

**CZBANK**  **浙商银行**

**CHINA ZHESHANG BANK CO., LTD.**

**浙商银行股份有限公司**

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

## **ARTICLES OF ASSOCIATION**

**Hangzhou, China**

**April 2020**

**The English version is for reference only. Should there be any inconsistency between the English and Chinese versions, the latter shall prevail.**

# ARTICLES OF ASSOCIATION OF CHINA ZHESHANG BANK CO., LTD.

## Chapter 1 General Provisions

**Article 1** To safeguard the legitimate rights and interests of China Zheshang Bank Co., Ltd. (hereinafter referred to as “our Bank”), our shareholders and creditors, and to regulate the organization and activities of our Bank, our Bank formulated the Articles of Association in accordance with the *Company Law of the People’s Republic of China* (hereinafter referred to as “*Company Law*”), the *Securities Law of People’s Republic of China* (hereinafter referred to as “*Securities Law*”), the *Law of the People’s Republic of China on Commercial Banks* (hereinafter referred to as “*Commercial Bank Law*”), the *Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies, Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Guidance Opinion of the State Council on the Launch of Preference Shares Pilot Scheme, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (hereinafter referred to as “*Hong Kong Listing Rules*”), the *Guidelines for the Articles of Association of Listed Companies* and other relevant laws and provisions.

**Article 2** Our Bank is a nationwide joint-equity commercial bank established pursuant to the “*Company Law*” and the “*Commercial Bank Law*” and upon approval of China Banking Regulatory Commission (YIN JIAN FU [2004] No. 91).

Established by way of promotion, our Bank was registered at the Zhejiang Provincial Administration for Industry & Commerce on 26 July 2004 and obtained a business license. Our Bank’s unified social credit code is 91330000761336668H.

Promoters of our Bank include 15 legal entities such as Zhejiang Communications Investment Group Co., Ltd., China Wanxiang Holding Co., Ltd. and Traveller Automobile Group Co., Ltd..

**Article 3** Registered name of our Bank:  
Full name in Chinese: 浙商银行股份有限公司, abbreviation: 浙商银行;  
Full name in English: CHINA ZHESHANG BANK CO., LTD, abbreviation: CZBANK.

**Article 4** Address of our Bank:  
No. 1788, Hongning Rd., Xiaoshan District, Hangzhou, Zhejiang Province, postal code: 311200, Tel: 0571-88268966, Fax: 0571-87659826.

**Article 5** Our Bank’s registered capital is RMB21,268,696,778.

**Article 6** The chairman of the Directors Board is the legal representative of our Bank.

**Article 7** Our Bank is a joint stock limited company that has perpetual existence. The shareholders shall bear their liabilities to the extent of their respective shareholdings in our Bank and the Bank shall bear liability for its debts to the extent of all its assets.

**Article 8** In accordance with the relevant regulations of the Constitution of the Communist Party of China, the Bank shall establish the Party committee of China Zheshang Bank (hereinafter the “Zheshang Bank Party Committee”) and the Party discipline inspection committee of China Zheshang Bank (hereinafter the “Zheshang Bank Discipline Inspection Committee”) to carry out the activities of the Party. The Party organizations shall play the core leadership role, provide direction, manage the overall situation and ensure implementation. The working organs of the Party shall be established, equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organizations.

**Article 9** The Zheshang Bank Party Committee shall ensure and supervise the Bank’s implementation of policies and guidelines of the Party and the State; implement major strategic decisions and important work arrangements of higher-level Party organizations; strengthen its leadership and supervision role in the process of selection and appointment of personnel, uphold the integration of the principle that the Party manages the officials with the function of the Board of Directors in the lawful selection of the management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the management; research and discuss the reform, development and stability of the Bank, major operational and management issues and major issues concerning employee interests, and put forth comments and suggestions; assume the primary responsibility to run the Party comprehensively with strict discipline, research and arrange the Party-masses work of the Bank and strengthen the self construction of the Party organizations; and lead the Bank’s ideological and political work, the united front work, the cultural and ethical progress, and research and arrange corporate culture cultivation as well as the work of groups such as the Labor Union of the Bank and the Communist Youth League.

The Bank should listen to the opinions of the Zheshang Bank Party Committee before discussing and deciding major issues.

**Article 10** The Zheshang Bank Party Committee supports and promotes the Bank to abide by the national laws and regulations as well as various supervision and management systems of the regulatory authorities, and adhere to the principle of operating in compliance with laws and regulations. The Zheshang Bank Party Committee respects and supports that the Shareholders’ General Meeting, the Board of Directors, the Supervisory Committee and the senior management exercise their powers in accordance with the law, and instructs and procures the senior management to implement the decisions of the Shareholders’ General Meeting and the Board of Directors.

**Article 11** The Bank implements the leadership management system of “Dual Entry and Cross Appointment”. Eligible members of the Zheshang Bank Party Committee may be appointed to the Board of Directors, the Supervisory Committee and the senior management according to the legal procedures, and eligible Party members in the Board of Directors, the Supervisory Committee and the senior management may be appointed to the Zheshang Bank Party Committee in accordance with the Party Constitution and the relevant regulations and procedures.

**Article 12** From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating our Bank’s organization and activities, and the rights and obligations between our Bank and each shareholder and among the shareholders, and are binding on our Bank and our shareholders, directors, supervisors and senior executives; all of whom are entitled to claim rights regarding our Bank’s affairs in accordance with the Articles of Association. Shareholders may sue our Bank, other shareholders, directors, supervisors, president and other senior executives of our Bank pursuant to the Articles of Association; and our Bank may sue shareholders, directors, supervisors, president and other senior executives of our Bank pursuant to the Articles of Association.

The term “sue” in the preceding paragraph shall include instituting of legal proceedings with people’s court or filing with an arbitral authority for arbitration.

The term “senior executives” mentioned in the Articles of Association shall refer to the president, vice president, president assistant, secretary of the Directors Board, chief financial officer and other staff determined by the Board.

Personnel whose employment is subject to qualifications examined and verified by regulatory authorities shall obtain qualifications approval as required by regulatory authorities.

**Article 13** Our Bank is an independent corporate legal person with each branch operating within the authorization of our Bank in accordance with the laws and their civil liabilities shall be borne by our Bank.

**Article 14** If permitted by the laws and regulations, our Bank may invest in limited liability companies, joint-stock companies and other corporate bodies (including investments by way of new establishment). The liabilities of our Bank in the corporate bodies we invest are limited to the amount of investment or shares subscribed.

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

**Article 15** The business objectives of our Bank are:

to honor credibility and operate lawfully on the basis of ensuring safety and being client-centred, setting development as the mainline, benefits as the criterion and returns as the goal, in an effort to offer quality and effective financial services to the society and create the greatest value for shareholders and a people-oriented environment for employee development.

**Article 16** Our Bank shall adhere to the basic operating principles of safety, liquidity and efficiency, while conducting independent operations, managing our own risks, assuming sole responsibility for our own profit or loss and being self-constrained.

The business activities of our Bank are under the supervision and management of People’s Bank of China, China Banking and Insurance Regulatory Commission and other competent regulatory authorities.

**Article 17** Upon approval by banking regulatory authority under the State Council and registration with registration authorities, the business scope of our Bank includes:

- (I) receiving deposit from the public;
- (II) granting short-term, medium-term and long-term loans;
- (III) handling settlement within and outside of China;
- (IV) handling bills acceptance and discounting;
- (V) issuing financial bonds;
- (VI) acting as agents in issuance, honoring and underwriting of government bonds;

- (VII) buying and selling government bonds and financial bonds;
- (VIII) engaging in inter-bank borrowing;
- (IX) buying and selling and acting as agent in foreign exchange trading;
- (X) engaging in bank card business;
- (XI) providing letters of credit services and guarantee;
- (XII) acting as agent in the collection and payment of monies and insurance business;
- (XIII) providing safe deposit box services;
- (XIV) other businesses as approved by banking regulatory authority under the State Council.

Our Bank may run foreign exchange settlement and sale businesses as approved by the People's Bank of China.

### **Chapter 3 Capital**

#### **Section 1 Shares**

**Article 18** Our Bank shall have ordinary shares at all times. Our Bank may issue other classes of shares such as preference shares according to our needs and upon the approval from the applicable authorities of the State Council.

In the Articles of Association, preference shares refer to the other classes of shares governed separately under the *Company Law* as compared to the ordinary shares governed by the general provisions. Preference shareholders shall participate in the distribution of profits and residual assets of the Bank in priority to ordinary shareholders, but their rights in respect of participating in decision making and management of the Bank (such as voting rights) are restricted.

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

**Article 19** All the shares issued by our Bank shall have a par value. The par value of each share shall be Renminbi ("RMB") 1.00.

Our Bank shall follow the principles of transparency, fairness and equity when issuing shares. Each share in the same class shall have the same rights. Shares of the same class issued at the same time shall all be issued with the same condition and at the same price with each other. All shares subscribed by any entity or individual shall be paid the same price.

**Article 20** Our Bank may issue shares to investors both within and outside the PRC after approval from the banking regulatory authority and securities regulatory authority under the State Council, and any other relevant regulatory authorities.

For the purposes of the preceding paragraph, the term “investors outside the PRC” refers to investors who are located overseas or the Hong Kong Special Administrative Region of the People’s Republic of China (hereinafter referred to as “Hong Kong”), the Macau Special Administrative Region of the PRC or Taiwan who subscribe for shares issued by our Bank. The term “investors within the PRC” refers to investors who are located within the PRC (excluding the aforementioned regions) who subscribe for the shares issued by our Bank.

**Article 21** Shares issued by our Bank to investors within the PRC and subscribed for in RMB shall be referred to as “domestic shares”. Shares issued by our Bank to investors outside the PRC and subscribed for in foreign currency shall be referred to as “foreign shares”. Foreign shares listed outside the PRC shall be referred to as “overseas listed foreign shares”.

With the approval of issuance by departments authorized by the State Council as well as the approval by domestic stock exchange, the shares listed and traded on domestic stock exchange are collectively referred to as domestic listed shares. The domestic listed shares issued by our Bank shall be referred to as “A shares”.

The shares listed and traded on foreign stock exchange with approval from departments authorized by the State Council and from foreign securities regulatory authorities, are collectively referred to as overseas listed shares.

Overseas listed shares issued by our Bank and listed on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”) are referred to as H shares.

Foreign currencies referred to in the preceding paragraph shall mean the lawful currencies of other countries or regions other than RMB, which are recognized by the State Administration of Foreign Exchange for payment of share subscription to our Bank.

Domestic Listed Shares issued by our Bank are retained under centralized depository of the relevant securities depository institutions for safe custody; whereas the H shares of our Bank are mainly retained under the safe custody of entrusted Hong Kong securities clearing companies and such shares may also be held under the personal names of shareholders.

**Article 22** Our Bank issued 1,500,730,000 shares to 15 promoters with an aggregate amount of RMB1,500.73 million when established in 2004.

**Article 23** The total number of ordinary shares that our Bank can issue upon approval by the approval departments as authorized by the State Council is 21,268,696,778 shares.

Our Bank’s ordinary share capital structure is: 21,268,696,778 ordinary shares, among which 16,714,696,778 are domestic listed shares, representing 78.59% of the total ordinary shares issued by our Bank; and 4,554,000,000 H shares, representing 21.41% of the total ordinary shares issued by our Bank.

The total number of offshore preference shares issued by our Bank is 108,750,000.

**Article 24** Subject to approval and verification of our Bank’s plan to issue overseas listed shares and domestic listed shares by the securities regulatory authority under the State Council, the Board of our Bank may implement arrangements regarding the issuance of the shares respectively.

Our Bank may separately implement our plan to issue overseas listed shares and domestic listed shares pursuant to the preceding paragraphs within 15 months from the date of approval and verification by the securities regulatory authority under the State Council.

**Article 25** In the event that there are overseas listed shares and domestic listed shares included in the total number of shares stated in the said plan, such shares shall be fully subscribed for at their respective offerings. If these shares cannot be fully subscribed due to special circumstances, such shares may be issued in separate tranches subject to the approval and verification by the securities regulatory authority under the State Council.

**Article 26** All shares of our Bank are invested in cash by shareholders and the total number of shares shall be in compliance with the *Company Law*, *Commercial Bank Law* and other relevant regulations.

## **Section 2 Increase and Reduction of Shares, and Share Repurchase**

**Article 27** Our Bank may, based on our operating and development needs and in accordance with relevant regulations of the Articles of Association, approve increases in our capital.

Our Bank may increase our capital mainly in the following ways:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) placing new shares to existing shareholders;
- (IV) allotting new shares to existing shareholders;
- (V) transferring capital reserve to increased capital;
- (VI) other methods stipulated and permitted by the laws and regulations.

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

**Article 28** The substantial shareholders of our Bank shall make a long term commitment in respect of capital replenishment to our Bank in writing, as part of our Bank's capital planning. The substantial shareholders of our Bank shall replenish our Bank's capital when necessary. Shareholders of our Bank, in particular the substantial shareholders, shall be required to support the plans and measures proposed by the Board for the purpose of increasing capital adequacy ratio and shall not obstruct the capital injection of other shareholders or the participation of new qualified shareholders.

**Article 29** Our Bank may reduce our registered capital. Any reduction of registered capital of our Bank shall be handled in compliance with the procedures stipulated by the *Company Law*, *Commercial Bank Law* and provisions of the Articles of Association while the capital after reduction shall not be less than the minimum capital and capital adequacy ratio stipulated by the *Commercial Bank Law*.

Our Bank shall prepare a balance sheet and a property inventory when we reduce our registered capital.

Our Bank shall notify the creditors within 10 days of adopting the resolution to reduce our registered capital and shall publish an announcement of the resolution in the media designated by our Bank for publishing announcements at least three times within 30 days. Creditors shall, within 30 days of receiving a written notice or within 45 days since the day of the announcement for those who have not received a written notice, be entitled to require our Bank to pay our debts or to provide a corresponding guarantee for repayment.

**Article 30** Our Bank may, subject to the laws, regulations, rules and the Articles of Association and upon approvals from competent regulatory authorities, repurchase our shares under the following circumstances:

- (I) reduction of registered capital of our Bank;
- (II) merger with another company holding shares in our Bank;
- (III) granting of shares to employees of our Bank as reward;
- (IV) requests for our Bank to buy out shares from shareholders who have voted against the resolutions passed at a general meeting to merge or divide our Bank; and
- (V) other circumstances permitted by the laws, regulations and rules.

Except for the purpose as set above, our Bank shall not be engaged in any activities of buying and selling its own shares.

Approval shall be obtained at a general meeting when our Bank is to repurchase our own shares because of the circumstances set out in Items (I) to (III) of the first paragraph. After our Bank has repurchased our own shares in accordance with the preceding paragraph, the shares so repurchased shall be cancelled within ten days from the date of repurchase (under the circumstance set out in Item (I)), or shall be transferred or cancelled within six months (under the circumstances set out in Items (II) and (IV)).

The shares of our Bank repurchased by our Bank under the circumstance set out in Item (III) of the first paragraph shall not exceed 5% of the total issued shares of our Bank. The funds for repurchase of such shares shall be paid out of our Bank's profits after taxation, and the acquired shares shall be transferred to our Bank's employees within one year.

**Article 31** Our Bank may, with the approval of competent regulatory authorities, repurchase our shares in the following ways:

- (I) making a repurchase offer to all shareholders on a pro rata basis;
- (II) repurchasing shares through open transactions on a stock exchange;
- (III) repurchasing shares via an off-market agreement; and
- (IV) in any other manner approved by the laws, regulations, and competent regulatory authorities.



**Article 32** Where our Bank is to repurchase our shares via an off-market agreement, prior approval shall be obtained from the shareholders at a general meeting in accordance with the Articles of Association. Our Bank may, having first obtained the prior approval of shareholders at a general meeting, rescind or alter contracts concluded in the aforementioned manner or waive any of our rights under such contracts.

For the purposes of the preceding paragraph, contracts for the share repurchase shall include (but not limited to) agreements in connection with the assumption of the obligations and the entitlement of the rights to repurchased shares.

Our Bank shall not assign any contract for the repurchase of our shares or any of our rights provided therein.

Where our Bank has the right to repurchase redeemable shares, the repurchase price shall be set at a maximum price if the repurchases are not made through the market or by tender. If repurchases are by tender, a proposal of tenders shall be made available to all shareholders in the same manner.

**Article 33** Shares cancelled by our Bank as a result of share repurchases shall be filed with the industry and commerce registration administration for change of our registered capital. The total par value of the shares so cancelled shall be deducted from the registered capital of our Bank.

**Article 34** Unless our Bank is undergoing liquidation, we shall comply with the following requirements with respect to a repurchase of our issued shares:

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

(III) Our Bank shall make the following payments from our Bank's distributable profits:

1. payment for acquisition of the rights to repurchase our own shares;
2. payment for the variation of any contracts for the repurchase of our shares;
3. payment for the release from our obligations under any repurchase contracts.

(IV) After the aggregate par value of the cancelled shares is deducted from our Bank's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profits used for the repurchase of the shares at par value shall be credited to our Bank's capital reserve account.

If there are applicable provision(s) to the contrary regarding the aforementioned share repurchases in the laws, regulations, and relevant regulations of the relevant regulatory authorities, those provision(s) shall prevail.

### **Section 3 Transfer and Pledge of Shares**

**Article 35** Unless otherwise specified by laws, regulations and the securities regulator or stock exchange of the place where our Bank's shares are listed, the shares held by shareholders of our Bank may be transferred in accordance with the laws and the Articles of Association without any lien attached.

Registration shall be made in the share registrar authorized by our Bank for the transfer of the shares of our Bank.

Our Bank shall comply with the relevant regulations of the regulatory authorities such as the banking regulatory authority under the State Council in transferring our shares.

**Article 36** All fully paid H shares may be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognize the documents for transfer without stating any reason unless the conditions stipulated below are met:

- (I) the standard fee prescribed by Hong Kong Stock Exchange in the *Hong Kong Listing Rules* has been paid to our Bank, and all transfer documents and documents which relate to or may affect the title of any shares have been registered;
- (II) the transfers are only in relation to H shares;
- (III) stamp duty (as stipulated by Hong Kong laws) which is payable for the transfer documents has been duly paid;
- (IV) the relevant share certificate(s) and any other evidence which the Board may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (V) where the shares are intended to be transferred to joint holders, the number of such joint shareholders is not more than four;
- (VI) the shares are free and clear of any lien of our Bank.

If the Board refuses to register any transfer of shares, our Bank shall issue a notice to the transferor and the transferee within two months from the date on which the transfer application has been duly submitted, to notify them of the refusal to register such transfer.

**Article 37** All transfers of H shares shall adopt written instruments of transfer in an ordinary or usual form or in any other form acceptable to the Board (including standard transfer form or other form of transfer as prescribed by the Hong Kong Stock Exchange from time to time). The instruments of transfer may be signed by hand or (where the transferor or transferee is a corporation) sealed with the company's seal. Where the transferor or transferee is a recognized clearing house as defined by relevant regulations in accordance with Hong Kong laws from time to time (hereinafter referred to as the "recognized clearing house") or its proxy, the instruments of transfer may be signed by hand or in a machine-imprinted format.

All instruments of transfer shall be kept at the legal address of our Bank or the addresses designated by the Board from time to time.

**Article 38** Our Bank shall not allow our shares to become pledged.

**Article 39** The directors, supervisors and senior management of our Bank shall notify our Bank their holding of shares in our Bank (including preference shares) and changes of their holdings. The shares transferred in any year during their tenures shall not exceed 25% of the total number of the shares of any one class held by them. The shares of our Bank held by them shall not be transferred within one (1) year from the date of initial listing and trading on a stock exchange. These individuals shall not transfer the shares in our Bank held by them within six months upon the completion of their terms of office.

If the securities regulatory authorities of the jurisdiction in which our Bank's shares are listed have restrictions on transfers of overseas-listed shares, those provision(s) shall prevail.

**Article 40** If the directors, supervisors, senior management and shareholders holding more than 5% of the shares of our Bank sell any share within six months from the date of purchase or repurchase any share within six months from the date of disposal, any gains so realized shall be forfeited by the Board of Directors in favour of our Bank. However, securities firms holding more than 5% of the shares as a result of the performance of their underwriting obligation shall not be subject to the six-month restriction.

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

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

If the relevant regulations of the securities regulatory authority in which our Bank's shares are listed have restrictions on dealings of overseas-listed shares, those provision(s) shall prevail.

## **Chapter 4 Financial Assistance for the Purchase of Shares of our Bank**

**Article 41** Our Bank or our subsidiaries (including affiliated enterprises of our Bank, same as below) shall not offer any financial assistance at any time by any means (including but not limited to gift, advancement, guarantee, compensation, loan or other forms) to purchasers or prospective purchasers of our Bank's shares. The aforementioned purchasers shall include both persons who have directly or indirectly assumed obligations.

Our Bank or our subsidiaries shall not offer any financial assistance at any time by any means in order to reduce or relieve the obligations of the aforesaid purchasers or prospective purchasers.

This Article does not apply to the circumstances set out in Article 43 of the Articles of Association.

**Article 42** Financial assistance mentioned in the Articles of Association shall include (but not limited to) the following means:

- (I) gifts;
- (II) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation given for acts where our Bank is at fault) or the release or waiver of any rights;
- (III) the provision of loans or the entrance into any agreement under which the obligations of our Bank are to be fulfilled before the obligations of another party, and a change in the parties to, or the novation of, or the assignment of rights arising under such loans or agreement; and
- (IV) any other form of financial assistance given by our Bank when our Bank is insolvent, has no net assets, or when our net assets would be reduced to a material extent as a result of such financial assistance.

The obligations referred to in this Article shall include the obligations of an obligator which have arisen by the signing of an agreement or the making of another arrangement (regardless of whether the aforesaid agreement or arrangement is enforceable, or whether such obligations are assumed by the obligator individually or jointly with any other person) and any obligations that arise out of changes made in any other way to the obligator's financial condition.

**Article 43** The acts listed below are not prohibited by Article 41 of the Articles of Association

- (I) the financial assistance provided by our Bank is either genuinely for the interests of our Bank and the main purpose of the financial assistance is not to purchase shares of our Bank, or the financial assistance is an incidental part of our Bank's overall plans;
- (II) lawful distribution of our Bank's assets in the form of dividends;
- (III) distribution of dividends in the form of shares;
- (IV) reduction of registered capital, repurchase of shares, adjustment of shareholding structure, etc., in accordance with the Articles of Association;

- (V) provision of loans by our Bank within our scope of business and in the ordinary course of business (provided that the provision does not lead to a reduction in the net assets of our Bank or that if this causes a reduction, the financial assistance is taken from our Bank's distributable profits); and
- (VI) provision of fund by our Bank for an employee shareholding scheme (provided that this does not lead to a reduction in the net assets of our Bank or that if there causes a reduction, the financial assistance is taken from our Bank's distributable profits).

## **Chapter 5 Shares Certificate and Share Register**

**Article 44** Share certificates of our Bank shall be in registered form.

Share certificates of our Bank must specify details as stipulated by the *Company Law* and other matters that must be specified by the stock exchange on which our Bank's shares are listed.

The overseas listed shares of our Bank may be in the form of foreign depository receipts or in other derivative forms of shares in accordance with the laws and the securities registration and depository practices of the place where our Bank's shares are listed.

**Article 45** The share certificates of our Bank shall be signed by the chairman of the Board. Where the stock exchange on which our Bank's shares are listed require the president or other senior executives of our Bank to sign the share certificates, the share certificates shall be signed by the president or other relevant senior executives. The share certificates shall become effective after a seal of our Bank is affixed or imprinted thereon. The affixation of our Bank's seal on the share certificates shall be subject to the authorization of the Board. The signatures of the chairman of the Board, the president or other relevant senior executives of our Bank on the share certificates can be provided in printed form.

When paperless shares of our Bank are issued and traded, the applicable provisions of the securities regulatory authorities at the location where our Bank's shares are listed shall be followed.

**Article 46** Our Bank shall maintain share register in accordance with evidence provided by securities registrars to state the following matter or conduct the registration of shareholders pursuant to the provisions of the laws, regulations, departmental rules and *Hong Kong Listing Rules*:

- (I) the name (description), address (domicile), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid or payable for the shares held by each shareholder;
- (IV) the serial number of the share certificates held by each shareholder;
- (V) the date on which each shareholder is registered as a shareholder; and
- (VI) the date on which each shareholder ceases to be a shareholder.

Unless there is evidence to the contrary, the share register shall be sufficient evidence of the shareholders' respective shareholdings in our Bank.

**Article 47** Pursuant to an understanding and agreement reached between the securities regulatory authority under the State Council and overseas securities regulatory authority, our Bank may keep our share registers of overseas listed shares outside the PRC and appoint an overseas agent to manage these registers. The original of the share register of H shares (only for ordinary shares) shall be kept in Hong Kong.

Our Bank shall keep at our domicile duplicates of share registers of overseas listed shares. The appointed overseas agent shall ensure that the originals and the duplicates of these registers are consistent at all times.

In the event that there is any inconsistency between the originals and the duplicates of the share registers of overseas listed shares, the originals shall prevail.

**Article 48** Our Bank shall keep a complete share register.

The share register shall comprise the following parts:

- (I) the register kept at our Bank's domicile, apart from those mentioned under Items (II), (III) and (IV) of this Article;
- (II) the share registers of overseas listed shares (only for ordinary shares) kept at the location(s) of the stock exchange(s) on which the shares are listed;
- (III) any other share registers kept at such other places as the Board deems necessary for the purpose of listing the shares of our Bank; and
- (IV) the register of preference shareholders maintained in other places as the Board may consider necessary for the purpose of the listing of the Bank's preference shares.

**Article 49** The various parts of the share register shall not overlap with each another. The transfer of shares registered in a certain part of the share register shall not be registered in any other part of the register during the continuance of the registration of such shares.

Any changes or corrections of any part of the share register shall be effected in accordance with the laws of the place where that part of the share register is kept.

**Article 50** No changes shall be made to the share register as a result of a transfer of shares either within 30 days prior to the date of a general meeting, or within 5 days before the base date set by our Bank for the purpose of distribution of dividends.

If alternate provisions are stipulated by the securities regulatory authority at the location where our Bank's shares are listed, those provisions shall apply.

**Article 51** When our Bank convenes a general meeting to distribute dividends, undergo liquidation or engage in any other act requiring the confirmation of shareholding, the Board or the convener of the general meeting shall stipulate a date for shareholding registration. After market closes on the shareholding registration date, the shareholders who are recorded in the share register shall be the shareholders who are entitled to relevant rights and interests.

**Article 52** Anyone objecting to the share register, and either requests to register his/her name (description) in the share register or to remove his/her name (description) from the share register shall have the right to apply to the court having the appropriate jurisdiction in order to rectify the register.

**Article 53** If the share certificates (i.e. the “Original Share Certificates”) of any shareholders registered in the share register or any persons who request to register their names (description) in the share register are lost, these shareholders or persons may apply to our Bank for replacement certificates in respect of such shares (i.e. the “Relevant Shares”).

Holders of domestic listed shares who apply for the replacement of share certificates shall comply with the relevant provisions of the *Company Law*.

Holders of overseas listed shares who apply for the replacement share certificates shall comply with the laws of the place where the original share register of overseas listed shares is kept, the rules of the stock exchange and other relevant regulations.

If the share certificates held by shareholders of H shares are lost, the replacement application shall comply with the following requirements:

- (I) Applicants shall submit an application via a standard form designated by our Bank alongside a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the reason the applicant is making the application, the circumstances in which the share certificate(s) was/were lost with supporting evidence, and a declaration that no other persons can request to be registered as a shareholder in respect of the Relevant Shares.
- (II) Our Bank has received no declarations from anyone other than the applicant requesting registration as a shareholder over such shares before our Bank decides to issue replacement share certificates.
- (III) If our Bank decides to issue the replacement share certificates to the applicant, an announcement of our intention to issue the certificates shall be published in a newspaper designated by the Board. The period for such announcement shall be 90 days and the announcement shall be published at least once every 30 days during this period.
- (IV) Prior to the publication of the aforesaid announcement, our Bank shall submit a copy of the proposed announcement to the stock exchange on which our shares are listed, and shall publish the announcement after obtaining the stock exchange’s confirmation that the announcement has been displayed at the stock exchange. The announcement shall be displayed at the stock exchange for 90 days.

If the shareholders of the Relevant Shares registered on the share register do not consent to the issuance of replacement share certificates, our Bank shall send a copy of the proposed announcement to such shareholders by post.

- (V) Upon the expiry of the 90-day publication period for the announcement as stipulated in Items (III) and (IV) of this Article, if no objections are received by our Bank regarding the issue of replacement share certificates, replacement share certificates shall be issued in accordance with the submitted application.

(VI) Once replacement share certificates are issued pursuant to this Article, our Bank shall immediately cancel the Original Share Certificates, and this cancellation and replacement shall be recorded in the share register.

(VII) All expenses incurred by our Bank in connection with the cancellation of the Original Share Certificates and the issuance of replacement share certificates shall be borne by the applicant. Our Bank is entitled to refuse to take any action unless the applicant provides a reasonable guarantee that it can pay the expenses.

**Article 54** After our Bank issues replacement share certificates in accordance with the Articles of Association, the names (description) of the bona fide purchasers who obtain the replacement share certificates or the shareholders who subsequently register as the owner of such shares (provided that they are bona fide purchasers) shall not be removed from the share register.

**Article 55** Our Bank shall not assume any compensatory obligations towards persons who may suffer loss from our Bank's cancellation of the lost Original Share Certificates or the issuance of replacement share certificates, unless such persons can prove fraud on the part of our Bank.

## **Chapter 6 Shareholders and General Meetings**

### **Section 1 Shareholders**

**Article 56** A shareholder of our Bank is a person who lawfully holds our Bank's shares and whose name (description) is entered in the share register.

A shareholder shall enjoy rights and assume obligations according to the class and number of shares held. Shareholders who hold shares of the same class will have the same rights and obligations.

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

- (I) our Bank shall not register more than four persons as the joint holders of any share(s);
- (II) all the joint holders of any share(s) shall be jointly and severally liable for payment of all amounts due from such share(s);
- (III) if one of the joint shareholders is deceased, only the surviving persons among the joint shareholders shall be regarded as the owners of relevant shares of our Bank, provided that the Board shall have the right to require the surviving persons to provide a certificate of death (in a manner deemed appropriate by the Board) for the purpose of changing the share register; and



(IV) as far as all joint shareholders of any shares are concerned, only the joint shareholder whose name appears first in the share register has the right to receive the share certificate of the relevant shares from our Bank and to receive notices of our Bank; and any notice served on such a shareholder shall be treated as having been served on all the other joint shareholders of those shares. Any joint shareholder may sign a proxy form, provided that if more than one joint shareholders attend the general meeting in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint shareholding.

Any receipts issued to our Bank by one of the joint shareholders for any dividend, bonus issue or return on capital payable to such joint shareholders shall be treated as a valid receipt that has been issued by all the joint shareholders to our Bank.

**Article 57** Unless laws, rules, departmental regulations, regulatory documents and the Articles of Association have other regulations in respect of the rights of preference shareholders, all shareholders of our Bank shall enjoy the following rights:

- (I) To receive dividends and other kinds of distributions as determined by the number of shares held by them;
- (II) To request, summon, hold, attend or appoint a proxy to attend general meetings in accordance with the laws, and to exercise voting rights based on the number of shares held by them;
- (III) To supervise the business operation of our Bank, and to make suggestions and enquiries accordingly;
- (IV) To transfer, bestow or pledge shares held by them in accordance with the laws, regulations, and the Articles of Association;
- (V) To obtain relevant information in accordance with the laws, regulations, the relevant regulations of the securities regulatory authority in which our Bank's shares are listed and the Articles of Association, including:
  - 1. to obtain a copy of the Articles of Association after paying the costs and expenses incurred;
  - 2. have the right to inspect and to photocopy, after paying a reasonable fee, the following documents:
    - (i) all parts of the share register;
    - (ii) the personal information of the directors, supervisors and senior executives of our Bank, including:
      - (a) present and former name and alias;

- (b) primary address (domicile);
  - (c) nationality;
  - (d) full-time and all other part-time occupations and posts;
  - (e) IDs and ID numbers.
- (iii) status of our Bank's share capital;
  - (iv) reports on the aggregate par value, number of shares, and highest and lowest prices of each class of shares in relation to any repurchase by our Bank of our own shares since the last financial year, as well as all the expenses paid by our Bank in relation to such repurchases;
  - (v) minutes of the general meetings, resolutions of Board meetings and meetings of Supervisory Committee;
  - (vi) the bond counterfoils of our Bank;
  - (vii) the regular financial statements, directors' reports, report of our Bank's Supervisory Committee and auditors' report; and
  - (viii) the latest corporate annual report submitted to the State Administration for Industry & Commerce of the People's Republic of China or other competent authorities to be kept on record.
- (VI) to participate in the distribution of the remaining assets of our Bank based on the number of shares held in the event of our Bank's dissolution or liquidation;
  - (VII) to require our Bank to buy the shares of the shareholders in the event of objection to resolutions of the general meeting concerning merger or separation of our Bank;
  - (VIII) to have other rights conferred in accordance with the laws, regulations, departmental rules and the Articles of Association.

Copies of minutes of the general meetings will be available for inspection by the shareholders free of charge during office hours of our Bank. If any shareholder makes a request to obtain a copy of the relevant minutes from our Bank, our Bank shall send a copy of the requested minutes within seven days upon the receipt of a reasonable fee.

If any person holding an interest in the shares either directly or indirectly exercises their rights without disclosing their interests to our Bank, our Bank shall not thus compromise the rights of such person by freezing it or in any other manner.

**Article 58** Where a shareholder requests to inspect and photocopy or obtain the relevant information as set forth in the preceding article, such shareholder shall provide our Bank with written documents stating the purposes and certifying the class and number of shares of our Bank they hold and our Bank shall provide the above information at the request of such shareholder upon verification of the shareholder's identity.

**Article 59** If the content of a resolution of our Bank's general meeting or Board meeting violates the laws or administrative regulations, the shareholders shall have the right to submit a petition to the People's Court to hold the same as invalid.

If the procedures for convening a meeting of, or the method of voting at, a general meeting or Board meeting violate the laws, administrative regulations or the Articles of Association, or the content of a resolution violates the Articles of Association, the shareholders shall be entitled to submit a petition to the People's Court to rescind such resolutions within 60 days from the date on which such resolution is adopted.

If a shareholder brings a lawsuit in accordance with the foregoing paragraphs, our Bank may petition the people's court to require such shareholder to provide corresponding guarantee.

If a resolution of general meeting or Board meeting pursuant to which our Bank has completed registration changes is declared invalid or revoked by a court, our Bank shall apply to the company registration authority for the revocation of registration changes.

**Article 60** If any director or member of senior management has violated the laws, administrative regulations or provisions of these Articles in performing their duties in our Bank and therefore has caused loss to our Bank, shareholders who have individually or jointly held more than 1% or more shares in our Bank for one hundred and eighty (180) consecutive days may make a written request to the Supervisory Committee to initiate legal proceedings at the People's Court. If the Supervisory Committee has violated laws, administrative regulations or provisions of these Articles in performing its duties and therefore has caused loss to our Bank, shareholders may make a written request to the Board of Directors to initiate legal proceedings at the People's Court.

If the Supervisory Committee or the Board of Directors rejects or fails to initiate legal proceedings within thirty days after receiving the request as specified in the preceding paragraph, or the situation is so urgent that our Bank's interests will suffer irremediable harm if legal proceedings are not initiated immediately, the shareholders specified in the preceding paragraph shall have the right to directly initiate legal proceedings at the People's Court in their own names for the benefit of our Bank.

If any other person infringes our Bank's interest and therefore has caused loss to our Bank, the shareholders specified in the first paragraph of this Article may initiate legal proceedings at the People's Court pursuant to procedures stated in the two preceding paragraphs.

**Article 61** If any director or member of senior management has violated the laws, administrative regulations or provisions of these Articles and has therefore impaired the interests of the shareholders, the shareholders may initiate legal proceedings at the People's Court.

**Article 62** Except as otherwise provided by the laws, regulations, rules, regulatory documents and Articles of Association to the holders of preferential shares of the Bank, all shareholders of our Bank shall have the following obligations:

- (I) to abide by the laws, regulations and regulatory requirements;
- (II) to abide by the Articles of Association and keep business secrets of our Bank;
- (III) to pay the share capital as determined by the number of shares subscribed for by him/her and the prescribed method of capital contribution;

- (IV) not to withdraw his/her paid share capital except in circumstances allowed by the laws and regulations;
- (V) If shareholders use their equity interests in our Bank to provide guarantees for themselves or others, they shall strictly comply with the requirements of laws, regulations and regulatory authorities and inform the Board in advance.

Where a shareholder who has representation on the Board or the Supervisory Committee, or directly, indirectly or jointly holds or controls more than 2% of the shares or voting rights of the Bank pledges his/her shares of the Bank, he/she shall make filing to the Board in advance, 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 pledge. Where the Board considers the pledge to be materially adverse to the stability of our Bank's shareholding, corporate governance, as well as the risk and related party transaction control, no filing shall be made. The director(s) nominated by a shareholder proposing to pledge his/her shares of the Bank shall abstain from voting at the Board meeting at which such proposal is considered.

Upon the completion of registration of the 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 risk management and information disclosure compliance of the Bank.

Shareholders shall not pledge our Bank's shares if the outstanding balance of the loans they have borrowed from our Bank exceeds the audited net equity value held by them in our Bank in the previous year; Where a shareholder pledges 50% or more of his/her equity interests carrying voting rights in our Bank, the voting rights of such shareholder at the general meetings shall be subject to restrictions and the pledged equity interests shall not exercise voting rights at the general meetings and not be counted in the total number of shares held by shareholders at the general meetings; director(s) recommended or nominated by such shareholder shall not exercise voting rights at the general meetings and not be counted in the number of attendees at the Board;

- (VI) not to seek improper advantages or interfere with the decision-making rights and management rights entrusted to the Board and members of senior management in line with the Articles of Association, not to bypass the Board and senior management and directly intervene in our Bank's operations and management, and not to damage the interests of our Bank and the legal rights and interests of other stakeholders;
- (VII) shall not abuse their rights to damage interests of our Bank or other shareholders; shareholders shall not abuse the independent legal person status of our Bank or the limited liability of shareholders to damage the interests of creditors of our Bank.

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

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

For shareholders who have made false statements, abused their shareholders rights or acted to damage the interests of our Bank, the banking regulatory authority under the State Council may restrict or prohibit connected transactions between our Bank and them, limit the maximum number of our Bank's shares that they can hold and the percentage of our Bank's shares that they can pledge, and their rights to request to convene the general meeting, vote, nominate, propose, dispose, etc.;

(VIII) to assume other obligations required by the laws, administrative regulations, rules and the Articles of Association.

Shareholders shall not be liable for making any additional contribution to the share capital of our Bank other than according to the terms agreed by the subscriber of the share at the time of subscription.

**Article 63** Our Bank shall not offer favorable terms of credit to our shareholders over other clients.

The credit balance of a single shareholder at our Bank shall not exceed 10% of the net capital of our Bank; the credit balance of a single shareholder and the group client for which such shareholder work shall be not more than 15% of the net capital of our Bank.

The margin deposits, pledged bank certificates of deposit and the amount of treasury bonds provided by shareholders and their affiliated parties may be deducted when the aforementioned credit balance is calculated.

**Article 64** Substantial shareholders shall disclose the information of affiliated parties to the Board in an authentic, accurate and complete manner and undertake to report to the Board in a timely manner when any changes take place in the affiliated relation.

**Article 65** Any investor together with its related parties and persons acting in concert who intend to hold for the first time or increase by in aggregate, severally or jointly, more than 5% of total capital or total shares of our Bank, shall report to the banking regulatory authority under the State Council for its approval in advance.

Any investor together with its related parties and persons acting in concert who hold, severally or jointly, more than 1% but less than 5% of total capital or total shares of our Bank, shall report to the banking regulatory authority under the State Council within 10 working days after obtaining the relevant equities.

Shareholders who should have sought approval of or reported to but failed to seek approval of or report to the banking regulatory authority under the State Council shall not exercise rights to request to convene a general meeting, vote, nominate, propose, dispose, etc..

Should the banking regulatory authority under the State Council request such shareholders to transfer our Bank's shares held by them, such shareholders shall process with the transfer within the time limit required by the banking regulatory authorities under the State Council.

**Article 66** When the credit extended by our Bank to shareholders (in particular, substantial shareholders) is overdue, such shareholders shall not exercise the voting rights at the general meeting and the number of shares held by such shareholders shall not be counted in the total number of shares with voting rights held by shareholders attending the general meeting; director(s) recommended or nominated by such shareholders shall not exercise voting rights at the general meetings and not be counted in the number of attendees at the Board.

**Article 67** A controlling shareholder, actual controller or substantial shareholder of our Bank shall owe the fiduciary duties to both our Bank and public shareholders of our Bank. The controlling shareholder shall strictly exercise his rights as a capital contributor. The controlling shareholder shall not make use of methods such as distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing or loan guarantee to damage the lawful interests of our Bank and public shareholders. He shall not make use of his controlling position to damage the lawful interests of our Bank and public shareholders.

The controlling shareholders, actual controller or substantial shareholders shall be in strict compliance with the laws, regulations, rules and the Articles of Association while exercising their rights as investors, and shall not seek unlawful profits nor impair the interests of our Bank or public shareholders by taking advantage of their controlling position or privileged positions as substantial shareholders or their associated relationship. In case of a breach which results in damage to the Bank, he shall be liable to compensate.

**Article 68** In addition to the obligations required under the laws, administrative regulations or the provisions stipulated by the securities regulatory authority at the location where our Bank's shares are listed, when exercising their rights as a shareholder, controlling shareholders shall not exercise their voting rights and make decisions on the following issues as these issues are detrimental to the interests of all or some of the shareholders:

- (I) relieving a director or supervisor of their responsibility to act in good faith and in the best interests of our Bank;
- (II) approving a director or a supervisor in depriving our Bank of our assets in any form, including but not limited to any business opportunities that are advantageous to our Bank, regardless of whether the deprivation is made for the director or supervisor's benefit or for the benefit of others; and
- (III) approving a director or a supervisor (for his/her own or for the benefit of others) in depriving other shareholders of their personal interests, including but not limited to any distribution rights and voting rights, unless the deprivation is made pursuant to our Bank's restructuring submitted to and adopted at the general meeting in accordance with the Articles of Association.

## **Section 2 General Provisions on General Meetings**

**Article 69** The general meeting, consisting of all shareholders, shall be an organ of power of our Bank and shall exercise the following powers in accordance with the law:

- (I) to decide on the business policies and investment plans of our Bank;
- (II) to elect and replace directors and to decide on the remuneration of the relevant directors;

- (III) to elect and replace supervisors and external supervisors taken up by shareholder representatives and to decide on the remuneration of the relevant supervisors;
- (IV) to examine and approve reports made by the Board;
- (V) to examine and approve reports made by the Supervisory Committee;
- (VI) to examine and approve the proposed annual financial budgets and final accounts of our Bank;
- (VII) to examine and approve our Bank's plan for profit distribution and tax loss carry forward;
- (VIII) to adopt resolutions concerning the increase or reduction in our Bank's registered capital;
- (IX) to adopt resolutions concerning the issuance of share certificates by our Bank, or bonds of our Bank in the nature of replenishing capital fund;
- (X) to adopt resolutions on the merger, division, dissolution, liquidation and other matters of our Bank;
- (XI) to decide on the engagement, dismissal or discontinuation of the appointment of our Bank's accounting firm;
- (XII) to amend the Articles of Association;
- (XIII) to examine proposals raised by shareholders who individually or jointly hold 3% or more of the total voting shares of our Bank;
- (XIV) to determine the issuance of preference shares; to determine or authorise the Board to determine matters relating to preference shares issued by the Bank, including but not limited to redemption, conversion and distribution of dividends;
- (XV) to examine and approve the change of use of proceeds from capitals raised;
- (XVI) to examine the share incentive scheme;
- (XVII) to examine matters relating to the acquisition or disposal by our Bank of material assets in non-commercial banking business or the noncommercial banking business guarantee with a value exceeding 30% of the latest audited total asset value of our Bank within one year; and
- (XVIII) to examine investments in fixed assets, external investments, affiliated transactions and other matters that shall be submitted to the general meeting for examination in accordance with relevant laws, regulations, departmental rules, provisions of securities regulatory authorities at the location where our Bank's shares are listed and the Articles of Association and the requirements of other internal systems.

The matters mentioned above are within the general meeting's scope of authority and shall be examined and decided by the general meetings. If it is necessary, reasonable and legal, the decision making for these issues can be delegated to the Board. If the shareholders delegate their decision making to the Board, the authorization given shall be clear and specific. If the Articles of Association require that matters to be delegated to the Board are to be adopted by the general meeting by way of ordinary resolution, such resolutions shall be approved by more than half of the voting rights of the shareholders (including proxies thereof) attending the general meeting. If the Articles of Association require that matters to be delegated to the Board are to be adopted by the general meeting by way of special resolution, such resolutions shall be approved by two-thirds or more of the voting rights of the shareholders (including proxies thereof) attending the general meeting.

**Article 70** Unless our Bank is under special circumstances such as a crisis, our Bank shall not enter into contracts to entrust the management of all or the important businesses to persons other than the directors, supervisors and senior executives of our Bank without prior approval at a general meeting.

**Article 71** There are two types of general meetings: annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year within six months after the financial year end.

**Article 72** An extraordinary general meeting shall be convened within two months from the date of occurrence of any of the following events:

- (I) the number of directors is less than the number required by the laws or less than two-thirds of the number stipulated in the Articles of Association;
- (II) the outstanding loss of our Bank is at least one-third of our Bank's total number of shares;
- (III) shareholders who individually or jointly hold more than 10% of the total number of voting shares of our Bank have requested to convene the meeting;
- (IV) the Board deems it necessary to convene the meeting;
- (V) the Supervisory Committee proposes to convene the meeting;
- (VI) more than half of the independent directors or external supervisors propose to convene the meeting; or
- (VII) any other circumstances as stipulated by the Articles of Association.

**Article 73** The Bank shall convene shareholders' general meetings at its place of domicile or at any other place specified in the notice of shareholders' general meeting. The Bank shall arrange for a venue to hold a physical meeting.

The Bank may facilitate its shareholders to attend shareholders' general meetings through various means and channels, including using modern communication methods such as video, telephone and internet voting platforms on the basis that the Bank will ensure the legality and validity of such meetings. Shareholders who attend any shareholders' general meeting using the above means will be deemed to have validly attended such meeting.



### **Section 3 Convening of General Meetings**

**Article 74** General meetings shall be convened by the Board in accordance with the laws.

**Article 75** When the Board is unable or refuses to fulfill the obligation to convene the general meeting, the Supervisory Committee shall convene and preside over the meeting promptly; in case of failure to convene and preside over the general meeting by the Supervisory Committee, shareholders individually or jointly holding over 10% of our Bank's total number of voting shares for 90 consecutive days have the right to convene and preside over the meeting on their own.

**Article 76** A written proposal to the Board to convene an extraordinary general meeting may be made by more than half of the independent directors. The Board shall, in accordance with the laws, regulations and the Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days of receiving the proposal from the independent directors. If the Board agrees to convene the extraordinary general meeting, a notice convening such a meeting shall be issued within five days after the resolution of the Board is passed. If the Board does not agree to convene the extraordinary general meeting, it shall give an explanation and issue an announcement.

**Article 77** The Supervisory Committee is entitled to propose in writing to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply to the Supervisory Committee stating its agreement or disagreement to the convening of the extraordinary general meeting within ten days after having received such proposal.

In the event that the Board agrees to convene an extraordinary general meeting, it shall serve the notice of such meeting within five days after the relevant Board resolution is passed. Consent of the Supervisory Committee shall be obtained in the event of any changes made to the original proposal in the notice.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any written reply to the Supervisory Committee within ten days after having received such proposal, the Board is deemed to be unable or unwilling to perform the duty of convening a general meeting, in which case the Supervisory Committee may convene and preside over such meeting by itself.

**Article 78** When shareholders request to convene an extraordinary general meeting or separate class meeting, they shall act in compliance with the following procedures:

Shareholders who individually or jointly hold 10% or more of our Bank's total number of voting shares shall make a written proposal to the Board and illustrate the topics of the meeting. The Board shall make a written response as to whether or not it agrees to convene an extraordinary general meeting or separate class meeting within ten days of receiving the proposal.

If the Board agrees to convene the extraordinary general meeting or separate class meeting, a notice convening such a meeting shall be issued within 5 days after the resolution of the Board is passed. If the proposal contained in the original notice is changed, approval of relevant shareholders shall be sought.

If the Board does not agree to convene the extraordinary general meeting or separate class meeting, or fails to give its response within 10 days of receiving the proposal, shareholders who individually or jointly hold 10% or more of our Bank's total number of voting shares shall have the right to propose to the Supervisory Committee to convene an extraordinary general meeting or separate class meeting and this proposal shall be made to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene an extraordinary general meeting or separate class meeting, a notice for convening such meeting shall be issued within 5 days of receiving the proposal. If the proposal contained in the original notice is changed, approval of relevant shareholders shall be sought.

If the Supervisory Committee fails to issue notice of the general meeting or separate class meeting within the prescribed period, it shall be deemed to have failed to convene and preside over the extraordinary general meeting or separate class meeting, and shareholders who individually or in aggregate holding 10% or more of our Bank's total number of voting shares for more than ninety consecutive days may convene and preside over the meeting on their own initiatives.

**Article 79** If either the Supervisory Committee or shareholders propose to convene a general meeting on their own initiatives, the Board shall be informed in writing and the relevant documents shall be filed with the banking regulatory authority of the State Council, the securities regulatory agency under the State Council and the securities exchange in the place where our Bank is situated and other relevant regulatory authorities.

The shareholding proportion of the Requesting Shareholders before the resolution of the general meeting has been announced shall not be less than 10% of the total number of voting shares.

The Requesting Shareholders shall submit the relevant evidentiary materials to the banking regulatory authority of the State Council in the place where our Bank is situated and to other relevant regulatory authorities when the Requesting Shareholders issue the notice of general meeting and the announcement of the resolutions passed at the general meeting.

**Article 80** With respect to a general meeting convened by the Supervisory Committee or the shareholders, the Board and the Secretary of the Directors Board shall cooperate. The Board shall offer the share register as at the share registration date.

**Article 81** Reasonable costs arising out of a general meeting convened by the Supervisory Committee or the Requesting Shareholders on their own shall be borne by our Bank and shall be deducted from the funds due to our Bank from directors who have not carried out their duties.

#### **Section 4 Proposals and Notices of the General Meeting**

**Article 82** When our Bank convenes a general meeting, the Board, the Supervisory Committee and shareholders individually or jointly holding more than 3% of our Bank's voting shares may propose to the general meeting issues for deliberation. The Board shall submit to the general meeting the issues it proposes for deliberation.

Shareholders individually or jointly holding more than 3% of our Bank's voting shares may make a temporary proposal and submit it in writing to the convener ten days before convening of a general meeting or at least 2 days before the deadline for sending a supplementary notice of the general meeting as specified in the *Hong Kong Listing Rules* (whichever is earlier). The convener shall serve a supplementary notice of the general meeting within two days after receipt of the proposal and announce the contents of the proposal.

Save as specified in the preceding paragraph, the convener shall not change the proposal set out in the notice of general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of general meeting or not complying with the Articles of Association shall not be voted on or resolved at the general meeting.

**Article 83** Proposals at a general meeting shall meet the following requirements:

- (I) The contents shall not run counter to provisions of the laws, regulations, rules and the Articles of Association and shall fall within the scope of business of our Bank and terms of reference of a general meeting;
- (II) The proposals shall cover specific topics for discussion and specific issues to be resolved;
- (III) The proposals shall be submitted to the Board in written form.

**Article 84** The Board of our Bank shall examine the proposals of the general meeting in accordance with the preceding article of the Articles of Association in the best interests of our Bank and the shareholders.

**Article 85** Where the Board decides not to include any proposal of the general meeting in the agenda of the meeting, it shall give an explanation at the relevant general meeting.

**Article 86** The notice of a general meeting shall meet the following requirements:

- (I) Being in written form;
- (II) Specifying the venue, time and duration of the meeting;
- (III) Explaining the matters and proposals submitted for deliberation at the meeting;
- (IV) Providing the shareholders with such information and explanation as necessary for them to make informed decisions in connection with the matters to be discussed. This means that when the following matters which shall include, but shall not be limited to: any merger, share repurchase, share capital reorganization or other restructuring proposals are involved, the detailed terms of the proposed transaction, the proposed agreement (if any) and detailed explanation as to the cause and effect of such proposed transaction shall be provided;
- (V) Containing a disclosure of the nature and extent of the material interests of any director, supervisor or senior executive in relation to the matters to be discussed and an explanation that the effect that the matters to be discussed will have on the said director, supervisor or senior executive as shareholders is different from that on other shareholders of the same class (if there is such a difference);

- (VI) Containing the full text of any special resolution to be proposed and approved at the meeting;
- (VII) Containing a clear statement that all shareholders (including the preference shareholders whose voting rights are restored) are entitled to attend the general meeting, and a shareholder entitled to attend and vote at such a meeting is entitled to appoint one or more proxies to attend and vote at such a meeting on his behalf and that such a proxy need not be a shareholder;
- (VIII) Specifying the equity registration date of shareholders entitled to attend the general meeting;
- (IX) Specifying the time and venue for delivering the power of attorney for the voting proxy for the meeting;
- (X) To the extent that a shareholders' general meeting is to be held via on-line facility or otherwise, the voting time and procedures shall be specified in the meeting notice;
- (XI) state the names and telephone numbers of the contact persons for the meeting; and
- (XII) Other requirements specified by laws, regulations and the Articles of Association.

In the event that independent directors are required to express their opinions on the matters to be discussed, a notice of shareholders' general meeting or a supplementary notice shall, when given, also disclose the opinions and reasons of the independent directors.

**Article 87** In the event that the election of directors and supervisors is to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall fully disclose details of candidates for the directors and supervisors, and shall at least include the following particulars:

- (i) personal details including educational background, work experience and part-time jobs;
- (ii) whether or not there is any connection with the Bank or the Bank's controlling shareholders and actual controllers;
- (iii) the disclosed number of shares of the Company which are held;
- (iv) whether or not they have been penalized by the securities regulatory authority under the State Council and other relevant departments, and disciplined by the Stock Exchange.

Save for the cumulative voting system adopted to elect directors and supervisors, a separate proposal shall be raised in respect of each of the candidates for directors and supervisors.

**Article 88** Where our Bank convenes a general meeting, a written notice shall be given 45 days before the meeting to notify the shareholders entitled to attend of the time and venue of the meeting and matters to be deliberated; any shareholder intending to attend the general meeting shall deliver to our Bank a written reply showing his intention to attend 20 days before the meeting.

**Article 89** Our Bank shall, based on the written replies received 20 days before the general meeting, calculate the number of voting shares held by shareholders intending to attend the meeting. Where the number of voting shares represented by shareholders intending to attend the meeting reaches more than half of our Bank's total number of such shares, our Bank may convene the general meeting. Otherwise, our Bank shall, within 5 days, inform the shareholders entitled to attend again of the matters to be deliberated at the meeting, the date and venue of the meeting by means of public announcement. After making the announcement, our Bank may convene the general meeting.

**Article 90** The notice of a general meeting shall be delivered to shareholders entitled to attend (whether or not they are entitled to vote at the general meeting) by hand or by pre-paid mail to their addresses as shown in the share register. For the holders of domestic listed shares, notice of the general meeting will be issued by way of public announcement.

Public announcement as referred to in the preceding paragraph shall be published in one or more newspaper(s) designated by the securities regulatory authority under the State Council 45 days to 50 days prior to the date of the meeting. Once the announcement has been published, all holders of domestic listed shares shall be deemed to have received notice of the relevant general meeting.

For holders of H shares, in accordance with the laws, regulations, departmental rules, regulatory documents and provisions of the relevant regulatory authorities, our Bank may choose to notify such shareholders of a general meeting by publishing the notice on the websites of our Bank and the Hong Kong Stock Exchange instead of delivering the notice by hand or pre-paid mail.

**Article 91** After issuing the notice of the Shareholders' General Meeting, the meeting shall not be postponed or cancelled and the proposals listed in the meeting notice shall not be cancelled without a proper reason. In case of any postponement or cancellation, the convener shall make an announcement at least two (2) working days before the originally scheduled date with reasons explained.

## **Section 5 Holding of General Meetings**

**Article 92** The Bank's Board of Directors and other convenors shall adopt necessary measures to warrant the normal order of the shareholders' general meeting. Any act which intervenes the shareholders' general meeting, causes trouble and affects the lawful interests of shareholders shall be prohibited by adopting the necessary measures and the same shall be reported on a timely basis to the relevant department for inspection and punishment.

All shareholders (including the preference shareholders whose voting rights are restored) or his/her proxy recorded in the register on the record date shall have the right to attend the shareholders' general meetings and exercise the rights to vote in accordance with relevant laws, regulations and the Articles.

Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his proxy or proxies to attend and vote on his behalf. A proxy so appointed shall enjoy the following rights pursuant to authorization by that shareholder:

- (I) To exercise the shareholder's right to speak at the general meeting;
- (II) To severally or jointly request to vote by ballot;

(III) To exercise the right to vote by a show of hand or ballot. Where there is more than one proxy, the said proxies shall vote by ballot.

**Article 93** Individual shareholders who attend the shareholders' general meeting in person shall show their identity certificates or other valid certificates or documents, stock account cards that can prove their identities; proxies attending the meeting shall show their valid identity certificates and the power of attorney issued by shareholders.

Corporate shareholders shall send their legal representatives or proxies entrusted by the legal representatives to attend the shareholders' general meeting. The legal representatives attending the meeting shall show their identity certificates and valid certificates that can prove the qualification of legal representative; proxies attending the meeting shall show their identity certificates and the written power of attorney issued by the legal representatives of corporate shareholders according to laws.

**Article 94** Shareholders shall appoint their proxies in writing. The principal or his proxy duly authorized in writing shall sign the power of attorney. Where the principal is a legal person, the power of attorney shall bear its seal or be signed by its legal representatives or director or a proxy duly appointed. If the appointor is a domestic corporate shareholder, the corporation's seal shall be affixed.

**Article 95** The power of attorney for the voting proxy shall be deposited at the domicile of our Bank or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours before the scheduled voting time. Where such a power of attorney is signed by a person authorized by the principal, the letter of authorization authorizing signature or other authorization documents shall be notarized. The notarized letter of authorization or other authorization documents shall, together with the power of attorney for the voting proxy, be deposited at the domicile of our Bank or such other place as specified in the notice of the meeting.

Where the principal is a legal person, its legal representative or a person authorized by its Board or other decision making body upon resolution shall attend the general meeting of our Bank.

Where the said shareholder is a recognized clearing house (or its agent) as defined in the relevant ordinance enacted from time to time in Hong Kong, the shareholder may authorize one or more suitable persons to act as its representative(s) at any general meeting or any class meeting; however, if more than one person are authorized, the proxy form shall clearly indicate the number and types of shares for which each person is authorized and the proxy form shall be signed by the authorized personnel appointed by the recognized clearing house. The persons thus authorized may represent the recognized clearing house (or its agent) to exercise the rights at any meeting (without being required to present share certificate, notarized power of attorney and/or further evidence of due authorization), as if they were the individual shareholders of the Bank.

**Article 96** Any format of the power of attorney issued by the Board of our Bank to a shareholder for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for, against or abstain from voting, and give directives on each of the resolutions to be decided at the meeting, and shall set out the name of the proxy, whether he/she has the voting right, issuing date and the period of the validity of the power of attorney. The power of attorney shall contain a statement that in default of directives, whether the proxy may vote as he/she thinks fit.

**Article 97** If the principal has passed away, lost his ability to act, withdrawn the appointment, withdrawn the authorization of the signed power of attorney or has transferred his shares prior to voting, as long as our Bank has not received any written notice regarding these matters before the commencement of the relevant meeting, the vote cast by the proxy in accordance with the power of attorney shall remain valid.

**Article 98** The attendance records of the meeting shall be prepared by the Bank. The records shall, amongst other matters, contain the names (or corporate names) of the attendees, their identity card numbers, their residential addresses, the number of voting shares held or represented by them, and the names (or corporate names) of the proxies.

**Article 99** The convener and the lawyers appointed by the Bank shall jointly verify the legality of the shareholders' qualifications according to the shareholder register provided by the securities registration and clearing service provider and register the names of the shareholders and the number of shares held by them with voting rights. Registration of shareholders attending the meeting shall terminate before the chairman of the meeting announces the number of persons and proxies attending the meeting on the spot and the total number of shares with voting rights.

**Article 100** A general meeting convened by the Board shall be chaired and presided over by the chairman of the Board. Where the chairman cannot or fails to fulfill the duty thereof, the vice chairman shall chair and preside over the meeting; where the vice chairman cannot or fails to fulfill the duty thereof, a simple majority of the directors shall jointly elect a director to chair and preside over the meeting. If no chairman of the meeting is appointed, shareholders who are present at the meeting may elect a person to chair the meeting. If, for any reason, the shareholders cannot elect a person to chair the meeting, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall chair the meeting.

A general meeting convened by the Supervisory Committee itself shall be chaired and presided over by the chief supervisor. Where the chief supervisor cannot or fails to fulfill the duty thereof, the deputy chief supervisor shall act on his behalf; where the deputy chief supervisor cannot or fails to fulfill the duty thereof, a simple majority of the supervisors shall jointly elect a supervisor to chair and preside over the meeting.

A general meeting convened by the shareholders themselves shall be chaired and presided over by a representative elected by the convener.

When a general meeting is held and the chairman of the meeting violates the Rules of Procedure which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to chair the meeting, subject to the approval of more than half of the attending shareholders having the voting rights.

**Article 101** The Bank shall formulate 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 of Directors. The authorization principle should be clear and specific in terms of contents.

**Article 102** When the shareholders' general meeting is being convened, all our Bank's directors, supervisors and the Secretary to the Board of Directors shall attend the meeting. And the other senior management personnel of our Bank shall observe the meeting.

At the annual shareholders' general meeting, the Board of Directors and the Supervisory Committee should both report to the shareholders on the work they have undertaken over the past year. Each independent director shall also submit his/her work report.

The directors, supervisors and senior management members shall make explanation and clarification to the shareholders' queries and suggestions at the shareholders' general meeting.

## **Section 6 Voting and Resolutions of General Meetings**

**Article 103** Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote. However, our Bank has no voting right for its own shares it holds, and that part of the shareholding is not counted towards the total number of shares with voting rights that is held by shareholders attending the meeting.

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

The Board of Directors, independent directors, and shareholders who meet the relevant requirements may openly solicit voting rights from other shareholders. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. Our Bank shall not impose any restriction relating to the minimum shareholdings for the solicitation of voting rights.

**Article 104** The Bank shall warrant that, on the premises of the legality and validity of the shareholders' general meeting, it shall provide facilities to the shareholders attending the shareholders' general meeting with various means and channels including modern information technology, giving priority to online voting.

**Article 105** Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be approved by votes representing a simple majority of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

Special resolutions shall be approved by votes representing more than two-thirds of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

**Article 106** The following issues shall be approved by ordinary resolutions at a general meeting:

- (I) Determination of the business guidelines and investment plans of our Bank;
- (II) Election and replacement of directors and determination of the remunerations of the relevant directors;
- (III) Election and replacement of supervisors who are representatives of shareholders and external supervisors and determination of the remunerations of the relevant supervisors;
- (IV) Approval of the reports of the Board;



- (V) Approval of the reports of the Supervisory Committee;
- (VI) Approval of the annual financial budgets and final accounts of our Bank;
- (VII) Approval of the profit distribution plan and loss recovery plan of our Bank;
- (VIII) Resolution on appointment, removal or non-reappointment of an accounting firm of our Bank;
- (IX) Other issues than those that shall be passed by special resolutions pursuant to laws, regulations or the Articles of Association.

**Article 107** The following issues shall be approved by special resolutions at a general meeting:

- (I) Increase or decrease of the registered capital of our Bank;
- (II) Issuance of shares or bonds that can supplement capitals of our Bank;
- (III) Merger, division, dissolution and liquidation of our Bank;
- (IV) Amendment to the Articles of Association;
- (V) To examine the share incentive scheme;
- (VI) To examine matters relating to the acquisition or disposal by our Bank of material assets in non-commercial banking business or the non-commercial banking business guarantee with a value exceeding 30% of the latest audited total asset value of our Bank within one year; and
- (VII) Any other issue specified in the laws, regulations, regulatory documents, relevant regulations of the securities regulatory authority at the location where our Bank's shares are listed or the Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on our Bank and accordingly shall be approved by special resolutions.

**Article 108** When a connected transaction is deliberated at a general meeting, connected shareholders shall not vote, and the number of voting shares represented by them shall not be counted in the total number of voting shares. The announcement on resolutions adopted at the general meeting should fully disclose the voting results by non-connected shareholders.

**Article 109** The nomination of candidates for directors and supervisors shall be submitted to the shareholders' general meeting for voting by way of proposal.

When a voting is made on the election of directors or supervisors at a general meeting, the cumulative voting system may be adopted in accordance with the provisions of these Articles or the resolutions of the general meeting.

For examination on election of directors and supervisors, voting on each candidate for directors and supervisors shall be carried out respectively at the shareholders' general meeting. The Board of Directors shall inform the shareholders of the biographies and general information of candidates for director and supervisor.

**Article 110** Except for those under the cumulative voting system, all proposals shall be voted upon separately at the shareholders' general meeting. If there are a number of proposals for the same matter, votes shall be cast thereon in the same sequence as such proposals are raised. Except where there is force majeure or other special circumstances resulting in the adjournment of the shareholders' general meeting or the failure to pass resolutions, no resolutions proposed in the shareholders' general meeting shall be set aside or skipped.

**Article 111** When the proposals are being examined at the shareholders' general meeting, the proposals shall not be amended; otherwise, the amended proposal shall be regarded as a new proposal and shall not be voted at such shareholders' general meeting.

**Article 112** The same voting right shall only be exercised by attending meeting in person, through the internet or any one of the other voting methods. The vote cast first shall prevail if repeated voting occurs in relation to the same voting right.

**Article 113** Unless the chairman makes a decision in the spirit of honesty and credibility and agrees that the resolutions on relevant procedures or administrative matters can be voted on by show of hands, any voting by shareholders at a general meeting shall be conducted by way of registered poll.

**Article 114** If the issue required to be voted by ballot relates to election of chairman or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the chairman may determine the time of voting by ballot, and the meeting may proceed to discuss other issues, and the voting results shall still be deemed as resolutions passed at the said meeting.

**Article 115** The shareholders attending the Shareholders' General Meeting shall put forth one of the following opinions on the proposals submitted for voting: for, against or abstaining from voting. Blank ballots, incorrectly filled ballots and ballots with unidentifiable characters as well as ballots not cast shall be deemed as that the voters waive the voting right, and the voting result for the shares held by them shall be recorded as "abstaining from voting". In voting, shareholders (including proxies thereof) entitled to more than two votes need not cast all their votes in the same way of pros or cons or abstention.

**Article 116** Before proposals are voted on at the general meeting, two shareholder representatives shall be recommended to count, and monitor counting of, the ballots. Where any shareholder has interests in any matter deliberated, the said shareholder or proxy thereof shall not participate in counting and monitoring of ballots.

When proposals are voted on at the general meeting, the lawyer, shareholder representatives, supervisor representatives and other relevant persons designated as per the *Hong Kong Listing Rules* shall be jointly responsible for the counting and monitoring of the ballots and announce the voting results on the spot, which voting results shall be recorded in the meeting minutes.

Shareholders or their proxies voting through the internet or by other methods shall have the right to check their own votes cast through the relevant voting system.

**Article 117** Pursuant to applicable laws, regulations and listing rules of the location where our Bank's shares are listed, if any shareholder must abstain from voting on any resolution or is restricted to declaring only affirmative vote or only dissenting vote on any resolution, any vote declared by the said shareholder or proxy thereof against the relevant provision or restriction shall not be counted in the voting result.

**Article 118** An on-site general meeting shall not end earlier than the one held through internet or by other methods. The chairman of the meeting shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result. His decision, which shall be final and conclusive, shall be recorded in the meeting minutes.

Before the voting result is announced, the relevant parties including our Bank, counting officer, monitoring officer, major shareholders and the internet service providers involved in the voting at the general meeting, through the internet or other method shall have the obligation to keep the voting result confidential.

**Article 119** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote, he may have the ballots recounted. If the chairman of the meeting has not recounted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the ballots be recounted and the chairman of the meeting shall have the ballots recounted immediately.

**Article 120** If ballots are counted at a general meeting, the counting result shall be recorded in the meeting minutes.

Meeting minutes, together with the signature register of the attending shareholders and power of attorney of the attending proxies, shall be kept at the domicile of our Bank.

**Article 121** The resolutions of a general meeting shall be announced in a timely manner in accordance with the relevant requirements of the regulatory authority. The announcement shall specify the number of attending shareholders and proxies, the number of voting shares they hold and the proportion of these shares to the total number of voting shares of our Bank, the voting method, voting result for every proposal and the details of each adopted resolution.

**Article 122** If a proposal is not passed or a resolution passed at the previous shareholders' general meeting is amended at such shareholders' general meeting, it shall be set out as a special reminder in the announcement on resolutions of the shareholders' general meeting.

**Article 123** Before voting, the chairmen of the meeting shall announce the number of shareholders and proxies attending the meeting in person and the total number of shares held with voting rights. The number of shareholders and proxies attending the meeting in person and the total number of shares held with voting rights recorded on the meeting register shall prevail.

**Article 124** The general meeting shall be witnessed by a lawyer, who shall issue and announce legal opinions on the following matters:

- (1) whether the convening and holding procedures of the Shareholders' General Meeting are in compliance with applicable laws, regulations and the Articles;
- (2) whether the qualification of attendees and convener of the Shareholders' General Meeting is legal and valid;
- (3) whether the voting procedures and results of the Shareholders' General Meeting are legal and valid; and
- (4) legal opinions on other matters issued as required by our Bank.

**Article 125** A general meeting shall have resolutions and minutes, and the attending directors and presider shall sign on the resolutions. The attending directors, supervisors, secretary to the Board of Directors, convener or their representatives and the chairman of the meeting shall sign on the minutes. The convener shall ensure that the minutes are truthful, accurate and complete. The meeting resolutions, minutes and list of signatures by shareholders in attendance, powers of attorney, and valid information regarding voting over network or via other methods shall be permanently kept as archives of our Bank.

**Article 126** Minutes of the general meeting shall be taken by the secretary of the Board of Directors. The minutes shall include the following:

- (1) time, place and agenda of the meeting and the name of the convener;
- (2) names and duties of the chairmen of the meeting and the directors, supervisors, the president and other senior management members of the Bank attending the meeting or attending as non-voting delegates;
- (3) number of shareholders and proxies, total number of voting shares and the proportion to the total number of voting shares of our Bank held by the Shareholders and proxies;
- (4) the course of examination of each proposal, abstract of speech and voting results;
- (5) queries or suggestions of the shareholders and the corresponding replies and explanations;
- (6) names of the lawyers, the vote-counter and the scrutineer(s);
- (7) other matters that shall be included into the minutes in accordance with the Articles or of which the meeting thinks should be recorded.

**Article 127** The convener shall ensure that the general meeting is convened on a continuous basis and comes up with the final resolutions. In case that the general meeting is suspended or cannot make resolutions due to special reasons such as force majeure, necessary measures shall be adopted to resume the general meeting as soon as possible or the meeting should be directly terminated with a timely announcement. Meanwhile, the convener shall make report to the securities regulatory agency under the State Council and the securities exchange in the place where our Bank is situated.

**Article 128** Where any proposal on cash dividends, bonus shares or capital surplus into share capital is adopted at the general meeting, the Company shall implement the specific scheme within two months upon the conclusion of the general meeting.

## **Chapter 7 Special Voting Procedures for Class Shareholders**

**Article 129** Holders of different classes of shares are class shareholders.

Class shareholders shall enjoy rights and fulfill obligations pursuant to laws, regulations and the Articles of Association.

All class shareholders of our Bank shall enjoy equal rights to receive dividends or other forms of distributions.

If the share capital of our Bank includes shares without voting rights, the said shares shall be specified as “Without Voting Right”.

If the share capital includes shares with different voting rights, then each class of shares (except those with most preferential voting right) shall be specified as “Restricted Voting Right” or “Limited Voting Right”.

**Article 130** Any proposed change or annulment by our Bank to the rights of class shareholders shall not come into effect unless approved by a general meeting through special resolutions and a separate general meeting convened by the class shareholders so affected in accordance with Articles 132 to 136.

**Article 131** The following circumstances shall be deemed as change or annulment of the rights of a certain class of shareholders:

- (I) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) To change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;
- (III) To cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (IV) To reduce or cancel rights attached to the shares of such class to preferentially receive dividends or to receive distributions of assets in a liquidation of our Bank;
- (V) To increase, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of our Bank attached to the shares of such class;
- (VI) To cancel or reduce rights to receive payables by our Bank in a particular currency attached to the shares of such class;
- (VII) To create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (VIII) To restrict the transfer or ownership of the shares of such class or to impose additional restrictions;
- (IX) To issue rights to subscribe for, or to convert into, shares of such class or another class;
- (X) To increase the rights and privileges of the shares of another class;
- (XI) To restructure our Bank in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring;
- (XII) To amend or cancel any clause of this Chapter.

**Article 132** Where issues specified in (II) to (VIII), (XI) to (XII) of the preceding article are involved, the affected class shareholders, whether or not they are entitled to vote at general meetings originally, shall have the right to vote at class general meetings. However, interested shareholders shall not be entitled to vote at such class general meetings.

Interested shareholders as specified in the preceding paragraph are defined as follows:

- (I) If our Bank has made a repurchase tender offer to all shareholders in the same proportion in accordance with Article 31 of the Articles of Association or has repurchased our own shares through public transactions on a stock exchange, an “interested shareholder” is a controlling shareholder as defined in Article 304 of the Articles of Association;
- (II) If our Bank has repurchased our shares under an off-market agreement in accordance with Article 31 of the Articles of Association, an “interested shareholder” is a shareholder related to the agreement; and
- (III) Under a restructuring scheme of our Bank, an “interested shareholder” is a shareholder who assumes a relatively less proportion of obligation than any other shareholder of that class or who has an interest different from that of any other shareholder of that class.

**Article 133** Resolutions of a class general meeting shall be approved by more than two-thirds of the voting shares represented by shareholders of that class present at the meeting in accordance with the preceding Article.

**Article 134** Where our Bank convenes a class general meeting, a written notice shall be given 45 days before the meeting to notify all the shareholders of the said class in the share register of the matters to be deliberated at the meeting, and the date and venue of the meeting. Any shareholder intending to attend the meeting shall deliver to our Bank a written reply showing his intention to attend 20 days before the meeting.

Where the number of voting shares represented by shareholders intending to attend the meeting reaches more than half of the total number of shares of such class at the meeting, our Bank may convene a class general meeting. Otherwise, our Bank shall, within 5 days, inform the shareholders again of the matters to be deliberated at the meeting, the date and venue of the meeting by means of public announcement. After making the announcement, our Bank may convene a class general meeting.

**Article 135** The notice of a class general meeting only needs to be served to the shareholders with the right to vote at the said meeting.

Save as otherwise specified in the Articles of Association, class general meetings shall follow a procedure most similar to that for general meetings, and the provisions in the Articles of Association concerning the procedure for general meetings shall apply to class general meetings.

**Article 136** Apart from holders of other classes of shares, holders of domestic listed shares and overseas listed shares are deemed to be shareholders of different classes.

Special voting procedures for class shareholders shall not apply in the following circumstances:

- (I) Upon approval by a general meeting through a special resolution, our Bank independently or simultaneously issues domestic listed shares and overseas listed shares every twelve months, and the number of each class of shares to be issued is not more than 20% of the issued and outstanding shares of the respective class;
- (II) Our Bank's plan to issue domestic listed shares and overseas listed shares at the time of establishment is completed within 15 months from the date of approval of the securities regulatory authority under the State Council;

## **Chapter 8 Directors and Board**

### **Section 1 Directors**

**Article 137** Directors of our Bank shall be natural persons and elected at the general meeting, and need not hold shares of our Bank. The procedures for nomination and election of directors are as follows:

- (I) According to the number of persons to be elected and in accordance with the Articles of Association, a list of candidates for directors can be drawn up by the Nomination & Remuneration Committee of the Board.
- (II) The Nomination & Remuneration Committee of the Board shall conduct preliminary verification on the qualifications and eligibility of the candidates for directors, and the names of qualified candidates shall be submitted to the Board for deliberation. After deliberation and approval by the Board, written proposals regarding the candidates for directors shall be submitted to the general meeting;
- (III) Before the general meeting is convened, the candidates for directors shall provide written undertakings that they accept the nomination, that the publicly disclosed information is truthful and complete and that they shall conscientiously perform their obligations upon election;
- (IV) The Board shall disclose, in accordance with the laws, regulations and the Articles of Association, detailed information of the candidates for directors to shareholders before the general meeting is convened, so that the shareholders can have sufficient understanding of the candidates before voting;
- (V) Each candidate for director shall be voted for on a separate basis at the general meeting;
- (VI) If it is necessary to fill a vacant position for a director, the Nomination & Remuneration Committee of the Board or shareholders eligible to make nominations shall submit proposals to the Board for deliberation, and the position shall be elected or replaced at the general meeting.

**Article 138** Apart from those who cannot serve as directors in accordance with the *Company Law* and *Commercial Bank Law*, the following persons shall also not serve as directors of our Bank:

- (I) Persons who have been removed from office by other commercial banks or organizations for failure to fulfill obligation of good faith;
- (II) Shareholders or persons holding positions in the shareholders' entities whose borrowings (excluding borrowings guaranteed by the pledge of bank deposit certificate or government bonds) from our Bank exceed their audited net equity value of the previous year;
- (III) Individuals or company employees who have outstanding loans payable to our Bank.

**Article 139** Directors shall be elected or replaced at the general meeting and shall each serve a term of three years. Directors may, after expiry of their term of office, hold a consecutive term upon re-election. A director, before his term of office expires, shall not be dismissed by the general meeting without any reason. The term of a director shall start from the date on which the said director assumes office to the expiry of the current Board.

Shareholders individually or jointly holding more than 3% of our Bank's voting shares may nominate one candidate for shareholder director or shareholder supervisor to the general meeting. A shareholder and associate thereof shall not nominate director candidate and supervisor candidate at the same time. A shareholder and associate thereof shall not nominate any candidate for director (shareholder supervisor) before expiry of the term of office or replacement of the incumbent director (shareholder supervisor) previously nominated by the said shareholder and associate thereof.

A written notice about the intention to nominate a candidate for director, a written notice indicating the candidate's willingness to accept such nomination and relevant written information about the candidate shall be given to our Bank not earlier than the second day after the notice of the general meeting is sent out and seven days before the meeting.

A general meeting may dismiss a director within his term of office by an ordinary resolution provided that the relevant laws and regulations are observed (however, the claim for compensation under any contract shall not be affected).

Shareholders individually or jointly holding more than 1% of our Bank's voting shares may recommend one candidate for independent director or one candidate for external supervisor to our Bank, and the Board or Supervisory Committee shall make nominations to the general meeting. A shareholder and associate thereof shall only recommend one candidate for independent director or one candidate for external supervisor, and shall not nominate candidate for independent director and candidate for external supervisor at the same time. The number of directors or supervisors nominated by a shareholder and associate thereof shall, in principle, not exceed one-third of the members of the Board or Supervisory Committee, save as otherwise specified by laws and regulations.

Shareholders who have nominated director shall not nominate independent director.

Shareholders who have nominated shareholder supervisor shall not nominate external supervisor.



**Article 140** Directors shall comply with the laws, administrative regulations and the Articles of Association, and bear the following diligence obligations to our Bank.

- (I) Directors shall prudently, carefully and diligently exercise the rights granted by our Bank and shall undertake business operations of our Bank comply with state laws, regulations and economic policies, and our Bank's business activities shall not exceed the business scope stated in the business license;
- (II) To treat all shareholders impartially;
- (III) To carefully read the relevant business and financial accounting reports of our Bank and keep informed of the business operation and management of our Bank;
- (IV) To exercise personally the discretion vested in them and not to allow themselves to be controlled by others;
- (V) To provide written confirmation in relation to the periodic reports and to ensure the truthfulness, accuracy and completeness of information disclosed by the Bank;
- (VI) To accept the supervision and rational suggestions of the Supervisory Committee on their performance of duties. And to provide true information and data to the Supervisory Committee and not to obstruct the performance of duties by the Supervisory Committee or Supervisors;
- (VII) Other diligence obligations stipulated by the laws, administrative regulations, departmental rules and these Articles.

**Article 141** Directors shall comply with the laws, administrative regulations and the Articles of Association and shall assume faithful obligations to our Bank. Where the interests of directors conflict with the interests of our Bank and the shareholders, they shall act in the best interests of our Bank and the shareholders and shall undertake:

- (I) To exercise their rights within their terms of reference;
- (II) Not to misappropriate the funds of our Bank;
- (III) Not to put any assets or funds of our Bank under an account opened in his own name or in the name of others;
- (IV) Not to conclude any contract or conduct any transaction with our Bank save as specified in the Articles of Association or with the informed consent of the general meeting or the Board;
- (V) Not to seek gains for themselves or others by taking advantage of inside information;
- (VI) Not to abuse his official powers to accept bribes or other unlawful income, and not to expropriate our Bank's property;
- (VII) Not to take advantage of their positions to seize or accept for themselves or others any business opportunities that are due to our Bank, not to operate business for themselves or others that are similar to our Bank;

- (VIII) Not to accept commissions in connection with our Bank's transactions without the informed consent of the general meeting or the Board;
- (IX) Without the approval of the general meeting or Board, not to use our Bank's assets to provide any guarantee for any debt of our Bank's shareholders or others beyond our Bank's daily business operations;
- (X) Without the informed consent of the general meeting or the Board, not to disclose any confidential information related to our Bank acquired by them during their term of office; however, they may disclose such information to a court or other competent regulatory authorities in the following circumstances:
  - 1. Required by law;
  - 2. Required in the interests of the public; and
  - 3. Required in the legitimate interests of the directors themselves;
- (XI) Not to jeopardize interests of the Bank by taking advantage of its related party status;
- (XII) Other faithful obligations stipulated by the laws, administrative regulations, departmental rules and these Articles.

Income obtained by Directors in violation of this article shall belong to the Bank; and the Directors shall indemnify the Bank for any losses incurred by the Bank therefrom.

**Article 142** Save as specified in the Articles of Association or legally authorized by the Board, no director shall act on behalf of our Bank or the Board in his own name. If a director acts in his own name but a third party may reasonably think the said director is acting on behalf of our Bank or the Board, the said director shall make a prior statement of his standpoint and capacity.

**Article 143** If any director himself or any other enterprise in which he holds a position has any direct or indirect connected relation in any contract, transaction or arrangement (exclusive of engagement contract) already concluded or under planning with our Bank, he shall responsibly disclose the nature and extent of the said connected relation to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances.

**Article 144** Directors shall spend sufficient time performing their duties, and shall attend at least two-thirds of Board meetings in person each year. If any director cannot attend the meeting for any reason, he may authorize in writing another director of the same class to act on his behalf.

Unless approved by the general meeting through resolutions, if any director fails to attend Board meetings in person or by authorizing another director for two consecutive times, the said director shall be deemed as incapable of performing his duties, and the Board shall make a proposal to the general meeting to remove the said director.

**Article 145** A director may resign before the term of office expires, and shall submit a written resignation to the Board. The Board of Directors shall disclose the relevant information within two (2) days thereafter.

If no re-election is timely carried out after expiry of the term of office of a director, or if the resignation of a director during his term of office affects our Bank's normal operation or causes the number of members of the Board to fall below the minimum quorum, the director shall continue to perform his duties according to laws, regulations, rules and the Articles of Association before a new director is elected to take up the office.

Save as provided in the preceding paragraph, a director's resignation shall become effective on the date when his resignation is served to the Board.

**Article 146** The provisions on the obligations of the directors shall apply to the supervisors, president and other senior executives of our Bank.

## **Section 2 Independent Directors**

**Article 147** Independent directors of our Bank are directors who do not hold any positions in our Bank other than directorship and do not maintain with our Bank and the substantial shareholders a connection which may possibly hamper their independent and objective judgments. An independent director shall meet the following basic conditions:

- (I) Having the qualifications for a director of a commercial bank in accordance with laws, regulations and other relevant provisions;
- (II) Performing duties independently, and not being influenced by our Bank's substantial shareholders and de facto controllers or other entities or individuals having interest relations with our Bank;
- (III) Having the basic knowledge about the operation of commercial banks and being familiar with relevant laws, regulations and rules;
- (IV) Having more than five years' experience in legal, economic, banking and financial work or other work required for fulfilling duties as independent director;
- (V) Having sufficient time and energy to effectively fulfill duties as independent director;
- (VI) Not serving two commercial banks at the same time.

**Article 148** The following persons shall not serve as independent directors of our Bank:

- (I) Shareholders who hold more than 1% shares of our Bank or persons holding positions in the shareholders' entities;
- (II) Persons holding positions in our Bank or in entities over which our Bank holds controlling interests or has de facto control;
- (III) Persons who have held positions in our Bank or in entities over which our Bank holds controlling interests or has de facto control in the three years before taking up the office;

- (IV) Persons holding positions in entities that have failed to repay their borrowings from our Bank upon maturity;
- (V) Persons holding positions in entities which have legal, accounting, auditing, management consulting and other business connections or an interest relationship with our Bank;
- (VI) Any other persons who may be controlled or materially influenced by our Bank by any means;
- (VII) Near relatives of the above persons;
- (VIII) Persons who have been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the economic order of the socialist market, or have been deprived of political rights due to offence;
- (IX) Any person who was ever the director or manager of any company or enterprise which was bankrupted due to bad operation and was responsible for the bankruptcy of the company or enterprise;
- (X) Any person who was ever the legal representative of any company or enterprise whose Business License was revoked due to illegal activities and was responsible for such illegal activities;
- (XI) Any person who has large outstanding personal debts;
- (XII) Any person who has been removed from office by his original entity due to failure to perform duties diligently;
- (XIII) Persons who used to be key personnel in high-risk financial institutions and there is no proof that such persons were not responsible for the cancellation or loss of assets of such institutions;
- (XIV) Any other persons not permitted to serve as independent director of our Bank according to the relevant laws, administrative regulations, departmental rules and regulations of the securities regulatory authority at the location where our Bank's shares are listed, and as determined by the competent regulatory authorities.

**Article 149** An independent director shall work at least 15 workdays in our Bank every year. If any independent director does not meet the condition of independence or has any other circumstance disqualifying him as independent director, so that the number of independent directors falls short of the quorum as specified in the Articles of Association, our Bank shall supplement independent directors pursuant to relevant regulations.

**Article 150** An independent director shall have the following special functions and powers in addition to those granted to directors of our Bank:

- (I) To give written opinions on the fairness of material connected transactions and implementation of internal examination and approval procedures;
- (II) To make recommendations to the Board on appointment or dismissal of an accounting firm;

- (III) To propose to the Board to convene an extraordinary general meeting;
- (IV) To propose to convene a Board meeting and matters for deliberation;
- (V) To independently engage an external audit institution and consulting institution; and
- (VI) To give independent opinions on the effect of the issuance of preference shares on the rights and interests of each class of shareholders.
- (VII) to publicly approach shareholders to gather their votes before the shareholders' general meeting is convened.

Independent directors shall seek the consent of more than half of all the independent directors before exercising the functions and powers set out in the preceding paragraph except those in (I).

**Article 151** To ensure that the independent directors can perform their functions and powers effectively, our Bank shall provide them with necessary work conditions.

**Article 152** The Supervisory Committee shall propose at a general meeting to dismiss an independent director in any of the following circumstances:

- (I) Failure to resign from the position when he/she is no longer qualified to be an independent director due to a change in his/her position;
- (II) Attendance in person of less than two-thirds of the total number of Board meetings held within one year;
- (III) Failure to attend the Board meetings in person or by authorizing another director for two consecutive times, unless approved by the general meeting through resolutions;
- (IV) Other circumstances provided by laws and regulations where an independent director is no longer suitable for holding such a position.

### **Section 3 Board**

**Article 153** Our Bank shall set a Board, which shall be accountable to the general meeting and undertake ultimate responsibility for the operation and management of our Bank.

**Article 154** The Board shall consist of at most 19 directors, including at least two senior management members (including the president who is an ex-officio director) and at least one-third independent directors.

**Article 155** The Board shall exercise the following functions and powers:

- (I) To be responsible for convening general meetings and make proposals and report its work to the general meetings;
- (II) To implement the resolutions passed at the general meetings;
- (III) To formulate the medium and long-term development plans and strategies of our Bank and supervise implementation thereof;

- (IV) To determine our Bank's annual business performance indicators and approve our Bank's annual operation plan;
- (V) To formulate annual financial budgets and final accounts of our Bank;
- (VI) To formulate the profit distribution plan and loss makeup plan of our Bank;
- (VII) To formulate plans for increase or decrease of registered capital and issuance of shares or bonds that can supplement capitals of our Bank;
- (VIII) To resolve on issuance of bonds that do not supplement capitals of our Bank;
- (IX) To prepare plans for merger, division, dissolution and liquidation of our Bank;
- (X) To approve the set-up and removal of major branches, internal organizations and overseas organizations of our Bank;
- (XI) To appoint or dismiss the president of our Bank; based on the needs of marketization and specialization and the recommendation of the chairman of the Board, to appoint or dismiss the secretary of the Board and other persons that shall be appointed or dismissed by the Board, and according to the recommendation of the president, to appoint or dismiss the vice presidents, president assistants, chief financial officer and other persons that shall be appointed or dismissed by the Board; and to determine the remunerations, rewards and punishment of the above persons.
- (XII) Within the scope authorized by the general meeting, to decide or approve of our Bank's foreign investment, acquisition or sale of assets in non-commercial banking business, large-amount credit extension, pledge of assets, non-commercial banking business security, disposal of non-performing assets, writing-off of non-performing debts, etc.;
- (XIII) To approve of our Bank's basic management system and decide on our Bank's risk management and internal control systems;
- (XIV) To approve of our Bank's annual internal audit reports;
- (XV) To approve of our Bank's capital adequacy ratio plans and implementation plans;
- (XVI) To formulate the proposals for any amendment to the Articles of Association;
- (XVII) To resolve on our Bank's information disclosure and bear the ultimate responsibility for the authenticity, accuracy, integrity and timeliness of our Bank's accounting and financial reporting system;
- (XVIII) To propose to the general meeting to appoint or replace the accounting firm which audits the Company's accounts;
- (XIX) To inspect the president's work by listening to his work reports and make sure that the senior management perform their duties in an efficient way;

- (XX) To approve of our Bank's material connected transactions and those connected transactions which are subject to the approval of the Board according to laws, regulations, regulatory documents, relevant regulations of the securities regulatory authority at the location where our Bank's shares are listed, the Articles of Association, and the authorization of the general meeting;
- (XXI) To report on the regulatory opinions of regulatory authorities and our Bank's rectification plans;
- (XXII) To protect the legitimate rights and interests of depositors and other stakeholders;
- (XXIII) To petition the people's court for bankruptcy on behalf of our Bank as authorized by the general meeting;
- (XXIV) To make green credit development strategies and consumer protection strategies, policies and goals; to examine and approve of green credit goals and reports made and submitted by the senior management; and to listen to the senior management's reports on the progress of consumer protection work on a regular basis;
- (XXV) To be ultimately responsible for the consolidated statement management of our Bank, under which to be responsible for formulating the overall strategic plans, for review and supervision of the formulation and enforcement of the implementation plans of consolidated statement management, and for establishment of a periodic review and evaluation system, in compliance with the requirements of the banking regulatory authority under the State Council on consolidated statement supervision;
- (XXVI) To exercise other functions and powers as stipulated by laws, regulations or the Articles of Association and granted by the general meeting.

**Article 156** The Board of Directors shall make explanation to the shareholders general meeting for any auditor's non-standard opinions on the financial reports of our Bank.

**Article 157** The Board of Directors shall formulate the rules of procedures of the Board of Directors to ensure the efficiency and scientific decision-making of the Board of Directors, and be implemented after being approved by the shareholders general meeting.

**Article 158** The Board of Directors shall specify the scope of external investment, asset acquisition and sales, pledge of assets and related party transactions, etc. and set up a stringent investigation, decision making and authorization process. Specialists and professionals should be organized to assess any major investment projects and shall be submitted to the general meeting for approval if required under the Articles of Association of our Bank.

The Board shall not dispose of or agree to dispose of any fixed assets without approval by the general meeting if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within 4 months before such proposal to dispose of the fixed assets exceeds 33% of the value of the fixed assets as shown on the latest audited balance sheet considered and approved by the general meeting.

Disposals of the fixed assets mentioned herein include transfer of some asset interests, but do not include guarantee provided by pledge of fixed assets.

The effectiveness of our Bank's disposal of the fixed assets shall not be affected by any breach of the foregoing provisions in Paragraph 1 of this Article.

**Article 159** The Board shall have one chairman and one vice chairman. The chairman and vice chairman shall be directors of our Bank and shall be elected and removed by more than half of all the directors after proposal by the Nomination & Remuneration Committee to the Board based on the actual condition of our Bank.

The vice chairman shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, such duties shall be performed in proxy by the vice chairman. In the event that the vice chairman is unable or fails to perform his duties, a director shall be elected jointly by more than a half of the directors to perform such duties.

The president of our Bank shall not serve concurrently as chairman.

**Article 160** The chairman shall exercise the following functions and powers:

- (I) To preside over general meetings and to convene and preside over Board meetings;
- (II) To supervise and inspect the implementation of resolutions passed by the Board;
- (III) To sign legal instruments of stocks, bonds and other marketable securities of our Bank;
- (IV) To sign important documents of the Board and other documents which should be signed by the legal representative of our Bank;
- (V) To exercise powers and functions of the legal representative;
- (VI) To exercise other functions and powers conferred by the Board.

**Article 161** The chairman is responsible for proposing motions and arranging votes at board meetings. During the inter-session period of the Board, the Board may, as the case may be, authorize the chairman to exercise parts of powers and functions of the Board.

**Article 162** Regular Board meetings shall be held at least once a quarter and shall be convened and presided over by the chairman, with the notice of the time and venue of the meeting and the matters to be considered at the meeting sent to all directors and supervisors 14 days before the meeting is convened. If a provisional Board meeting is to be convened, the notice of the time and venue of the meeting and the matters to be considered at the meeting shall be sent to all directors and supervisors five days before the meeting is convened.

**Article 163** In any of the following circumstances, the chairman shall hold a provisional Board meeting:

- (I) Deemed necessary by the chairman of the Board;
- (II) Proposed by more than one-third of directors or more than half of independent directors;
- (III) Proposed by the Supervisory Committee;
- (IV) Proposed by the president; and



- (V) Required by shareholder(s) individually or jointly holding more than 10% of the total number of voting shares of our Bank.

The chairman shall convene and preside over a provisional Board meeting within ten days after receipt of the proposal.

**Article 164** Notice of board meeting shall include:

- (I) Time and place of the meeting;
- (II) Duration of the meeting;
- (III) Causes and subject matters;
- (IV) Issue date of the notice.

**Article 165** Our Bank holds separate meetings for the chairman and non-executive directors so that the non-executive directors can give relatively objective judgments and opinions and better supervise and check & balance executive directors.

**Article 166** A Board meeting shall be attended by more than half of the directors. Save as otherwise specified in the Articles of Association, resolutions made by the Board shall be passed by more than half of all directors.

**Article 167** Directors shall attend Board meetings in person. If any director cannot attend the meeting for any reason, he may authorize in writing another director of the same class to act on his behalf. However, a director shall not act on behalf of more than two directors at one Board meeting.

Where a director fails to attend a Board meeting and does not appoint a proxy to act on his behalf, the said director shall be deemed as having waived his right to vote at the meeting but this does not mitigate or exempt the legal responsibilities which should be borne by him in relation to the resolutions made by the Board.

**Article 168** When a connected transaction is considered at a Board meeting, directors having material interests shall not exercise the right to vote on the said resolution. A Board meeting shall be attended by more than one half of directors without material interests. Resolutions approving connected transactions at Board meetings shall be passed by more than half of the directors without material interests.

Any issue which requires the approval of more than two-thirds of the directors shall be subject to the approval of more than two-thirds of non-connected directors.

If the number of non-connected directors attending the Board meetings is less than three, the issue shall be submitted to the general meeting for consideration.

If a certain director or any key coordinator thereof (as defined in *Hong Kong Listing Rules*) has any material interest relation with an issue to be considered at a Board meeting, the said director shall not vote on the said resolution for themselves or on behalf of other directors and shall not be counted into the quorum of directors attending the meeting, save as otherwise specified in laws, regulations, regulatory documents and relevant regulations of the securities regulatory authority at the location where our Bank's shares are listed.

**Article 169** Voting on Board meetings may be conducted by a show of hands or by open ballot. Every director shall have the right to one vote.

**Article 170** Voting on Board meetings may be conducted on site (including telephone conference and video conference) or via written resolutions, with each attendant casting one vote. Board meetings may be held and pass resolutions via written resolutions, provided that the attending directors fully express their opinions. Directors attending Board meetings or meetings of the Board's special committees by telephone conference, video conference, etc. shall be deemed as having attended the meeting on site.

Resolutions on the following material issues shall not be voted on via written resolutions and shall be passed by more than two-thirds of all directors:

- (I) Formulating our Bank's profit distribution plan and loss recovery plan;
- (II) Formulating plans for the increase or decrease of the registered capital and the issuance of shares or bonds that can supplement capitals of our Bank;
- (III) Formulating proposals for merger, division, dissolution and liquidation of our Bank;
- (IV) Appointing or dismissing senior executives;
- (V) Within the scope authorized by the general meeting, deciding or approving of our Bank's major foreign investments, disposal of material assets in non-commercial banking business and non-commercial banking business guarantee, etc.;
- (VI) Formulating the proposals for any amendment to the Articles of Association;
- (VII) Resolving on major issues including capital replenishment, material equity change and financial reorganization;
- (VIII) Other issues stipulated by laws, regulations and the Articles of Association.

**Article 171** A Board meeting shall have resolutions and minutes, and the attending directors and recorder shall sign on the resolutions. The meeting resolutions and minutes shall be permanently kept as archives of our Bank.

**Article 172** The minutes of the board meeting shall include:

- (I) Date, place, name of the person to convene the meeting and the chairmen;
- (II) Names of the directors attending the meeting and the names of the directors (proxies) appointed by other directors to attend the board meeting;
- (III) Agenda of the meeting;
- (IV) Main points of the speeches of directors;
- (V) Methods and results of the voting for each proposal (the voting results shall indicate the numbers of the votes of for, against or abstention).

**Article 173** The directors shall be responsible for the resolutions passed at the Board meetings. If any resolution of the Board runs counter to the laws, regulations, the Articles of Association or resolution of the general meeting, thereby incurring serious losses to our Bank, the directors adopting the said resolution shall be liable for compensating our Bank. If any director raises an objection to the resolution and the said objection is recorded in the minutes, the said director may be exempt from any liability.

#### **Section 4 Special Committees under the Board of Directors**

**Article 174** Under the Board of Directors of our Bank are six special committees: Strategy Committee, Audit Committee, Risk and Connected Transaction Control Committee, Nomination & Remuneration Committee, Consumer Rights Protection Committee and Inclusive Finance Development Committee. Chairmen and members of the committees shall be nominated by the chairman of the Board and be elected by the Board; the committees shall be responsible to the Board of Directors.

Independent directors shall serve as chairman of the Audit Committee, Risk and Connected Transaction Control Committee, Nomination & Remuneration Committee, Consumer Rights Protection Committee and Consumer Rights Protection Committee. Specifically, independent directors shall be in the majority in the Audit Committee, Nomination & Remuneration Committee. Directors serving as chairman of the Audit Committee and Risk and Connected Transaction Control Committee shall work in our Bank for at least 25 workdays every year.

**Article 175** Main duties of the Strategy Committee:

- (I) To formulate business goals, medium and long-term development plans and development strategies of our Bank;
- (II) To supervise and check the implementation of annual business plans and investment plans; and
- (III) To deal with other issues as authorized by the Board.

**Article 176** Main duties of the Audit Committee:

- (I) To check the accounting policies, financial position, financial reporting procedure, and risk and regulation compliance of our Bank.
- (II) To propose the appointment or removal of external audit institutions;
- (III) To supervise the internal audit system of our Bank and its implementation;
- (IV) To coordinate communication between internal auditors and external auditors;
- (V) To audit our Bank's financial information and disclosure thereof, produce judgment report on the truthfulness, accuracy, completeness and timeliness of the audited financial information, and submit the report to the Board for consideration; and
- (VI) To deal with other issues as authorized by the Board and specified by relevant laws, regulations, departmental rules and relevant regulations of the securities regulatory authority at the location where our Bank's shares are listed.

**Article 177** Main duties of the Risk and Connected Transaction Control Committee:

- (I) To supervise the risk control by the senior management of our Bank;
- (II) To appraise the risks of our Bank;
- (III) To offer proposals on improving the risk management and internal control of our Bank;
- (IV) To review and approve of or archive general connected transactions of our Bank;
- (V) To review our Bank's material connected transactions or those transactions which are required to be announced or are subject to the approval of independent shareholders according to relevant regulations of the securities regulatory authority at the location where our Bank's shares are listed, and submit them to the Board for examination and approval; and
- (VI) To deal with other issues as authorized by the Board.

The "general connected transactions" as mentioned in the Articles of Association refer to transactions involving single transaction amount between our Bank and a connected party accounting for less than 1% of the net capital of our Bank, or the transaction balance between our Bank and a connected party after the said transaction accounting for less than 5% of the net capital of our Bank.

The "material connected transactions" as mentioned herein refer to transactions involving single transaction amount between our Bank and a connected party accounting for more than 1% of the net capital of our Bank, or the transaction balance between our Bank and a connected party after the said transaction accounting for more than 5% of the net capital of our Bank.

**Article 178** Main duties of the Nomination & Remuneration Committee:

- (I) To provide proposals to the Board on the membership of the Board according to the business operations, asset size and equity structure of our Bank;
- (II) To draft the standard and procedure for the selection of directors and senior executives, and propose the same to the Board;
- (III) To propose to the Board candidates of chairman and vice chairman and to provide opinions about the selection of directors and senior executives including the president, vice presidents, secretary of the Board and chief financial officer;
- (IV) To draft the remuneration policy and scheme of directors and senior executives, and propose the same to the Board; and
- (V) To deal with other issues as authorized by the Board and specified by relevant laws, administrative regulations, departmental rules and relevant regulations of the securities regulatory authority at the location where our Bank's shares are listed.

**Article 179** Main duties of the Consumer Rights Protection Committee:

- (I) To formulate strategies, policies and objectives of the consumer rights protection work;

- (II) To guide, urge and supervise the senior management to effectively execute and implement relevant work, and regularly listen to the senior management's special reports on the progress of consumer rights protection work;
- (III) To supervise and evaluate the comprehensiveness, timeliness and effectiveness of our consumer rights protection work as well as relevant duty performance status of the senior management;
- (IV) To deal with other matters as authorized by the Board.

**Article 180** Main duties of the Inclusive Finance Development Committee:

- (I) To formulate the strategic development planning and basic management system of inclusive finance business of our Bank;
- (II) To deliberate the annual operation plans of inclusive finance business department, and the appraisal methods, etc.;
- (III) To guide and supervise effective implementation of the annual operation plans of inclusive finance business department;
- (IV) To deal with other matters as authorized by the Board.

**Article 181** Various special committees may appoint intermediaries to provide professional advice, with reasonable costs to be borne by our Bank.

**Article 182** The Board of our Bank shall set an office which is responsible for the daily affairs of the general meeting, the Board and various special committees of the Board.

### **Section 5 The Secretary of the Board of Directors**

**Article 183** The Board of our Bank shall have a secretary, who is a senior executive of our Bank and is responsible to the Board.

**Article 184** Directors or senior executives of our Bank may serve concurrently as secretary of the Board of our Bank. Any accountant of the accounting firm engaged by our Bank shall not act in the capacity of the secretary of the Board of our Bank.

In the event a director serves concurrently as secretary of the Board, where any act requires to be executed by the director and the secretary of the Board separately, the said director serving concurrently as secretary of the Board shall not execute the said act in both capacities.

**Article 185** The secretary of the Board shall have good personal qualities and work ethics and be able to faithfully perform his duties and handle public affairs.

**Article 186** Main duties of the secretary of the Board:

- (I) To prepare and submit to competent regulatory authorities reports and documents produced by the Board and general meetings;

- (II) To arrange for Board meetings and general meetings, and to be responsible for recording minutes of meetings and keeping the meeting documents and records;
- (III) To ensure that the persons who have the right of access to the relevant documents and records of our Bank obtain those documents and records in a timely manner;
- (IV) To keep the share register, the seal of the Board, etc. and to deal with affairs involving equity management of our Bank;
- (V) To be responsible for the information disclosure of our Bank, and to ensure that information disclosure of our Bank is legal, responsive, true and complete;
- (VI) To provide advice for our Bank in making significant decisions; and
- (VII) To perform other duties as authorized by the Board or specified in the Articles of Association.

**Article 187** The secretary of the Board and the person-in-charge of the Board's office shall be nominated by the chairman and be appointed or dismissed by the Board.

## **Chapter 9 The President**

**Article 188** Our Bank practices a president accountability system. Our Bank shall have one president and several vice presidents. If necessary, our Bank shall have other senior executives assist the president.

The president shall be nominated by the chairman and shall be appointed and dismissed by the Board.

**Article 189** Persons who are not permitted to serve as senior executives of commercial banks according to the *Company Law and Law of the People's Republic of China on Commercial Banks* shall not serve as president of our Bank.

**Article 190** The president shall serve a term of three years and may be re-elected for successive terms. A president, before his term of office expires, shall not unjustifiably be dismissed by the Board.

Vice presidents and other senior executives shall assist the president with his work. Where the president is unable to exercise his powers and functions, he may designate a vice president to act on his behalf.

**Article 191** The president is responsible to the Board and have the following powers and functions:

- (I) To manage the business operations of our Bank and report to the Board;
- (II) To organize to execute resolutions of the Board, the annual business plans and investment plans of our Bank;
- (III) Within the scope authorized, to resolve on the foreign investments, purchase of fixed assets, pledge of assets and other guarantee issues in the daily operations of our Bank;

- (IV) To draft plans for the set-up and removal of branches, internal organizations and overseas organizations of our Bank;
- (V) To draft the basic management systems and measures of our Bank;
- (VI) Based on the needs of marketization and specialization, to propose to the Board to appoint or dismiss vice presidents, president assistants, chief financial officer and other persons who are subject to the appointment and dismissal by the Board;
- (VII) To appoint or dismiss persons other than those to be appointed or dismissed by the Board;
- (VIII) To authorise members of the senior management and persons in charge of our Bank's functional departments, branches, subordinate institutions and overseas institutions to engage in operating activities;
- (IX) To draft or decide salaries, welfares, rewards and punishments of the employees of our Bank;
- (X) To propose the convening of provisional Board meetings and to raise proposals;
- (XI) In the event of emergencies, to take emergency measures and report immediately to competent regulatory authorities and the Board; and
- (XII) To exercise other functions and powers conferred in the Articles of Association and by the Board.

**Article 192** The president shall, as required by the Board or the Supervisory Committee, report to the Board or the Supervisory Committee on the conclusion and performance of important contracts, the use of funds, and losses and profits of our Bank. The president shall undertake that such report is true to the fact.

**Article 193** The president shall listen to the opinions of the Trade Union and the employees before making decisions on issues concerning the personal interests of the employees, such as salaries, welfare, safety, labor protection, labor insurance, appointment or dismissal.

**Article 194** The president shall formulate work rules of the president according to the powers and functions specified in the Articles of Association and shall be implemented after being approved by the Board.

**Article 195** The president shall fulfill the obligation of honesty and diligence in accordance with laws, regulations and the Articles of Association.

**Article 196** In the principle of combining efficiency with risks, personal interests and collective interests and short-term and long-term performances, our Bank adopts a performance-based remuneration system for the president and a long-term incentive and restriction mechanism including stock ownership incentive and stock option incentive.

**Article 197** Vice presidents and president assistants of our Bank may tender resignation or be dismissed before expiry of their term of office, as long as they have gone through off-office auditing.

The rights and obligations of vice presidents and president assistants as well as specific procedures and measures for their appointment, resignation and dismissal are specified in the service contracts between them and our Bank.

## **Chapter 10 Supervisors and the Supervisory Committee**

### **Section 1 Supervisors**

**Article 198** Supervisors of our Bank comprise shareholder supervisors, external supervisors and employee supervisors. The procedure for the nomination and election of shareholder supervisors and external supervisors shall be the same as for directors and independent directors. Employee supervisors shall be nominated by the Supervisory Committee and the Trade Union of our Bank.

**Article 199** Apart from those who cannot serve as supervisors in accordance with the *Company Law and Commercial Bank Law*, the following persons shall also not serve as supervisors of our Bank:

- (I) Persons who have been removed from office by other commercial banks or organizations for failure to fulfill obligation of good faith;
- (II) Shareholders or persons holding positions in the shareholders' entities whose borrowings (excluding borrowings guaranteed by the pledge of bank deposit certificate or government bonds) from our Bank exceed their audited net equity value of the previous year;
- (III) Individuals or company employees who have outstanding loans payable to our Bank.

**Article 200** The basic requirements and restrictions for serving as independent directors of our Bank as well as the stipulations on replacement of independent directors in the Article of Association also apply to external supervisors of our Bank.

**Article 201** Directors, the president and other senior executives shall not serve concurrently as supervisors of our Bank.

**Article 202** Supervisors shall serve a term of three years and may be re-elected for successive terms. Shareholder supervisors and external supervisors shall be elected or replaced by the general meeting; employee supervisors shall be elected or replaced through democratic election by the employees of our Bank.

**Article 203** Shareholder supervisors and external supervisors shall work for our Bank for at least 15 workdays each year. Unless otherwise agreed by the general meeting, if any supervisor fails to attend meetings of the Supervisory Committee in person or by proxy for two consecutive times, or fails to attend at least two-thirds of the meetings of the Supervisory Committee in person in a year, the said supervisor shall be deemed as incapable of performing his duties and the Supervisory Committee shall remove the said supervisor according to relevant procedure.



**Article 204** The supervisors shall fulfill the obligation of honesty and diligence in accordance with laws, regulations and the Articles of Association. Supervisors should ensure the truthfulness, accuracy and completeness of information disclosed by our Bank.

Supervisors should not harm the interests of the Bank by manipulating their connected relationship and shall indemnify the Bank for any losses incurred to the Bank therefrom.

The Supervisors shall compensate our Bank for any losses incurred to our Bank resulting from his violation of laws, administrative regulations, rules and these Articles of Association when performing his duties.

**Article 205** A supervisor may resign from his office prior to the expiry of his term of office and shall tender a written resignation to the Supervisory Committee.

The provisions of the Articles of Association on resignation of directors shall apply to supervisors.

## **Section 2 The Supervisory Committee**

**Article 206** Our Bank shall set a supervisory committee which is accountable to the general meeting.

**Article 207** The Supervisory Committee consists of no more than 13 supervisors, with the proportion of employee supervisors and external supervisors not less than one-third.

**Article 208** The Supervisory Committee is the supervisory body of our Bank and exercises the following powers and functions:

- (I) To ensure that the Board of Directors formulate stable operation philosophy, system of values and development strategies conforming to the actual conditions of our Bank;
- (II) Appraise the scientificity, rationality and effectiveness of the development strategies formulated by the Board and produce an assessment report;
- (III) To review the financial operations of our Bank;
- (IV) To supervise the work of the directors and senior executives, and propose dismissal of directors and senior executives who have violated laws, regulations, the Articles of Association or the resolutions of general meetings;
- (V) Where necessary, to give suggestions or reminders to, have an appointment with, make inquiries and ask for a reply from the Board, senior executives and other persons in written or oral form, and to require directors and senior executives to make corrections should their acts be deemed as harmful to the interests of our Bank;
- (VI) To supervise the election and appointment of directors;
- (VII) To appraise the duty performance of directors, supervisors and senior executives from a comprehensive perspective and form final appraisal results;

- (VIII) To supervise and inspect the operation decisions, risk management issues and internal control of our Bank and guide the work of the internal audit department of our Bank;
- (IX) To appraise the scientificity and rationality of the remuneration system and policy of the whole Bank as well as the remuneration scheme of senior executives;
- (X) To propose the convening of extraordinary general meetings and, if the Board is unable to or does not perform the obligations to convene and preside over general meetings in accordance with the *Company Law*, to convene and preside over general meetings;
- (XI) To propose resolutions to general meetings;
- (XII) If necessary, to attend Board meetings and meetings of the senior management as non-voting representatives and to make inquiries or suggestions as to the issues to be decided at the meetings;
- (XIII) To propose the convening of provisional Board meetings and to raise proposals;
- (XIV) To institute legal proceedings against the directors and senior executives as per the *Company Law*;
- (XV) To audit senior executives when they are to leave their posts;
- (XVI) To examine financial information such as financial reports, business reports and profit distribution plans as proposed by the Board to the general meeting, and if there are any queries, to engage any certified public accountant or practicing auditor in the name of our Bank to assist in the examination;
- (XVII) To review the regular reports formulated by the Board of Directors of our Bank and to put forth written review opinions;
- (XVIII) To conduct investigation when becoming aware of any unusual operating situation of the Bank; and if necessary, may engage the professional entities, including the accounting firm and law firm, to assist in its work;
- (XIX) To exercise other functions and powers as stipulated by laws, regulations or the Articles of Association and conferred by the general meeting.

Our Bank shall bear all reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants, and practicing auditors by the Supervisory Committee in the exercise of its functions and powers.

**Article 209** The Supervisory Committee shall formulate its rules of procedures, and specify explicitly the method of discussion and the voting procedure of the Supervisory Committee to ensure its efficiency and scientific decision-making.

**Article 210** The Supervisory Committee shall have one chief supervisor and one deputy chief supervisor. The chief supervisor shall be a professional having relevant knowledge of or work experience in finance, auditing, financial or law. The chief supervisor and deputy chief supervisor shall be supervisors of our Bank and shall be elected and removed by more than two-thirds of all the supervisors as proposed by the Nominations Committee of the Supervisory Committee based on the actual condition of our Bank. If the chief supervisor is unable to or does not perform his duties, such duties shall be performed by the deputy chief supervisor; if the deputy chief supervisor is unable to or does not perform the duties, more than half of the supervisors shall jointly elect a supervisor to perform the said duties.

**Article 211** The Supervisory Committee of our Bank sets an Oversight Committee and a Nominations Committee, members of which shall be supervisors. The committees shall be elected by and report to the Supervisory Committee.

Chairmen of the Oversight Committee and Nominations Committee shall be external supervisors.

**Article 212** Main duties of the Oversight Committee:

- (I) To be responsible for drafting plans of supervision on the financial activities of our Bank and conducting relevant inspection;
- (II) To ensure that the Board of Directors formulate stable operation philosophy, system of values and development strategies conforming to the actual conditions of our Bank;
- (III) To appraise the scientificity, rationality and effectiveness of the development strategies formulated by the Board and produce an assessment report;
- (IV) To instruct the work of the internal audit department of our Bank;
- (V) When necessary, to audit senior executives when they are to leave their posts;
- (VI) To supervise the duty performance by directors, supervisors and senior executives;
- (VII) To supervise and inspect major operational decisions of our Bank;
- (VIII) To supervise and inspect the risk management of our Bank;
- (IX) To appraise the soundness and effectiveness of the internal control of our Bank; and
- (X) To deal with other issues as authorized by the Supervisory Committee.

**Article 213** Main duties of the Nominations Committee:

- (I) To draft procedures and standards of electing and appointing supervisors; to recommend qualified candidates of external supervisors; to make an initial evaluation of the qualifications of candidates of shareholder representatives serving as supervisors and external supervisors and give suggestions to the Supervisory Committee;
- (II) To propose to the Supervisory Committee candidates of chief supervisor and deputy chief supervisor based on the actual condition of our Bank;

- (III) To propose to the Supervisory Committee candidates of chairmen of various special committees;
- (IV) To supervise the election and appointment of directors;
- (V) To draft remuneration plans for supervisors and supervise the implementation of the said plans after they have been considered by the Supervisory Committee and have been submitted to the general meeting for consideration;
- (VI) To appraise the scientificity and rationality of the remuneration system and policy of the whole Bank as well as the remuneration scheme of senior executives;
- (VII) To be responsible for drafting measures for evaluating the duty performance of directors, supervisors and senior executives and implementing these measures after submitting them to the Supervisory Committee for consideration;
- (VIII) To assist the Supervisory Committee's office in establishing a duty performance supervision and recording system for directors, supervisors and senior executives and complete the duty performance supervision records; and
- (IX) To deal with other issues as authorized by the Supervisory Committee.

**Article 214** Regular meetings of the Supervisory Committee shall be held at least once a quarter and shall be convened and presided over by the chief supervisor. The time and venue of the meeting and the matters to be considered at the meeting shall be notified to all supervisors 14 days before the meeting is convened. If a provisional meeting of the Supervisory Committee is to be convened, the time and venue of the meeting and the matters to be considered at the meeting shall be sent to all supervisors five days before the meeting is convened.

**Article 215** The notice of a meeting of the Supervisory Committee shall contain the following contents:

- (I) Date, place and duration of the meeting;
- (II) Causes and subject matters; and
- (III) Issue date of the notice.

**Article 216** In any of the following circumstances, the chief supervisor shall hold a provisional meeting of the Supervisory Committee:

- (I) Deemed necessary by the chief supervisor;
- (II) Proposed by the supervisors.

**Article 217** Meetings of the Supervisory Committee shall not be held unless over two-thirds of supervisors are present. Resolutions made by the Supervisory Committee shall be approved by more than two-thirds of the members of the Supervisory Committee.

The supervisors shall be responsible for the resolutions passed at meetings of the Supervisory Committee. If any supervisor raises an objection to the resolution and the said objection is recorded in the minutes, the said supervisor may be exempt from any liability.

**Article 218** The supervisors shall attend meetings of the Supervisory Committee in person. Where a supervisor cannot attend a meeting in person for any reason, he may appoint another supervisor in writing to attend the meeting on his behalf. However, a supervisor shall not act on behalf of more than two supervisors at one meeting of the Supervisory Committee.

If a supervisor fails to attend a meeting of the Supervisory Committee in person or by proxy, the said supervisor shall be deemed as having waived his right to vote at the meeting.

**Article 219** Voting on meetings of the Supervisory Committee may be conducted by a show of hands or by open ballot. Every supervisor shall have the right to one vote.

Meetings of the Supervisory Committee may be held and pass resolutions via written resolutions, provided that the attending supervisors fully express their opinions.

Supervisors attending meetings of the Supervisory Committee or meetings of the special committees of the Supervisory Committee by telephone conference, video conference, etc. shall be deemed as having attended the meeting on site.

Resolutions involving audit report, profit distribution plan, dismissal of employees and other material issues of our Bank shall not be adopted via written resolutions.

**Article 220** A meeting of the Supervisory Committee shall have resolutions and minutes, and the attending supervisors shall sign on the resolutions. The meeting resolutions and minutes shall be permanently kept as archives of our Bank.

**Article 221** The Supervisory Committee of our Bank shall set an office to deal with daily affairs of the Supervisory Committee. Person-in-charge of the office of the Supervisory Committee shall be nominated by the chief supervisor and be appointed or dismissed by the Supervisory Committee.

## **Chapter 11 Qualifications and Obligations of Directors, Supervisors and Senior Executives**

**Article 222** Qualifications of directors, supervisors and senior executives of our Bank shall be in compliance with laws, regulations, departmental rules, regulatory documents, regulations of relevant regulatory authorities under the State Council and the Articles of Association. The banking regulatory authority shall evaluate the qualifications of directors and senior executives according to the said rules and regulations.

**Article 223** Article 138 of the Articles of Association in relation to the conditions prohibiting a person from acting as a director shall also be applicable to senior management officers.

Article 140 (V) to (VII) in relation to Director's diligence obligations and Article 141 in relation to Director's faithful obligations shall be also applicable to senior management officers.

**Article 224** Person who holds positions other than director in the controlling shareholder or actual controller of the Bank shall not be a member of senior management personnel of our Bank.

**Article 225** The senior management personnel that violate laws, administrative regulations, departmental rules or the Articles of Association and cause losses to our Bank in performing duties of our Bank shall be liable for compensations.

**Article 226** Apart from the qualifications specified in the Articles of Association, a person shall not serve as director, supervisor and other senior executive of our Bank if he:

- (I) Has no capacity or limited capacity for civil conduct;
- (II) Was imposed criminal penalty due to corruption, bribery, appropriation of property, embezzlement or disrupting socialism market economic order and it has been less than five years since completion of the enforcement of the criminal penalty; or was deprived of political rights due to offence and it has been less than five years since completion of the enforcement of the penalty;
- (III) Ever was the director or manager of any enterprise which was bankrupted and was responsible for the bankruptcy of such enterprise, and it has been less than three years since the completion of liquidation for the bankruptcy of the enterprise;
- (IV) Ever was the legal representative of any enterprise which was revoked Business License due to illegal activities and was responsible for such illegal activities, and it has been less than three years since the revocation of Business License;
- (V) Has large outstanding personal debts;
- (VI) Is subject to a penalty of prohibition from engaging in stock market activities imposed by the CSRC, where the term of the penalty has not yet expired;
- (VII) Is under investigation by the judiciary authority for violation of the criminal law;
- (VIII) Is disqualified as corporate leader by laws and regulations;
- (IX) Is not a natural person;
- (X) Was ruled by relevant regulatory authorities that he has violated relevant securities regulations and committed any fraudulent or dishonest act, and it has been less than five years since the ruling;
- (XI) Is disqualified as Director, Supervisor, senior management personnel and corporate leader according to laws, regulations, departmental rules, regulatory documents, regulations of relevant regulatory authorities and the Articles of Association.

Where any director, supervisor or senior executive is elected or appointed counter to the provisions in this Article, the said election, appointment or engagement shall be invalid. Where any director, supervisor or senior executive gets involved in any of the circumstances herein during his term of office, our Bank shall remove him as director, supervisor or senior executive.

**Article 227** The validity of an act of a director or senior executive on behalf of our Bank for a goodwill third person is not affected by any incompliance in the appointment, election or qualification thereof.

**Article 228** In exercising the functions and powers conferred by our Bank, directors, supervisors and senior executives of our Bank shall fulfil the following obligations to the shareholders in addition to the obligations under the laws, regulations, rules of relevant regulatory authorities and the Articles of Association:

- (I) Not to let our Bank operate beyond the business scope specified in its Business License;
- (II) To sincerely act in the best interest of our Bank;
- (III) Not to seize from our Bank any asset, including (but not limited to) opportunity favourable to our Bank; and
- (IV) Not to seize from any shareholder any personal interests, including (but not limited to) right to profit distribution and right to vote, but excluding reorganization submitted for adoption at the general meeting pursuant to the Articles of Association.

**Article 229** In exercising rights or fulfilling obligations, the directors, supervisors and senior executives of our Bank have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances.

**Article 230** In fulfilling duties, the directors, supervisors and senior executives of our Bank shall observe the principle of honesty and shall not set themselves in a position where their own interests conflict with their obligations. The said principle includes (but is not limited to) the following obligations:

- (I) To sincerely act in the best interest of our Bank;
- (II) To exercise their rights within the scope of their powers;
- (III) To exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or regulations or with the informed consent of shareholders given at a general meeting, not to transfer the exercise of their discretion to others;
- (IV) To be equitable towards shareholders of the same class and fair towards shareholders of different classes;
- (V) Not to conclude any contract, conduct any transaction or make any arrangement with our Bank save as otherwise specified in the Articles of Association or with the informed consent of shareholders given at a general meeting;
- (VI) Not to seek personal gains by using the property of our Bank in any form without the informed consent of shareholders given at a general meeting;

- (VII) Not to abuse official powers to accept bribes or other unlawful income, and not to expropriate our Bank's property in any form, including (but not limited to) opportunity favourable to our Bank;
- (VIII) Not to accept commissions in connection with our Bank's transactions without the informed consent of shareholders given at a general meeting;
- (IX) To observe the Articles of Association, fulfil duties honestly, protect the interests of our Bank, and not to seek personal gains by using their positions and powers in our Bank;
- (X) Not to compete with our Bank in any form without the informed consent of shareholders given at a general meeting;
- (XI) Not to appropriate the monies of our Bank or lend the same to others in violation of relevant rules, not to deposit our Bank's assets in the accounts of their own or others, and not to use our Bank's assets as security for the personal debts of the shareholders of our Bank or others in violation of relevant rules;
- (XII) Without the informed consent of shareholders given at a general meeting, not to disclose any confidential information related to our Bank acquired by them during the term of their office; not to use the said information save for the interest of our Bank; however, they may disclose such information to a court or other relevant regulatory authorities in the following circumstances:
  - 1. required by law;
  - 2. required in the interests of the public; and
  - 3. required for the interests of the said directors, supervisors and senior executives.

**Article 231** Directors, supervisors and senior executives of our Bank shall not direct the following persons or institutions ("connected persons") to do anything that the directors, supervisors and senior executives cannot do:

- (I) Spouses or minor children of directors, supervisors and senior executives of our Bank;
- (II) Trustees of directors, supervisors and senior executives of our Bank or persons set out in (I) herein;
- (III) Partners of directors, supervisors and senior executives of our Bank or persons set out in (I) and (II) herein;
- (IV) Companies under the exclusive control of directors, supervisors and senior executives of our Bank or under joint control of the persons set out in (I), (II) and (III) herein or other directors, supervisors and senior executives of our Bank;
- (V) Directors, supervisors and senior executives of the controlled companies as set out in (IV) herein;



**Article 232** The honesty obligation of directors, supervisors and senior executives shall not necessarily end with the expiry of their terms of office, and their confidentiality obligation for our Bank shall continue after expiry of their terms of office. Other duties may continue for such period as the principle of fairness may require depending on the length of time which has lapsed between the termination and the act concerned and the specific circumstances under which the relationship between them and our Bank is terminated.

**Article 233** The liability of our Bank's directors, supervisors and senior executives for breaching a given obligation may be exempted through an informed resolution given by shareholders at a general meeting, save for the circumstances specified in Article 68 of the Articles of Association.

**Article 234** If directors or any associates thereof, supervisors and senior executives of our Bank have any direct or indirect material interests in any contract, transaction or arrangement already concluded or under planning with our Bank (exclusive of the engagement contract between our Bank and directors, supervisors and senior executives), they shall responsively disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances.

Unless the directors, supervisors and senior executives of our Bank having material interests have disclosed the said interests to the Board as per the preceding paragraph herein, and the Board has not counted them in the quorum or approve the said matter at a meeting in which they don't vote, our Bank has the right to cancel the said contracts, transactions or arrangements, save for the circumstance in which the other parties are goodwill parties uninformed of the default of the said directors, supervisors and senior executives.

If the connected persons of the directors, supervisors and senior executives of our Bank have any interests in a given contract, transaction or arrangement, the said directors, supervisors and senior executives shall be deemed as having interests.

**Article 235** If, before concluding relevant contract, transaction or arrangement with our Bank for the first time, the director, supervisor or senior executive of our Bank has notified the Board and Supervisory Committee that he will have interests in the contract, transaction or arrangement concluded in the future for the reasons set out in the notice, then within the scope set out in the notice, he will be deemed as having executed disclosure as specified in preceding article of this Chapter.

**Article 236** Our Bank shall not pay taxes in any form for the directors, supervisors and senior executives.

**Article 237** Our Bank shall not directly or indirectly provide loan or loan guarantee to the directors, supervisors and senior executives of our Bank or our parent bank, or to the connected persons of the aforesaid persons.

The preceding paragraph does not apply to the following circumstances:

- (I) Our Bank provides loan or loan guarantee for our subsidiaries;
- (II) Our Bank, in accordance with the engagement contracts approved at the general meeting, provides loan, loan guarantee or other monies to our directors, supervisors and senior executives so that they may pay the expenses incurred for our Bank or for fulfilling their duties;
- (III) Our Bank may provide loan and loan guarantee to relevant directors, supervisors, senior executives and their connected persons, but the conditions for providing loan or loan guarantee shall be normal business conditions.

**Article 238** If our Bank provides loan in violation of the preceding article, the recipient of the loan shall return the same immediately regardless of the loan conditions.

Our Bank shall not be forced to execute loan guarantee provided in violation of Clause 1 of the preceding article except in the following circumstances:

- (I) The loan provider does not know that it has provided loans to the connected persons of the directors, supervisors and senior executives of our Bank or our parent bank;
- (II) The guarantee provided by our Bank has been sold by the loan provider lawfully to a goodwill buyer.

**Article 239** The guarantee as referred to in the preceding articles of this Chapter includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfils the obligations.

**Article 240** If the directors, supervisors and senior executives of our Bank fail to fulfil the obligations to our Bank, our Bank has the right to take the following actions in addition to the rights and remedial measures specified by the laws and regulations:

- (I) Require relevant directors, supervisor and senior executives to compensate our Bank for the losses arising from their neglect of duty;
- (II) Cancel the contracts or transactions concluded between our Bank and relevant directors, supervisors and senior executives, and between our Bank and a third person (if the third person knows or is supposed to know that the directors, supervisors and senior executives representing our Bank have breached their obligations to our Bank);
- (III) Require the relevant directors, supervisors and senior executives to surrender gains arising from breach of obligations;
- (IV) Recover monies, including (but not limited to) commissions, received by the relevant directors, supervisors and senior executives but receivable by our Bank;
- (V) Require the relevant directors, supervisors and senior executives to surrender interests earned or likely to be earned from monies payable to our Bank;

**Article 241** Our Bank shall conclude written contracts with directors and supervisors in relation to their remunerations, subject to prior approval at a general meeting. The aforesaid remunerations include:

- (I) Remunerations as directors, supervisors or senior executives of our Bank;
- (II) Remunerations as directors, supervisors or senior executives of subsidiaries of our Bank;
- (III) Remunerations for providing other services for our Bank and our subsidiaries;
- (IV) Compensations for the said directors or supervisors for losing their positions or for retirement.

Save as specified in the aforesaid contracts, the directors and supervisors shall not file a lawsuit against our Bank for the aforesaid interests.

**Article 242** Our Bank shall specify in the contracts concluded with the directors or supervisors in relation to remunerations that if our Bank is acquired, the directors or supervisors shall, with the prior approval at the general meeting, have the right to seek compensations or other monies for losing their positions or for retirement. The acquisition in the preceding paragraph refers to any of the following circumstances:

- (I) Tender offer of any person to all the shareholders;
- (II) Tender offer of any person to become a controlling shareholder of our Bank.

Any monies received by the relevant directors or supervisors in violation of this Article shall belong to those who sell their shares in response to the aforesaid tender offer, and the said directors or supervisors shall bear the expenses for distributing the said monies in proportion, which expenses shall not be deducted from the said monies.

## **Chapter 12 Financial and Accounting System, Profit Distribution and Audit**

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

**Article 243** Our Bank shall formulate our financial and accounting system in accordance with the laws, regulations and the provisions of relevant state departments, and shall disclose financial accounting reports to the shareholders, directors and supervisors.

**Article 244** The accounting year of the Bank shall be the calendar year, beginning from January 1st and ending on December 31st of the calendar year. Our Bank shall prepare an annual financial report within four months after the end of each fiscal year, prepare the interim financial report within two months after the end of the first six months of the fiscal year and prepare quarterly financial report after the end of the first three months and nine months of the fiscal year, and submit them to the securities regulatory agency under the State Council and administrative authorities under the State Council and the securities exchange.

If the securities regulatory authority at the location where our Bank's shares are listed have special provisions, such provisions shall apply.

The Board shall make available at each annual general meeting the financial accounting reports prepared by our Bank in accordance with the relevant laws, regulations, departmental rules and regulatory documents.

The financial accounting reports of our Bank shall be made available at the Board of Directors Office 20 days or earlier before the convening of the annual general meeting for inspection by shareholders. Each shareholder of our Bank shall be entitled to obtain the financial accounting reports mentioned in this Chapter.

Save as otherwise provided in the Articles of Association, our Bank shall, at least 21 days before convening of the annual general meeting, send the financial accounting reports mentioned above to each holder of overseas listed shares by pre-paid mail at the addresses registered in the share register. If the securities regulatory authority at the location where our Bank's shares are listed have special provisions, such provisions shall apply.

**Article 245** The financial accounting report this year shall include the following items:

- (I) Balance sheet;
- (II) Income statement;
- (III) Cash flow statement;
- (IV) Statement of changes in stockholders' equity;
- (V) Notes to the financial statements.

**Article 246** The financial reports of our Bank shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place. If there are any major differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. Our Bank shall distribute the after-tax profit of the relevant fiscal year as per the less of the after-tax profits in the aforesaid two financial statements.

**Article 247** The interim results or financial data announced or disclosed by our Bank shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place.

**Article 248** Our Bank shall not establish account books other than the statutory account books.

No assets of our Bank may be kept in any account opened in the name of any individual.

**Article 249** The financial officers of our Bank shall have the qualifications specified under *the Accounting Law* and *Commercial Bank Law*.

**Article 250** Our Bank shall distribute profits after income tax in the following order:

- (I) To make up for the losses of previous years;
- (II) To set aside 10% as statutory reserve fund;
- (III) To make provision for loss of asset impairment;
- (IV) To set aside discretionary reserve fund; and
- (V) To pay dividends to shareholders.

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

**Article 251** No further contribution may be required when the accumulated amount of statutory reserve funds of our Bank reaches more than 50% of our registered capital.

If the statutory revenue reserve is not sufficient to cover the losses in the previous year, the profits of the current year shall be used to cover such losses before allocation to the statutory revenue reserve is made in accordance with the provisions of the proceeding paragraph. After withdrawal of statutory reserve fund, the general meeting may decide whether to withdraw discretionary reserve fund.

If it is resolved at the general meeting to distribute profit to shareholders before covering the losses and making allocation to statutory revenue reserve in violation to the provisions of the proceeding paragraph, the shareholders shall return such distributed profits to our Bank.

The reserve fund of our Bank shall be used for making up the losses, expanding the scale of operation or increasing the registered capital. However, capital reserve of our Bank shall not be applied for making up for losses.

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

**Article 252** If the statutory reserve fund is converted into capital, the retained part of such statutory reserve fund shall not be less than 25% of the registered capital of the Bank prior to the conversion.

**Article 253** The profit distribution policy of ordinary shareholders of the Bank is as follows:

- (I) The Bank will implement a sustainable and stable dividend distribution policy. The Bank shall emphasize reasonable investment returns to investors and take its sustainable development into account when distributing dividends. The Bank shall give priority to distribution of dividends in cash subject to compliance with the principle of continuous profitability, regulatory requirements and its normal operation and long-term development.

(II) Particulars of the profit distribution policy are as follows:

1. Form of profit distribution and its interval: The Bank may distribute profits in proportion to the shareholdings of Shareholders, and may make dividend distributions either in cash or in shares or a combination of both. If the Bank satisfies the conditions for cash dividends, it shall give priority to make profit distribution in the form of cash dividends. The Bank shall, in principle, distribute profits once a year. Where conditions allow, the Bank may distribute interim dividends.
2. Particulars of conditions and ratio of cash dividend distribution: In general, no cash dividends shall be paid to Shareholders for any year in which the Bank's capital adequacy ratio is lower than the minimum standard required by the regulatory authorities of the PRC. Provided that the capital adequacy ratio meets the regulatory requirements, the Bank may pay cash dividends if its profits realized in each year, after making up any losses, making allocations to reserve fund and general reserve and making the payment for dividends on preference shares in accordance with applicable laws, remain positive and distributable. The accumulated profits distributed to the ordinary shareholders by the Bank in cash in last three years shall be no less than 30% of the annual average distributable profits attributable to the ordinary shareholders of the Bank realized for these three years. The specific ratio of cash dividend distribution each year will be determined by the Bank in accordance with the requirements of the relevant laws, regulations, regulatory documents and the Articles of Association, and based on its business operation, and will be considered and approved at general meetings of the Bank.
3. Conditions for distributing dividends in shares: Where the operating income of the Bank grows rapidly and the Board considers that the share price of the Bank does not reflect its share capital, the Bank may propose and execute a share dividend distribution proposal in addition to payment of the cash dividend distribution above.
4. The Board of the Bank shall take into full account various factors, such as features of the industries where the Bank operates, stage of development, its own business model, profitability and whether there is significant capital expenditure arrangement, to distinguish the following situations and put forward differentiated policies of cash dividend policy in accordance with the procedures as required by the Articles of Association of the Bank:
  - (1) If the Bank is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 80% when the profit distribution is made;
  - (2) If the Bank is at the mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 40% when the profit distribution is made;
  - (3) If the Bank is at the growing stage and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 20% when the profit distribution is made.

If it is difficult to distinguish the Bank's stage of development and the Bank has significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

5. The Bank shall not distribute profits to the ordinary shareholders before ensuring the full satisfaction of annual dividend as agreed to preference shareholders.

(III) Review Procedure of Profit Distribution:

1. When determining a profit distribution plan, the Board shall consider, among other things, the timing, conditions and minimum ratio for cash dividend distribution, its conditions for adjustments and the requirements of the procedures for decisionmaking. The independent Directors shall give specific opinion in respect thereof. The independent Directors may seek the opinion of the minority Shareholders, devise a dividend distribution proposal accordingly and submit the same directly to the Board for consideration. Prior to the consideration of the plan by the Shareholders at a general meeting, the Bank shall communicate and exchange ideas through multiple channels with Shareholders (in particular, the minority Shareholders), consider the opinions and requests of the minority Shareholders and give timely responses to the issues that concern them. The Supervisory Committee of the Bank shall supervise the formulation and decision-making by the Board of the profit distribution plan of the Bank.
2. Where the Bank has satisfied conditions for cash dividend distribution but has not prepared any cash dividend plan, or the accumulated profit distributed by the Bank in cash in last three years is less than 30% of the distributable profits realized by it for these three years, the Board shall set out the specific reasons for not distributing cash dividends, the exact purpose for the retained profits and the estimated investment return. The Bank shall submit to the general meeting for consideration after the independent Directors have expressed their opinions, and make disclosure in the designated media by the Bank. The Bank shall provide access to online voting platforms for Shareholders.

(IV) Explanation of the reasons for not making profit distribution in cash: A profit distribution plan shall be disclosed in the annual report for the year. If the Bank generated profits during the reporting period but the Board of the Bank has not made any cash profit distribution plan, the reasons thereof and the use of proceeds retained by the Bank not used for distribution shall be explained in detail in its periodic reports and independent Directors shall give an independent opinion in this regard.

(V) Adjustments to the profit distribution policy: If the production and operation of the Bank are materially affected as a result of war, natural disasters and other events of force majeure, or any change in its external operating environment, or any significant changes in its own operating conditions, the Bank may adjust its profit distribution policy. When the Bank makes such adjustment, the Board shall prepare a written report on special topics containing detailed discussion and verification of the reasons for adjustment, which, after being considered by the independent Directors, shall be submitted to the general meeting for approval by Shareholders representing over 2/3 voting rights at such meeting. The Bank shall provide access to online voting platforms for Shareholders for voting purpose. In considering such adjustments at a general meeting, the opinions of minority Shareholders must be sufficiently considered.

- (VI) If there is any shareholder illegally taking up the Bank's capital, the Bank shall deduct the cash dividends allocated to such shareholder to repay the amount of capital taken.
- (VII) The Bank shall disclose in detail the formulation and implementation of cash dividends distribution policy in its annual reports, and state whether the policy is in compliance with these Articles of Association or the resolutions passed at shareholders' general meeting, whether the benchmark and ratio of dividend distribution are definite and clear, whether the relevant decision-making procedure and mechanism is impeccable, whether independent directors perform their duties diligently and exercise their functions as required, whether the minority shareholders have the opportunities to fully express their opinions and appeals, and whether the legitimate rights and interests of the minority shareholders have been fully protected. Where the Bank revises or changes its cash dividend distribution policy, it shall explain in detail as to whether the revised or changed plans and procedures are in compliance with regulations and transparent.

**Article 254** Capital reserve includes the following:

- (I) Premium arising from issue above the par value of the stock;
- (II) Other revenues required by the financial authority under the State Council to be stated as capital reserve.

**Article 255** After the profit distribution plan is adopted at the general meeting, the Board shall finish distributing profits within two months after the general meeting.

**Article 256** Cash dividends and other monies paid by our Bank to holders of domestic listed shares shall be stated, announced and paid in RMB. Cash dividends and other monies paid by our Bank to holders of foreign shares shall be stated and announced in RMB and paid in the currency of the country where such foreign shares are listed. Foreign currency needed by our Bank to pay cash dividends and other monies to holders of H shares shall be obtained pursuant to relevant state regulations on foreign exchange.

Save as otherwise specified in relevant laws and regulations, if the cash shares and other monies are paid in foreign currencies, the exchange rate shall be the mean of central parity rate published on the website of People's Bank of China 7 workdays before announcement of the dividends and other monies.

**Article 257** Monies paid for any shares before dunning by our Bank shall have dividends, but the shareholders are not entitled to dividends announced later for the said monies.

Provided that the relevant PRC laws, regulations and departmental rules are observed, our Bank may exercise the right to seize dividends not collected, but the said right shall only be exercised after expiry of the applicable validity period.

Our Bank's power to cease sending dividend warrants to holders of overseas listed shares by post will not be exercised until such dividend warrants had been so left uncashed on two consecutive occasions. Such power may also be exercised after the first occasion on which such a dividend warrant is returned undelivered.



Our Bank is entitled to sell the overseas listed shares of those shareholders un-contactable in a manner deemed appropriate by the Board, subject to the following terms:

1. Dividends have been distributed by our Bank for the said shares for at least three times in 12 years, but are not claimed in the said period;
2. After expiry of the 12-year period, our Bank has published an announcement on one or more newspapers, stating our intention to dispose of the shares, and notified the securities regulatory authority at the location where our Bank's shares are listed.

**Article 258** Our Bank shall appoint a receiving agent for holders of overseas listed shares. The receiving agent shall, on behalf of the related shareholders, collect dividends and other payables distributed by our Bank for the overseas listed shares.

The receiving agents appointed by our Bank shall meet the requirements of the laws of the place where our shares are listed or relevant regulations of the stock exchange.

The receiving agents appointed by our Bank for holders of H shares shall be trust companies registered pursuant to *Trustee Ordinance of Hong Kong*.

## **Section 2 Internal Audit**

**Article 259** Our Bank shall practice an internal audit system featuring vertical management and assign full-time auditors to conduct internal audit and supervision on the financial revenues/expenditures and business activities of our Bank.

**Article 260** The internal audit system and duties of the audit institutions shall be subject to the approval of the Board.

The internal audit department shall be accountable to the Board and Audit Committee, and the head of the internal audit shall be appointed or dismissed by the Board.

The internal audit department may conduct relevant works and report to the senior management according to the senior management's operational needs of internal control.

## **Section 3 Appointment of Accounting Firm**

**Article 261** Our Bank shall appoint a qualified independent accounting firm to audit the annual financial reports and other financial reports of our Bank.

The term of appointment of an accounting firm appointed by our Bank shall start from the closing of each annual general meeting and end at the closing of the next annual general meeting.

**Article 262** In the event of vacancy of accounting firm, the Board may appoint an accounting firm to fill the said vacancy before convening of a general meeting, which shall be subject to the confirmation of the next annual general meeting. During the said vacancy, if our Bank has any incumbent accounting firm, the said accounting firm may still fulfil its duties.

**Article 263** The accounting firm appointed by our Bank shall have the following rights:

- (I) To access the financial statements, records and vouchers of our Bank at any time, and to ask any director, the president or other senior executives to provide relevant documents and explanations;
- (II) To ask our Bank to take every action possible to obtain documents and explanations from its subsidiaries needed for it to perform its duties;
- (III) To be present at general meetings, get notice of general meeting or other information relating to general meetings, and deliver speeches at general meeting in relation to the matters concerning it acting as accounting firm of our Bank.

**Article 264** Regardless of the terms in the contract concluded between the accounting firm and our Bank, the general meeting may, through an ordinary resolution, dismiss the said accounting firm before expiry of the term thereof. In the event of any rights claimed by the accounting firm for dismissal against our Bank, the said rights shall not be affected.

**Article 265** The remunerations of the accounting firm or the method for determining the same shall be subject to the decision of the general meeting. The remunerations of the accounting firm appointed by the Board shall be determined by the Board.

**Article 266** Our Bank's appointment, dismissal or non-appointment of an accounting firm shall be subject to decision at the general meeting and shall be filed with the securities regulatory authority under the State Council.

The general meeting shall comply with the following provisions in passing a resolution to appoint a non-incumbent accounting firm to fill any vacancy, or to continue to appoint an accounting firm appointed by the Board to fill the vacancy, or to dismiss an incumbent accounting firm:

- (I) The proposal for appointment or dismissal shall, before the notice of a general meeting is sent, be served to the accounting firm to be appointed or whose service is to be terminated or who has terminated its service in the relevant fiscal year.

Termination of service shall include dismissal, resignation or retirement.

- (II) If the accounting firm about to terminate service makes a written statement and requests our Bank to notify the shareholders of the said statement, our Bank shall take the following actions unless the statement is received too late:
  1. Describe in the notice issued for the resolution that the accounting firm about to terminate service has made a statement; and
  2. Send to the shareholders a copy of the statement as an attachment to the notice in the form specified in the Articles of Association.
- (III) If our Bank fails to send out the statement of the accounting firm as specified in (II) above, the relevant accounting firm may require that the said statement be read at the general meeting and may lodge a complaint.

(IV) The accounting firm about to terminate service has the right to attend the following meetings:

1. The general meeting at which its term of appointment expires;
2. The general meeting for filling vacancy because of its termination of service;
3. The general meeting held because of its resignation.

The accounting firm about to terminate service shall have the right to receive all notices of the aforesaid meetings or other information relating to the meetings, and to deliver speeches at the aforesaid meetings in relation to the matters concerning it acting as the former accounting firm of our Bank.

**Article 267** Where our Bank dismisses or does not continue engaging an accounting firm, prior notice shall be given to the accounting firm, and the accounting firm shall have the right to state its opinions to the general meeting. Where the accounting firm tenders its resignation, it shall state to the general meeting whether our Bank has improper matters.

The accounting firm may resign by placing a written notice of resignation at the legal address of our Bank. The said notice shall take effect on the date of placement of the resignation notice at the legal address of our Bank, or on a later date specified in the notice. The said notice shall include the following statements:

- (I) A statement that its resignation does not involve any information to be disclosed to the shareholders or creditors of our Bank; or
- (II) A statement of any information to be disclosed.

Our Bank shall send a copy of the written notice mentioned above to relevant regulatory authorities within 14 days after receipt of the said notice. If the notice contains the statement mentioned in (II) above, our Bank shall keep a copy of the said statement in our Bank for reference by the shareholders. Save as otherwise provided in the Articles of Association, our Bank shall also send the aforesaid copy by pre-paid mail to every holder of overseas listed shares at the address as shown in the shareholders' register; or during the above-mentioned period, publish such copy through the website of the stock exchange at the location where our Bank's shares are listed, or publish such copy in one or more newspapers specified by such stock exchange website and by the Articles of Association.

If the notice of resignation of the accounting firm contains a statement of any information to be disclosed, the accounting firm may require the Board to convene an extraordinary general meeting to listen to its explanation about the resignation.

## Chapter 13 Merger, Division, Dissolution and Liquidation

### Section 1 Merger and Division

**Article 268** Our Bank may be merged or divided pursuant to laws. A merger of our Bank may be in two forms: merger by absorption or merger by the establishment of a new company.

**Article 269** Our Bank's merger and division shall comply with *the Company Law* and *Commercial Bank Law*.

**Article 270** In respect of the merger or division of our Bank, the Board shall propose a plan and have it adopted following the procedure specified in the Articles of Association, and go through relevant examination and approval formalities pursuant to laws. Any shareholder objecting to the merger or division of our Bank shall have the right to require our Bank or the shareholders approving the merger or division of our Bank to purchase his shares at a fair price. Resolution on merger or division of our Bank shall be archived as document for reference by the shareholders.

Save as otherwise provided for by the securities regulatory authority at the location where our Bank's shares are listed, the aforementioned documents shall be served by mail to the holders of overseas listed shares.

**Article 271** In the event of merger of our Bank, the parties concerned shall conclude a merger agreement and prepare balance sheets and property inventories. Our Bank shall notify creditors within ten days from the date on which the resolution in favor of the merger is adopted, and shall publish an announcement in 30 days in the media designated by our Bank for publishing announcements. The creditors may require our Bank to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors haven't received the notice.

The credits and debts of our Bank after merger shall be inherited by the company subsisting after merger or by the newly established company.

**Article 272** Where our Bank is divided, the properties shall be divided accordingly.

In the event of division of our Bank, the parties concerned shall conclude a division agreement and prepare balance sheets and property inventories. Our Bank shall notify creditors within ten days from the date on which the resolution in favor of the division is adopted, and shall publish an announcement in 30 days in the media designated by our Bank for publishing announcements.

The debts of our Bank before division shall be undertaken by the companies after division as per the agreements concluded.

**Article 273** Change in registered particulars arising from merger or division of our Bank shall be registered with the registration authority according to laws. If our Bank is dissolved, it shall be deregistered according to laws. If a new company is established, such establishment shall be registered according to laws.

## Section 2 Dissolution and Liquidation

**Article 274** Our Bank shall be dissolved and liquidated according to laws in any of the following circumstances:

- (I) The general meeting has resolved to dissolve our Bank;
- (II) Merger or division of our Bank entails dissolution;
- (III) The Bank is revoked of its business license, ordered to be closed down or deregistered in accordance with law;
- (IV) The Bank encounters grave difficulties in its operation and management, continued existence shall cause material harm to shareholders' interest, and the problems could not be solved through other means. In such case, the shareholders who hold more than 10% of the total voting rights of the Bank may make a petition to the People's Court for the dissolution of the Bank;
- (V) Our Bank is declared insolvent according to laws because we are unable to pay debts as they fall due.

**Article 275** Our Bank's dissolution and liquidation shall comply with the *Company Law* and *Commercial Bank Law*.

**Article 276** Where our Bank is dissolved pursuant to Items (I), (III) and (IV) of Article 274, we shall establish a liquidation committee within 15 days after the dissolution circumstance arises. The liquidation committee shall comprise members determined by the directors or the general meeting.

If our Bank is dissolved pursuant to Item (V) of Article 274, the people's court shall carry out the bankruptcy liquidation in accordance with relevant laws.

**Article 277** If the Board decides to liquidate our Bank (save for liquidation when our Bank is declared bankrupt), the notice of general meeting to be held therefor shall contain a statement that the Board has made thorough investigation on the conditions of our Bank and that our Bank may repay all the debts within 12 months after commencement of liquidation.

After the resolution on liquidation is adopted at the general meeting, the functions and powers of the Board shall cease forthwith.

The liquidation committee shall, as per the instructions of the general meeting, report to the general meeting at least once a year about the revenues and expenses of the liquidation committee, the businesses of our Bank and the progress of liquidation, and shall deliver a final report to the general meeting at the end of liquidation.

**Article 278** The liquidation committee shall notify the creditors within 10 days after its establishment and shall publish an announcement in 60 days in the media designated by our Bank for publishing announcements.

The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice.

The liquidation committee shall register the creditor's rights.

**Article 279** During liquidation, the liquidation committee shall exercise the following functions and powers:

- (I) To liquidate the assets of our Bank and prepare the balance sheet and a property inventory;
- (II) To inform creditors by notice or announcement;
- (III) To deal with the outstanding businesses of our Bank relating to liquidation;
- (IV) To pay outstanding taxes and the taxes arising during liquidation;
- (V) To settle claims and debts;
- (VI) To dispose of the remaining assets of our Bank after repayment of debts; and
- (VII) To represent our Bank in civil proceedings.

**Article 280** After the liquidation committee has examined and taken possession of the assets of our Bank and has prepared a balance sheet and property inventory, it shall formulate a liquidation proposal and submit such proposal to the general meeting or relevant competent authority for confirmation.

The properties of our Bank shall be settled in the following order:

- (I) payment of the liquidation expenses;
- (II) payment of the employees' salaries, social insurance expenses and statutory compensations;
- (III) payment of the principal and interest of personal savings deposits;
- (IV) payment of outstanding taxes;
- (V) settlement of our Bank's debts;
- (VI) distribution to the shareholders as per the types of shareholders' shares and their shareholding percentages.

Our Bank shall subsist in the course of liquidation but shall not conduct any business operations unrelated to liquidation. The assets of our Bank shall not be distributed to the shareholders before the repayment of debts in accordance with provisions of the preceding paragraph.

**Article 281** After the liquidation committee has liquidated our Bank's properties and prepared a balance sheet and a property inventory, if it believes that our Bank's properties are insufficient to repay our debts in full, it shall, upon approval of the banking regulatory authority under the State Council, apply to the people's court for declaration of the bankruptcy of our Bank.

Following a ruling by the people's court that our Bank is bankrupt, the liquidation committee shall transfer to the people's court all matters relating to the liquidation.

**Article 282** After completion of liquidation of our Bank, the liquidation committee shall prepare a liquidation report, an income and expenditure statement and an account book in respect of the liquidation period and, after verification by the Chinese certified public accountants, shall submit the same to the general meeting or relevant competent authority for confirmation.

The liquidation committee shall, within 30 days after obtaining confirmation from the general meeting or the relevant competent authority, submit the aforesaid documentation to the company registration authority, and apply to cancel registration and announce termination of our Bank.

**Article 283** The members of the liquidation team shall be faithful to their duty and fulfill the liquidation obligation in accordance with the law.

The members of the liquidation team shall not abuse their authority to accept bribery or other illegal income, nor embezzle our Bank's assets.

Where a member of the liquidation team causes losses to our Bank or creditors by reason of willful default or gross negligence, he shall bear the relevant compensation liability.

**Article 284** Where our Bank is declared bankrupt according to law, it shall carry out bankruptcy liquidation according to the laws and regulations concerning bankruptcy liquidation.

## **Chapter 14 Notice and Announcement**

**Article 285** The notice of our Bank may be served as follows:

- (I) By personal delivery;
- (II) By pre-paid mail or fax and email;
- (III) By announcement on the newspaper and other designated media;
- (IV) By announcement on the website designated by our Bank and relevant regulators in accordance with the laws, regulations, departmental rules, normative documents, relevant regulations of the supervisory authority and the Articles of Association;
- (V) By other means approved by the securities regulatory authority at the location where our Bank's shares are listed or specified in the Articles of Association.

Even if there are provisions as otherwise stated in the Articles of Association in respect to the form of any other documents, announcements, or other newsletters or notices, as permitted by relevant provisions of the securities regulatory authority at the location where our Bank's shares are listed, our Bank may publish newsletters by the form specified in Item (IV) of this Article, instead of serving written documents to holders of overseas listed shares by personal delivery or pre-paid mail. The abovementioned newsletters refer to any documents published or to be published by our Bank for reference or action guidance for shareholders, including (but not limited to) annual reports (including annual financial reports), interim reports (including interim financial reports), directors' reports (including balance sheet and income statement), notices of general meeting, circulars and other communication files.

**Article 286** If the notice of our Bank is sent by personal delivery, the recipient shall affix signature (or seal) to the return on service and the signing date shall be the date of service; if the notice of our Bank is sent by post, the fifth workday after handover to the post office shall be the date of service; if the notice of our Bank is sent by fax or email, the sending date of fax or email shall be the date of service; if the notice of our Bank is sent by announcement, the date of first announcement shall be the date of service. Where relevant announcements are published on the newspapers complying with relevant regulations, the said notices shall be deemed as received by all relevant persons once the said notices are announced.

If the securities regulatory authority at the location where our Bank's shares are listed have special provisions, such provisions shall apply.

**Article 287** The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting held in accordance with the Articles of Association and the resolutions adopted at such meeting.

**Article 288** If the securities regulatory authority at the location where our Bank's shares are listed stipulates that our Bank shall send, post, distribute, announce or otherwise provide relevant documents of our Bank in English and Chinese, if our Bank has made appropriate arrangement to confirm whether the shareholders hope to receive only the English version or the Chinese version, our Bank may (as per the intent stated by the shareholders) send only the English version or the Chinese version to the related shareholders within the range allowed by the applicable laws and regulations and pursuant to the applicable laws and regulations.

**Article 289** Our Bank shall issue announcements and disclose information to the holders of domestic listed shares through the newspapers and websites for information disclosure designated by laws, regulations or relevant domestic supervisory authorities. If our Bank is required to issue announcements to the holders of H shares according to the Articles of Association, relevant announcements shall also be published by means specified in *Hong Kong Listing Rules*.



## Chapter 15 Procedures for Amending Articles of Association

**Article 290** Our Bank shall amend the Articles of Association in any of the following circumstances:

- (I) After amendments are made to the *Company Law*, *Commercial Bank Law* or other relevant laws and administrative regulations, the Articles of Association run counter to the said amendments;
- (II) The conditions of our Bank have changed, and such change is not covered in the Articles of Association; and
- (III) The general meeting has resolved to amend the Articles of Association.

**Article 291** Any amendment approved by the general meeting to the Articles of Association shall be submitted to competent regulatory authorities for approval; if the amendment involves registration of the Company, the involved change shall be registered pursuant to laws.

**Article 292** The Board shall amend the Articles of Association according to the resolutions on amending the same passed at a general meeting and the approval opinions of competent regulatory authorities.

Where the amendments to the Articles of Association involve matters requiring disclosure by law and regulations, relevant amendments shall be subject to announcement as required.

## Chapter 16 Settlement of Disputes

**Article 293** Our Bank shall settle disputes following the rules below:

- (I) In the event of any dispute or claim between a holder of overseas listed shares and our Bank, between a holder of overseas listed shares and a director, supervisor and senior executive of our Bank, and between a holder of overseas listed shares and a holder of domestic shares arising from rights and obligations specified in the Articles of Association, *Company Law* and other relevant laws and regulations and relating to the affairs of our Bank, the parties concerned shall submit the said dispute or claim for arbitration.

The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are our Bank or our shareholders, directors, supervisors, or senior executives.

Disputes relating to definition of shareholders and share register may be settled other than through arbitration.

- (II) The applicant for arbitration may select China International Economic and Trade Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. After the applicant for arbitration submits the dispute or claim for arbitration, the other party shall accept arbitration at the arbitral authority selected by the applicant.

If the applicant for arbitration selects Hong Kong International Arbitration Centre for arbitration, either party may request that the arbitration be conducted in Shenzhen following the securities arbitration rules of Hong Kong International Arbitration Centre.

- (III) Settlement of disputes or claims set out in Item (I) of this Article by way of arbitration shall be governed by the PRC laws, save as otherwise specified by laws, regulations, departmental rules and normative documents.
- (IV) The arbitration award made by the arbitral authority shall be final and binding on both parties.

## **Chapter 17 Special Provisions on Preference Shares**

**Article 294** Unless otherwise specified in laws, rules, departmental regulations, regulations of the securities regulatory authorities in the place where the shares of the Bank are listed or this Chapter, the rights and obligations of preference shareholders and management of preference shares shall be governed by the provisions relating to ordinary shares (including H shares) in the Articles of Association.

**Article 295** The number of preference shares issued by the Bank shall not exceed 50% of the total number of ordinary shares of the Bank, and the capital raised from the issue of preference shares shall not be more than 50% of the net assets of the Bank prior to the relevant issuance (excluding the preference shares that have been redeemed or converted).

**Article 296** In accordance with relevant rules on regulatory capital for commercial banks, the Bank may formulate terms governing the mandatory conversion of the preference shares into ordinary shares, namely, upon the occurrence of certain trigger events, the Bank shall convert the preference shares into ordinary shares in accordance with the conversion price and conversion amount as determined at the time of issuance of the preference shares. In circumstances when the preference shares are mandatorily converted into ordinary shares, the Bank shall report such conversion to banking regulatory authorities under the State Council for review and approval.

**Article 297** The preference shares issued by the Bank shall not have any put option, and the preference shareholders shall have no right to require the Bank to redeem preference shares. Subject to the approval of the banking regulatory authorities under the State Council and upon compliance with the relevant requirements, the Bank has the right to redeem all or part of the preference shares after the fifth year following the date of the relevant issuance of the preference shares. The redemption period of the preference shares commences on such date as agreed upon at the time of issuance of the preference shares and ends on the date of redemption or conversion of all the preference shares. The total number of outstanding preference shares shall be written down accordingly upon redemption of preference shares.

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

- (I) 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

- (II) the capital position of the Bank immediately after redemption of the preference shares will remain significantly higher than the regulatory capital requirements prescribed by the banking regulatory authorities under the State Council.

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

**Article 298** Preference shareholders of the Bank shall enjoy the following rights:

- (I) to receive distribution of dividends in priority to ordinary shareholders;
- (II) to receive distribution of residual assets of the Bank on liquidation in priority to those of ordinary shareholders;
- (III) upon the occurrence of the circumstances provided in Article 300, to attend and vote at shareholders' general meetings;
- (IV) upon the occurrence of the circumstances provided in Article 301, to have its voting rights restored in accordance with the requirements of that Article;
- (V) to make proposals or inquiries in relation to the business operations and activities of the Bank;
- (VI) to inspect the Bank's Articles of Association, register of shareholders, record of bondholders, minutes of shareholders' general meetings, resolutions of meetings of the Board, resolutions of meetings of the Board of Supervisors and financial reports; and
- (VII) other rights conferred to preference shareholders by laws, rules, departmental regulations and the Articles of Association.

**Article 299** Only votes of ordinary shares and votes of preference shares with restored voting rights shall be counted when calculating the proportion of shares and the amount of shares held by the shareholders in the event of the following:

- (I) a request to convene an extraordinary general meeting of shareholders;
- (II) a request to convene and preside over a general meeting of shareholders;
- (III) a request to submit a proposal or an interim proposal to a general meeting of shareholders;
- (IV) a request to nominate the directors and supervisors who are not staff representatives of the Bank;
- (V) identifying controlling shareholder(s) according to the relevant provisions of the Articles of Association;
- (VI) identifying person(s) restricted from serving as independent directors of the Bank according to the related provisions of the Articles of Association;

(VII) identifying the ten largest shareholders of the Bank and the number of shares held by them and the shareholder(s) holding 5% or more of the shares of the Bank in accordance with the *Securities Law of the People's Republic of China* and relevant regulations; and

(VIII) other circumstances provided under laws, rules, departmental regulations and the Articles of Association.

**Article 300** The preference shareholders are not entitled to attend any shareholders' general meeting of the Bank, nor do the preference shares carry voting rights in any shareholders' general meeting other than in the following circumstances:

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

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

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

**Article 301** In the event that the Bank fails to pay the prescribed dividend to the preference shareholders for three financial years in aggregate or two consecutive financial years, the preference shareholders will have the right to attend and vote at the shareholders' general meetings as if they are ordinary shareholders from the day immediately after the shareholders' general meeting resolves that the Bank will not pay the prescribed dividend for the current dividend period. The voting rights of the preference shareholders will remain restored until the Bank pays the then current period dividend in full.

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

Where: “**Q**” denotes the H share voting rights restored from the offshore preference shares held by each offshore preference shareholder; “**V**” denotes the aggregate value of the offshore preference shares with restored voting rights held by each offshore preference shareholder; “**P**” denotes the conversion price; the initial conversion price is decided by the issuance plan for offshore preference shares passed by shareholders’ general meeting and denominated in Hong Kong dollars (which shall be converted with reference to the central parity rate of RMB to 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 adjustment method of the conversion price P is decided by the provisions agreed upon the issuance of preference shares; and the “conversion exchange rate” refers to the cross rate between Hong Kong dollars and the currency in which the offshore preference shares are denominated based on the RMB central parity rate published by the China Foreign Exchange Trading System on the trading date preceding the date of the announcement of the passing of the Board resolution in respect of the issuance plan for offshore preference shares.

**Article 302** The dividend rate for the issued and outstanding preference shares of the Bank consists of the benchmark rate and the fixed spread. The dividend rate may be adjusted at different intervals. During a specified period after issuance of the preference shares, the dividend rate will remain the same and during any adjusted dividend rate period, the dividend rate will remain the same.

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

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

**Article 303** 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, rules, departmental regulations and paragraphs (1) to (5) under Article 280 shall be distributed first to the preference shareholders. Preference shareholders will be entitled to an amount equal to the aggregate value of the preference shares then issued and outstanding plus any declared but unpaid dividends for the then current period. If there are insufficient remaining assets, the distribution will be made ratably according to the aggregate value of the preference shares held by each preference shareholder as a proportion of the aggregate value of all preference shares of the Bank.

## Chapter 18 Supplementary Provisions

### Article 304 Definitions

- (I) The “controlling shareholder(s)” herein shall refer to the person(s) satisfying any of the following conditions:
1. the person may elect more than half of the directors when acting alone or in concert with other shareholders;
  2. the person may exercise or control the exercise of more than 30% of the total voting shares of our Bank when acting alone or in concert with other shareholders;
  3. the person holds more than 30% of the total number of voting shares of our Bank when acting alone or in concert with other shareholders; or
  4. the person may de facto control our Bank in any other manner when acting alone or in concert with other shareholders.

The term “acting in concert” herein means more than two shareholders who, by way of agreement (whether verbal or written), cooperation or related party relationships or other lawful means, enlarge the proportion of the shares in our Bank which are under their control or consolidate their control over our Bank, so that when exercising the voting rights of our Bank, the same expression of opinions will be made.

The same expression of opinions mentioned above includes such situations as joint proposal of motions, joint nomination of directors and entrustment of the exercise of voting rights which do not state voting intention.

- (II) “De facto controller” means a person who, though not a shareholder of our Bank, is able to get the de facto control of our Bank through investment relationships, agreement or other arrangements.
- (III) Substantial shareholders refer to the shareholders who hold or control more than 5% of the shares or voting rights of our Bank, or hold less than 5% of total capital or total shares but have a significant impact upon the operation and management of our Bank. The shareholding ratio of shareholders and its related parties and persons acting in concert shall be calculated together.

The “significant impact” above includes but not limited to the nomination of directors, supervisors or senior management of our Bank, affecting through an agreement or in other ways, the decision-making in finance, operation and management of our Bank, and other circumstances affirmed by the banking regulatory authority under the State Council.

- (IV) The “related parties” in Article 63, Article 64, Article 65 and paragraph (III) in this Article of the Articles of Association refer to that if a party has the power to control, jointly control or exercise significant influence over another party, or where two or more parties are subject to common control, joint control or significant influence from another party, they are considered to be related parties, according to the Accounting Standard for Business Enterprises 36 “Related Party Disclosures”. However, state-owned enterprises do not have related relationships solely as a result of being controlled by the State. Acting in concert refers to an act or a fact that an investor and other investors jointly enlarge the number of the shares with voting rights in our Bank by way of agreements or other arrangements. The investors who agree to act in concert are persons acting in concert.
- (V) The banking regulatory authority under the State Council refers to China Banking and Insurance Regulatory Commission or authorized branches thereof.
- (VI) The meaning of the “accounting firm” mentioned in the Articles of Association is the same as that of “auditors” as referred to in the *Hong Kong Listing Rules*.
- (VII) “Senior management” mentioned in the Articles of Association refers to our Bank’s president, vice presidents, president assistants and other senior executives recognized by the regulatory authority.
- (VIII) “Total number of voting shares” mentioned in the Articles of Association only include ordinary shares and preference shares with restored voting rights.
- (IX) Cumulative voting system means that when electing directors or supervisors at a general meeting, each share shall have the same number of votes as the number of directors or supervisors to be elected, and the voting rights owned by the shareholders may be used cumulatively.

**Article 305** Issues not covered in the Articles of Association shall be handled pursuant to the PRC laws and regulations and in line with the actual conditions of our Bank.

**Article 306** The Board and Supervisory Committee shall, according to the principles specified by the Articles of Association, formulate rules of procedure for the general meetings and the Board (including special committees thereof) and Supervisory Committee (including special committees thereof). The rules of procedures for the general meeting, the Board and Supervisory Committee shall be subject to the approval of the general meeting of our Bank.

**Article 307** In the Articles of Association, references to “above”, “within” and “before” shall include the actual given figures, while references to “below”, “beyond” and “after” shall exclude such actual given figures.

**Article 308** The Board of our Bank shall be responsible for the interpretation of the Articles of Association.

**Article 309** After consideration and approval by the general meeting and approval by the banking regulatory authority under the State Council, the Articles of Association shall become effective from the date of public offering of the domestic listed shares of our Bank on the stock exchange.