

Set out below is a summary of the principal provisions of our articles of association of ICBC (the “Articles ”), the principal objective of which is to provide investors with an overview of the Articles . As the information contained below is in summary form, it does not contain all the information that may be important to potential investors. Copies of the full English and Chinese texts of the Articles are available for inspection as mentioned in “Appendix X— Documents Delivered to the Registrar of Companies and Available for Inspection”.

The Articles were adopted by our shareholders’ general meeting on July 31, 2006, and shall enter into force on the day on which the Bank’s overseas-listed foreign shares become tradable on Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”) upon the approval by the CBRC on September 5, 2006.

### **General Provisions**

The Bank is a perpetually existing joint stock limited company.

The legal representative of the Bank shall be the chairman of its board of directors.

The Articles shall be binding upon the Bank, its shareholders, directors, supervisors, Presidents and other senior management members. The aforesaid personnel may present their proposals concerning the issues of the Bank in accordance with the Articles.

According to the Articles, the shareholders shall have the right to take legal proceedings against the Bank; the Bank shall have the right to take legal proceedings against its shareholders; and the shareholders shall have the right to take legal proceedings against other shareholders or directors, supervisors, presidents and other senior management members of the Bank according to the Articles.

The “legal proceedings” referred to in the previous item shall include filing suits to a court or applying for arbitration to an arbitration organization.

### **Increase the Bank’s Registered Capital**

Upon the demands of operation and business development and in accordance with relevant laws and regulations, the Bank may, subject to resolutions of the shareholders’ general meeting and approval of the relevant authorities, increase its registered capital in the following ways:

- offering new shares to non-specific investors;
- offering new shares to specific investors;
- allotting new shares to existing shareholders;
- transferring capital reserve funds;
- other methods permitted by relevant competent authorities or by laws and administrative regulations.

The Bank’s increase of its capital by issuing new shares shall be conducted in accordance with the procedures provided in relevant laws and administrative regulations after being approved according to the Articles.

**Reduce the Bank's Registered Capital**

The Bank may reduce its registered capital in accordance with the provisions of the Articles.

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

The Bank shall notify its creditors within ten (10) days of adopting the resolution to reduce its registered capital and shall publish an announcement of the resolution in a newspaper at least three (3) times within thirty (30) days. Creditors shall, within 30 days of receiving a written notice or within 90 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Bank to pay its debts in full or to provide a corresponding guarantee for repayment.

The registered capital of the Bank after reduction may not be less than the statutory minimum.

**Repurchase the Bank's Shares**

After being approved under the procedures stipulated by the Articles and obtaining approvals from relevant competent authorities of the State, the Bank may repurchase its shares in the following circumstances:

- cancelling the shares for the purpose of reducing the registered capital of the Bank;
- merging with any other companies holding the shares of the Bank;
- giving the shares to employees of the Bank as a reward;
- being requested to repurchase the shares of the Bank by the shareholders who object to the resolutions adopted at the shareholders' general meeting concerning consolidation and division of the Bank;
- other circumstances permitted by laws and administrative regulations and rules.

Where the Bank repurchases its shares under circumstance (1), it shall cancel the shares within 10 days from the date of redemption. Where the Bank repurchases its shares under circumstances (2) and (4), the Bank shall transfer or cancel the shares within 6 months.

The shares repurchased by the Bank in accordance with (3) of above paragraph 1 shall not exceed five percent (5%) of the total issued shares of the Bank. The funds for repurchase shall be paid from the after-tax profits of the Bank. The shares redeemed shall be transferred to the employees within one (1) year.

The Bank may repurchase its shares in any of the following ways after being approved by relevant competent authorities of the state:

- making a repurchase offer pro rata to all shareholders;
- repurchasing by means of open transaction at a stock exchange;
- repurchasing by means of contractual agreement outside a stock exchange;
- other methods as permitted by relevant competent authorities or by laws and administrative regulations.

**Power for Our Subsidiaries to Own Shares in the Bank**

There are no provisions in the Articles restricting the ownership of shares in us by any of our subsidiaries.

**Transfer of Shares**

Unless otherwise specified by laws, administrative regulations, rules and regulations of the securities regulatory authorities in the locality where the shares of the Bank are listed, the shares of the Bank may be transferred freely without any lien attached. To transfer the overseas-listed shares listed in Hong Kong, the transferor shall entrust, at the Bank, the local stock registration organization in Hong Kong to deal with the registration procedures.

All fully paid overseas-listed shares listed in SEHK may be freely transferred in accordance with the Articles. However, the board may refuse to recognize any transfer documents without stating any reason unless the conditions stipulated in the Articles are met.

For all transfer of the overseas-listed shares that are listed in Hong Kong, the written transfer documents that are in general or ordinary form or in a form acceptable to the board shall be adopted. The written transfer document may be signed by hand. If the shareholders are the recognized clearing house as defined in *Hongkong Securities and Futures Rules* or its proxy, then the written transfer document may be signed in the machine printing form.

The Bank shall not accept any pledge with its own shares as the objectives.

**Financial Aid for Purchase of Shares of the Bank**

The Bank or the bank subsidiaries (subsidiary companies) shall not offer any financial aid at any time by any means to purchasers or prospective purchasers of the Bank's shares. Such purchasers of the Bank's shares as mentioned above shall include those who directly or indirectly assume the obligations due to purchase of the shares of the Bank.

The Bank or the bank subsidiaries (subsidiary companies) shall not offer any financial aid at any time by any means in order to reduce or relieve the obligations of the aforesaid obligator due to their purchase or intention of purchase of the shares of the Bank.

The acts listed below are not prohibited:

- where the Bank provides the relevant financial aid truthfully for the interests of the Bank and the main purpose of the financial aid is not to purchase shares of the Bank, or the financial aid is an incidental part of an overall plan of the Bank;
- lawful distribution of the Bank's property in the form of dividends;
- distribution of dividends in the form of shares;
- reduction of registered capital, buy-back of shares, shareholding structuring, etc., in accordance with the Articles of the Bank;
- provision of a loan by the Bank within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Bank or that if the same constitutes a reduction, the financial assistance is deducted from the Bank's distributable profits); and

- the provision of money by the Bank for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Bank or that if the same constitutes a reduction, the financial assistance is deducted from the Bank's distributable profits).

For these purposes,

Financial aid shall include but not be limited to the following means:

- donation;
- guarantee (including the guarantor bearing responsibility or offering property in order to guarantee the obligator's performance of obligations), compensation (but excluding the compensation arising out of the Bank's fault), relief or waiver of rights;
- providing loans or entering into a contract in which the Bank performs its obligations prior to other parties; change of the parties to such loans and contracts as well as transfer of rights in such contract;
- financial aid provided by the Bank in any other form when the Bank is insolvent or has no net assets or such financial aid will lead to a substantial reduction of net assets.

The obligations referred to shall include the obligations of the obligator by signing a contract or making an arrangement or changing its financial status in any other way, regardless of whether or not the aforesaid contract or arrangement is enforceable, or whether or not such obligations are assumed by the obligator individually or jointly with any other person.

### **Shares of the Bank**

The shares of the Bank shall be in registered form.

The share certificates shall be signed by the chairman of the board. Where the signatures of the president or other senior management members of the Bank are required by the securities exchange(s) on which the Bank's shares are listed, the share certificates shall also be signed by the president or such other senior management members. The signature of the chairman of the board, the president or other senior management members on the share certificates may also be in printed form.

The share certificates of the Bank shall come into force 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.

Stipulations applicable to the securities regulatory organs of the locality where the shares of the Bank are listed shall be separately defined in case the shares of the Bank are issued and transacted in a paperless manner.

### **Rights of Shareholders (including inspection of register)**

Shareholders of the Bank's ordinary shares shall enjoy the following rights:

- collecting dividends and other forms of benefits distributed on the basis of the number of shares held by them;
- attending or entrusting proxy to attend meetings of shareholders and exercise the voting rights;

- supervising business operations of the Bank and raising suggestions and inquiries accordingly;
- transferring shares held by the shareholders in accordance with laws, administrative regulations, relevant regulations of the securities regulatory organs of the locality where shares of the Bank are listed and the Articles;
- obtaining relevant information in accordance with the Articles, including:
  - obtaining the Articles after paying relevant costs;
  - reviewing and making copies of the following documents after paying reasonable costs:
    - register of all parts of shareholders;
    - personal information of the director, supervisor, President and other senior management members of the Bank,
    - status of equity capital of the Bank;
    - report on the aggregate par value, quantity, highest price and lowest price of category of share bought back by the Bank since the last fiscal year, as well as all the expenses paid by the Bank therefor;
    - minutes of shareholders' general meeting.
- 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; and
- other rights conferred by laws, administrative regulations as well as the Articles.

### **Responsibility of Shareholders**

Shareholders of ordinary shares shall undertake the following obligations:

- to abide by the Articles;
- to pay subscription fees according to the number of shares subscribed by them and the method of capital injection;
- shareholders who have received loans from the Bank shall repay the loans due immediately and shall repay those undue ahead of schedule when the Bank is likely to suffer liquidity difficulties. Regarding the criterion used to determine such liquidity difficulties referred to herein, the relevant regulations of the banking regulatory authorities of the State Council concerning the payment risks of commercial banks shall apply;
- shareholders shall support the reasonable measures suggested by the board to raise the ratio when the capital adequacy ratio of the Bank is lower than the legal standard;
- other obligations imposed by laws and administrative regulations as well as the Articles.

Shareholders shall not assume any responsibility for further contribution to share capital other than the conditions agreed to by the subscriber of the relevant shares on subscription.

**Loans to Shareholders**

The conditions of loans that the Bank offers to the shareholders shall not be superior to those that the Bank offers to other borrowers of the same type of loan.

The balance of loans granted to one shareholder of the Bank shall not exceed ten percent (10%) of the balance of the capital of the Bank.

Shareholders who hold more than five percent (5%) of voting shares of the Bank and owe overdue loans to the Bank shall be disqualified from exercising voting rights during the overdue period and the shares held by them shall not be included in the total voting shares of the shareholders present at the shareholders' general meeting. The Bank shall have the right to withhold the dividends of such shareholders as repayment of their overdue loans. Any assets to be distributed to such shareholders in the Bank's liquidation process shall also be used in priority for repayment of their outstanding loans to the Bank.

**Duties and Powers of the Shareholder's General Meeting**

The shareholders' general meeting is the organization of power of the Bank and shall legally exercise the following duties and powers:

- deciding on the business policies and significant investment plans of the Bank;
- electing and replacing directors and deciding on matters concerning their remunerations;
- electing and replacing supervisors appointed from the shareholder representatives and external supervisors, and deciding on matters concerning supervisors' remuneration;
- examining and approving operational reports of the board;
- examining and approving operational reports of the Supervisory board;
- examining and approving the Bank's annual financial budget and final account proposals;
- examining and approving the Bank's plans for profit distribution and loss make-up;
- adopting resolutions concerning the increase or decrease of the Bank's registered capital;
- adopting resolutions on matters such as merger, division, dissolution, liquidation and change of corporate form etc. of the Bank;
- adopting resolutions on plans for issuance of corporate bonds or other securities and public listing;
- adopting resolutions on redemption of the shares of the Bank;
- revising the Articles;
- adopting resolutions on the engagement or dismissal of accounting firms by the Bank;
- examining and approving or authorizing the board of directors to approve proposals on the establishment of any legal persons, material acquisition and merger, material investments, material disposal of assets and material guarantee matters and so on;
- examining and approving the issues regarding changing the use of proceeds;
- examining the issues regarding share incentive plans;

- examining and approving proposals raised by the shareholders who singly or jointly hold three percent (3%) or more of the voting shares of the Bank;
- examining and approving the connected transactions that shall be approved by the shareholders' general meeting as stipulated by laws, administrative regulations, rules and relevant regulations of the securities regulatory authorities of the locality where the shares of the Bank are listed;
- examining and approving other issues that shall be approved by the shareholders' general meeting as stipulated by laws, administrative regulations, rules and relevant regulations of the securities regulatory authorities of the locality where the shares of the Bank are listed as well as the Articles.

### **Annual and Interim Shareholders' General Meeting**

There are two types of shareholders' general meeting: annual shareholders' general meeting and interim shareholders' general meeting. The shareholders' general meeting is generally convened by the board.

The annual shareholders' general meeting shall be held once a year within six (6) months after the end of the previous fiscal year. If the meeting has to be postponed due to special reasons, it shall be reported to the banking regulatory authorities of the State Council in time with the reasons stated.

An interim shareholders' general meeting shall be convened within two (2) months from the occurrence date of any of the following events:

- the number of directors is less than two-thirds of the number of the board of the Bank or is less than the minimum quorum;
- the outstanding balance of the Bank's loss reaches one-third of the Bank's total paid-up share capital;
- Shareholders holding ten percent (10%) or more of the Bank's shares with voting rights, either individually or jointly, request in writing the convening of a shareholders' general meeting;
- the board deems it as necessary;
- the board of supervisors proposes its opening;
- other situations, as stipulated in laws, administrative regulations, rules and the Articles.

### **Notice of Shareholders' General Meeting**

When the Bank is to convene a shareholders' general meeting, the board shall notify all shareholders with the location and time of the meeting and matters to be considered forty-five (45) days prior to the meeting. Shareholders to be present in the shareholders' general meeting shall send a written reply of attendance to the Bank twenty (20) days before the meeting is convened.

Shareholders who hold three percent (3%) or more of the shares of the Bank, either individually or jointly, may prepare an interim proposal and submit it in written to the board ten (10) days before the shareholders' general meeting is convened. The board shall issue a supplementary notice for the shareholders' general meeting within two (2) days of receipt of the proposal and submit such proposal



to the shareholders' general meeting for approval. The content of the interim proposal shall be within the scope of authority of the shareholders' general meeting and there shall be specific topics and detailed matters to be determined.

The Bank shall calculate the number of shares with voting rights based upon the written reply received twenty (20) days prior to the shareholders' general meeting. Where the number of voting rights shares held by shareholders who are going to attend the meeting reaches one-half (1/2) of the total of shares with voting rights of the Bank, then the meeting can be held. Otherwise, the Bank shall inform the shareholders again, in form of an announcement about the matters to be discussed in the meeting, with the location, date and duration of the meeting to be held within five (5) days. The Bank may convene such a shareholders' general meeting after such announcement has been made.

The shareholders' general meeting shall not vote and make a resolution on proposals not specified in the notice or the supplementary notice or not in compliance with the previous provision.

The meeting notice for the shareholders' general meeting shall satisfy the following conditions:

- made in writing;
- specifying the location, date and duration of the meeting;
- describing the matters to be considered at the meeting;
- providing the materials and explanations necessary for shareholders to make sensible decisions regarding the matters to be discussed, including (but not limited to) specific terms and contracts (if any) for a proposed transaction, and a detailed explanation of its origin and sequence where the Bank proposes a merger, repurchase of shares, restructuring of shares or other form of restructuring;
- where any directors, supervisors, president and other senior management members have an important interest with regard to matters to be discussed, then the nature and extent of that interest shall be disclosed. Where the impact of the matters to be discussed by such directors, supervisory personnel, general manager and other superior managers who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;
- containing the full text of any special resolution proposed to be passed at the meeting;
- providing a clear description stating that all shareholders have the right to attend the shareholders' general meeting and to entrust a proxy, as necessary, who does not need to be a shareholder of the Bank, to attend the meeting and also to put forward a resolution;
- setting the deadline and place for the delivery of the proxy letter of the meeting.

### Proxies

Any shareholder who has the right to attend and vote at a shareholders' general meeting shall have the right to entrust one or more persons (not necessarily shareholder(s)) as his/her proxy to attend the meeting and vote. Such proxy may exercise the following rights in accordance with the shareholder's entrustment:

- the shareholder's right to speak at the shareholders' general meeting;
- the right to require by himself/herself or jointly with others to make a resolution by voting;



- the right to vote by raising hands or ballot, except in circumstances where a shareholder has appointed more than one proxy, such proxies can only exercise the voting right by ballot.

Shareholders shall entrust proxies in the form of a proxy letter in writing, which must be signed by the entrusting party or its legal representative. If the entrusting party is a legal person or other organization, the document shall be affixed with the legal person's seal or signed by the chairman of its board of directors, legal representative or duly entrusted proxy.

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

The proxy letter for voting shall be placed at the domicile of the Bank, or at other place designated in the notice of meeting, at least twenty-four (24) hours before the convening of the meeting to discuss relevant matters voted on through such proxy, or twenty-four (24) hours before the designated voting time. If the proxy letter is signed by a person authorized by the entrusting party, the letter of authorization or other authorization document shall be notarized. The notarized letter of authorization or other authorization document and the proxy letter for voting shall be placed at the domicile of the Bank or other place designated in the notice of meeting.

Any form issued by the board of the Bank to the shareholders for the appointment of proxies shall give the shareholder free choice to instruct their proxies to cast an affirmative or, negative vote or abstain from voting, and to give separate instructions on each matter to be voted during discussions at the meeting. The proxy letter shall state that the proxy can vote of his/her own accord if the entrusting shareholder does not give any instruction.

If, before voting, the entrusting party has passed away, lost his/her ability to act, withdrawn the entrustment, withdrawn the authorization on the proxy letter, or transferred all his/her shares, the vote cast by the proxy in accordance with the proxy letter remains valid so long as the Bank has not received the written notice regarding such matters before the commencement of relevant meeting.

### **Resolutions of Shareholder's General Meeting**

The resolutions of the shareholders' general meeting are divided into two types: (i) general resolutions, and (ii) special resolutions.

General resolutions made by shareholders' general meeting shall be adopted by more than half (1/2) of the voting shares represented by the shareholders present at the meeting (including their proxies).

Special resolutions made by shareholders' general meeting shall be adopted by more than two-thirds (2/3) of the voting shares represented by the shareholders present at the meeting (including their proxies).

Resolutions on the following matters shall be adopted in the form of general resolution by a shareholders' general meeting:

- business policy and significant investment plans of the Bank;

- election and replacement of directors, supervisors appointed from the shareholder representatives and external supervisors, and decisions on matters concerning directors' and supervisors' remuneration;
- work reports of the board of directors and the supervisory board;
- annual financial budget proposals, final account proposals, balance sheets, profit statements and other financial reports of the Bank;
- examining and approving the issues regarding changing the use of proceeds;
- profit distribution and loss make-up plans of the Bank;
- appointment and removal of auditors;
- items other than those stipulated by laws, administrative regulations, rules or the Articles and the stipulations hereof that shall be adopted through special resolution.

The following items shall be adopted by shareholders' general meeting through special resolution:

- increase or reduction of the Bank's registered capital;
- such matters including, among others, merger, division, change of corporate form, dissolution, liquidation of the Bank;
- plans for issuance of corporate bonds or other securities and public listing;
- redemption of the Bank's shares;
- revision of the Articles;
- examining and approving or authorizing the board of directors to approve proposals on the establishment of any legal persons, material acquisition and merger, material investments, material disposal of assets and material guarantee matters and so on;
- examining and approving the issues regarding share incentive plans;
- other matters stipulated by laws, administrative regulations, rules, or the Articles, or deemed by the shareholders' general meeting through a general resolution as having material impact on the Bank and require the adoption through a special resolution.

### **Voting Rights (generally, on a poll and right to demand a poll)**

When voting in a shareholders' general meeting, shareholders (including their proxies) shall exercise their voting rights according to the voting shares held by them, with each share representing one voting right.

Shares held by the Bank do not enjoy voting rights, and will not be counted in the total voting shares represented by the shareholders present in the shareholders' general meeting.

Shareholders shall vote by hand in a shareholders' general meeting, unless relevant regulations of the securities regulatory authorities of the locality where the shares of the Bank are listed require ballot voting, or the following persons require ballot voting before or after hand voting:

- participants of the meeting;

- at least two shareholders or their proxies with voting rights;
- one or several shareholders (including their proxies) holding more than 10% (including 10%) of the voting shares in the meeting, whether individually or aggregately.

Unless someone proposes ballot voting, the presider of the meeting shall announce the adoption status of the proposal according to the hand voting result, and record it in the meeting minutes as the final basis without demonstrating the affirmative or negative votes or their proportion for the resolution adopted in this meeting.

The request for ballot voting can be withdrawn by the proposer.

Ballot voting requested for matters concerning the election of presider or termination of the meeting shall be conducted immediately; for other matters, the presider of the meeting shall decide when to conduct ballot voting. The meeting can continue to discuss other matters, and the voting result therefrom will still be deemed as the resolution adopted in this meeting.

During ballot voting, shareholders (including their proxies) with two or more voting rights do not necessarily use them all for affirmative or negative votes.

### **Classified Shareholders**

Shareholders holding different types of shares shall be classified shareholders.

Classified shareholders shall enjoy the rights and assume the obligations stipulated by laws, administrative regulations and the Bank's Articles.

Except shareholders of other types of shares, shareholders of domestic-listed shares and shareholders of overseas-listed shares are considered as shareholders of different types.

### **Variation of Rights of Existing Certain Classified Shareholders**

If the Bank intends to change or abrogate the rights of classified shareholders, it may do so only after such change or abrogation has been approved by way of a special resolution of the shareholders' general meeting and by a separate shareholders' meeting convened by the affected classified shareholders in accordance with the Bank's Articles.

In the following conditions, rights of a shareholder shall be deemed to have been changed or abrogated:

- an increase or decrease in the number of shares of such type or an increase or decrease in the number of shares of a type having voting rights, distribution rights or other privileges equal or superior to those of the shares of such type;
- a change of all or part of the shares of such type into shares of another type, a conversion of all or part of the shares of another type into shares of such type or the grant of the right to such change;
- a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such type;
- a reduction or removal of a dividend preference or property distribution preference during liquidation of the Bank, attached to shares of such type;

- an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Bank attached to shares of such type;
- a removal or reduction of rights to receive amounts payable by the Bank in a particular currency attached to shares of such type;
- a creation of a new type of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such type;
- an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such type;
- an issuance of rights to subscribe for, or convert into, shares of such type or other types;
- an increase in the rights and privileges of shares of other types;
- restructuring of the Bank causing shareholders of different categories to bear liability to different extents during the restructuring; or
- an amendment or cancellation of the provisions of Special Voting Procedures for Classified Shareholders referred to in the Articles.

Interested shareholders shall not enjoy voting rights in a classified shareholders' general meeting. The interested shareholders have the following meaning:

- after the Bank has made a repurchase offer to all shareholders equally pro rata or made a repurchase by means of public transaction at the stock exchange in accordance with the Articles "interested shareholders" refer to the controlling shareholders defined in the Articles;
- after the Bank has made a redemption by means of agreement outside the stock exchange in accordance with the Articles, "interested shareholders" refer to the shareholders concerned with this agreement;
- in the Bank's restructuring plan, "interested shareholders" refer to those shareholders who assume responsibilities with smaller proportion than other shareholders of this kind or those shareholders who enjoy different interests from other shareholders of this kind.

A resolution of a classified shareholders' general meeting shall be made only after it is adopted by more than two-thirds (2/3) of voting shares present at the classified shareholders' general meeting.

Special procedures for voting by classified shareholders do not apply to the following cases:

- after approval by the shareholders' general meeting through special resolution, the Bank issues domestic listed shares and overseas listed shares every other twelve (12) months, either separately or simultaneously, and the domestic listed shares and overseas listed shares to be issued do not exceed 20% of this kind of shares already issued to the public;
- the plan to issue domestic listed shares and overseas listed shares during the Bank's establishment is accomplished within fifteen (15) months from the date of approval of the securities regulatory authorities of the State Council; and
- shares of the Bank held by its promoters, after approval from the securities regulatory authorities of the State Council or the authorized securities approval authorities of the State Council can be converted to overseas listed shares.

**Quorum for Meeting and Classified Shareholders' General Meeting**

The Bank shall calculate the number of shares with voting rights based upon the written reply received twenty (20) days prior to the shareholders' general meeting. Where the number of voting rights shares held by shareholders who are going to attend the meeting reaches one-half (1/2) of the total of shares with voting rights of the Bank, then the meeting can be held. Otherwise, the Bank shall inform the shareholders again, in the form of an announcement about the matters to be discussed in the meeting, with the location, date and duration of the meeting to be held within five (5) days. The Bank may convene such a shareholders' general meeting after such announcement has been made.

When the voting shares represented by the shareholders to be present in the meeting reach more than one-half (1/2) of the total voting shares of this kind in the meeting, the Bank can convene a classified shareholders' general meeting; otherwise, the Bank shall, within five (5) days, inform the shareholders again of the matters to be reviewed in the meeting, the meeting date and place through public announcement, after which it can convene the classified shareholders' general meeting.

**Rights of Minority Shareholders in Relation to Fraud or Oppression**

The controlling shareholders of the Bank have a fiduciary duty to the Bank and other shareholders. The controlling shareholders shall strictly comply with laws, administrative regulations, rules and the Articles when exercising their rights as investors, and shall not abuse their position to gain improper benefits, or cause detriment to the legitimate rights and interests of the Bank or other shareholders.

Except for the obligations as required by laws, administrative regulations, rules or relevant regulations of securities regulatory authorities of the locality where the shares of the Bank are listed, the controlling shareholders shall not make any decisions that impair the interests of all or part of the shareholders concerning the following aspects when they exercise their rights as shareholders and exercise their voting rights:

- exempting the responsibility of the director and the supervisor to act in good faith for the maximum benefit of the Bank;
- approving the directors and the supervisors to deprive the property of the Bank (including but not limited to the opportunities that are favorable to the Bank) in any form for their own benefit or for the benefit of others;
- approving the directors and the supervisors to deprive the individual rights and interests of other shareholders (including but not limited to any distribution rights, voting rights, but excluding the reorganization of the Bank which is submitted to the shareholders' general meeting for approval in accordance with the Articles) for their own benefit or for the benefit of others.

The controlling shareholders shall strictly comply with laws, administrative regulations, rules and relevant regulations of the securities regulatory authorities of the locality where the shares of the Bank are listed as well as the conditions and procedures defined by the Articles when they nominate the candidates for the director and the supervisor of the Bank. The candidates for director and supervisor nominated by the controlling shareholders shall have the relevant professional knowledge as well as the decision-making and supervision capacity. The resolution of the election by the general meeting of shareholders or the engagement by the board of director does not necessarily obtain the

approval procedure of any shareholder. The appointment and removal of senior management members by shareholders superseding the general meeting of shareholders and board of directors shall be deemed as invalid.

The controlling shareholders of the Bank shall not directly or indirectly interfere with the decision-making of the Bank as well as the management and operation activities conducted in accordance with laws and shall not impair the rights and interests of the Bank and other shareholders.

The term “controlling shareholder(s)” herein shall refer to the person(s) satisfying any of the following conditions:

- acting alone or in concert with others, has the right to elect more than half of the directors;
- acting alone or in concert with others, has the right to exercise or control the exercise of more than thirty percent (30%) of the issued and outstanding rights in the voting shares of the Bank;
- acting alone or in concert with others, holds more than thirty percent (30%) of voting shares of the Bank;
- acting alone or in concert with others, can de facto control the Bank in any other manner.

### **Board of Directors**

The board shall exercise the following duties and powers:

- convening the shareholders’ general meeting and reporting to the shareholders’ general meeting;
- implementing resolutions passed by the shareholders’ general meeting;
- deciding on business plans, investment plans and development strategies of the Bank;
- formulating the Bank’s annual financial budget and final accounts;
- formulating plans for profit distribution and coverage of loss of the Bank;
- formulating plans for the increase or decrease of the Bank’s registered capital;
- formulating plans for merger, division, dissolution and change of corporate form;
- formulating plans for issuance of corporate bonds or other securities and public listing;
- formulating plans for repurchase of the shares of the Bank;
- formulating an amendment to the Articles;
- approving the establishment of any legal persons, material acquisition and merger, material investments, material disposal of assets and material guarantee matters and so on, according to the authorization by the shareholders’ general meeting;
- engaging or dismissing the president and the secretary of the Bank and determining his/her remuneration, bonus and penalty issues; appointing chairmen and members of various special committees according to the nomination of the nomination and compensation committee;
- engaging or dismissing the vice president and other senior management members (except the secretary) who shall be engaged or dismissed by the board of directors under relevant

laws according to the nomination of the president and determining their remuneration, bonus and penalty issues;

- formulating basic management systems of the Bank such as risk management systems and internal controls systems, and supervising the execution of such systems;
- deciding or authorizing the president to decide the establishment of management organizations of the headquarters, the tier-1 branches, the branches and other organizations directly under the headquarters and overseas institutions;
- approving the internal regulations such as internal audit rules, mid-long term audit plans, annual income plans and internal auditing systems, deciding or authorizing the audit committee of the Bank's board to decide audit budget, remuneration and engagement and removal of the principals;
- formulating and implementing throughout the Bank the clear-clued responsibility system and accountability system; regularly evaluating and improving corporate governance of the Bank;
- managing information disclosures of the Bank;
- proposing the appointment or dismissal of auditors to the shareholders' general meeting;
- formulating related party transactions management systems, reviewing and approving or authorizing the Related Party Transaction Control Committee under the board's Risk Management Committee to approve related party transactions (except for those related party transactions that shall be reviewed and approved by shareholders' general meeting in accordance with laws); making special reports to the shareholders' general meeting on the implementation status of related party transactions management systems and the status of related party transactions;
- reviewing and approving motions proposed by various special committees of the board;
- according to relevant regulatory requirements, hearing the work reports made by the president and other senior management members of the Bank so as to ensure the directors obtain sufficient information in relation to the performance of their duties in time; supervising and ensuring the president and other senior management members perform their management duties effectively;
- exercising other powers vested by laws, administrative regulations, rules or the Articles as well as authorized by the shareholders' general meeting.

### **Disposal of Fixed Assets**

When disposing of fixed assets, if the expected value of the fixed assets the board intends to dispose of and the total value of the fixed assets already disposed of four (4) months before such disposal suggestion jointly exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed by the shareholders' general meeting, the board must not dispose of or approve the disposal of such fixed assets before such disposal is approved by the shareholders' general meeting.

Disposal of fixed assets referred to in this article includes the transfer of some rights and interests of assets, but excludes the provision of guarantees with fixed assets.

The effectiveness of transactions conducted by the Bank to dispose of fixed assets is not subject to the aforesaid item.



**Chairman of Board of Directors**

The chairman of the board shall exercise the following duties and powers:

- presiding over the shareholders' general meeting and reporting to the shareholders' general meeting on behalf of the board;
- convening and presiding over the board's meeting;
- supervising and inspecting the implementation of resolutions of the board;
- signing certificates of shares, bonds and others securities of the Bank;
- signing other documents that shall be signed by the legal representative of the Bank;
- exercising other duties and powers vested by relevant laws, administrative regulations, rules as well as authorized by the board of directors.

When the chairman of the board cannot perform or fails to perform his/her duties and powers, the vice chairman shall act on his/her behalf; when the vice chairman cannot perform or fails to perform his/her duties and powers, a director elected by more than half of all the directors shall act on his/her behalf.

**Resolutions of Board of Directors**

Resolutions of board meetings shall be approved and adopted by more than half of the votes cast by all directors, but for the following matters, the resolution shall be adopted by more than two-thirds (2/3) of the votes cast by all directors and the meeting shall not be held in the manner of written signing:

- plans for profit distribution and recovery of losses;
- plans for the increase or decrease of registered capital;
- plans for merger, division, dissolution and change of corporate form;
- plans for issuance of corporate bonds or other securities and public listing;
- plans for repurchase of the shares of the Bank;
- amendments to the Articles;
- the establishment of legal persons, material acquisition and merger, material investments, material disposal of assets and material guarantee matters and so on;
- engaging or dismissing the president, secretary to the board of directors and other senior management members of the Bank who shall be engaged or dismissed by the board of directors under relevant laws and determining their remuneration, bonus and penalty issues; appointing chairmen and members of various special committees of the board;
- proposing the appointment or dismissal of auditors to the shareholders' general meeting;
- other matters considered by more than half of all the directors of the board as being likely to pose significant impact on the Bank and that shall be voted and adopted by more than two-thirds (2/3) of the directors.

**Board Secretary**

The Bank shall have a board secretary, who shall be appointed and removed by the board of directors.

The board secretary shall be a natural person who has the necessary professional knowledge and experience, and the main functions and duties of the board secretary are as follows:

- assisting directors in handling the daily work of the board of directors, providing directors with or reminding them of and ensuring they understand the regulations, policies and requirements of the relevant regulatory authorities in relation to the Bank's operation, and assisting directors and the president in complying with laws, administrative regulations, rules, relevant regulations of the securities regulatory authorities of the locality where the Bank's shares are listed, the Articles and other relevant provisions in performing their functions and powers;
- being responsible for organizing and preparing documents of the shareholders' general meeting and the board meetings, taking minutes of meetings, ensuring that decisions made at meetings are made according to statutory procedures, and acquainting himself/herself with the implementation of resolutions of the board of directors;
- being responsible for communication between directors and relevant bodies so as to ensure directors obtain sufficient information necessary for the performance of their duties;
- ensuring that the Bank has complete organizational documents and records;
- ensuring that the Bank prepares and submits the reports and documents required by the competent authorities according to law;
- ensuring that the Bank's register of shareholders is properly set up and keep the register of shareholders;
- being responsible for organizing and coordinating the information disclosure so as to enhance the transparency of the Bank;
- handling the Bank's relations with the regulatory authorities, investors, intermediary agencies and the media and coordinate public relations of the Bank;
- keeping important documents such as resolutions and minutes of shareholders' general meetings and the board of directors, and ensuring that those people entitled to obtain the relevant minutes and documents of the Bank could obtain them in a timely manner;
- keeping the seal of the board of directors and other relevant documents; and
- other functions as may be authorized by the board of directors.

**Special Committees of the Board of Directors**

The board of directors of the Bank shall have a strategy committee, audit committee, risk management committee (under which there shall be related party transactions control committee) and a nomination and compensation committee. The board of directors may set up other special committees and adjust the existing committees whenever necessary. Each special committee of the board of directors shall be accountable to the board of directors and, according to the authorization by the board of directors, assist the board of directors in performing its duties.

Each special committee shall work out its annual work plans and meet regularly. Each committee shall be composed of no less than 3 directors. Independent directors shall take the majority of audit committee and nomination and compensation committee and act as the chairman in such committees.

### *Strategy Committee*

The strategy committee shall exercise the following duties:

- considering plans for strategic development and making suggestions in that respect to the board of directors;
- considering annual financial budgets and final accounts and making suggestions in that respect to the board of directors;
- considering the strategic capital allocation (such as capital structure and capital adequacy) and management objectives of assets and liabilities and making suggestions in that respect to the board of directors;
- preparing plans for the overall development of various financial businesses and making suggestions in that respect to the board of directors;
- considering plans for significant restructuring and re-organization and making suggestions in that respect to the board of directors;
- being responsible for designing significant investment and financing projects, considering proposals in that respect as submitted by the management and making suggestions in that respect to the board of directors;
- being responsible for the designing of merger and acquisition plans, considering proposals in that respect as submitted by the management and making suggestions in that respect to the board of directors;
- considering the strategic development of domestic and overseas branches and subsidiaries and making suggestions in that respect to the board of directors;
- considering plans for human resources, strategy development and making suggestions in that respect to the board of directors;
- considering plans for IT development and other special strategic development plans and making suggestions in that respect to the board of directors;
- reviewing and evaluating the corporate governance structure so as to ensure that the financial reporting, risk management and internal control of the Bank meet the Bank's standards for corporate governance; and
- functions required by law, administrative regulations, rules and regulations of the securities regulatory authorities of the locality where the shares of the Bank are listed as well as authorized by the board of directors.

***Audit Committee***

The audit committee shall exercise the following duties:

- supervising our internal controls, reviewing our core business and management procedures and their implementation, and examining and evaluating the compliance and effectiveness of the Bank's principal business activities;
- reviewing financial information and its disclosure, reviewing our significant financial policies and their implementation, supervising financial operations, and monitoring the authenticity of our financial reports and the effectiveness of the management's implementation of our financial reporting procedures;
- examining, monitoring and assessing the performance of our internal audit functions, supervising the compliance of our internal audit policies, and evaluating the procedures and performance of our internal audit departments;
- proposing the appointment or replacement of our external auditors, adopting appropriate measures to supervise their performance, reviewing external auditors' reports, and ensuring external auditors' ultimate responsibilities to the board of directors and audit committee;
- facilitating communications between our internal audit departments and our external auditors; and
- functions required by law, administrative regulations, rules and regulations of the securities regulatory authorities of the locality where the shares of the Bank are listed as well as those authorized by the board of directors.

***Risk Management Committee***

The risk management committee (under which there shall be related party transactions control committee) shall exercise the follow duties:

- examining and amending the Bank's risk strategies, risk management policies and internal control procedures and supervising and assessing the implementation and effects thereof according to the overall strategy of the Bank and making suggestions in that respect to the board of directors;
- supervising and assessing the establishment, organizational structure, working procedures and effects of the risk management department and making suggestions for improvement;
- supervising and assessing the risk control by the senior management in participate respect of credit, market and operation; and making suggestions for improving the Bank's risk management and internal control;
- conducting regular assessments of the Bank's risk status and making suggestions in that respect to the board of directors;
- examining and approving significant risk management affairs or transactions that are beyond the authority of the president or submitted by the president to the risk management committee for consideration, according to the authorization of the board of directors;
- identifying and reporting to the board of directors and the supervisory board on the Bank's related parties and informing the Bank's related staff in a timely way about the identification of related parties;

- conducting a preliminary review of the related party transactions subject to approval by the board of directors or the shareholders' general meeting and submitting the related party transactions to the board of directors or the shareholders' general meeting for approval;
- reviewing and approving related party transactions and other matters regarding related party transactions as authorized by our board of directors or maintaining records of the related party transactions; and
- functions required by law, administrative regulations, rules and regulations of the securities regulatory authorities of the locality where the shares of the Bank are listed as well as those authorized by the board of directors.

### *Nomination and Compensation Committee*

The nomination and compensation committee shall have the following duties:

- formulating standards and procedures for the election of directors and senior management members and submitting the proposed procedures and standards to the board of directors for approval;
- proposing to the board of directors the candidates for directors, the president and the secretary;
- examining and proposing to the board of directors the candidates for senior management members nominated by the president;
- nominating the chairman and members of special committees of the board of directors;
- formulating development plans for senior management members and key talents;
- formulating assessment measures of directors, and compensation plans for directors and supervisors (the compensation plans of supervisors need to be referred to the board of supervisors), and submitting them to the board of directors for approval and then to the shareholders' general meeting for resolution;
- assessing the performance and acts of directors, advising and proposing to the board of directors the compensation of directors for approval and then reporting to the shareholders' general meeting;
- advising and proposing to the board of directors the compensation of supervisors for approval and then reporting to the shareholders' general meeting according to the assessment of supervisors given by the board of supervisors;
- formulating and examining assessment measures and compensation plans for senior management members, assessing the performance and acts of senior management members and submitting them to the board of directors for approval, and then to the shareholders' general meeting if the approval of shareholders' general meeting is necessary; and
- functions required by law, administrative regulations, rules and all other functions as may be required by the securities regulatory authorities of the jurisdictions where our shares are listed or authorized by the board of directors.

**President**

The president shall be responsible to the board and shall perform the following functions and powers:

- taking charge of the operation and management of the Bank and organizing the implementation of resolutions of the board;
- submitting the Bank's operation and investment plans to the board, and organizing the implementation of the plans after they are approved by the board;
- drafting the Bank's basic management system;
- drafting and proposing to the board regarding the annual financial budget plans, final account plans, profit distribution plans, loss recovery plans, plans about the increase or reduction of the Bank's registered capital, resolution about the issuance of bonds or other securities;
- drafting plans of establishment of management organizations of the headquarters, the tier-1 branches, the branches and other organizations directly under the headquarters and overseas institutions;
- formulating specific rules and regulations of the Bank;
- proposing to the board the appointment and dismissal of vice presidents and other senior management members who shall be engaged or dismissed by the board in accordance with laws, administrative regulations and rules (except the secretary to the board of directors);
- appointing or dismissing persons in charge of the Bank's internal departments and branches other than those to be appointed or dismissed by the board;
- conducting or authorizing the senior management members and principals of the internal departments and branches to conduct daily operation and management activities according to the authorization of the board;
- formulating plans to estimate the performance and remuneration levels of persons in charge of internal departments (except the internal audit department) and branches of the Bank; and assessing the performance and remuneration levels of the persons in charge of internal departments and branches;
- proposing and convening interim board meetings;
- adopting emergency measures in the interests of the Bank and promptly reporting them to the banking regulatory authorities of the State Council, the board and the board of supervisors, in the case of any significant unexpected incident or any other emergency; and
- other functions and powers that should be exercised by the president according to laws, administrative regulations, rules, the Articles, decisions of the shareholders' general meeting and of the board.

**Board of Supervisors**

The board of supervisors shall exercise the following functions and powers:

- supervising the performance and fulfillment by directors and senior management members of their respective duties and responsibilities, and interpellating directors and senior management members;
- supervising the performance of the board of directors and senior management;
- requesting directors and senior management members to rectify any actions damaging our interests;
- proposing removal of or initiating legal proceedings according to law against directors or senior management members who violate laws, administrative regulations and rules, the Articles and resolutions of the shareholders' general meeting;
- conducting departure audits towards directors and senior management members when necessary;
- examining and supervising financial matters of the company;
- checking such financial information as financial reports, business reports and profit distribution plans to be submitted to the shareholders' general meeting by the board of directors, and in case of finding any doubt, entrusting certified public accountants and practicing auditors in the Bank's name to help recheck the information;
- examining and supervising business decisions, risk management and internal control when necessary and providing guidance to our internal audit departments;
- drafting assessment measures of supervisors, assessing the performance and acts of supervisors, and reporting to the shareholders' general meeting;
- raising proposals to the shareholders' general meeting;
- proposing interim shareholders' general meetings, and convening and presiding over the interim shareholders' general meetings in case the board of directors fails to perform its duty of convening shareholders' general meetings;
- proposing interim meetings of board of directors; and
- other functions and powers as may be stipulated by laws, administrative regulations and rules, or the Articles herein or conferred by the shareholders' general meeting.

**Directors, Supervisors and Senior Management Members*****Directors' Qualification Shares***

A director is a natural person, who does not necessarily hold the shares of the Bank.

***Power to Allot and Issue Shares***

There is no provision in the Articles empowering the directors, supervisors and senior management members to allot and issue shares.



Any proposal to increase the registered capital of the Bank must be submitted for approval by a special resolution of the shareholder's general meeting. Any such increase is subject to approval of relevant authorities.

#### ***Emoluments, Compensations or Payment for Loss of Office***

With the prior approval of a shareholders' general meeting, the Bank shall sign written contracts with its directors and supervisors in the matter of remuneration. The matter of remuneration includes:

- remuneration for the Bank's directors, supervisors or senior management members;
- remuneration for the directors, supervisors or senior management members of subsidiaries of the Bank (subsidiary companies);
- remuneration for other services supporting the management of the Bank and its bank subsidiaries (subsidiary companies); and
- compensation for a director or supervisor's loss of posts or retirement.

Except for the aforesaid provisions, the directors and supervisors shall not file any lawsuit against the Bank and claim the benefits they shall obtain for the foregoing matters.

#### ***Loans to Directors, Supervisors and Senior Management Members***

The Bank shall not, directly or indirectly, provide loans or loan guarantees for its directors, supervisors, presidents and other senior management members, nor shall it provide the same to their related persons.

The following situations are not subject to the above prohibition:

- the Bank provides loans or loan guarantee for its bank subsidiaries (subsidiary companies);
- pursuant to the employment contracts approved by shareholders' general meeting, the Bank provides loans, loan guarantees or other funds for its directors, supervisors, presidents and other senior management members, to enable them to make payments for the Bank or for the expenses arising from the performance of their responsibilities; and
- the Bank may provide loans or loan guarantees for its directors, supervisors, presidents and other senior management members and related persons based on normal commercial terms.

#### ***Borrowing Powers***

The Articles do not specifically provide for the manner in which borrowing powers may be exercised nor do they contain any specific provision in respect of the manner in which such borrowing powers may be amended, except for:

- provisions which authorize directors to formulate proposals for the issuance of corporate bonds or other securities by the bank; and
- provisions which provide that the issuance of debentures and other securities shall be approved by the shareholders' general meeting by a special resolution.

***Disclosure of Contractual Interests with the Bank***

Where the Bank's directors, supervisors, presidents or other senior management members are directly or indirectly relevant to the contracts, transactions or arrangements (except employment contracts between the Bank and its directors, supervisors, presidents and other senior management members) signed or planned by the Bank, they shall notify the board of directors of the nature and degree of such a relationship, no matter whether such matter, in general, shall be approved by the board of directors.

Unless the interested directors, supervisors, presidents and other senior management members have informed the board of directors of the matter, and the board has approved it at a meeting where they are not incorporated into the quorum and nor do they participate in the voting, the Bank shall have the right to cancel such contracts, transactions or arrangements, except that the counterparty is an innocent party who does not know related directors, supervisors, presidents and other senior management members' violation of their obligations.

The Bank's directors, supervisors, presidents and other senior management members relevant to a certain contract, transaction or arrangement shall be treated as the interested parties.

***Remuneration***

The remuneration of directors shall subject to the prior approval of a shareholder's general meeting, as referred to under the paragraph headed *Emoluments, Compensation or Payments for loss of office* above.

***Qualifications of Directors, Supervisors and Senior Management Members***

The following persons shall not assume roles of directors, supervisors, presidents or other senior management members:

- those without capacity or with limited capacity for civil conduct;
- those prosecuted for embezzlement, bribery, appropriation of properties or disrupting market economic orders within 5 years after the expiration of execution, or those deprived of political rights for crimes committed within 5 years after the expiration of execution;
- directors or managers of a bankrupt or liquidated company or enterprise responsible for the liquidation or bankruptcy of such company or enterprise, within 3 years after completion of the liquidation;
- legal representatives of companies or enterprises who are personally accountable for their violation of laws and thus resulting in revocation of a business license, within 3 years after the business license being revoked;
- individuals with large amount of outstanding debts;
- those being investigated by judicial authorities for crimes committed and the cases have not been closed;
- those unable to assume roles of leadership as provided by laws and administrative regulations;
- Non-natural persons; and

- those judged by competent authorities as in violation of the provisions of related securities laws and regulations, and involving fraudulent or dishonest acts, within 5 years after the date of judgment.

Persons assuming posts other than directors in the controlling shareholders or actual controllers of the Bank can not act as senior management members of the Bank.

#### ***Independence of Independent Directors and External Supervisors***

Independent director(s) of the Bank refers to directors who do not hold any position other than director, or member or chairman of a specialized committee in the Bank, and those who have no relation with the Bank and its principal shareholders that may impair their independent and objective judgment.

External supervisor(s) of the Bank refers to supervisors of the Bank who do not hold any position other than supervisor and who have no relation with the Bank or any of its principal shareholders that may impair their independent and objective judgment.

In addition to the persons prohibited from serving as directors or supervisors of the Bank, the following persons may not serve as independent directors or external supervisors of the Bank either:

- persons who directly or indirectly hold more than one percent (1%) of total shares of the Bank or who hold positions in such entities;
- persons who hold positions in the Bank or in the enterprises with majority shares held by the Bank or actually controlled by the Bank (not including the position of independent directors or external supervisors);
- persons who met the aforesaid circumstances in the previous three years before assuming their office (not including the position of independent directors or external supervisors);
- persons who hold positions in entities that have business connections or interests with the Bank in the areas of law, accounting, audit, management consultation etc.;
- any other persons who may be controlled or materially influenced by the Bank through various ways;
- close relatives of the persons stated in the above (1) to (5);
- persons who work in state authorities; and
- other persons specified by the banking supervisory authorities of the State Council, securities regulatory authorities of the locality where the shares of the Bank are listed and other relevant regulatory authorities as unqualified for serving as independent directors or external supervisors.

Close relatives refer to spouses, parents, children, brothers, sisters, grandparents and grandparents-in-law.

#### ***Nomination and Election of Directors***

Directors of the Bank comprise executive directors, non-executive directors, and non-executive directors comprise independent directors.

Candidates for directors of the board shall be nominated by the board or the shareholders who individually or aggregately hold more than five percent (5%) of total voting shares of the Bank, and shall be elected by the general meeting of shareholders.

The board of directors, board of supervisors and shareholders who individually or aggregately hold more than one percent (1%) of total voting shares of the Bank can nominate candidates for independent directors, who shall be elected by the general meeting of shareholders. Service term of independent directors is the same as that of other directors of the Bank. The qualification of holding a position as independent director shall be submitted to and reviewed by the banking supervisory authorities of the State Council.

### ***Nomination and Election of Supervisors***

Supervisors of the Bank include supervisors representing shareholders, external supervisors and supervisors representing employees. The proportion of the Bank's supervisors representing employees shall not be less than one third of the total number of supervisors, and the Bank shall have at least two external supervisors.

Candidates for supervisors representing shareholders shall be nominated by the board of supervisors or the shareholders holding individually or jointly 5% or more of the voting shares of the Bank, and elected by the general meeting of shareholders of the Bank.

Supervisors representing employees shall be elected and removed by employees.

The external supervisor of the Bank shall be nominated by the shareholders holding individually or jointly 1% or more of shares of the Bank and elected by the shareholders' meeting.

### ***Removal and Resignation of Directors***

The shareholders' general meeting shall not dismiss any director without justified reasons prior to the expiry of service term. However, under the premise of observance of relevant laws and administrative regulations, the shareholders' general meeting may dismiss any director during his/her service term through a general resolution (except for the director's claim that can be proposed in accordance with any contract).

A director may resign prior to the expiry of his/her service term. When a director intends to resign, he/she shall submit a written resignation to the board. The board shall disclose this fact within 2 days.

If, upon the expiry of a director's service term, a new director cannot be elected in time, or the resignation of any director causes the number of directors to fall below the minimum number of directors required by law, such director shall continue to perform his/her duties in accordance with laws, administrative regulations and the Articles until a new director is elected and assumes his/her office.

Except in the situation aforesaid that resignation of any director causes the number of directors to fall below the minimum number of directors required by law, the resignation of a director shall become effective when it reaches the board. The resignation of independent directors shall comply with the Articles.

There is no provision in the Articles regarding retirement or non-retirement of directors under an age limit.

### ***Removal and Resignation of Supervisors***

No supervisor may be removed without justified reasons before the expiry of his/her term of office.

A supervisor may offer to resign before the expiry of his/her term of office. A supervisor who intends to resign shall submit a written resignation to the board of supervisors. The provisions concerning the resignation of directors shall apply to supervisors.

### **Distribution of Profits**

The Bank's after-tax profits shall be distributed in the following order of priority:

- making up for previous year's losses;
- contributing 10% of them to its statutory reserve fund;
- making general provisions;
- contributing to its discretionary reserve fund; and
- paying dividends to its shareholders.

No further contribution is required when the cumulative amount of the Bank's statutory reserve fund reaches 50% of its registered capital. The shareholders' general meeting shall decide on whether or not to make a contribution to the discretionary reserve fund after contributing to the statutory reserve fund and making general provisions. The Bank shall not distribute any of its profits to any of its shareholders before offsetting our losses and contributing to the statutory reserve fund or making general provisions.

### **Dividends and Other Methods of Profits Distribution**

The Bank may distribute dividends in the form of cash or shares.

For dividends that are not claimed by anyone, the Bank may exercise the right of expropriation under the precondition of complying with the relevant laws, administrative regulations and rules of China, but the right shall be exercised only after the applicable limitation period.

The Bank shall have the right to terminate sending dividend warrants to holders of overseas-listed shares by mail, but the Bank shall exercise the right only after a dividend warrant fails to be redeemed for two consecutive occasions, however the Bank can exercise the right after the first occasion on which such a dividend warrant is returned as undelivered.

The Bank shall have the right to sell the shares of shareholders of overseas-listed shares who are untraceable in a way deemed appropriate by the board of directors, provided the following conditions are met:

- the Bank has distributed at least three dividends to the shares within 12 years, and the dividends are not claimed by anyone during the period;

- the Bank publishes announcements in one or more newspapers in the place where the Bank's shares are listed after the expiration of the 12-year period, stating its intention to sell the shares, and informs the securities regulatory authorities of the locality where the Bank's shares are listed.

The Bank shall appoint a proxy to receive payment for shareholders of overseas-listed shares. The proxy shall receive dividends distributed to overseas-listed shares and other payments from the bank on behalf of the shareholders concerned.

The proxy appointed by the Bank shall meet the requirements of the laws or the relevant provisions of the securities exchange in the place of listing.

The proxy appointed by the Bank for shareholders of overseas-listed shares in Hong Kong shall be a trust company registered in accordance with the *Fiduciary Regulation* in Hong Kong.

### **Accounts and Audit**

The Bank shall establish its financial and accounting systems according to laws, administrative rules and the provisions of Chinese Accounting Standards formulated by the competent financial department of the State Council.

The board of directors shall at each annual shareholders' general meeting submit to the shareholders the financial reports prepared by the Bank required by the relevant laws, administrative regulations and rules.

The Bank shall prepare its financial statement not only according to the Chinese accounting standards and regulations but also the international accounting standards or the accounting standards in the overseas-listing place. In case there are major differences between the financial statements prepared according to the two accounting standards, they should be indicated clearly in the notes of the financial statements. When distributing the after-tax profit for the related accounting year, the Bank shall adopt whichever is the lower of the after-tax profit in the aforesaid two financial statements.

The Bank shall publish its financial report twice in each fiscal year, i.e. publish the interim financial report within 60 days after the end of the first six months of a fiscal year, and publish the annual financial report within 120 days after the end of a fiscal year. Other regulations of the regulatory authorities of the locality where the shares of the Bank are listed shall prevail.

### **Appointment, Removal and Resignation of Auditors**

The Bank shall appoint an independent accounting firm that meets the relevant state provisions to make audits of the annual financial reports and other financial reports of the Bank.

The term of appointment of the auditors shall be beginning from the date of the close of the Bank's annual shareholders meeting and ending on the date of the close of the next annual shareholders meeting.

The shareholders' general meeting could decide to dismiss the auditors by adopting a general resolution before the expiration of the term of office of the auditors, no matter what the terms of the contract concluded between the auditors and the Bank stipulate. If the relevant auditors have the right to make a claim to the Bank due to its dismissal, such right shall not be affected.

If the auditors offer to resign, they shall make a statement to the shareholders' general meeting as to whether the Bank is in any inappropriate circumstance.

The auditors may resign from their duties by depositing their written resignation notice at the legal address of the Bank. The resignation notice shall take effect on the date of being deposited at the Bank's legal address or the later date indicated in the notice. The notice shall include the following statements:

- stating that their resignation does not involve any circumstance that should be clarified to the Bank's shareholders or creditors; or
- any statement about the circumstances that should be clarified.

The Bank shall send the copies of the notice to the relevant competent authorities within 14 days from the date of receiving the aforesaid written notice. If the notice carries the statements mentioned in (2) above, the Bank should deposit the duplicate copy of the statements in the Bank for shareholders' reference. The Bank shall also send the duplicate copy of the aforesaid statements to each shareholder of overseas-listed shares by postpaid mail, and the address on the register of shareholders shall be the address of the recipients.

If the resignation notice of auditors carries any statement about the circumstances that should be clarified, the auditors could ask the board of directors to convene a shareholders' meeting to hear its explanation on the relevant circumstances of its resignation.

### **Procedure on Liquidation**

The Bank shall be dissolved and liquidated according to law, if:

- its shareholders meeting has resolved to do so;
- it is required as a result of the merger or division of the Bank;
- the Bank is unable to pay off its due debts and is therefore declared bankrupt according to law;
- the Bank's business license is revoked, or it is ordered to be closed down or cancelled due to its violation of any law or regulation; or
- the Bank encounters grave difficulties in its operation and management, continued existence will cause material harm to shareholders' interests, and the problems could not be solved through other means.

Dissolution of the Bank shall be reported to the banking regulatory authorities of the State Council for approval.

If the board of directors decides the Bank shall carry out liquidation (except for liquidation resulting from the Bank's declaration of bankruptcy), it shall state in the notice of the shareholders' general meeting convened for this purpose that the board of directors has conducted comprehensive investigation of the Bank's condition and believes that the Bank is able to pay off all its debts within 12 months after starting the liquidation.

The powers and functions of the Bank's board of directors shall terminate immediately after passing the resolution on liquidation by shareholders' general meeting.



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

The liquidation committee shall give notice of its establishment to the creditors within 10 days of its establishment and publish an announcement of the establishment in a newspaper at least three times within 60 days from its establishment.

The creditors shall declare their claims to the liquidation committee within 30 days of the date of receiving the notice or within 45 days of the date of the first announcement in case of not receiving the notice.

The creditors shall explain the matters related to their claims and provide supporting materials when declaring their claims. The liquidation committee shall register the claims.

The liquidation committee shall not settle any debt with the creditors during the period of claim declaration.

### **Amendments to Articles**

The Bank may make amendments to its Articles whenever necessary. No amendment to the Articles may conflict with any law or administrative regulation, rules, and regulations of the securities regulatory authorities of locality where the shares of the Bank are listed. The board of directors may make amendments to the Articles according to a resolution and authorization by shareholders' general meeting to amend the Articles .

Where any amendment made by a shareholders' general meeting to the Articles involves any matters that need to be approved by the relevant competent authority, such amendment shall be submitted to such authority for approval. The Bank shall go through the alteration registration according to law in case of involving the company registration matters.

### **Dispute Resolution**

The Bank shall follow the following dispute settlement rules:

- if any dispute or claim concerning the Bank's business on the basis of the rights or obligations provided for in the Articles or in the Company Law or other relevant laws or administrative regulations arises between a holder of overseas-listed shares and the Bank, between overseas-listed shares and a director, a supervisor, the senior management members of the Bank or between a holder of overseas-listed shares and a holder of domestic investment shares, the parties concerned shall submit the dispute or claim for arbitration.

when a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons (being the Bank or shareholders, director, supervisors, the manager or other senior management members of the Bank) that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration;

- a dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must carry out arbitration in the arbitration institution selected by the applicant.

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

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