall effectively perform the obligations as a supervisor.
- (iv) except for the cumulative voting system, each supervisor candidate shall be voted one by one at the shareholders' general meeting.
- (v) where proposals for the election of supervisors are passed, such new supervisors shall be appointed immediately after the meeting is closed.
- (vi) In case of temporary addition of new supervisors, the relevant nomination methods and procedures shall be as same as those required by this Article.

**Article 88** Notice of the general meeting of shareholders shall be delivered by hand or by prepaid mail to all the shareholders who are entitled to attend the general meeting of shareholders (whether or not such shareholders have voting rights at the general meeting of shareholders). Any recipient's address shall be the address registered in the register of shareholders. For holders of domestic shares, such notice may be also issued in the form of an announcement.

The announcement referred to in the preceding paragraph, should be released in one or more appropriate newspaper designated by the securities regulatory authority under the State Council or media that meet the conditions prescribed by the securities regulatory authority under the State Council. All shareholders having domestic shares shall be deemed to have received such notice upon the publication of such notice.

**Article 89** For holders of overseas listed foreign shares, the notice of the general meeting of shareholders, the circular to shareholders and relevant documents may, in accordance laws, administrative regulations, and the listing rules in the place where the Bank's shares are listed, be delivered on the Bank's website and the website of the Hong Kong Stock Exchange.

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 90** After such notice is issued, the shareholders' general meeting shall not be postponed or cancelled without good reason, and any proposal stated in such notice shall not be canceled, either. In event of postponement or cancellation of the meeting, the convener shall make another public notice, stating relevant reasons, at least two (2) working days before the original date of the meeting.

## **Section 5 Convening of Shareholders' General Meeting**

**Article 91** The Board of Directors and any other convener shall take the necessary measures to ensure order of the general meeting of shareholders. Measures should be taken to prevent behaviors which disturb shareholders and harm their legitimate rights and interests, and report them to the relevant authorities immediately.

**Article 92** A shareholder whose name appears on the register of members of the Bank as at the record date or his proxy shall be entitled to attend the shareholders' general meetings and exercise the voting right in accordance with the relevant laws, regulations and the Articles of Association.

Any shareholder entitled to attend and vote at a meeting of the Bank shall be entitled to appoint one or more persons (whether a shareholder or not) as his 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 where a shareholder who has appointed more than one proxy may only vote on a poll.

If the shareholder is an authorized clearing house or its agent as defined in the Securities and Futures (Clearing Houses) Ordinance of Hong Kong (Chapter 420 of the Laws of Hong Kong), such shareholder is entitled to appoint one or more persons as his proxy to attend and vote at the meeting or as his 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 forms shall be signed by the respective proxies appointed by the authorised clearing house, and the proxy appointed may represent the authorized clearing house or its agent to exercise its rights at any class meeting (without being required to present share certificate, certified statement of proxy and/or further evidence of due authorisation) as if such person is an individual shareholder of the Bank.

**Article 93** Individual shareholders shall present their own identity cards or other valid documents or proof, or the share certificates which can prove their identities when attending the meeting in person; Where the Individual shareholder entrusts another person as its agent to attend the meeting, then the agent shall present his identity card and the shareholders' power of attorney.

Corporate shareholders shall attend the meeting by legal representatives or their proxies. Legal representatives attending the meeting shall present their own identity cards and valid proof showing their qualification as the legal representatives. Proxies attending the meeting shall present their own identity cards and the proxy forms issued by the legal representatives of the corporate shareholders in written in accordance with laws.

**Article 94** 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 corporate shareholders, seals of the corporate shall be affixed.

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 instructions.

**Article 95** 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.

**Article 96** Where 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 97** 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, and names (or company names) of appointers.

**Article 98** 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.

**Article 99** The chairman of meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting in person as well as the total number of their voting shares which shall be the number of shareholders and proxies attending the meeting in person and the total number of their voting shares as indicated in the meeting's registration record.

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 100** 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 101** The shareholders' general meetings shall be presided over by the chairman of the Board of Directors, or the vice chairman of the Board of Directors 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), 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 presided over by the chairman of the supervisory board, or the supervisor elected by more than half of the supervisors if the chairman of such board is unable or fails to perform his or her duties.

Shareholders' general meetings convened by the shareholders shall be 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 meeting unable to be continued, 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.

Save as otherwise provided in the Articles of Association, if the Board of Directors is unable to or does not perform the duty to convene the shareholders' general meeting, the supervisory board shall convene and preside over the meeting in a timely manner; if the supervisory board does not convene and preside over the meeting, the shareholders individually or jointly holding more than 10% of the Bank's total voting shares for more than 90 consecutive days shall have the right to convene and preside over the meeting. If for any reason the shareholders fail to elect a chairman of the meeting, the shareholder present in person or by proxy in the meeting and holding the largest number of shares which carry the right to vote shall be the chairman of the meeting.

**Article 102** The Bank shall develop the rules of procedure regarding the shareholders' general meeting, and specify the convening and voting procedures, including notification, registration, and consideration of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meetings and signature, announcements and the principle of authorization by the shareholders' general meeting to the Board. The authorization principle should be clear and specific in terms of contents. The rules of procedure for the shareholders' general meeting shall be prepared by the Board and approved by the shareholders' general meeting.

**Article 103** Except for trade secrets of the Bank which must not be disclosed at shareholders' general meeting, Directors, Supervisors and senior management shall provide answers and explanations in response to enquiries and suggestions from shareholders at the shareholders' general meeting.

- Article 104** The shareholders' general meeting shall have minutes of meeting, for which the Secretary of the Board is responsible. The meeting minutes shall cover the following:
- (a) the date, location and agenda of meeting, and the name and title of the convener;
  - (b) names of the chairman of the meeting and Directors, Supervisors, the President and other senior management members who attended or observed the meeting;
  - (c) the number of shareholders or their proxies present at the meeting, total number of voting shares held by them and its proportion to the total number of voting shares of the Bank;
  - (d) reviewing process, speech points and voting results for each proposal;
  - (e) inquiries or suggestions by shareholders and corresponding response or explanations;
  - (f) names of lawyers, ballot counters and scrutineers;
  - (g) other matters required by the Articles of Association to be included in the minutes of meeting.

**Article 105** The convener shall ensure that the minutes of meeting are true, accurate and complete. The minutes of meeting should be signed by Directors, Supervisors, the board secretary, the convener or its representative present at the meeting as well as the chairman of the meeting. The minutes of meeting shall be kept for at least ten (10) years, together with the signature book for the shareholders present at the meeting, and proxy forms for proxy attendance, network voting evidence and other valid voting documents.

**Article 106** Any shareholder is entitled to inspect the copies of minutes free of charge during business hours of the Bank. If a shareholder demands from the Bank a copy of such minutes, the Bank shall send to him/her the copy within 7 days after having received a reasonable charge.

**Article 107** The convener shall ensure that the shareholders' general meeting goes on smoothly until the final resolution can be reached. Where force majeure and other special reasons cause the meeting to be suspended or fail to reach a resolution, necessary measures should be taken as soon as possible to resume the meeting or directly terminate the meeting, and a timely notice should be issued. At the same time, the convener shall also submit a relevant report to the regulatory authority and stock exchange located at the place of the Bank.

## **Section 6 Voting and Resolution of Shareholders' General Meeting**

**Article 108** Resolutions adopted at the shareholders' general meeting are divided into ordinary resolutions and special resolutions.

Ordinary resolutions adopted at the shareholders' general meeting should be passed by more than half of the voting rights represented by the shareholders (including their proxies) attending the meeting.

Special resolutions adopted at the shareholders' general meeting should be passed by more than 2/3 of the voting rights represented by the shareholders (including their proxies) attending the meeting.

**Article 109** The following matters shall be passed at the shareholders' general meeting by ordinary resolution:

- (a) work reports of the Board of Directors and the Board of Supervisors;
- (b) profit distribution plan and loss recovery plan prepared by the Board;
- (c) appointment and removal of directors and supervisors, and their remuneration and payment method;
- (d) the annual budget report and final report, balance sheet, income statement and other financial statements of the Bank;
- (e) the Bank's annual report;
- (f) the Bank's business policy and investment plans;
- (g) appointment or dismissal of accounting firm;
- (h) 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 of the Bank.

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

- (a) increase or decrease in the share capital, and issue any type of shares, warrants and other similar securities by the Bank;
- (b) issuance of bonds by the Bank;
- (c) the split, merger, dissolution and liquidation of the Bank;
- (d) amendment to the Articles of Association of the Bank;
- (e) repurchase of shares by the Bank;
- (f) equity incentive plan;
- (g) substantial assets purchased or sold by the Bank within one year, or financial guarantee provided by the Bank within one year, which accounts for 30% or more of the Bank's most recent total audited assets;
- (h) 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 111** When a shareholder (including proxy) votes at a shareholders' general meeting by exercising his/her voting rights according to the number of shares carrying the right to vote, each share shall have one vote.

The shares held by the Bank have no voting rights, and such part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.

The Board of Directors, independent directors and the shareholders who are qualified under the relevant conditions may solicit the voting rights from shareholders present at the meeting. Voting right solicitation should be carried out on a voluntary and non-reimbursable basis, with full disclosure of information to solicitees. If the Company Law, other laws and administrative regulations or the Listing Rules require that any shareholder shall abstain from voting on a certain matter or limit any shareholder to cast affirmative or negative votes on a certain matter, any votes cast by the shareholder in violation of the aforesaid requirements or restrictions shall not be included in the voting results.

**Article 112** Where the shareholders' general meeting considers connected party transactions, associated shareholders or any of their respective associate(s) (within the meaning of the Listing Rules) should not participate in the voting, and the voting shares represented by such shareholders shall be not included in the number of the total valid voting shares. Announcement of the resolutions passed at the shareholders' general meeting should fully disclose the voting results by unassociated shareholders.

Connected shareholders or any of their respective associate(s) (within the meaning of the Listing Rules) shall excuse themselves at the time of voting on such matters voluntarily or on the requests by other shareholders or proxies present at the shareholders' general meeting.

**Article 113** On the premise of ensuring the legitimacy and validity of the shareholders' general meeting and complying with the requirements of relevant regulatory authorities, the Bank may, under appropriate conditions, provide convenience for the shareholders' attendance through a variety of ways and means, including the use of such modern information technology as online voting platform.

**Article 114** The list of director and supervisor candidates shall be submitted in the form of a proposal to the shareholders' general meeting for voting individually.

The cumulative voting system shall be adopted to elect directors and supervisors in according with the provisions of the Articles of Association or the resolutions of the shareholders' general meeting. If a qualification review needs to be performed after approval by the shareholders' general meeting, the proposed appointment shall be reported to the banking regulatory authority of the PRC to conduct the review.

**Article 115** Besides the cumulative voting system, the shareholders' general meeting shall vote on all proposals one by one. In case of different proposals made on the same matter, such proposals shall be voted in chronological order. Unless such special reasons as force majeure cause the shareholders' general meeting to be suspended or fail to make a resolution, the shareholders' general meeting shall not put proposals on hold or not vote on them.

**Article 116** The shareholders' general meeting, while considering proposals, shall not modify such proposals. Otherwise, the modification should be deemed as a new proposal, which shall not be voted at the same general meeting.

**Article 117** At the shareholders' general meeting, proposals shall be voted by show of hands, unless otherwise provided by the Listing Rules, or except that proposals are requested by the following persons before or after a vote by show of hands to be decided by ballot at the shareholders' general meeting:

- (a) the chairman of the meeting;
- (b) at least two shareholders or proxies with voting right;
- (c) one or more shareholders (including proxies) individually or jointly holding more than 10% of the voting shares represented by the shareholders present at the meeting.

Unless otherwise provided by Listing Rules, or except when a vote by ballot is requested, the chairman of the meeting may declare the voting result based on voting results by a show of hands, which shall be recorded into the minutes of meeting as a final evidence. In such a case, the number of positive votes or negative votes or their proportion, is not provided in the resolutions adopted at the shareholders' general meeting.

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

**Article 118** Where the matter required to be voted by ballot is the election of the chairman or suspension of the meeting, then the matter should be immediately voted by ballot; for other matters requiring the voting by ballot, the chairman may determine when to hold the voting, and the meeting can proceed to discuss other matters. Voting results should be deemed as a resolution passed at the meeting.

**Article 119** The same voting right can only be exercised through one of on-site voting, online voting or other voting form. Where more than one vote is cast for the same voting right, the choice of the first vote shall prevail.

**Article 120** On a vote by ballot, the shareholders (including proxies) who have two or more votes do not need to cast all positive or negative votes.

**Article 121** Where the number of votes "For" is equal to the number of votes "Against", then the meeting chairman is entitled to cast one more vote, regardless of a vote by a show of hands or by ballot.

**Article 122** Before voting on proposals, the shareholders' general meeting shall elect two shareholder representatives and one supervisor who participate in counting and scrutinizing votes. If a shareholder has interests in any matter to be considered, such shareholder and his/her proxy shall not participate in counting and scrutinizing votes.

When the shareholders' general meeting votes on the proposals, then a lawyer, shareholder representatives, supervisor representatives and other persons designated by the Listing Rules 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 or their proxies who cast their votes via internet or other ways are entitled to check the voting results through the corresponding voting systems.

**Article 123** The time of the conclusion of an on-site general meeting shall not be earlier than a meeting held through internet or otherwise. The chairman of the meeting shall announce the voting details and result of each resolution and declare whether each resolution has been passed according to such results.

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

**Article 124** 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 cast shall be deemed as having waived the voting rights and the corresponding poll shall be counted as "Abstain".

**Article 125** If the chairman of the meeting has any doubt as to the voting result of any proposal being submitted, he/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.

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

**Article 126** Public announcement of the voting results of a shareholders' general meeting shall be issued in a timely manner, containing the number of shareholders and proxies 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, the voting result of each proposal, the detailed content of each resolution and other contents as required by the Listing Rules.

**Article 127** 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 announcement of the results of the shareholders' general meeting.

**Article 128** If the proposal with respect to the election of Directors or Supervisors is approved at a shareholders' general meeting, the term of office of such new Directors or Supervisors shall commence on the date when the resolution is approved at the shareholders' general meeting. If their qualifications are subject to the approval by the regulatory authority, the term of office shall commence on the date when their qualifications are approved by the regulatory authority.

**Article 129** Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalisation of capital reserves has been passed at a shareholders' general meeting, the Bank shall implement the specific plans within two months after the conclusion of the shareholders' general meeting.

## **Chapter 8 Special Procedures for the Voting of Class Shareholders**

**Article 130** 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.

Save for shareholders of shares of other classes, the holders of domestic shares and holders of overseas listed foreign shares are deemed to be different classes of shareholders.

Shares of the Bank possessed by the promoters or any other shares of the Bank already issued prior to the initial public offering of the Bank shall be domestic shares. After the initial overseas public offering and listing of the Bank, and upon the approval of relevant regulatory authorities, such shares may be converted into overseas listed foreign shares.

**Article 131** 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 shareholders' general meeting and by separate meeting of shareholders convened by the affected class shareholders in accordance with Article 133 to Article 137 hereof.

**Article 132** In the following circumstances, the rights of a certain class of shareholders shall be deemed to be changed or abrogated:

- (a) 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 to or more than those of the shares of such class;
- (b) 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;
- (c) cancellation or reduction of the rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (d) reduction or cancellation of a dividend preference or a liquidation preference attached to shares of such class;

- (e) the addition, cancellation or reduction of conversion privileges, options, voting rights, transfer or preemptive rights attached to shares of such class, or rights to obtain securities of the Bank;
- (f) cancellation or reduction of rights to receive payment payable by the Bank in particular currencies attached to shares of such class;
- (g) creation of a new class of shares with voting rights, distribution rights or other privileges equal to or more than those of the shares of such class;
- (h) the restrictions of the transfer or ownership of the shares of such class or any addition to such restriction;
- (i) the issuance of rights to subscribe for, or conversion into shares of such class or another class;
- (j) the increase of the rights and privileges of the shares of another class;
- (k) the restructuring plan of the Bank where the proposed restructuring will result in different classes of shareholders bearing different degrees of responsibility;
- (l) amendment or cancellation of the provisions of this Chapter.

**Article 133**

The affected class shareholders, whether or not originally entitled to vote at the shareholders' general meetings, shall be entitled to vote at class shareholders' meetings in respect of matters concerning items (2) to (8) and (11) to (12) of the preceding article, with the exception of interested shareholders. If the voting rights of such shareholders are restricted by the laws, regulations or regulatory requirements, the laws, regulations or regulatory requirements shall prevail.

The aforesaid "interested shareholders" shall have the following meanings:

- (a) where the Bank has made a repurchase offer to all shareholders on a *pro rata* basis or made repurchase of its own shares by means of an open offer at the stock exchange in accordance with Article 34 hereof, "interested shareholders" refer to the controlling shareholders defined in Article 69 hereof;
- (b) where the Bank has made repurchases of its own shares by means of agreement outside the stock exchange in accordance with Article 34 hereof, "interested shareholders" refer to the shareholders who are connected with that agreement;

- (c) for the purpose of the Bank's restructuring plan, "interested shareholders" refer to those shareholders who assume less responsibilities than other shareholders of the same class or those shareholders who enjoy different rights and interests from other shareholders of the same class.

**Article 134** Resolutions of class shareholders' meeting shall be made only after it is adopted through voting by more than two-thirds of voting shares represented by the shareholders present at the class shareholders' meeting according to the preceding article.

**Article 135** Written notice of a class shareholders' meeting shall be given in accordance with Article 82 hereof regarding notice period of shareholders' general meeting and extraordinary shareholders' general meeting to inform all shareholders of that class shown on the share register of the matters to be considered as well as the time and place of the meeting.

**Article 136** The notice of a class shareholders' meeting shall only be served on shareholders who are entitled to vote at the meeting.

Unless otherwise specified herein, the procedures to convene class shareholders' meeting shall resemble those of shareholders' general meeting as far as possible. Terms concerning the procedures to convene shareholders' general meeting shall be applicable to class shareholders' meeting.

**Article 137** The special procedures for approval by class shareholders shall not apply in the following circumstances:

- (a) 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;
- (b) where the Bank's plan to issue domestic shares and overseas listed foreign 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.
- (c) where shareholders of the unlisted shares of the Bank referred to in Article 21 convert the shares held by them into overseas listed foreign shares and cause the same to be listed and traded on an overseas securities exchange after obtaining approval from the securities regulatory authority and the banking regulatory authority of the State Council.

## Chapter 9 The Party Committee

**Article 138** Both structuring of the Party Committee and the organization for discipline inspection and supervision, and their term of office shall follow the requirements set out by relevant documents of the Party. Organizational structuring and staffing of Party organizations shall be incorporated into the Bank's management and staffing framework. The Bank shall offer assistance to Party organizations for their activities and credit related expenses to the Bank's overall budget, funding by its administrative expenses.

**Article 139** Party organizations shall exercise its role as leadership, and shall fulfill its responsibilities with focus on controlling overall direction and development and ensuring strict policy implementation. Party organizations shall be responsible for supervising the consistent implementation of policies set by the Central Committee of CPC and by the country, for discussing and making decisions on major business matters in accordance with the regulations, for supporting the Board of Directors, the Board of Supervisors and the senior management for exercising their powers in accordance with laws and regulations, for reinforcing the construction of leadership group and building of talent pool and for implementing the construction of the Party's working style and its clean and honest administration. Party organizations shall enhance Party building, improving their abilities as a leader in ideological and political work, ideological work, moral and ideological progress of the Bank and leader for the united front work and mass work.

**Article 140** The Party Committee shall consider and make decision on the following material matters:

- (1) major initiatives in relation to implementation of principles and policies of the Party and of major decisions made by higher Party organizations;
- (2) matters in relation to Party building on politics, ideology, organization, conduct, discipline, system and anti-corruption;
- (3) matters in relation to the appointment and dismissal of and reward and punishment for employees of the Bank in accordance with management supervision authority; or recommendation of candidates to the Board of Directors or the president in accordance with certain procedures; vetting and raising opinions or advice on the candidates nominated by the Board of Directors or the president;
- (4) material matters on supervision and rectifications, inspection and auditing;
- (5) material matters on Party management of talents, united front work and mass work;
- (6) material matters to be submitted and reported to Party organizations at higher level;
- (7) other matters for consideration and decision of the Party Committee.

**Article 141** The Party Committee shall conduct pre-study and discussion on the following material matters:

- (1) major initiatives launched by the Bank to implement state laws and regulations and to carry out major decisions made by authorities at higher level;
- (2) the Bank's development strategies, medium and long-term development plans;
- (3) the Bank's operation and production policies;
- (4) matters relating to the Bank's asset restructuring, asset transfer, capital management, major project arrangement and large-sum capital management;
- (5) formulation and amendments to the Bank's significant reform plans, important rules and regulations;
- (6) merger, division, change, dissolution of the Bank; setting and adjustment of internal management departments; establishment and dissolution of affiliated entities and branches;
- (7) appraisal, remuneration, management and supervision related to the Bank's senior management;
- (8) material matters relating to employees' interests, which shall be proposed to the meeting of representatives of employees for discussion;
- (9) major initiatives launched by the Bank to address issues related to corporate political and social responsibilities, including extraordinarily important production safety, environmental protection and stability maintenance;
- (10) material matters to be submitted and reported to authorities at higher level;
- (11) other matters requiring pre-study and discussion of the Party Committee.

**Article 142** Procedures for the Party Committee to conduct pre-study and discussion shall include:

- (1) Preliminary deliberation of Party Committee. The Party organizations shall convene Party Committee meetings to provide opinions and advice on the matters requiring pre- study and discussion. In the event that the Party Committee finds the matters proposed to be considered and decided by the Board of Directors and senior management are not in conformity with the policies of the Party and the State's laws and regulations, or which may undermine the interests of the State and the public or the legitimate benefits of any enterprise and its employees, it shall suggest to withdraw or suspend the proposed matters. If the Party organization considers other material matters are required to be decided by the Board of Directors and senior management, it may propose such matters to the Board of Directors and senior management;
- (2) Pre-meeting communication. Party Committee members sitting on the Board of Directors and the senior management, especially those appointed as the chairman or the president, shall communicate with other members of the Board of Directors and the senior management about relevant opinions and advice of the Party Committee before proposals are formally submitted to Board meetings or president office meetings;
- (3) Expression during the meeting. Party Committee members sitting on the Board of Directors and the senior management shall convey the opinions and advice of the Party Committee clearly and thoroughly to other meeting participants during the process of consideration and decision-making by the Board of Directors and the senior management;
- (4) Post-meeting reporting. Party Committee members sitting on the Board of Directors and the senior management shall report decisions made by the Board of Directors and the senior management to Party organizations.

**Article 143** Implement the Bank's major decisions and strategies. The Party Committee shall serve as a role model in complying with all rules and regulations of the Bank. It shall ensure propagation on the Bank's major decisions progress smoothly and offer consulting to employees for eliminating doubts and confusion about these major decisions, getting all Party members and employees united, nurturing shared understanding on the Bank's strategic targets and major decisions and fostering concerted actions in realizing these targets and decisions, thus driving the Bank's reform and development.

**Article 144** The Party Committee shall establish a supervision system on execution of major decisions made by the Bank and shall conduct regular inspections. In case of any deviation from principles and policies of the Party and any violation of state laws and regulations and requirements set by the Central Committee of CPC and the Municipal Party Committee, the Party Committee shall propose rectifications in a timely manner and report to Party organizations at higher level if rectifications are not implemented.

## Chapter 10 Directors and The Board of Directors

### Section 1 Directors

**Article 145** Directors of the Bank shall be natural persons who are equipped with the professional knowledge, working experiences and duties required for the positions, have good professional ethics and meet the requirements of the relevant banking regulatory authorities in China. The qualification of Directors shall be approved by the banking regulatory authorities in China.

**Article 146** Directors shall be elected or removed by the shareholders' general meeting. The term of office of a director shall be three years. Upon expiry of his/her term of office, a director may be re-elected and re-appointed. A director shall not be dismissed without any justified reason by the shareholders' general meeting before the expiry of his/her term of office.

A written notice of the intention of nominating a candidate to become a director and the candidate's consent to such nomination shall be given to the Bank 7 days before the date when the shareholders' general meeting is held. The period for despatch of the notices and documents referred to hereinabove by the Bank and relevant candidate will commence on the date immediately following the day of the despatch of the notice of the meeting and shall be not less than 7 days.

Subject to compliance with the relevant laws and administrative regulations, the shareholders' general meeting may, by ordinary resolution, remove any director prior to the expiry of his term of office (but claims for compensation under any contract shall not be affected by this provision).

A director's term of office shall commence from the date of approval by the banking regulatory authority of the PRC and end on the expiry date of the term of the Board of Directors. Where no new appointment is made upon expiry of the term of a director, the original director shall, before the newly appointed director assumes his/her office, continue to perform his/her duties as a director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association.

The Bank's Directors include executive directors and non-executive directors. Non-executive directors also include independent directors. Executive directors refer to those directors who hold any position of the Bank other than the chairman of the Board, vice chairman of the Board, member or chairman of any Board committee.

The number of executive directors in the Board of Directors shall be no less than one quarter of the total number of the members of the Board of Directors, but shall not exceed one-third of the total number of the members of the Board of Directors.

The Bank does not appoint a director being a staff representative in the Board of Directors.

- Article 147** Directors and the chairman of the Board of Directors shall exercise their powers to the extent as permitted by the laws, regulations, rules and the Articles of Association and shall not act in an ultra vires manner by interfering with the management and operation activities of senior management out of their scope of powers and in violation of the rules of procedure and decision-making procedure of the Bank.
- Article 148** A director shall attend no less than two-thirds of the board meetings in person each year. A director who does not attend for two consecutive meetings in person and does not appoint another director as his proxy to attend the meeting, or attends less than two-thirds of board meetings in person within a year, shall be deemed to be unable to perform his duties. The Board of Directors shall propose his dismissal to the shareholders' general meeting.
- Article 149** A director may resign prior to the expiration of his term of office. In the event of resignation, a director shall submit a resignation report in writing to the Board of Directors. The Board of Directors shall disclose the relevant information within two days.
- If the number of directors falls below the statutory minimum number of directors of the Bank due to the resignation of a director, before a new director is elected to take up the office, the existing director shall continue to perform the duties owed by a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.
- Except for the circumstances as set out in the preceding paragraph, the resignation of a director shall take effect from the time when the resignation report is served on the Board of Directors.
- Article 150** The directors shall conduct all transferring procedures with 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 after expiration of the term of office, and shall remain valid for two years after their resignation.
- Article 151** Without the legal authorisation granted under the Articles of Association or conferred by the Board of Directors, no director may act in the name of the Bank or the Board of Directors. When a director acts in his own name, such director shall declare in advance his own position and identity in the event that a third party may reasonably believe that such director is acting for the Bank or the Board of Directors.
- Article 152** Where any director violates the laws, administrative regulations, departmental rules or the Articles of Association in implementing its duties to the Bank, resulting in losses to the Bank, then such director shall be liable for compensation.

## **Section 2 Independent Directors**

**Article 153** An independent director of the Bank is the director who holds only the position as a director in the Bank, and does not form with the Bank and its substantial shareholders a relationship possibly hindering its independent and objective judgment. The Board of Directors shall consist of at least one-thirds of independent directors, of whom at least one member shall possess the appropriate professional qualifications or appropriate accounting or relevant financial management expertise.

**Article 154** The provisions on service conditions of directors in the Articles of Association shall apply to independent directors. An independent director shall also meet the following basic conditions:

- (1) to have a bachelor's degree or above, or intermediate professional titles or above;
- (2) to fulfill the independence requirement specified in the Articles of Association;
- (3) to have more than five years of working experience in legal, economic, financial or accounting work or other work necessary to perform such independent director's duties;
- (4) to be familiar with the laws and regulations relating to operation and management of commercial banks;
- (5) to be able to read, understand and analyse the credit statistical and financial statements prepared for a commercial bank;
- (6) to be qualified to serve as a director of a listed company pursuant to the laws, administrative regulations and other rules;
- (7) to have the basic knowledge in respect of the operation of a listed company and a thorough understanding of the relevant laws, administrative regulations, rules and regulations;
- (8) other conditions provided by the laws, administrative regulations and other banking regulatory authority.

**Article 155** Independent directors shall be independent persons, and the following persons shall not serve as independent directors of the Bank:

- (1) employees of the Bank or its subsidiaries and their immediate relatives and members of main social relationship (immediate relatives refer to spouse, parents, children, etc.; main social relationship refers to siblings, parents-in-law, son-in-laws, daughter-in-law, spouse of brothers and sisters, and brothers and sisters of spouses, etc.);
- (2) a shareholder who holds, directly or indirectly, 1% or more of the issued shares of the Bank, or a person who is employed by such shareholder as well as the close relatives of the said persons;
- (3) natural person shareholders among the top ten shareholders of the Bank and their immediate relatives;
- (4) corporate shareholders directly or indirectly holding 5% or more of the issued shares of the Bank or employees of the top five corporate shareholders of the Bank and their immediate relatives;
- (5) persons who have had the circumstances cited in the preceding four paragraphs within the latest one year;
- (6) persons who have held a position in the Bank or in an enterprise in or over which the Bank holds a controlling interests or has *de facto* control power, together with their close relatives;
- (7) persons who have held a position in the Bank or in an enterprise in or over which the Bank holds a controlling interests or has *de facto* control power within the previous three years, together with their close relatives;
- (8) persons holding positions in enterprises having loans granted by the Bank that are overdue, together with their close relatives;
- (9) staff providing financial, legal, consultation or other services to the Bank or its subsidiaries, together with their close relatives;
- (10) any other person who may be controlled or materially influenced by the Bank by any means, together with the close relatives of such person;
- (11) persons who are holding operational and managerial positions in other commercial banks;
- (12) other persons as provided by the Articles of Association;
- (13) other persons determined by the relevant regulatory authorities.

The term “close relatives” referred to in this Article means spouses, parents, children, grand- parents and siblings.

**Article 156** The Bank shall not appoint any person working in state organs as an independent director. Any independent director of the Bank shall not concurrently serve as an independent director in more than two commercial banks (including the Bank).

**Article 157** Candidates to act as independent directors may be nominated and proposed to the Board of Directors by the Board of Directors, the nomination committee or shareholder(s) holding 1% or more of the issued shares of the Bank carrying voting right individually or collectively, and also by the Board of Supervisors. Such candidates shall be examined by the nomination committee of the Board of Directors as to their eligibility and shall be elected by the shareholders' general meeting after approved by the Board of Directors. The same shareholder may only propose one person for election as an independent director. A shareholder who has made a nomination of a director shall not make a nomination of an independent director.

**Article 158** The person nominating a candidate for independent director shall obtain the consent of the person being nominated before the nomination. The person nominating such candidate shall fully understand the occupation, education, professional title, detailed working experience and all part-time jobs of the person being nominated and shall express opinion on his/her qualifications of acting as an independent director and his/her independence. The person being nominated shall make a public declaration stating that there is no relationship between him/her and the Bank which may hinder his/her independent and objective judgment. Before convening the shareholders' general meeting for election of independent directors, the Board of Directors of the Bank shall publish an announcement incorporating the above in accordance with the relevant provisions.

The eligibility of the candidates for independent directors shall be reviewed by the nomination committee of the Board of Directors with a focus on the independence, expertise, professional knowledge, experience and capability. The appointment thereof shall mainly follow the market principle.

Before convening the shareholders' general meeting for election of independent directors, the Bank shall submit the materials relating to all the persons being nominated to the relevant regulatory authorities in accordance with the relevant requirements. If the Board of Directors of the Bank has any disagreement on the relevant circumstances in which the person is nominated, written opinions of the Board of Directors shall be submitted at the same time.

If a person being nominated is objected to by the relevant regulatory authorities for his/her nomination or service qualifications, such person may become a candidate as a director of the Bank but in no event can he/she become a candidate for independent director. When a shareholders' general meeting is convened to nominate independent directors, the Board of Directors of the Bank shall make a statement on whether the relevant regulatory authorities have any objection to the nominations.

**Article 159** Independent directors are appointed for the same term as that of the Bank's other directors, and shall handle the matters related to his/her services upon expiry of terms as advised by the relevant regulatory authorities. Independent directors shall not serve at one commercial bank for over six years in aggregate.

**Article 160** Prior to taking up the office, independent directors shall also make a declaration to the Board of Directors to state that sufficient time and effort shall be dedicated to the performance of duties and to pledge to perform all duties with diligence. Independent directors shall perform duties in the Bank for no less than 15 working days in one year.

- Article 161** If an independent director is unable to attend a board meeting for any reason, he may appoint other independent directors to attend the board meeting but shall attend in person at least two-thirds of the total number of such meetings every year. The number of the board meetings that an independent director fails to attend in person during his or her term of office shall be no more than 3.
- Article 162** Independent directors shall be dismissed at the proposal of the Board of Supervisors to shareholders' general meetings upon occurrence of any of the following:
- (1) changes of duties which render such independent directors disqualified and the persons concerned have not filed resignation;
  - (2) failing to attend in person two-thirds of the total number of board meetings in one year;
  - (3) the working days independent directors performing duties for the Bank in one year are less than 15;
  - (4) other circumstances as stipulated in the laws, regulations and rules which render such independent directors prohibited from continuing or unsuitable to continue with the appointment.
- Article 163** If an independent director fails to attend a board meeting in person consecutively for three times, the Board of Directors shall request the shareholders' general meeting to remove the said director.
- Article 164** Unless in the circumstances mentioned above or as specified in the Company Law where a person is prohibited from acting as a director, no independent director may be removed before his term of office expires without any justification. In the event of premature dismissal, the Bank shall provide for its disclosure as a special issue. If the removed independent director deems his removal by the Bank as unjustifiable, he may make an explicit declaration.
- Article 165** The dismissal of independent directors requested by the Board of Supervisors shall be passed by two-thirds or more of all the supervisors before such motion be submitted for approval by shareholders' general meetings.
- Independent directors may make statements and explanations to the Board of Directors or the Board of Supervisors prior to the submittal of the said proposal to the Shareholders' general meeting, and the Board of Supervisors shall convene an extraordinary meeting to hear and consider the statements and explanations made by independent directors within 3 days of independent directors' request.
- Article 166** The dismissal of independent directors by shareholders' general meetings requested by the Board of Supervisors shall be reported to the relevant banking regulatory authority in China and a written notice thereof, setting forth all the particulars in the proposal, shall be served on such independent directors within one month prior to the shareholders' general meeting. Such notice shall contain all materials to be annexed to the proposal. Such independent directors are entitled to present views in verbal or written form prior to voting and to report such views to the relevant banking regulatory authority in China no less than five days prior to the shareholders' general meeting. Prior to voting, shareholders shall by law take and consider the statement of such independent directors and the relevant proposal at the meeting.

**Article 167** If an independent director fails to satisfy the requirement of independence, or on the occurrence of certain events rendering him/her not appropriate to perform the duties of independent directors, or his/her qualifications as an independent director being canceled or dismissed which result(s) in the proportion of independent directors in the Board of Directors to fall below the minimum number or proportion required by the laws, regulations, the relevant regulatory authorities and the Articles of Association, the Bank shall convene a shareholders' general meeting as soon as possible to elect and make up for the number and proportion of independent directors.

**Article 168** An independent director may resign before the expiration of his term of office. An independent director who intends to resign shall submit a written resignation report to the Board of Directors and shall submit a written statement at the most recent shareholders' general meeting stating any circumstances related to his resignation or those which he considers to be necessary to draw the attention of the shareholders and creditors.

If the resignation of an independent director results in the proportion of independent directors in the Board of Directors to fall below the minimum number or proportion requirement as stipulated in the laws, regulations, the relevant regulatory authorities and the Articles of Association, the resignation of such independent director shall take effect after an independent directors is appointed to fill the resulting vacancy at the shareholders' general meeting. Prior to that, an independent director shall continue to perform his duties.

**Article 169** Except for such functions and powers as conferred upon an independent director under the laws and regulations, an independent director shall also have the following special functions and powers:

- (1) to approve material connected party transactions (referring 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) before having it submitted to the Board of Directors for discussion;
- (2) to engage an intermediary to issue a report of an independent financial adviser which shall form the basis for making his judgment, prior to making any judgment in respect of the said connected party transactions;
- (3) to propose to the Board of Directors to engage or dismiss an accounting firm;
- (4) to propose to the Board of Directors to convene an extraordinary shareholders' general meeting;
- (5) to propose to convene a board meeting;
- (6) to engage any external auditor and consulting institution on an independent basis;

- (7) to solicit votes from shareholders with no compensation paid for votes before a shareholders' general meeting is convened;
- (8) to provide independent opinions on the effect of the issuance of preference shares on the rights and interests of shareholders of each class.

Independent directors shall obtain the consent of no less than one-half of all independent directors before exercising the said functions and powers. If any of the above proposals is not adopted or the above functions and powers cannot be exercised in a normal manner, the Bank shall disclose the relevant circumstances.

**Article 170** Except for the above functions and powers, independent directors shall provide independent opinions on the following matters:

- (1) nomination, appointment and removal of directors;
- (2) appointment and removal of senior management;
- (3) remuneration of directors and senior management;
- (4) material or very material connected transactions between shareholders, beneficial owners and their associates as a party and the Bank as another party, and whether the Bank takes effective measures to recover amounts in arrear;
- (5) matters that may jeopardize the interests of minority shareholders in the opinion of independent directors;
- (6) profit distribution plans;
- (7) material connected transactions;
- (8) matters that may cause significant losses of the Bank;
- (9) matters that involve material conflict of interests with substantial shareholders or directors;
- (10) the effect of the issuance of preference shares on the rights and interests of shareholders of each class;
- (11) any other matters as required by the Articles of Association.

**Article 171** 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 its limitations. If the matters are required to be disclosed, the Bank 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 172** Independent directors, upon discovering that the Board of Directors, directors, the president, other senior management of the Bank, or its departments and employees are in violation of the provisions of laws, regulations and rules or the Article of Association in the course of their exercise of duties, shall promptly request them to make correction and report their violation to the regulatory authorities.

**Article 173** To ensure effective performance of functions by independent directors, the Bank shall provide the necessary working conditions for the independent directors as follows:

- (1) the Bank shall ensure that independent directors have the right to information as other directors may have. In respect of matters which are subject to the approval of the Board of Directors, 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 supplemental information if they think the information provided is insufficient. When more than two independent directors believe that the information is insufficient or the evidences are not definite, they may collectively propose to the Board of Directors in written form to postpone the board meeting or discussion of the matters, and the Board of Directors shall accept the proposal;
- (2) the secretary of the Board of Directors shall actively provide assistance, such as briefing and providing information, etc., to independent directors for the performance of their duties. 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 a timely manner;
- (3) in 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 costs of the appointment of intermediary agencies and other expenses reasonably incurred for the exercise of the independent directors' duties;
- (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.

**Article 174** Where any resolution adopted by the Board of Directors is in violation of the laws, administrative regulations or the Articles of Association, resulting in serious losses to the Bank, independent directors who did not raise an objection shall be liable for compensation according to the law.

**Article 175** In addition to the special provisions on independent directors in this Chapter, independent directors shall also follow general provisions in relation to directors in the Articles of Association. In case of any inconsistency, the special provisions shall prevail.

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

**Article 176** The Bank shall have a Board of Directors which shall be accountable to the shareholders' general meeting.

**Article 177** The Board of Directors shall be composed of 9 to 15 directors, of which at least one-third shall be independent directors. The Board of Directors shall have one chairman and one to two vice chairman.

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

**Article 178** The Board of Directors shall exercise the following fundamental powers:

- (1) to convene shareholders' general meetings and to report its performance to the shareholders' general meetings;
- (2) to implement the resolutions adopted by the shareholders' general meetings;
- (3) to decide on our operational plans, investment plans, and development strategy;
- (4) to formulate our proposed annual preliminary and final financial budgets;
- (5) to formulate our profit distribution plans and plans for recovery of losses;
- (6) to formulate proposals for increases in, or reductions of, our registered capital, issuance of bonds, or other securities and listing plans;
- (7) to formulate proposals for major acquisitions, the purchase of our shares, mergers, separation, dissolution or liquidation of the Bank, or change in the form of the Bank;
- (8) within the scope authorized by our shareholders' general meetings, to decide on external investments, purchases and sales of assets, pledges of assets, trust management, and material connected transaction matters;

- (9) to examine and approve any financing guarantee the Bank provides when the total amount of the external financing guarantee is greater than 10% but less than or equal to 30% of the Bank's latest audited total assets;
- (10) to decide on the establishment, dissolution, and merger of our internal management departments and branches. The Board may delegate the rights of setting up, dismantling and merging the internal management organs of the Bank to the Strategic Committee of the Bank;
- (11) to appoint or remove the Bank's president and secretary of the Board of Directors; to appoint or remove the vice presidents, chief financial officer, chief executive officer and other senior management based on the recommendations of the president, and to decide on matters relating to their emoluments and on the imposition of any disciplinary measures;
- (12) to supervise the Bank's senior management' performance of their duties ensuring that senior management are effectively fulfilling their management responsibilities;
- (13) to establish the Bank's basic management system and assume responsibility for regularly evaluating and improving the Bank's corporate governance;
- (14) to formulate the Bank's policy for risk management and internal controls;
- (15) to formulate proposals for any amendments to the Articles of Association;
- (16) to manage the Bank's disclosure of information, and assume ultimate responsibility for the completeness and accuracy of the Bank's accounting and financial reporting system;
- (17) to propose the appointment or change of accounting firms to audit the Bank at the shareholders' general meeting;
- (18) to review working reports of the president and to assess the president's performance;
- (19) to review the Bank's development strategy on a regular basis and supervise its implementation; to manage the Bank's capital base, and assume ultimate responsibility for the capital adequacy ratio management;
- (20) to make decisions on matters relating to external donations;
- (21) to exercise other powers prescribed by the laws, administrative regulations, and departmental rules, as well as any other power conferred by the Articles of Association and shareholders' general meetings.

Unless otherwise required by the laws, regulations, regulatory authorities and the 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 paragraphs (5), (6), (7), (11) and (16) above, the resolutions shall be approved by more than two-thirds of all directors.

The Board of Directors shall seek opinions and advice from the Party Committee before making decisions on abovementioned matters that fall into scope of matters requiring pre-study and discussion of the Party Committee of the Bank. Matters requiring approval of or filing to Chongqing State-owned Assets Supervision and Administration Commission shall be submitted in accordance with relevant regulations.

**Article 179** The Board of Directors shall be ultimately responsible for the compliance of the Bank's operating activities, and shall exercise the following duties in compliance management:

- (1) to examine and approve the Bank's compliance policies and supervise the implementation thereof;
- (2) to examine and approve reports on compliance risk management submitted by senior management, and assess the effectiveness of the Bank's management over compliance risks so as to ensure defects in compliance are being rectified promptly and effectively;
- (3) to authorize the risk management committee under the Board of Directors to conduct daily supervision over compliance risks of the commercial bank;
- (4) any other duties in compliance management as stipulated in the Articles of Association.

**Article 180** The Board of Directors shall assume ultimate responsibility for the Bank's liquidity management, to ensure the Bank to establish a sound liquidity management system with a view of identifying, quantifying, tracking and controlling liquidity risks; to maintain adequate liquidity and to react to unfavorable market conditions.

**Article 181** The Board of Directors shall assume ultimate responsibility for the Bank's reputational risk management, formulate reputational risk management policies which are consistent with the Bank's strategic objectives and applicable to the whole Bank, and establish the Bank-wide reputational risk management system, and monitor its general status and effectiveness.

**Article 182** The Board of Directors is ultimately responsible for the protection of the consumer rights and interests of the Bank. Adhering to the philosophy of being people-oriented and service-foremost, the Bank is committed to fulfilling its corporate social responsibilities, and conducting its dealings with consumers in a fair, just and sincere manner with a view to protecting the legitimate rights and interests of consumers in accordance with laws.

The Board of Directors is responsible for formulating strategies, policies and objectives relating to protection of consumer rights and interests, monitoring and evaluating the completeness, timeliness and effectiveness of the Bank's initiatives on protection of consumer rights and interests, supervising the discharge of relevant duties by the Bank's senior management as well as periodically reviewing topical- specific reports.

Senior management of the Bank is responsible for formulating, periodically reviewing, and implementing measures, procedures and detailed operating rules in respect of protection of consumer rights and interests so as to keep informed in a timely manner and provide resource and support where necessary for facilitating proactive and orderly protection of consumer rights and interests.

**Article 183** The Board of Directors shall pay special attention to serious cases occurred to, administrative penalties imposed on or material litigation encountered by, the Bank, which shall be reported promptly to the Board of Directors by senior management for proper handling.

**Article 184** The Board of Directors shall pay continuous attention to the Bank's internal control and problems thereof, promote the establishment of good internal control culture, supervise the formulation of relevant policies, procedures and rectification measures by senior management to facilitate effective internal control.

**Article 185** The Board of Directors shall submit itself to the supervision of the Board of Supervisors, and shall not obstruct or hinder any inspection or audit carried out by the Board of Supervisors within its scope of functions and authority.

**Article 186** The Board of Directors shall explain the modified audit opinion provided by a registered accounting firm in respect of the Bank's financial report at the shareholders' general meeting.

**Article 187** The Board of Directors shall formulate the rules of procedures of the Board of Directors, which ascertain manners and voting procedures of the Board of Directors, so as to ensure that the Board of Directors works efficiently and makes decisions scientifically.

The rules of procedures of the Board of Directors shall be prepared by the Board of Directors and submitted to the shareholders' general meeting for approval.

**Article 188** The Board of Directors shall set up special committees such as Strategic Committee, Audit Committee, Risk Management Committee, Connected Transactions Control Committee, Remuneration and Appraisal Committee, Nomination Committee, Information Technology Guidance Committee and Consumer Rights Protection Committee in line with the Bank's operation and management, the person-in-charge of each such committee shall be a directors and the members shall not be less than three. Among others, the person-in-charge of each of the Audit Committee, Risk Management Committee, Connected Transactions Control Committee, Remuneration and Appraisal Committee and Nomination Committee shall be an independent director. Audit Committee and Connected Transactions Control Committee shall include at least one independent director who possesses proper professional qualifications or accounting or relevant financial management expertise. Independent directors shall account for more than half of the Audit Committee, Connected Transactions Control Committee, Remuneration and Appraisal Committee and Nomination Committee.

Directors appointed as chairman of the audit committee, the related party transactions control committee and the risk control committee shall work for commercial banks for no less than twenty- five working days per annum.

**Article 189** The authority of the Board of Directors with respect to equity investment with Bank's assets, or acquisition or disposal of assets of the Bank shall be determined by the shareholders' general meeting. The Board of Directors shall establish a strict review, decision- making and authorization system in relation to the aforesaid authority, and report to the shareholders' general meeting for approval. Major equity investment and major assets acquisition and disposal involved in daily operation shall be implemented by the president in accordance with the project and the amount approved in the annual budget. The following authorization mechanism shall apply for projects in excess of the approved budget and project whose detailed content was not specified even though the amount is within the approved budget:

- (1) the Bank's external equity investment and disposal thereof with a single transaction amount less than 15% of the latest audited net asset value of the Bank shall be implemented according to the Administrative Measures On Outward Equity Investments and other measures of the Bank; those with a single transaction amount greater than 15% of the latest audited net asset value of the Bank shall be adopted by the Board of Directors, then submitted to the shareholders' general meeting for approval.
- (2) the authorization proposal for sale, transfer, lease, purchase or otherwise disposal of the Bank's fixed assets shall be formulated by the Board of Directors and submitted to the Shareholders' general meeting for approval and implementation.
- (3) if the estimated value of the fixed assets to be disposed of and the value of the fixed assets disposed of within four months before such disposal in aggregate exceed 33% of the fixed assets value as shown on the latest balance sheet reviewed by the shareholders' general meeting, the Board of Directors shall not dispose of or allow the disposal of such fixed assets without the approval by the shareholders' general meeting.

Disposal of fixed assets hereof includes the transfer of rights and interests attached to assets but excludes the creation of security on fixed assets.

The effectiveness of the disposal of fixed assets by the Bank shall not be influenced by virtue of violating the above provisions.

**Article 190** The chairman and vice chairman shall be elected by more than half of all the directors of the Board of Directors and their service qualifications shall be submitted to the relevant banking regulatory authorities in China for approval. The chairman shall not be the legal representative or chief responsible officer of the controlling shareholder.

**Article 191** The chairman of the Board of Directors shall perform the following duties:

- (1) to preside over the shareholders' general meeting and to convene and preside over the board meeting;
- (2) to supervise and examine the implementation of resolutions of the Board of Directors;
- (3) to sign bonds and others securities of the Bank;
- (4) to sign important documents of the Board of Directors and other documents which shall be signed by the legal representative of the Bank;
- (5) to exercise the duties of the legal representative;
- (6) to use discretion in dealing with matters of the Bank for the interest of the Bank in accordance with the applicable laws in the case of emergency such as major natural disaster or other force majeure events, and to promptly submit a relevant report to the Board of Directors and shareholders' general meeting thereafter;
- (7) to perform other duties as authorised by the Board of Directors.

When the chairman of the Board of Directors is unable to perform his duties, the chairman may designate a vice chairman to act on his behalf.

**Article 192** The board meetings are divided into regular board meetings and extraordinary board meetings. Regular board meetings shall be convened by the chairman for at least one time each quarter. The Board of Directors shall notify all directors and supervisors in written form or through electronic means 14 days before the meeting is convened.

**Article 193** The chairman of the Board of Directors shall convene and preside over an extraordinary board meeting within 10 days from the date of receipt of the following requests:

- (1) request of the shareholders representing more than one-tenth of voting rights;
- (2) as the chairman considers necessary;
- (3) request of more than one-third of the directors;
- (4) request of more than half of the independent directors;
- (5) request of the Board of Supervisors;
- (6) request of the president of the Bank;
- (7) request of the regulatory authorities.

**Article 194** The notice of an extraordinary board meeting convened by the Board of Directors shall be sent in written form or through electronic means, including registered post, telegram, telex, email and facsimile with confirmation. The notice shall be served five days prior to the meeting. In the event that an emergency occurs where the convention of an extraordinary board meeting is required by the Board of Directors, the notice of such meeting may be sent by email, telephone, facsimile or verbal form at any time.

**Article 195** The notice of a board meeting 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.

The Board of Directors shall inform all the directors in advance within the stipulated time, and shall provide adequate information before the meeting, including background information relating to the topics for discussion and information and data helping the directors to make decisions.

**Article 196** Board meetings shall be held only if more than half of the directors are present.

Each director shall have one vote. Unless otherwise stipulated by the Articles of Association or the relevant laws and regulations, resolutions of the Board of Directors shall only be approved and adopted by more than half of all directors.

Where the number of votes cast for and against a resolution is equal, the chairman of the Board of Directors shall have an additional vote.

**Article 197** If any director is connected with any enterprise involved in the matter to be resolved in the board meeting, such director should neither exercise his/her voting right on such matter, nor exercise voting right on behalf of other directors. The board meeting 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 board meeting are less than three, the Board of Directors shall submit such proposals to the shareholders' general meeting.

**Article 198** The resolution of the Board of Directors shall be voted in form of disclosed ballot.

**Article 199** For a meeting of the Board of Directors, a vote may be taken by voting at the meeting (including video conferencing) and by correspondence (including circulation of written resolutions, email, fax). In the case of voting by correspondence, the matters to be voted on and relevant background information shall be provided to all directors at least three days prior to the voting.

The voting by correspondence shall not be taken, in the case of extraordinarily important matters, which shall be subject to the approval of over two-thirds of all directors, including profit distribution plan, venture capital distribution plan, significant investment, material asset disposal, appointment or dismissal of senior management members, capital replenishment plan, major changes in equity, financial restructuring, and consideration of matters involving material conflicts of interest with substantial shareholders or directors.

**Article 200** Directors shall attend the board meetings in person. If a director is unable to attend the meeting for any reason, he may appoint another director in writing to attend the meeting on his behalf. A proxy form shall state the name of the proxy, the scope of the authorization, the authority of the proxy and the period of validity, and also be signed or affixed by the principal.

The director attending the meeting on behalf of another director shall exercise his power within the scope of authorization. A director does not attend a board meeting either in person or by proxy shall be deemed to have waived his voting right at the meeting.

**Article 201** The Board of Directors shall prepare minutes to record its decisions on the matters it has considered. The directors and minutes-taker shall sign the minutes.

The minutes of board meetings shall be retained as files of the Bank for no less than ten years.

**Article 202** The minutes of board meetings shall include the following details:

- (1) the date and place of the meeting, and the name of the convener;
- (2) names of directors present at the meeting in person, names of directors present at the meeting as proxy (proxies) and list of non-voting attendants;
- (3) agenda of the meeting;
- (4) summary of the speech of directors and other attendants;
- (5) method and results of voting on each resolution (number of votes in favour of, against and abstention).

**Article 203** The directors shall sign and be responsible for the resolutions adopted by the Board of Directors. Where a resolution of the Board of Directors violates the laws, regulations or the Articles of Association which results in severe losses to the Bank, the directors who participate in the resolution shall be liable to the Bank for compensation, except where the director can prove that he has raised an opposition at the meeting and has it recorded the meeting minutes may be absolved from such liability.

## Chapter 11 Secretary of the Board of Directors

**Article 204** The Bank has a secretary of the Board of Directors, who is a member of the senior management of the Bank and shall be accountable to the Board of Directors.

**Article 205** The secretary of the Board of Directors shall be a natural person who has necessary professional knowledge and experience, shall be nominated by the Nomination Committee under the Board of Directors and shall be appointed and dismissed by the Board of Directors. The service qualifications of the secretary of the Board of Directors who shall have participated in the board secretary qualification training organized by the CSRC and other institutions and have passed the relevant examination, shall be approved by the banking regulatory authorities.

**Article 206** Main duties of the secretary of the Board of Directors include the followings:

- (1) to ensure that the Bank has a complete set of constitutional documents and records;
- (2) to ensure that the Bank prepares and submits the reports and documents as required by the relevant authorities according to law;
- (3) to ensure that the register of shareholders is properly maintained, and that the persons entitled to obtain the relevant records and documents of the Bank may receive these records and documents in a timely manner;
- (4) responsible for organizing and preparing board meetings and shareholders' general meetings, preparing meeting documents, arranging for the relevant meeting matters, taking minutes, safeguarding the accuracy of the minutes, safekeeping the meeting documents and minutes, understanding the implementation of the relevant resolutions. As regards important matters being implemented, he/she shall submit a report and proposals to the Board of Directors.
- (5) to ensure that material matters resolved by the Board of Directors are implemented in strict accordance with stipulated procedures; to take part, as required by the Board of Directors, in making arrangements for consultation and analysis of matters subject to decision by the Board of Directors, and to give corresponding opinions and suggestions; to handle the day-to-day work assigned by the Board of Directors and the special committees under it.
- (6) as the coordinator between the Bank and the securities regulatory departments, responsible for organising and preparing the required documents and submit them to the regulatory departments in a timely manner; responsible for accepting the relevant tasks assigned by the regulatory departments and their completion.
- (7) responsible for coordinating and organising information disclosure of the Bank and establishing a sound information disclosure system; participating in all meetings relating to information disclosure and be aware of important business policies and the relevant information of the Bank in a timely manner;

- (8) responsible for keeping in confidence the price sensitive information of the Bank and formulating an effective confidentiality system and measures. As regards the leakage of price sensitive information of the Bank due to various reasons, he/she shall adopt the necessary remedial measures and explain and clarify the same in a timely manner and notify the overseas regulatory organ in the place where the shares are listed and the CSRC.
- (9) responsible for coordinating and organising market promotion, coordinating visitor arrangements, handling investor relationship, maintaining the relationship with investors, intermediary organs and the press media; responsible for answering questions raised by the public, ensuring the investors may obtain the information disclosed by the Bank in a timely manner; organising and preparing promotion activities within and outside the PRC, compiling reports on market promotion and main visits and submitting reports to the CSRC.
- (10) responsible for managing and keeping the shareholders' register, directors' register and information on shareholdings of major shareholders and directors and a list of beneficiaries of the outstanding bonds of the Bank.
- (11) to assist the directors and president in performing their functions and powers to comply with the laws, regulations and within and outside the PRC, the Articles of Association and other relevant provisions; to issue timely reminders upon becoming aware of the breach or possible breach of the provisions of the relevant resolutions, and is entitled to reflect the situation to the CSRC and other regulatory authorities.
- (12) to coordinate the provision of all necessary information to the Board of Supervisors of the Bank and other audit institutions in the performance of supervisory functions; to assist in investigations in relation to the performance of credibility obligations by the financial controller, directors and president of the Bank.
- (13) to perform other duties conferred by the Board of Directors and required by the overseas listing place.

**Article 207** A director or senior management member of the Bank may serve as the secretary of the Board of Directors concurrently, but he must ensure that he has sufficient energy and time to assume the duties and responsibilities as the secretary of the Board of Directors. The president and chief financial officer of the Bank shall not work concurrently as the secretary of the Board of Directors. The supervisors of the Bank may not serve as the secretary of the Board of Directors.

Personnel of controlling shareholder and *de facto* controller of the Bank holding posts other than as directors shall not act as the secretary of the Board of Directors. An accountant of any accounting firms that are engaged by the Bank shall not act as the secretary of the Board of Directors.

If a director acts as the secretary of the Board of Directors and an act is required to be performed by both a director and the secretary of the Board of Directors, such person who is at the same time both a director and the secretary of the Board of Directors shall not perform such act in both capacities.

**Article 208** The Bank shall set up an office of the Board of Directors as a standing working body for preparing the meeting of the Board of Directors, handling the daily affairs of the Board of Directors, communicating information with the Directors and providing services for the work of the Directors.

## **Chapter 12 Senior Management**

**Article 209** The “senior management” of the Bank shall consist of the president, vice presidents, chief financial officer and chief executive officer and so on. The service qualifications of senior management shall meet the requirements of the relevant banking regulatory authorities in China and are subject to the approval of the relevant banking regulatory authorities in China.

**Article 210** The Bank shall have one president and several vice presidents. Senior management members such as the president, vice presidents, chief financial officer and chief executive officer shall be engaged or dismissed by the Board of Directors.

**Article 211** Circumstances prohibiting any person serving as a director of the Bank as stipulated herein shall be applicable to senior management members of the Bank. A senior management member of the Bank shall exercise its powers within its terms of reference with care and diligence, and in accordance with the principle of good faith, shall not usurp commercial opportunities of the Bank for himself or others, shall not accept benefits related to transactions of the Bank and shall not concurrently hold a position in any other economic organizations.

The fiduciary duties and duties of diligence regarding the directors set out herein shall be applicable to the senior management members of the Bank.

Any person who holds any position other than a directorship in the Bank’s controlling shareholder or actual controller, shall not serve as a member of the senior management of the Bank.

**Article 212** Each of the president and vice president has a term of three (3) years, and may serve another term of office when reappointed at expiry of one term.

**Article 213** The president shall be responsible to the Board of Directors and exercise the following powers:

- (1) to deal with the daily operation and management of the Bank and report his/her work to the Board of Directors;
- (2) to organize and implement the Bank's annual operating plan and investment program;
- (3) to draw up the Bank's establishment program for internal management organs;
- (4) to draw up the basic management system of the Bank;
- (5) to formulate the specific rules and regulations of the Bank;
- (6) to propose to the Board of Directors the appointment or removal of vice president, chief financial officer, chief executive officer and other senior management members;
- (7) to decide on the appointment or removal of management personnel (other than those required to be appointed or removed by the Board of Directors) of departments and branch offices of the Bank;
- (8) to authorize the senior management and the responsible persons for internal functional departments and branch offices to conduct business activities;
- (9) to take urgent measures in favor of the Bank and make an immediate report to the relevant banking regulatory authorities in China, the Board of Directors, and the Board of Supervisors, in the event of a run on the Bank, and other major emergencies; and
- (10) other powers granted by the Articles of Association or the Board of Directors.

The president may attend the board meetings as a nonvoting delegate and the non-director president has no voting rights at the board meetings.

The vice president shall assist the president in handling work. Where the president is unable to fulfill his powers, the vice presidents shall exercise such powers on behalf of the president in their position arrangement order.

When exercising the abovementioned powers, the president shall seek opinions and advice from the Party Committee before making decisions on matters that fall into scope of significant matters requiring pre-study and discussion of the Party Committee of the Bank.

**Article 214** The senior management shall manage the compliance risks of the Bank and perform the following duties of compliance management:

- (1) to formulate written compliance policies and timely revise those compliance policies in accordance with the conditions of compliance management and changes in applicable laws, rules and standards, subject to approval by the meeting of the Board of Directors before being circulated among all the employees of the Bank;
- (2) to implement the compliance policies to assure that appropriate remedial actions are taken in time and claims are against relevant responsible persons;
- (3) to nominate the officer in charge of the compliance department and assure his/her independence;
- (4) to specify the compliance management department and its organizational structure, allocate adequate and appropriate compliance management personnel to perform its duties, and assure the independence of the compliance management department;
- (5) to identify major compliance risks exposed to the Bank, review and approve plans for compliance risk management, and assure the coordination between the compliance management department and risk management department, internal audit department and other departments related;
- (6) to submit to the Board of Directors a report of compliance risk management on an annual basis, which shall contain adequate evidence and be helpful for board members to judge the effectiveness of the senior management in managing compliance risks;
- (7) to report any significant non-compliance event to the Board of Directors or its committees and the Board of Supervisors in time; and
- (8) other duties as stipulated in relevant compliance policies.

**Article 215** Terms of reference of presidents shall be formulated by the president and shall be implemented subject to approval by the Board of Directors.

- Article 216** Terms of reference of presidents shall include:
- (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, vice president and other senior management members of the Bank and their division of labor, respectively;
  - (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 Board of Supervisors; and
  - (4) other matters considered as necessary by the Board of Directors.
- Article 217** President of the Bank may resign before expiration of his or her term of office. Specific procedures and methods of resignation of president of the Bank shall be prescribed in the provisions of the service contract between the president and the Bank.
- Article 218** The recruitment of senior management members of the Bank shall strictly comply with relevant laws, regulations and the Articles of Association. Any organization or individual shall not intervene in normal recruitment procedures for senior management members of the Bank.
- Article 219** The appointment and removal of president shall follow legal procedures and be announced to the public.
- Article 220** The Bank shall establish an incentive mechanism linking the remunerations of senior management with the performance of the Bank and of the individual in order to attract talents and retain the stability of the senior management. Meanwhile, the remuneration incentive mechanism shall give consideration to both the short-term and long-term benefits of the Bank. The remuneration incentive mechanism shall match the macroeconomic conditions, operations and the risk profile of the Bank.
- Article 221** Senior management of the Bank shall, with the requirement of the business activities of the Bank, establish and enhance the internal control mechanism the main content of which includes internal rules and regulations, risk control systems and a credit approval system.
- Article 222** Non-director senior management members of the Bank may attend board meetings, if necessary.

- Article 223** The credit approval committee of the Bank shall consist of relevant management and business personnel. The president of the Bank shall not serve as a member of the credit approval committee, but shall have the power to veto credit decisions made by the credit approval committee.
- Article 224** Senior management of the Bank shall establish a reporting system through which the Board of Directors receives timely, accurate and complete reports on the results of operations, major contracts, financial position, risk profile and business prospect of the Bank on a regular basis.
- Article 225** Senior management members of the Bank shall be under the supervision of the Board of Supervisors and shall provide regularly to the Board of Supervisors information on the results of operations, major contracts, financial position, risk profile and business prospects of the Bank. The senior management members shall not hinder or hamper the Board of Supervisors from exercising its powers in performing activities including investigation and auditing.
- Article 226** Senior management of the Bank shall establish and enhance a system of meetings and formulate corresponding rules of procedure. Meeting minutes shall be prepared for meetings convened by the senior management members and filed to the Board of Supervisors.
- Article 227** The operation and management activities conducted by the senior management of the Bank within its terms of reference in accordance with laws shall not be intervened. If they are intervened by the directors and the Chairman beyond their terms of reference, the senior management of the Bank shall be entitled to request the Board of Supervisors to stop the intervention and report to the relevant banking regulatory authorities in China.
- Article 228** The Bank's performance appraisal on the senior management shall be the basis for the determination of remunerations and other incentives of the senior management.
- The remuneration allocation plan for the senior management shall be subject to approval by the Board of Directors and disclosure.
- Article 229** Senior management members of the Bank shall be liable to indemnify for any losses of the Bank arising from their violation of laws, administrative regulations, rules and the Articles of Association when performing duties.
- Article 230** The Bank may, based on its business requirements, set certain senior and professional management positions in the senior management.

## Chapter 13 Board of Supervisors

### Section 1 Supervisors

**Article 231** The directors, president, vice presidents, chief financial officer, secretary of the Board and other senior management members shall not concurrently serve as a supervisor.

**Article 232** Each supervisor has a term of three (3) years, and may serve another term if re-elected at expiry of one term.

**Article 233** Supervisors are required to possess expertise and practical experience in professional areas such as law and accounting. The composition and structure of the Board of Supervisors shall ensure that the Board of Supervisors is able to exercise independent and effective supervision and inspection over the directors, president, other senior management and financial officers of the Bank. A supervisor shall possess the following general qualifications:

- (1) bachelor degree or above, or relevant middle-level professional qualifications or above;
- (2) well versed in the laws and regulations related to the operation and management of commercial banks;
- (3) being able to read, understand and analyze statements on credit statistics and financial statements of commercial banks;
- (4) three (3) years or above working experience in legal, economic or financial areas or other experience that is favorable in performing the duties of supervisors; and
- (5) other conditions required by laws, administrative regulations, the regulatory authorities and the Articles of Association.

**Article 234** Supervisors failing to attend two (2) consecutive meetings of the Board of Supervisors in person without assigning other supervisors to attend on their behalf or failing to attend at least two-thirds (2/3) of meetings of the Board of Supervisors in person shall be deemed to be unable to perform their duties and the Board of Supervisors shall propose the shareholders' general meeting or the meeting of the representatives of employees to remove such supervisors.

The Board of Supervisors shall propose the shareholders' general meeting or the meeting of the representatives of employees to remove supervisors who have any of the following serious misconducts:

- (1) intended disclosure of trade secret of the Bank, harming the legal interests of the Bank;
- (2) acceptance of improper benefits during the performance of duties or seeking personal benefits by manipulating the position of supervisor;

- (3) failing to identify problems which shall have been identified during supervisory examination or failing to report problems identified, thereby causing the Bank to suffer significant losses; and
- (4) other behaviors deemed to be serious misconducts by laws, regulations and the Articles of Association.

**Article 235** Where the term of a supervisor expires but no timely re-election takes place, or a supervisor's resignation during his term of office leads to the number of the members of the Board of Supervisors to be less than a quorum, the original supervisor shall continue to perform his duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association prior to the election of a new supervisor.

**Article 236** Supervisors shall ensure that the information disclosed by the Bank is true, accurate and complete.

**Article 237** Supervisors shall attend the board meetings, meetings of special committees of the Board of Directors and meetings of the senior management and shall be entitled to make enquiries or recommendations on resolutions at such meetings without voting rights.

The Board of Supervisors shall provide regular trainings to supervisors to enhance their capabilities of duty performance.

**Article 238** Supervisors shall not impair the interests of the Bank by taking advantage of their relationship with the Bank and shall indemnify the Bank for its losses arising from their misconducts.

**Article 239** Supervisors shall be liable to indemnify for any losses of the Bank arising from their violation of laws, administrative regulations, departmental rules and the Articles of Association when performing duties.

**Article 240** Supervisors shall perform their supervisory duties faithfully in accordance with laws, administrative regulations and the Articles of Association.

**Article 241** Chairman of the Board of Supervisors shall be served by a full-time person. Chairman of the Board of Supervisors shall possess expertise and practical experience at least in one area such as accounting, auditing, finance or law.

## **Section 2 External Supervisors**

**Article 242** An external supervisor of the Bank refers to a supervisor of the Bank who holds no position in the Bank except for the position of supervisor and has no relation with the Bank or any of its substantial shareholders which may affect his independent and objective judgment.

**Article 243** An external supervisor shall possess the following general qualifications:

- (1) bachelor degree or above, or relevant middle-level professional qualifications or above;
- (2) five (5) years or above working experience in legal, economic, financial areas or other experience that is favorable in performing the duties of external supervisors;
- (3) well versed in the laws and regulations related to the operation and management of commercial banks;
- (4) being able to read, understand and analyze statements on credit statistics and financial statements of commercial banks; and
- (5) other conditions required by laws, administrative regulations and rules of relevant regulatory authorities.

**Article 244** External supervisors shall be independent. The following persons shall not serve as external supervisors of the Bank:

- (1) holders or persons employed by shareholding units which hold more than 1% of the shares of the Bank;
- (2) persons holding positions in the Bank or enterprises held or effectively controlled by the Bank;
- (3) persons holding positions in the Bank or enterprises held or effectively controlled by the Bank in the previous three (3) years from the appointment;
- (4) persons holding positions in enterprises having loans granted by the Bank that are overdue;
- (5) persons holding positions in organizations with business connection or having connection in interests with the Bank in providing advice on legal, accounting, auditing and management;
- (6) any other persons over whom the Bank may control or exercise undue influence through various means; and
- (7) close relatives of persons aforesaid (Close relatives refer to spouses, parents, children, paternal grandparents, maternal grandparents and siblings).

**Article 245** The relevant banking regulatory authority in China supervises the performance of duties of external supervisors. For external supervisors who are found of serious misconduct, the relevant banking regulatory authority in China has the right to cancel their qualifications, and such external supervisors shall not serve as external supervisors of the Bank for the remaining time of their life. For external supervisors whose qualifications have been canceled by the relevant banking regulatory authority in China, their offices are automatically terminated since the disqualification date.

Any of the following circumstances constitutes serious misconduct aforesaid:

- (1) disclosure of trade secret of the Bank, harming the legal interests of the Bank;
- (2) acceptance of improper benefits during the performance of duties;
- (3) seeking personal benefits by manipulating the position of external supervisor;
- (4) failing to identify problems which shall have been identified during supervisory examination or failing to report problems identified, thereby causing the Bank to suffer significant losses; and
- (5) other behaviors deemed as serious misconducts by the relevant banking regulatory authorities in China.

**Article 246** Staff of government authorities shall not serve as external supervisors of the Bank.

**Article 247** An external supervisor shall not hold positions in more than two commercial banks and shall not concurrently serve as external supervisor in financial institutions that may have conflict of interest with the Bank.

**Article 248** Qualifications of external supervisors shall be assured in accordance with requirements of relevant regulatory authorities.

**Article 249** The Board of Supervisors of the Bank or shareholders individually or jointly holding more than 1% of the voting shares in the Bank may nominate candidates for external supervisors. Shareholders who have nominated one candidate for independent director shall not nominate another candidate for external supervisor. The same shareholder in principle shall nominate only one candidate for external supervisor.

**Article 250** Nominators of external supervisors shall seek the consent of the nominees prior to the nomination. The nominators 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 external supervisors. Each of the nominees shall make a public statement that he has no relation with the Bank which may interfere his independent and objective judgment. Before convening the shareholders' general meeting for the election of external supervisors, the Board of Supervisors of the Bank shall announce the above information as required.

- Article 251** External supervisors enjoy a same term of office with other supervisors of the Bank and may serve another term if re-elected at expiry of one term provided that such consecutive terms shall not exceed six (6) years.
- Article 252** Prior to taking up the office, external supervisors shall make a declaration to the Board of Supervisors to state that sufficient time and effort will be dedicated to the performance of duties and to pledge to perform fiduciary duties with due diligence. An external supervisor shall serve the Bank for at least fifteen (15) business days each year.
- Article 253** If an external supervisor cannot attend the meetings of the Board of Supervisors in person for some reason, he may authorize another external supervisor to attend the meetings on his behalf provided that he shall at least attend in person two-thirds (2/3) of the total number of such meetings each year. An external supervisor shall not fail to attend meetings of the Board of Supervisors in person for more than three (3) times within his term of office.
- Article 254** The evaluation report on an external supervisor by the Board of Supervisors shall be submitted to the shareholders' general meeting for review. The evaluation report on an external supervisor for review at the shareholders' general meeting shall include at least such items as the number of attended meetings, situations of organization or participation in auditing work of the Board of Supervisors, and the situations of performance of supervisory duties with regard to the external supervisor.
- Article 255** The Board of Supervisors shall propose the shareholders' general meeting to dismiss any external supervisor in any of the following situations:
- (1) a job change results in the disqualification of being an external supervisor, and no resignation is filed;
  - (2) failing to attend in person two-thirds (2/3) of the total number of meetings of the Board of Supervisors in one year;
  - (3) failing to serve the Bank for fifteen (15) business days in one year;
  - (4) failing to attend two (2) consecutive meetings of the Board of Supervisors in person without authorizing another external supervisor to attend on his behalf;
  - (5) failing to attend meetings of the Board of Supervisors in person for more than three (3) times; and
  - (6) other situations provided by laws and regulations making such person not allowed or unsuitable to continue serving as an external supervisor.
- Article 256** Except the circumstances stipulated in the Company Law and the Articles of Association that the persons may not serve as an external supervisor, any external supervisor before the expiry of his term of office shall not be unreasonably removed. Early removal of an external supervisor shall be disclosed as a matter for special disclosure. Any removed external supervisor, may make a public statement, if believing that the grounds for removal of the Bank is inappropriate.

- Article 257** The removal of external supervisors requested by the Board of Supervisors shall be passed by two-thirds (2/3) of the total number of supervisors before such proposal is submitted to the shareholders' general meeting for review and approval.
- External supervisors may make a statement and defense to the Board of Supervisors before such proposal is submitted to the shareholders' general meeting and the Board of Supervisors shall convene extraordinary meetings within three (3) days after of such request to hear and consider the statement and defense of such external supervisors.
- Article 258** The removal of external supervisors proposed to the shareholders' general meeting by the Board of Supervisors shall be reported to the banking regulatory authorities of China and a written notice on the same shall be served on such external supervisors within one (1) month prior to the shareholders' general meeting. Such notice shall contain all the information on the proposal. Such external supervisors are entitled to present their views in verbal or written form prior to vote and to report such views to the banking regulatory authorities of the China no less than five (5) days prior to the shareholders' general meeting. The shareholders' general meeting shall, in accordance with laws, hear and consider the statement of such external supervisors and relevant proposal prior to voting.
- Article 259** If an external supervisor fails to satisfy the requirement of independence, or on the occurrence of certain events rendering him not appropriate to perform the duties of external supervisors independently, or an external supervisor is disqualified or removed which result(s) in the percentage of external supervisors in the Board of Supervisors of the Bank to fall below the minimum number or percentage required by relevant laws, regulations and the Articles of Association of the Bank, the Bank shall hold a shareholders' general meeting to select external supervisors and to make up for the number and percentage of external supervisors.
- Article 260** An external supervisor may resign before the expiration of his term of office. For resignation, the external supervisor shall submit a written resignation to the Board of Supervisors and a written statement to the forthcoming shareholders' general meeting, to disclose any matters that are related to his resignation or that he thinks is necessary to bring to the notice of shareholders and creditors.
- Article 261** Where the resignation of an external supervisor results in the percentage of external supervisors in the Board of Supervisors of the Bank to fall below the minimum number or percentage required by relevant laws, regulations and the Articles of Association of the Bank, the resignation of such external supervisor shall not enter into force until a new external supervisor has been selected to fill in the vacancy caused by the resignation, and before that, such external supervisor shall continue to perform the duties as an external supervisor.
- Article 262** An external supervisor shall enjoy the rights as a supervisor to supervise the Board of Directors, senior management and their members, and to organize and perform auditing work within the terms of reference of the Board of Supervisors based on resolutions adopted by the Board of Supervisors.
- Article 263** When all the external supervisors reach a consensus, they shall have the right to propose the Board of Supervisors to suggest the Board of Directors to convene an extraordinary shareholders' general meeting, and the Board of Supervisors shall respond with its agreed or disagreed opinions in writing upon receipt of such proposals.
- When all the external supervisors make such proposal in writing, the Board of Supervisors shall convene a meeting.

**Article 264** Unless required by the laws, external supervisors shall not disclose trade secret related to the Bank.

**Article 265** In order to ensure that external supervisors can effectively exercise their powers, the Bank shall provide necessary working conditions for them:

- (1) to ensure that external supervisors enjoy as the same right to know as the other supervisors do. Any matter subject to the decision-making of the Board of Supervisors, shall be notified to external supervisors in advance, and sufficient information shall be provided at the same time. Such information if deemed by external supervisors as insufficient shall be supplemented as requested by such external supervisors. Where all the external supervisors believe that such information is inadequate or unclear, they may jointly make a written request, proposing the Board of Supervisors to postpone the meeting or postpone the review of such matter, which should be adopted by the Board of Supervisors;
- (2) The office of the Board of Supervisors of the Bank shall actively provide assistance to external supervisors to perform their duties, such as briefing and providing information;
- (3) While external supervisors are performing their duties, the relevant personnel of the Bank shall actively cooperate with them, and shall not interfere with their independent exercise of the powers by means of refusal, obstruction or concealment; and
- (4) The Bank offers external supervisors appropriate allowance. The standard of the allowance for external supervisors shall be formulated by the Board of Supervisors, approved by the shareholders' general meeting, and disclosed in the annual report of the Bank.

Save for the above allowance, external supervisors shall not receive any other additional undisclosed benefits from the Bank and its substantial shareholders or interested agencies and persons.

### Section 3 Board of Supervisors

**Article 266** The Bank shall establish the Board of Supervisors, which is responsible to the shareholders' general meeting.

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

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

Supervisors representing employees shall also accept the supervision of the employee representative meetings, employee meetings or other democratic manners, and they shall report to the employee representative meetings regularly.

**Article 267** The Board of Supervisors of the Bank shall be composed of seven (7) to nine (9) supervisors. One member of the Board of Supervisors shall act as the chairman. The appointment and removal of the chairman of the Board of Supervisors shall be determined by two-thirds (2/3) or more of the members of the Board of Supervisors.

The Board of Supervisors shall consist of representative(s) of shareholders, external supervisor(s), and representative(s) of employees of the Bank, among which, both the number of external supervisor(s) and the number of representative(s) of employees of the Bank shall not be less than one-third (1/3) of the supervisors. Representative(s) of shareholders and the external supervisor(s) shall be elected and removed by the shareholders' general meeting. The representative(s) of employees of the Bank shall be nominated by the Board of Supervisors or the labor union of the Bank, elected and removed by the workers congress of the Bank. The representative(s) of employees of the Bank shall be under the supervision of and report their work to the workers congress on a regular basis.

**Article 268**

Other than duties as stipulated in laws, regulations and rules, the Board of Supervisors shall supervise the performance of functions and duties of the Board of Directors and the senior management, financial activities, internal control and risk management of the Bank. The Board of Supervisors shall exercise the following powers as stipulated in the Articles of Association:

- (1) the Board of Supervisors shall supervise the Board of Directors and directors regarding the following important matters: compliance with applicable laws, regulations, rules and other regulatory documents; compliance with the Articles of Association of the Bank, rules of procedure for shareholders' general meetings, and rules of procedure for meetings of the Board of Directors; implementation of resolutions adopted by shareholders' general meetings and meetings of the Board of Supervisors and performance of powers and duties in accordance with laws in making significant decisions on operations and management; determination of major business management and strategy decisions; continued improvement in corporate governance, development strategy, business strategy, capital management, remuneration management, disclosure, and protection of deposit holders and other interested stakeholders; effective operation of the Board of Directors' specialized committees; the directors' attendance, comments and proposals at meetings; independent directors' independent advices on material connected transaction, profit distribution, matters potential to damage the interests of depositors or minority shareholders of the Bank, and matters potential to cause the Bank's material loss;
- (2) the Board of Supervisors shall supervise the senior management and its members regarding the following important matters: compliance with applicable laws, regulations, rules and other regulatory documents; compliance with the Articles of Association of the Bank and authorization of the Board of Directors; implementation of resolutions adopted by shareholders' general meetings, meetings of the Board of Directors, and meetings of the Board of Supervisors; performance of business management within their terms of reference, and continued improvement in business management, risk management, and internal control;
- (3) when finding that a director or senior management has breached any applicable laws, regulations, rules, or the Articles of Association, the Board of Supervisors may demand him to rectify his conduct and recommend investigations regarding liability for those responsible for such breaches;
- (4) the Board of Supervisors shall establish and improve a performance appraisal system with clearly defined performance criteria and standards, for the evaluation of all directors and senior management in the performance of their duties, and carry out resignation audit for directors and senior management;
- (5) the Board of Supervisors shall establish a record-keeping system to deposit performance reviews of directors and senior management to make the files of performance reviews complete;
- (6) to review and present written opinions on the regular reports prepared by the Board of Directors;

- (7) to examine and supervise the Bank's financial affairs;
- (8) to review financial information including financial reports, business reports, and profit distribution plan, which the Board of Directors intends to submit to the shareholders' general meeting. Where abnormalities arise, a certified public accountant or certified auditor may be entrusted to assist in re-auditing such financial information in the name of the Bank;
- (9) to propose the convening of extraordinary shareholders' general meetings, and, if the Board of Directors fails to call such a meeting as required under the PRC Company Law, to convene and host the shareholders' general meetings;
- (10) to present proposals to shareholders' general meetings;
- (11) to bring actions against directors and senior management according to the relevant provisions of the PRC Company Law;
- (12) to investigate any irregularities in the operations of the Bank, and if necessary, engage accounting firms, law firms, or other professional firms to assist its work with costs borne by the Bank;
- (13) to conduct audits relating to operation and decision-making, risk management, and internal control of the Bank when necessary;
- (14) to inquire into directors and senior management;
- (15) to draft remuneration plans for supervisors, and submit them to the shareholders' general meeting for approval; and
- (16) other powers prescribed by applicable laws, administrative regulations, and departmental rules, as well as any other powers conferred by the Articles of Association.

In order to ensure that the Board of Supervisors can effectively exercise its powers, the Board of Supervisors may establish specific system, implementing rules and measures in accordance with applicable regulations and the Articles of Association.

- Article 269** The chairman of the Board of Supervisors shall exercise the following powers:
- (1) to preside the work of the Board of Supervisors;
  - (2) to convene and preside over meetings of the Board of Supervisors and determine matters to consider;
  - (3) to supervise and examine the implementation of resolutions adopted by the Board of Supervisors;
  - (4) to sign relevant documents of the Board of Supervisors; and
  - (5) other powers granted by the Articles of Association and the Board of Supervisors of the Bank.

**Article 270** The Board of Supervisors may set up special committees, including an audit committee, a supervision committee and a nomination committee, as the circumstances may require. Each special committee shall be chaired by an external supervisor in principle to preside over the work. The Board of Supervisors of the Bank should set up a supervision and nomination committee, consisting of no less than three (3) members.

**Article 271** The supervision and nomination committee of the Board of Supervisors has the main powers as follows:

- (1) to draft specific programs for the Board of Supervisors to exercise its supervisory power.
- (2) to perform supervision and audit duties with the authority of the Board of Supervisors and to formulate audit programs in respect of due diligence of directors, Chairman and the senior management; to draft supervision and audit programs for the Bank's financial activities, business decision-making, risk management and internal control with the authority of the Board of Supervisors, and organize above mentioned audit activities; to be responsible for the outgoing audit of directors and the senior management.
- (3) to conduct investigation of the Bank's special events as authorized by the Board of Supervisors, with investigation findings to be reported simultaneously to the Board of Supervisors and the Board of Directors.
- (4) to draft up the selection procedures and criteria of a supervisor, to make preliminary review on the qualifications and conditions of director candidates, and to make suggestions to the Board of Supervisors required relevant laws.
- (5) other functions and powers authorized by the Board of Supervisors of the Bank.

**Article 272** The supervision and nomination committee of the Board of Supervisors may seek professional opinions from intermediaries whenever it is necessary, with relevant expenses to be borne by the Bank.

**Article 273** The Board of Supervisors sets up an office which functions as a working body. The office shall employ workers who are equipped with relevant expertise to secure the performance of supervision duties of the Board of Supervisors.

**Article 274** The Board of Supervisors shall, on notice that the Board of Directors and the senior management have acted in contradiction with the laws, the regulations and the Articles of Association, propose to punish those that are held to be responsible, and issue notice of rectification with a deadline. The Board of Directors or the senior management shall impose punishment or shall rectify the act with no delay, and submit the results in a written report to the Board of Supervisors. If the Board of Directors and the senior management refuse or delay in the adoption of penalty or rectification measures, the Board of Supervisors shall report to the relevant regulatory institutions and the shareholders' general meeting. The Board of Supervisors may also report to the relevant regulatory institutions directly.

The Board of Supervisors shall demand the Board of Directors and the senior management to rectify their misconducts including not prudently adopting accounting principles, not strictly calculating interest receivable and not adequately preparing allowance for bad debts.

The Board of Supervisors shall, on notice of unusual fluctuation of the business of the Bank, question the Board of Directors or the senior management.

**Article 275** The Board of Supervisors shall be informed of the Bank's significant resolution matters in advance, and be provided operating conditions, financial conditions, major contracts, material events and cases, audit matters, significant changes in human resources as well as other information as required by the Board of Supervisors.

**Article 276** A supervisor has the right to get knowledge of the Bank's business conditions and shall undertake the corresponding confidentiality obligation as well. The Bank shall take measures to safeguard supervisors' right to know and provide supervisors with assistance necessary for the performance of their duties, without anyone's intervention or obstruction. The reasonable expenses for supervisors to exercise their duties shall be borne by the Bank.

**Article 277** The Board of Supervisors shall actively guide the Bank's internal audit department to independently perform audit and supervision functions, and to effectively carry out business management and work assessment of the internal audit department.

The audit results of the Bank's internal audit department in respect of functional departments and branch offices shall be submitted as a whole to the Board of Supervisors in a timely manner. If the Board of Supervisors has any doubt on the audit results submitted by the internal audit department, it shall have the right to require president or the audit department to make explanations.

**Article 278** When performing its duties, the Board of Supervisors shall be entitled to learn relevant situations from the Bank's relevant staff and departments. In this regard, such staff and departments shall provide active cooperation.

The Board of Supervisors may, in the performance of its duties, adopt a variety of methods of supervision, such as offsite monitoring, inspections, attending meetings, interviews, reviewing reports, research, surveys, exit audits and engagement of third-party professional organizations for assistance. The Board of Supervisors shall have the right to use all the operational and management information systems of the Bank according to the needs for performance of its duties.

The Board of Supervisors shall have its own independent budget, and shall have the right to administrate its budget independently according to its needs for performance of its duties. The expenses needed for the Board of Supervisors to carry out its duties shall be borne by the Bank.

**Article 279** The Bank shall submit reports with the attachment of opinions of the Board of Supervisors, regularly to the relevant regulatory institutions. The Board of Supervisors shall express its opinions on the relevant financial activities, internal control and risk management contained in the reports.

**Article 280** The dividend distribution plan prepared by the Board of Directors shall be sent to the Board of Supervisors in the initial stage. The Board of Supervisors shall present its opinions within five (5) working days after the receipt.

**Article 281** The Board of Supervisors may assign supervisors to attend the meetings of the Board of Directors, special committees of the Board of Directors and the senior management as it deems necessary, and has the right to raise inquiries or suggestions for resolutions made at the meetings.

**Article 282** The Board of Supervisors shall hold at least one meeting each quarter. Such meetings shall be convened by the chief supervisor. A supervisor may propose to convene extraordinary meetings of the Board of Supervisors.

The chief supervisor shall convene and preside over a meeting of the Board of Supervisors; if the chief supervisor is unable to perform its duties for any reason, a supervisor shall be selected by 50% or above supervisors to act.

Supervisors should personally attend at least 2/3 meetings of the Board of Supervisors each year. A supervisor unable to attend such a meeting for any reason, may in writing entrust another supervisor to attend that meeting on his behalf. However, a supervisor shall not be authorized by more than two supervisors to attend a meeting of the Board of Supervisors on their behalf.

The method of discussion of the Board of Supervisors: meeting of the Board of Supervisors. The chief supervisor or a supervisor nominated by it confirms the number of supervisors present at the meeting and explains the matters and subjects of the meeting. Those supervisors present discuss and make speeches, and vote on resolutions for which meeting minutes shall be taken.

Matters for discussion at the Board of Supervisors shall be voted item by item, that is, voting commences after a proposal has been examined; the next proposal may not be voted if the previous proposal is still being voted. Each and every supervisor shall have one vote.

Resolutions of the Board of Supervisors shall be approved by more than 2/3 of all the members of the Board of Supervisors.

The resolutions approved by the Board of Supervisors to dismiss independent directors or external supervisors shall be submitted to the shareholders' general meeting for review. Independent directors or external supervisors may make representations and defences to the Board of Directors or the Board of Supervisors prior to the submission of the said resolutions to the shareholders' general meeting. The Board of Supervisors shall convene extraordinary meetings to hear and consider such representations and defences within three (3) days from the date of the request.

If the Board of Directors and the senior management refuse or delay in taking corresponding measures for resolutions, opinions and suggestions of the Board of Supervisors, the Board of Supervisors is entitled to report to the shareholders' general meeting, propose to convene extraordinary shareholders' general meetings, or report to the regulatory institutions, if necessary.

**Article 283** The Board of Supervisors shall develop the rules of procedure for the Board of Supervisors to specify the rules of procedure and voting procedures for the Board of Supervisors, in order to ensure efficiency and scientific decision-making of the Board of Supervisors.

Rules of procedure are prepared by the Board of Supervisors and approved by the shareholders' general meeting.

**Article 284** The Board of Supervisors may demand directors, president and other senior management of the Bank as well as internal and external audit personnel who are associated with meeting subjects to present at the meetings of the Board of Supervisors and to explain or answer questions.

**Article 285** The decisions on the matters made at the meetings of the Board of Supervisors shall be recorded as minutes, which shall be signed by supervisors present at such meetings.

Any supervisor shall have the right to make an explanatory note in the minutes regarding his speech at the meeting. The minutes of the Board of Supervisors shall be kept for at least ten (10) years.

Supervisors shall take responsibility for the resolutions of the Board of Supervisors. However, those supervisors who already raise objection that has been recorded in the minutes, shall be exempted from such liability.

**Article 286** The meeting notice of the Board of Supervisors shall include the following:

- (1) the date, location and duration of meeting;
- (2) matters and subjects; and
- (3) the date of notice.

#### **Chapter 14 Qualifications and Obligations of Directors, Supervisors and Senior Management of the Bank**

**Article 287** The qualifications of the Bank's directors, supervisors and other senior management should comply with the provisions of the laws, administrative regulations, rules and the Articles of Association. The directors, supervisors and other senior management shall be subject to approval for such positions according to the relevant requirements of the banking regulatory institution in the PRC.

**Article 288** Any person shall not serve as a director, a supervisor or a senior management in the Bank, in any of the following situations:

- (1) no or limited capacity for civil conduct;
- (2) within the five (5) years after the end of criminal penalty due to an offence of corruption, bribery, and appropriation of property, misappropriation of property or destruction of the social economic order; or less than five (5) years after the end of deprivation of political rights for a crime;
- (3) a person who has been a director, factory manager, or manager of a company or enterprise which has entered into an insolvency liquidation because of poor operation and management, and is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date the bankruptcy and liquidation of the company or enterprise was completed;
- (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 the business license was revoked;
- (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 person who is removed by other commercial banks or organizations for his failure to fulfill obligations in good faith;
- (9) a shareholder, or a person employed by an entity shareholder that owes debts (not including debts in the form of deposit or secured by state bond) to the Bank, the amount of which exceeds the audited net share value of his shares in the last fiscal year;
- (10) a person, or a person employed by an entity that owes debts to the Bank and is in default on such debts;
- (11) a person who is currently prohibited from the securities market by relevant regulatory authority;
- (12) a non-natural person;
- (13) a person who was ruled to have violated provisions of relevant securities regulations by a relevant regulatory authority involving a finding that he has acted fraudulently or dishonestly, where less than five years have elapsed since the date such ruling was made;

If a director, supervisor or senior executive officer performs the abovementioned behaviors during his term of office, the Bank will remove or dismiss him in accordance with the procedures of the Articles of Association.

**Article 289** The validity of an act of a director, president, or senior executive officer acting on behalf of the Bank is not, *vis-à-vis a bona fide* third party, affected by any irregularity in his office, election, or any defect in his qualification.

**Article 290** In addition to the obligations imposed by the laws, the administrative regulations or the listing rules, a director, supervisor and senior executive officer of the Bank shall owe a duty to each shareholder in respect of the following obligations in the exercise of duties and powers entrusted to them by the Bank:

- (1) not to cause the Bank to exceed the scope of business stipulated in its business license;
- (2) to act faithfully in the best interests of the Bank;
- (3) not to deprive the Bank of its assets in any manner, including, but not limited to, not to usurp the opportunities beneficial to the Bank;
- (4) not to deprive the personal interests of the shareholders including, but not limited to, the rights to distribution and voting rights save and except pursuant to a restructuring of the Bank submitted to shareholders for approval in shareholders' general meetings in accordance with the Articles of Association.

**Article 291** In exercising their rights or discharging their duties, the directors, supervisors, and senior executive officers owe a duty to exercise the reasonable care, diligence and skill of a reasonable and prudent person acting under such circumstances.

**Article 292** In discharging their duties, the directors, supervisors and senior executive officers of the Bank shall observe the fiduciary principle and shall not put themselves in a position where their personal interests may conflict with the duties they assumed. Such principle shall include but not be limited to, the undertaking of the following obligations:

- (1) to act honestly in the best interest of the Bank;
- (2) to exercise powers within, and not to exceed the scope of, their authority;
- (3) to exercise the discretionary power vested in them personally and not allow themselves to exercise such discretionary power under the direction or influence of another person and, unless and to the extent permitted by the laws or administrative regulations or the informed consent of the shareholders' general meeting, not to delegate the exercise of their discretion;
- (4) to treat the shareholders of the same class equally and to treat the shareholders of different classes fairly;
- (5) unless otherwise provided herein or with the informed consent of the shareholders' general meeting, not to enter into contracts, transactions or arrangements with the Bank;
- (6) without the informed consent of shareholders' general meeting, not to use the property of the Bank in any manner for their own benefits;
- (7) not to exploit their positions to accept bribes or other unlawful income nor to deprive the Bank of its property in any manner, including, but limited to, usurp the opportunities beneficial to the Bank;
- (8) without the informed consent of shareholders' general meeting, not to accept any commission in connection with the transactions of the Bank;
- (9) to abide by the Articles of Association, to perform their duties faithfully, to protect the interests of the Bank, and not to pursue personal benefits by exploiting their positions and authorities in the Bank;
- (10) without the informed consent of shareholders' general meeting, not to compete in any way with the Bank;

- (11) not to misappropriate the funds of the Bank or to lend the funds of the Bank to others; not to deposit the assets of the Bank in the accounts opened under their own names or the names of other persons; not to use the assets of the Bank as security for the liabilities of the shareholders of the Bank or any other persons; and
- (12) without the informed consent of shareholders' general meeting, not to disclose any confidential information of the Bank acquired during their terms of office, nor to take advantage of such information unless for the interest of the Bank, provided that such information may be disclosed to a court of law or other governmental authorities under the following situations:
  1. disclosure is required by the laws;
  2. disclosure is required in the public interest; and
  3. disclosure is required in the interests of such directors, supervisors and senior executive officers.

**Article 293**

The directors, supervisors and senior executive officers of the Bank shall not knowingly cause any one of the following persons or organizations ("connected persons") to do such acts which such directors, supervisors and senior executive officers are prohibited from doing:

- (1) the spouse or the minor children of directors, supervisors and senior executive officers of the Bank;
- (2) a trustee of directors, supervisors and senior executive officers of the Bank or of the persons mentioned in (1) of this Article;
- (3) a partner of directors, supervisors and senior executive officers of the Bank or of the persons mentioned in (1) and (2) of this Article;
- (4) companies actually and solely controlled by directors, supervisors and senior executive officers of the Bank, or companies actually and jointly controlled by the persons referred to in (1), (2) and (3) of this Article or the directors, supervisors and senior executive officers of the Bank; and
- (5) the directors, supervisors and senior executive officers of the Bank being controlled as mentioned in (4) of this Article.

**Article 294** The obligations in good faith of the directors, supervisors and senior executive officers of the Bank may not be terminated upon expiration of their terms of office, and their obligations to keep the trade secret of the Bank confidential shall remain valid after the expiration of their terms of office. The continuance of other obligations shall be determined on a fair basis depending on the length of the time between the occurrence of the event and their departure from office and the circumstances and the conditions under which their relations with the Bank were terminated.

**Article 295** The liabilities of the directors, supervisors and senior executive officers of the Bank in respect of the breach of certain substantive obligations may be discharged with the informed consent by shareholders' general meeting except for the circumstances provided for in Article 68 of the Articles and Association.

**Article 296** In a event that the directors, supervisors and senior executive officers of the Bank are interested materially, directly or indirectly, in a contract, transaction or arrangement made or proposed to be made with the Bank (except for the service contract of the directors, supervisors and senior executive officers of the Bank), they shall disclose to the Board of Directors the nature and extent of their interest as soon as possible, whether or not the relevant matters are subject to the approval by the Board of Directors in normal circumstances.

Unless the directors, supervisors and senior executive officers of the Bank so interested has disclosed such interest to the Board of Directors as required in this Article and the Board of Directors has approved the same in the meeting in which he has not been counted in the quorum and has been refrained from voting, the Bank shall have the right to revoke such contracts, transactions or arrangements except as against a *bona fide* party without notice of the breach of the duty by the directors, supervisors, President and other senior executive officers concerned.

If any connected person of directors, supervisors and senior executive officers of the Bank is interested in certain contracts, transactions or arrangements, such directors, supervisors and senior executive officers shall also be deemed as interested in the same.

**Article 297** If, before the Bank first considers entering into the relevant contract, transaction or arrangement, the directors, supervisors and senior executive officers of the Bank give notice to the Board of Directors, stating that by reasons of the facts contained in the notice they are interested in such contract, transaction or arrangement to be entered into by the Bank subsequently, such directors, supervisors and senior executive officers shall be deemed to have made such disclosure as stipulated in the preceding Article of the Chapter to the extent as stated in the notice.

**Article 298** The Bank shall not in any manner pay taxes on behalf of any of its directors, supervisors, president and other senior executive officers.

**Article 299** The Bank shall not grant credit loans to a related person. 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 “related persons” above shall refer to:

- (1) a director, supervisor, executive officer, or employee engaged in the credit business of the Bank, or any close relatives of such an individual; and
- (2) a company, enterprise, or other economic organization in which one of the above persons invests or of which such a person is a senior executive officer.

**Article 300** If the Bank provides loans in violation of the preceding Article, the payee shall return the loans immediately, regardless of the terms of such loans.

Guarantees for loans provided by the Bank in breach of the provisions of Article 299 of the Articles of Association shall be unenforceable against the Bank except under the following situations:

- (1) at the time when the loans were made to the connected persons of the directors, supervisors and senior executive officers of the Bank or those of its parent company, the lender has no knowledge of the circumstances;
- (2) the security provided by the Bank has been legally sold by the lender to a *bona fide* purchaser.

**Article 301** The guarantee referred to in the preceding Article shall include obligations assumed or the property provided by the guarantor to secure the performance of obligations by the obligor.

**Article 302** Where directors, supervisors and senior executive officers of the Bank are in breach of their obligations to the Bank, the Bank shall apart from the various rights and remedies provided by the laws and administrative regulations be entitled to take the following measures:

- (1) to demand the relevant directors, supervisors and senior executive officers pay damages for the losses sustained by the Bank as a result of the dereliction of duties on their parts;
- (2) to revoke any contacts or transactions made between the Bank and the relevant directors, supervisors and senior executive officers, and a contract or transaction made between the Bank and a third party (if such third party knows or should have known that the directors, supervisors and senior executive officers representing the Bank are in breach of the obligations to the Bank);

- (3) to demand the relevant directors, supervisors and senior executive officers hand over the proceeds generated in violation of their obligations;
- (4) to recover from the relevant directors, supervisors and senior executive officers the monies which should have been received by the Bank including, but not limited to, commission received by them; and
- (5) to demand the relevant directors, supervisors and senior executive officers return the interest earned or that may be earned from the monies which should have been payable to the Bank.

**Article 303** The Bank shall, with the prior approval of shareholders at a shareholders' general meeting, enter into a written contract with each of the directors or supervisors wherein his emoluments are stipulated. The aforesaid emoluments include:

- (1) emoluments with respect to his service as a director, supervisor or senior executive officer of the Bank;
- (2) emoluments with respect to his service as a director, supervisor, or senior executive officer of any subsidiary of the Bank;
- (3) emoluments with respect to the provision of other services in connection with the management of the Bank or of any subsidiary of the Bank; and
- (4) 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 any benefit due to him with respect to the above matters.

**Article 304** Contracts concerning emoluments between the Bank and the directors or supervisors should provide that in the event of a takeover of the Bank, the directors or supervisors shall, subject to the prior approval of the shareholders in a shareholders' general meeting, have the right to receive compensation or other payment with respect to a loss of office or retirement. A "takeover of the Bank" referred to in this paragraph means either:

- (1) an offer made by any person to all shareholders; or
- (2) an offer made by any person with a goal of becoming controlling shareholder. The meaning of "controlling shareholder" is the same as that defined in Article 69 of the Articles of Association.

If the relevant director or supervisor does not comply with this provision, any sum received by him shall belong to those persons who have sold their shares as a result of the said offer. Expenses incurred in distributing such sum *pro rata* amongst those persons shall be borne by the relevant director or supervisor and shall not be paid out of the sum to be received by him.

## Chapter 15 Financial and Accounting System, Profit Distribution and Audit

- Article 305** The Bank shall establish its financial and accounting system in accordance with the laws, administrative regulations, and the rules stipulated by relevant regulatory authority.
- Article 306** The Bank shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of an individual.
- Article 307** The accounting year of the Bank is from 1 January to 31 December of the Gregorian calendar year.
- Article 308** The Bank shall at the end of each financial year prepare a financial report which shall be examined and verified as required by law.
- Article 309** The Board of the Bank shall place before the shareholders at every annual shareholders' general meeting such annual financial reports prepared by the Bank that are required by any laws, administrative regulations, or any other regulatory documents promulgated by the relevant regional governmental authorities.
- Article 310** The Bank's annual report (including reports of the Board and financial reports) shall be made available at the Bank for shareholders' inspection 20 days before the date of such annual shareholders' general meeting. Each shareholder of the Bank shall be entitled to obtain a copy of the financial reports.
- The Bank will send the abovementioned reports to the holders of overseas-listed foreign shares within at least 21 days prior to a shareholders' general meeting by prepaid mail or by other ways provided by the law and regulations and the Listing Rules to their addresses as shown in the share register.
- Article 311** The financial statements of the Bank may, in addition to being prepared in accordance with the accounting standards and regulations of the PRC, be prepared in accordance with the international accounting standards, or the accounting standards accepted in a place outside China where the shares of the Bank are listed. In the event of any material discrepancies in the financial statements prepared in accordance with the two types of accounting standards, such discrepancies shall be stated in the notes to the financial statements. The profit after taxation to be distributed by the Bank shall be the lower of the two after-tax profits as shown in the two financial statements mentioned above.
- Article 312** The interim results or financial information published or disclosed by the Bank shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards, or the accounting standards accepted in a place outside China where the shares of the Bank are listed.
- Article 313** The Bank shall announce its financial report twice in each financial year, i.e. to announce its interim financial report within 60 days after the end of the first six months of each financial year, and announce the annual financial report within 120 days after the end of each financial year. Where the securities regulatory authorities of the places where the Bank's shares are listed stipulates otherwise, such stipulation shall be followed.

**Article 314** The capital reserve fund shall include the following:

- (1) any premium which exceeds the proceeds from issuance of shares at nominal value;
- (2) any other income credited to the capital reserve fund as required by the finance supervisory department of the State Council.

**Article 315** The profit after taxation of the Bank shall be allocated according to the following order and sequence:

- (1) make up for the losses of the previous year;
- (2) allocate 10% of the profits to the statutory common reserve fund;
- (3) allocate general reserve;
- (4) pay dividends of holders of preference shares;
- (5) allocate arbitrary reserve fund; and
- (6) pay shareholder's dividends.

When the accumulated amount of the statutory common reserve fund reaches 50% or above of the registered capital of the Bank, allocation is no longer required.

After making allocation to the statutory common reserve fund and general reserve and paying dividends of holders of preference shares, the Bank may appropriate further arbitrary reserve fund from the profit after taxation subject to the resolutions the shareholders' general meetings. After making up for the losses and making allocation to the statutory common reserve fund and general reserve, paying dividends of holders of preference shares and making allocation to arbitrary reserve fund, the remaining profit after taxation shall be distributed according to the shareholding ratios of shareholders.

If the Bank's capital adequacy ratio does not meet the requirements of the relevant regulatory authorities, no profits shall be distributed to investors. Provided that the capital adequacy ratio meets the regulatory requirements, and there are distributable profits, the Bank may distribute profits.

If a shareholders' general meetings violates the provisions in the preceding paragraph of this Article and profits are distributed to the shareholders before the Bank makes up losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned to the Bank.

The Bank's shares held by the Bank shall not participate in profit distribution.

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

**Article 316** 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 317** The Bank may distribute dividends in the following forms:

- (1) cash;
- (2) shares;
- (3) a combination of cash and shares.

Any share monies of any shares paid before the call shall be entitled to dividends. However, shareholders shall not have any right to receive the dividends declared thereafter in relation to the pre-paid share monies.

**Article 318** The Bank shall appoint a receiving agent for the holders of the overseas listed foreign shares. Such receiving agent shall receive dividends and other sums in relation to the overseas listed foreign shares of the Bank on behalf of such holders.

The receiving agent appointed by the Bank shall meet the relevant requirements of the laws of the listing place or the relevant regulations of the stock exchange of the listing place.

The receiving agent appointed for holders of overseas listed foreign shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

**Article 319** 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.

**Article 320** In terms of the joint holders of any shares, if the Bank pays any dividends, bonus or capital return to any one of such joint holders, such payment shall be deemed as the allocation or distribution to all the joint holders in relation to such shares.

**Article 321** The Bank may forfeit unclaimed dividends subject to relevant laws, administrative regulations and rules of China. This right shall only be exercised after the expiration of applicable limitation period.

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

## Chapter 16 Engagement of Accounting Firms

- Article 322** The Bank shall engage independent accounting firms that meet relevant provisions of the state and are authorized to conduct auditing business in relation to the finance industry to audit annual financial reports and other financial reports of the Bank, verify the net assets of the Bank and conduct other consulting service.
- Article 323** The engagement term of the accounting firm shall commence 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 324** The accounting firm engaged by the Bank shall have the following rights:
- (1) to access financial statements, records and vouchers of the Bank at any time and to require the directors or senior executive officers to provide relevant information and explanations;
  - (2) to require 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) to attend shareholders' general meetings, receive 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 give speeches at the meeting with regard to matters involving its duties as an accounting firm engaged by the Bank.
- Article 325** 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 326** 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 327** The remuneration of an accounting firm or the manner in which such remuneration is to be determined shall be determined by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board of Directors to fill a vacancy shall be determined by the Board of Directors and approved by the shareholders' general meeting.

**Article 328**

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 Banking regulatory institution and other relevant agencies 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 accounting 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) to make a statement in the notice of resolutions for the fact that the retiring accounting firm has made a statement;
  - (ii) to send 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 329** 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.

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.

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 17 Labor Employment**

**Article 330** The Bank shall establish labor union organization and carry out work in accordance with the Company Law and the Labor Union Law of the People's Republic of China to safeguard the legitimate rights and interests of its employees. The Bank shall lay down conditions which are prerequisite for the activities of the labor union of the Bank.

**Article 331** The Bank shall comply with the Labor Contract Law of the People's Republic of China and other laws and regulations and establish a labor employment system according to the laws and regulations.

**Article 332** The Bank shall implement the relevant policies by complying with the relevant national and local labor protection laws and regulations. The employees of the Bank shall be subject to social insurance contribution plans according to the relevant national regulations.

## **Chapter 18 Merger, Division, Dissolution and Liquidation**

### **Section 1 Merger and Division**

**Article 333** The merger or division of the Bank shall be implemented by proceeding examination and approval procedures according to laws after a plan proposed by the Board of Directors is passed in accordance with the procedures of the Articles of Association. The shareholders who oppose to 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 the inspection of shareholders. The aforesaid documents shall also be sent out by mail to the holders of the overseas listed foreign shares.

**Article 334** The merger action taken by the Bank may be in two forms, acquisition or amalgamation.

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 a balance sheet and a detailed inventory of assets shall be prepared. The Bank shall inform its creditors of the intended merger within 10 days following the date on which the merger resolution is adopted, and publish an announcement in a newspaper designated by the relevant regulatory authority at least three times 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 335** Where the Bank proceeds into a division, its assets shall be divided accordingly.

In the case of a division of the Bank, a division agreement shall be signed in respect of the a division by each of the division parties and a balance sheet and a detailed inventory of assets shall be prepared. The Bank shall inform its creditors of the intended a division within 10 days following the date on which the division resolution is adopted, and publish an announcement in a newspaper designated by the relevant regulatory authority at least three times within 30 days.

The companies after the division shall be liable for the debts of the Bank incurred prior to the division of the Bank.

**Article 336** 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.

## **Section 2 Dissolution and Liquidation**

**Article 337** 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 according to laws or regulations;
- (5) the Bank encounters grave difficulties in its operation and management, continued existence shall cause material loss 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 may make a petition to the people's court for the dissolution of the Bank; and
- (6) the Bank is ordered to be closed down due to its violation of any laws or administrative regulations.

**Article 338** In the case of dissolution of the Bank under the circumstances set out in item (1), (4) and (5) of the preceding Article, a liquidation committee shall be formed within 15 days since the date of the occurrence of the reasons for dissolution. 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 (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 (6) 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 339** 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 investigations 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' general meeting at least once a year and make a final report to the shareholders' general meeting upon the end of liquidation.

**Article 340** The liquidation committee shall inform its creditors within 10 days following its establishment, and make announcements in newspapers for information disclosure designated by related regulatory institution at least three times 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.

**Article 341** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (1) sorting of the Bank's assets and preparing a balance sheet and a detailed inventory of assets respectively;
- (2) to inform creditors by notice or public announcement;
- (3) to deal with the outstanding businesses of the Bank related to liquidation;
- (4) to settle the outstanding tax;
- (5) to settle claims and debts;
- (6) to deal with the remaining assets after the full repayment of the Bank's debts;
- (7) to participate in civil proceedings on behalf of the Bank.

**Article 342** After the liquidation committee has sorted the Bank's assets and prepared a balance sheet and a detailed list 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 and sequence:

- (1) pay liquidation expenses;
- (2) pay salaries, social insurance premiums and legal compensations of the employees in the Bank;
- (3) principal amounts for personal savings deposit and its legal interests;
- (4) pay taxes due;
- (5) to settle the debts of the Bank.

The residual assets after the settlement made according to the preceding Article shall be distributed to the shareholders on the basis of the class of shares and in the proportion of shares being held.

During the liquidation, the Bank will remain its existence, but can not carry on new operating activities, nor carry on operating activities not related to liquidation. The assets of the Bank shall not be distributed to shareholders until the settlement made in accordance with the preceding Article.

**Article 343** Where the Bank is liquidated due to dissolution, if the liquidation committee, after the disposal of the assets of the Bank and preparation of the balance sheet and list of assets, discovers that the assets of the Bank are insufficient to settle the debts, it shall forthwith make an application to the People's Court for a declaration of insolvency.

After the declaration of insolvency by the People's Court, the liquidation committee shall transfer the liquidation matters to the People's Court.

**Article 344** Upon the completion of the liquidation of the Bank, the liquidation committee shall prepare a liquidation report, statement of income and expenditure and the financial accounts for the liquidation which, upon verification by an accountant registered in PRC, shall be submitted to the shareholders' general meeting or the relevant supervisory authorities for confirmation.

The liquidation committee shall submit within 30 days after the confirmation by the shareholders' general meeting or the relevant supervisory authorities the documents mentioned above to the registration authority of the Company and apply for the cancellation of the registration of the Company and announce the termination of the Bank.

**Article 345** The members of the liquidation committee shall fulfill their duties and obligations in relation to liquidation in accordance with the law.

The members of the liquidation committee shall neither accept bribes or other illegal income nor seize the properties of the Bank when fulfilling their duty of liquidation.

Any member of the liquidation committee shall compensate the Bank or the creditors for any loss caused by his intended or significant fault.

## **Chapter 19 Procedures for Amending the Articles of Association**

**Article 346** The Bank may amend the Bank's Articles of Association pursuant to the laws, the administrative regulations and the provisions of the Bank's Articles of Association.

If any of the following circumstances applies, the Bank should amend the Articles of Association:

- (1) After the amendment of PRC Company Law, Banking Supervisory and Administrative Law 《(銀行業監督管理法)》, Commercial Banking Law 《(商業銀行法)》 or relevant laws and administrative regulations, the matters under the Articles of Association are in contradiction with requirements of the amended laws and administrative regulations;
- (2) The situation of the Bank has changed in such a way that it is not in compliance with the situation set forth in the Articles of Associations;
- (3) The Articles of Association is resolved to be amended by the shareholders' general meeting.

**Article 347** Those amendments to the Articles of Association decided by resolutions passed in shareholders' general meeting shall be submitted for the review and approval of the relevant banking regulatory authority in China. The amendments to these Articles of Association which involve the contents of the Mandatory Provisions shall be submitted to and approved by the company vetting authority authorized by the State Council and the securities administrative authority of the State Council before coming into effect. If the amendments involve the registered items of the Bank, the Bank shall apply for registration of changes in the registered items in accordance with the laws.

## Chapter 20 Special Provisions on Preference Shares

**Article 348** Unless otherwise specified in laws, administrative regulations, departmental rules, regulations of the securities regulatory authorities in the place where the shares of the Bank are listed and this Chapter, the rights and obligations of holders of preference shares and management of preference shares shall be governed by the provisions relating to ordinary shares in the Articles of Association.

**Article 349** The number of preference shares issued by the Bank shall not exceed 50% of the total number of ordinary shares of the Bank, and the capital raised from the issuance of preference shares shall not be more than 50% of the net assets of the Bank prior to the relevant issuance (excluding the preference shares that have been redeemed or converted).

**Article 350** In accordance with relevant rules on regulatory capital of commercial banks, the Bank may formulate terms governing the mandatory conversion of the preference shares into ordinary shares, namely, upon the occurrence of certain trigger events, the Bank shall convert the preference shares into ordinary shares in accordance with the conversion price and conversion amount as determined at the time of issuance of the preference shares. In circumstances when the preference shares are mandatorily converted into ordinary shares, the Bank shall report such conversion to the relevant banking regulatory authority in China for review and approval.

Ordinary shares which are mandatorily converted from preference shares shall rank *pari passu* with the existing ordinary shares of the Bank.

**Article 351** The preference shares issued by the Bank shall not have any put option, and the holders of preference shares shall have no right to require the Bank to redeem preference shares. Subject to the approval of the relevant banking regulatory authorities in China and upon compliance with the relevant requirements, the Bank has the right to redeem all or part of the preference shares after the fifth year following the date of the relevant issuance of the preference shares. The redemption period of the preference shares commences on such date as agreed upon at the time of issuance of the preference shares and ends on the date of redemption or conversion of all the preference shares. The Bank shall write down the total amount of outstanding preference shares after the Bank redeems the preference shares.

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

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

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

The specific redemption arrangement shall be implemented in accordance with the terms specified in the issuance documents of preference shares of such series.

**Article 352** Holders of preference shares of the Bank shall enjoy the following rights:

- (1) to receive distribution of dividends in priority to holders of ordinary shares;
- (2) to receive distribution of residual assets of the Bank on liquidation in priority to holders of ordinary shares;
- (3) upon the occurrence of the circumstances provided in Article 354, to attend and vote at shareholders' general meetings;
- (4) upon the occurrence of the circumstances provided in Article 355, to have its voting rights restored in accordance with the requirements of that Article;
- (5) to make proposals or inquiries in relation to the business operations and activities of the Bank;
- (6) to inspect the Bank's Articles of Association, register of shareholders, record of bondholders, minutes of shareholders' general meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial reports; and
- (7) other rights conferred to holders of preference shares by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 353** Only votes of ordinary shares and votes of preference shares with restored voting rights shall be counted when calculating the proportion of shares and the number of shares held by the shareholders in the event of the following:

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

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

**Article 354**

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

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

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

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

**Article 355** In the event that the Bank fails to pay the prescribed dividend to the holders of preference shares for three financial years in aggregate or two consecutive financial years, the holders of preference shares will have the right to attend and vote at the shareholders' general meetings as if they are holders of ordinary shares from the day immediately after the shareholders' general meeting resolves that the Bank will not pay the prescribed dividend for the current dividend period. The voting rights of the holders of preference shares will remain restored until the Bank pays the current period dividend in full.

The formula for calculating the voting rights of the preference shares with restored voting rights is as follows:  $Q = V/P \times \text{conversion exchange rate}$ , with any fractional restored voting right rounded down to the nearest whole number.

Where: "Q" denotes the foreign shares voting rights restored from the offshore preference shares held by each holder of offshore preference shares; "V" denotes the aggregate value of the offshore preference shares with restored voting rights held by each holder of offshore preference shares; "P" denotes the conversion price; the initial conversion price is decided by the issuance plan for offshore preference shares passed by shareholders' general meeting and denominated in Hong Kong dollars (which shall be converted with reference to the central parity rate of RMB to Hong Kong dollars used by the interbank foreign exchange market as published by the China Foreign Exchange Trade System on the trading day prior to the announcement date of the Board resolution on the issuance plan for offshore preference shares (rounded up to the nearest 2 decimal places)); the "conversion exchange rate" refers to the cross rate between Hong Kong dollars and the currency in which the offshore preference shares are denominated based on the RMB central parity rate published by the China Foreign Exchange Trading System on the trading date preceding the date of the announcement of the passing of the Board of Directors' resolution in respect of the issuance plan for offshore preference shares; and the adjustment method of the conversion price P shall be determined as agreed at the time of the issuance of preference shares.

**Article 356** The dividend rate for the issued and outstanding preference shares of the Bank consists of the benchmark rate and the fixed spread. The dividend rate may be adjusted at different intervals. During a specified period after issuance of the preference shares, the dividend rate will remain the same and during any adjusted dividend rate period, the dividend rate will remain the same.

Holders of preference shares shall rank in priority to the holders of ordinary shares in terms of dividend distribution and the preference shares shall be entitled to the dividend rate and distribution of profits in accordance with the agreed terms. Dividends to the holders of preference shares shall be payable in cash. The Bank shall not distribute any profits to holders of ordinary shares before the payment of prescribed dividends in full.

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

**Article 357**

In the event of liquidation of the Bank as a result of dissolution, bankruptcy or other reasons, the remaining assets of the Bank after liquidation in accordance with laws, administrative regulations, departmental rules and Paragraph II of Article 342 hereof shall be distributed first to the holders of preference shares. Holders of preference shares will be entitled to an amount equal to the aggregate value of the preference shares then issued and outstanding plus any declared but unpaid dividends for the then current period. If there are insufficient remaining assets, the distribution will be made ratably according to the aggregate value of the preference shares held by each holder of preference shares as a proportion of the aggregate value of all preference shares of the Bank.

## Chapter 21 Notices

**Article 358** Notices of the Bank shall be delivered in the following forms:

- (1) by hands;
- (2) by mails;
- (3) by fax;
- (4) by way of an announcement;
- (5) by emails;
- (6) by publishing on the websites specified by the Bank and the stock exchange, subject to laws, regulations and listing rules;
- (7) by other forms accepted by the relevant regulatory institution at the listing place of the Bank's shares, or provided in the Articles of Association.

**Article 359** If a notice of the Bank is issued by way of an announcement, it shall be deemed to have been received by all the relevant personnel once announced.

**Article 360** Unless otherwise provided in the Articles of Association, the notice of meetings of the Bank will be issued in the following forms:

- (1) the notice of convening a shareholders' general meeting shall be issued by hand, mails and by way of an announcement.
- (2) the notice of convening a Board of Directors meeting shall be issued by hand, mails, fax and emails and etc.
- (3) the notice of convening a Board of Supervisors meeting shall be issued by hand, mails, fax and emails and etc.

**Article 361** For a notice sent by hand, the recipient shall sign (or seal) the relevant receipt. The receipt date shall be the date of service; for a notice of the Bank sent by mail, the 5th working day from the date of delivering to mail acceptance institution, shall be the date of service; for a notice of the Bank sent by fax or emails, the same day of sending the fax or emails shall be the date of service; for a notice issued by announcement, the date of service shall be the date of the first release of such announcement.

## Chapter 22 Dispute Resolutions

**Article 362** The Bank shall abide by the following rules for dispute resolution:

- (1) Any disputes or claims arising between holders of overseas listed foreign shares and the Bank, between holders of overseas listed foreign shares and the Bank's directors, supervisors, senior management, or between holders of overseas listed foreign shares and holders of domestic shares, with respect to any rights or obligations by virtue of the Articles, the Company Law and any rights or obligations stipulated by any other relevant laws and administrative regulations concerning the affairs of the Bank, shall be submitted to arbitration.

When the aforementioned dispute or claim of rights is submitted to arbitration, the entire claim or dispute shall be submitted to arbitration, and all persons whose causes of action were based on the same ground or the persons whose participation is necessary for the resolution of such dispute or claim, shall comply with the arbitration, where such person is the Bank, the Bank's shareholders, directors, supervisors, senior management.

Disputes with respect to the definition of shareholders and disputes concerning the register of shareholders need not be resolved by arbitration.

- (2) A claimant may select an arbitration to be carried out either by the C h in a International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant submits a dispute or claim of rights to arbitration, the other party must conduct the arbitration at the arbitration organ selected by the claimant.

If a claimant selects Hong Kong International Arbitration Centre as the arbitration organ, either party may apply for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of Hong Kong International Arbitration Centre.

- (3) If any disputes or claims of rights as a result of (1) above are resolved by arbitration, the laws of the PRC shall apply, except otherwise provided by laws and administrative regulations.
- (4) The award of the arbitration organ shall be final and conclusive and binding on all parties.

## Chapter 23 Supplementary Provisions

- Article 363** The Articles of Association is in Chinese language. In case of any conflict between the Chinese version and any foreign language version, the Chinese version most recently approved and registered by the Market Supervision Administration Department shall prevail.
- Article 364** Unless otherwise stated expressly, the “above”, “within”, “below” referred to herein all include that number, while the “less than”, “beyond”, “lower than”, “more than” all exclude that number; references to “total voting shares” shall only include the total number of ordinary shares and preference shares with restored voting rights.
- Article 365** For the purpose of the Articles of Association, references to “accounting firm” shall bear the same meaning as “auditors”.
- Article 366** The Board of Directors in the Bank shall be responsible for the interpretation of the Articles of Association.
- Article 367** In case of any inconsistency between the shareholders’ general meeting rules and the Board of Directors meeting rules, the Board of Supervisors meeting rules and the Articles of Association, the Articles of Association shall prevail.
- Article 368** In case of any contradiction or inconsistency between the Articles of Association and current laws, regulations or Hong Kong listing rules, current laws, regulations or Hong Kong listing rules shall prevail.

The Articles of Association will come into effect upon being reviewed and approved at the shareholders’ general meeting of the Bank and by the relevant banking regulatory authority in China.