

**BQD  青岛银行**

**ARTICLES OF ASSOCIATION OF  
BANK OF QINGDAO CO., LTD.**

April 2022

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## Articles of Association of Bank of Qingdao Co., Ltd.

### Chapter 1 General Provisions

**Article 1** For the purpose of protecting the legitimate rights and interests of Bank of Qingdao Co., Ltd. (hereinafter referred to as the “Bank”), its shareholders and creditors, and of standardizing the organization and activities of the Bank, these Articles of Association of the Bank (hereinafter referred to as the “Articles”) are hereby formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, the Commercial Banking Law of the People’s Republic of China (hereinafter referred to as the “Commercial Banking Law”), the Special Regulations of the State Council concerning the Offering and Listing of Shares Overseas by Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies Listing Abroad, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) as well as other relevant laws, administrative regulations, departmental rules and regulatory documents.

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

The Bank was established by a way of promotion with the approval of the People’s Bank of China on November 15, 1996 (Yin Fu [1996] No. 353) under the name of Qingdao City Cooperative Bank. The Bank changed its name to Qingdao City Commercial Bank Co., Ltd. in 1998 and then to Bank of Qingdao Co., Ltd. in 2008.

The Bank has been registered with the Administration for Industry and Commerce of Qingdao with the business license No. 26460960-2-1 on November 15, 1996. Currently, the Bank holds the business license with unified social credit code of 91370200264609602K from the Administration for Industry and Commerce of Qingdao, and obtained an independent legal person qualification.

**Article 3** Registered name of the Bank

Chinese name in full:	青島銀行股份有限公司
Chinese name in short:	青島銀行
English name in full:	BANK OF QINGDAO CO., LTD.
English name in short:	BANK OF QINGDAO

**Article 4** Domicile of the Bank: Building No. 3, No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province

Postal code: 266061

Telephone number: 0532-85709728

Facsimile number: 0532-85783866

**Article 5** The registered capital of the Bank is Renminbi (“RMB”) 5,820,354,724.

**Article 6** The Bank is a perpetually existing joint stock limited company.

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

**Article 8** The shareholders of the Bank shall bear liability for the Bank to the extent of the shares subscribed by them, and the Bank shall bear liability for its debts to the extent of its total assets.

**Article 9** Upon these Articles becoming effective, it shall be construed as a legally binding document governing the organization and activities of the Bank, and defines the rights and obligations between the Bank and its shareholders, and among the shareholders themselves. It shall be legally binding on the Bank, its shareholders, directors, supervisors, and members of senior management. The aforementioned can enforce their rights on matters relating to the Bank in accordance with the Articles. Pursuant to these Articles, the shareholders may initiate legal proceedings against other shareholders, the directors, supervisors, president, other senior management of the Bank and the Bank itself. The Bank may initiate legal proceedings against the shareholders, directors, supervisors, president and other senior management of the Bank.

The lawsuits referred to in the preceding paragraph shall include legal proceedings initiated in courts or the application to arbitration institutions for arbitration.

**Article 10** The senior management referred to in these Articles shall mean the president, vice president, secretary to the Board of Directors, chief financial officer of the Bank and other personnel as designated by the Board of Directors. All members of senior management are generally referred to as the senior management.

Directors, senior management and other personnel whose employment is subject to relevant qualification shall obtain approval from the banking regulatory authority of the State Council as required by existing applicable laws and regulations.

**Article 11** The Bank shall adhere to the basic operating principles of safety, liquidity and efficiency, while conducting independent operations, managing its own risks, assuming sole responsibility for its own profit or loss and being self-constrained.

The Bank is under the supervision and management of banking regulatory authority of the State Council in accordance with the laws. However, if the law provides that relevant operation shall be under the supervision and management of any other regulatory authorities or institution, such provisions shall prevail.

**Article 12** The Bank adopts a class one legal person system. Subject to approval by the banking regulatory authority of the State Council, the Bank may set up, change or dissolve branches and subsidiary entities within and outside the People’s Republic of China (the “PRC”) in accordance with the laws and regulations in the PRC and relevant countries or regions. Overseas branches and subsidiary entities established by the Bank shall conduct businesses that are permitted under local laws.

Branches and subsidiary entities of the Bank shall not have the legal person qualification and shall carry out their operations in accordance with the laws within the powers delegated to them by the Bank. The Bank shall bear the civil liability of such branches and subsidiary entities. The Bank implements the financial system of unified management, unified auditing, unified transfer of capital and management at various levels.

The Bank exercises central leadership and administration over the major personnel appointment and removal, business policies, comprehensive planning, basic rules and regulations and external affairs of branches and subsidiary entities.

**Article 13** The Bank may invest in other enterprises in accordance with the laws and shall assume responsibilities for any such invested enterprises to the extent of its capital contribution or subscribed shares.

**Article 14** In accordance with the *Constitution of the Communist Party of China*, the Bank shall establish a committee for the Communist Party of China (the “Party Committee”) and the grass-roots Party organization to carry out work of the Party. The organizational structure of the Party organization and its staffing shall be incorporated into the administrative organs and the establishment of the Bank. The Bank shall include expenses of the Party organization in the Bank’s budget, which will be credited to the Bank’s management fee.

The Party organization shall assume major responsibilities for the research, planning, implementation and monitoring work of the establishment of the Party. The Board of Directors, the Supervisory Committee and the senior management of the Bank shall support the Party organization of the Bank to perform its duties and initiate its job. The Board of Directors, the Supervisory Committee and the senior management party members shall actively support and participate in the establishment of the Party.

## Chapter 2 Objectives and Scope of Business

**Article 15** The business objectives of the Bank are: to operate lawfully, manage professionally, provide innovative services through advanced technology, enhance corporate governance, streamline management process, highlight the uniqueness of operation, improve customer experience and build outstanding brand image, achieve scientific and steady development, create maximum benefit for Shareholders and other stakeholders, promote the economic prosperity and social development.

**Article 16** Upon approval by the relevant competent regulatory authorities of the State and registration pursuant to the laws, the business scope of the Bank includes:

- (1) receiving deposit from the public;
- (2) granting short-term, medium-term and long-term loans;
- (3) handling settlement within and outside of China;
- (4) handling bills discounting and rediscounting;
- (5) issuing financial bonds;
- (6) acting as agents in issuance and honoring and underwriting of government bonds and financial bonds;
- (7) buying and selling government bonds, central bank bills, financial bonds, enterprise bonds, medium-term notes, short-term financing bills and other bonds issued and tradable in the national inter-bank market;
- (8) engaging in inter-bank borrowing and placement;
- (9) acting as agent in foreign exchange trading;
- (10) engaging in settlement and sale of foreign exchange business;
- (11) engaging in bank card business;
- (12) providing letters of credit services and guarantee;

- (13) acting as agent in the collection and payment of monies, insurance business, funds and sale of precious metals;
- (14) providing safe deposit box services;
- (15) wealth management business;
- (16) acting as agent in bond settlement and engaging in fixed deposit business of Commercial Banks for Cash Management of the Central Treasury;
- (17) other businesses as approved by the relevant competent authorities of the State.

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

### **Section 1 Issuance of shares**

**Article 17** The shares of the Bank shall be in the form of stocks.

**Article 18** The Bank shall have ordinary shares at all times. The Bank may issue other classes of shares such as preference shares according to its needs and upon the approval from the applicable authorities of the State Council. In these Articles, 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 be entitled to 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.

The shares in the Bank shall be issued in a fair and impartial manner and each share of the same class shall have the same rights and is entitled to the same dividend.

Each share of the same class issued at the same time shall be on the same conditions and at the same price. All entities or individuals subscribing for the shares shall pay the same price for each share.

**Article 19** All the ordinary shares issued by the Bank shall have a par value. The par value of each share shall be RMB1.00.

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

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 (“Hong Kong”), the Macau Special Administrative Region of the PRC or Taiwan who subscribe for shares issued by the 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 the Bank.

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

The shares listed and traded on domestic stock exchange are collectively known as “domestically-listed shares” and 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 foreign shares”.

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

A shares issued by the Bank are retained under centralized depository of the relevant securities depository institutions for safe custody; whereas the H shares of the 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.

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

Subject to the applicable laws, administrative regulations and departmental rules, Shareholders of the Bank may trade their unlisted shares in overseas stock exchanges upon approval from the relevant regulatory authorities, such as the banking regulatory authorities and the securities regulatory authority of the State Council. The listing and trading of the aforementioned shares in overseas stock exchanges shall comply with the regulatory procedures, regulations and requirements of overseas stock exchanges.

**Article 22** The promoters of the Bank were originally all shareholders of 21 urban credit cooperatives and new shareholders who joined as promoters. The total number of shares subscribed is 247,440,000 shares. The share capital of the original shareholders of urban credit cooperatives has been converted into shares of the Bank on the basis of quantitative assessment pursuant to the law. The new shareholders who joined as promoters has subscribed and fully paid up the remaining shares of the Bank with monetary capital.

**Article 23** The total number of ordinary shares that the Bank can issue upon approval by the approval departments as authorized by the State Council is 5,820,354,724 shares.

The Bank’s ordinary share capital structure is: 5,820,354,724 ordinary shares, among which 3,528,409,250 are A shares, representing 60.62% of the total shares issued by the Bank; and 2,291,945,474 are H shares, representing 39.38% of the total shares issued by the Bank.

The offshore preference shares of the Bank are 60,150,000 shares.

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

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

**Article 25** In the event that there are overseas-listed shares and domestically-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 of the State Council.



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

**Article 26** The Bank may, based on its operating and development needs and in accordance with relevant laws and regulations, subject to resolutions adopted in the shareholders' general meeting and the approval by the relevant competent regulatory authorities of the State, increase its registered capital in the following ways:

- (1) public offering of shares;
- (2) non-public offering of shares;
- (3) placing new shares to existing shareholders;
- (4) allotting new shares to existing shareholders;
- (5) transferring capital reserve funds to increased capital;
- (6) other methods permitted by the laws and administrative regulations or by relevant competent regulatory authorities of the State.

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

**Article 27** The Bank may reduce its registered capital pursuant to these Articles and upon the approval of the relevant competent regulatory authorities of the State. Any reduction of registered capital of the Bank shall be handled in compliance with the procedures stipulated by the Company Law, the Commercial Banking Law and other relevant regulations and provisions of these Articles.

**Article 28** The Bank may, subject to the laws, administrative regulations, departmental rules and the provisions specified in these Articles and upon approvals from the relevant competent regulatory authorities of the State, repurchase its issued shares under the following circumstances:

- (1) reduction of registered capital of the Bank;
- (2) merger with another company holding shares in the Bank;
- (3) granting shares under employee share ownership scheme or as equity incentives;
- (4) requests for the Bank to buy out shares from shareholders who have voted against the resolutions passed at a shareholders' general meeting to merge or divide the Bank;
- (5) using the shares to convert the convertible corporate bonds issued by the Bank;
- (6) necessary for the protection of corporate value and shareholders' interests of the Bank;
- (7) where the laws, administrative regulations, departmental rules, these Articles or the preference shares issuance plan of the Bank in relation to the repurchase of preference shares by the Bank provides otherwise, such provisions shall prevail.

Save for the above circumstances, the Bank shall not acquire its own shares.

**Article 29** Approval shall be obtained at a shareholders' general meeting where the Bank is to repurchase its own shares because of the circumstances set out in (1) and (2) of Article 28 of these Articles. Where the Bank is to repurchase its own shares because of the circumstances set out in (3), (5) and (6) in the first paragraph of Article 28 of these Articles, approval may be obtained at a Board meeting where two-thirds or above of the Directors are present in accordance with the provisions of these Articles or as authorized by the shareholders' general meeting.

After the Bank has repurchased its own shares in accordance with Article 28, the shares so repurchased shall be cancelled within 10 days from the date of repurchase (under the circumstance set out in (1)); or shall be transferred or cancelled within 6 months (under the circumstances set out in (2) and (4)). After the Bank has repurchased its own shares under the circumstances set out in (3), (5) and (6) in accordance with Article 28, the total number of shares of the Bank held by the Bank shall not exceed 10% of the total number of issued shares of the Bank and the shares so repurchased shall be transferred or cancelled within 3 years.

The above provisions in relation to share repurchase are only applicable to A shares of the Bank, and the repurchase of H shares of the Bank shall be conducted in accordance with the relevant requirements and restrictions under the Hong Kong Listing Rules.

**Article 30** The Bank may repurchase its shares by the way of public centralized trading or other ways as recognized by the laws and regulations and China Securities Regulatory Commission.

Where the Bank is to repurchase its own shares because of the circumstances set out in (3), (5) and (6) of paragraph 1 of Article 28 of these Articles, such repurchase shall be conducted by way of public centralized trading.

**Article 31** Where the Bank is to repurchase its shares via an off-market agreement, prior approval shall be obtained from the shareholders at a general meeting in accordance with these Articles. The 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 its 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.

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

Where the 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 32** Shares cancelled by the Bank as a result of share repurchases shall be filed with the industry and commerce registration administration for change of its registered capital. The total par value of the shares so cancelled shall be deducted from the registered capital of the Bank.

**Article 33** Unless the Bank is undergoing liquidation, it shall comply with the following requirements with respect to a repurchase of its issued shares:

- (1) for repurchases of shares by the Bank at their par value, payment shall be made from the book balance of its distributable profits or from the proceeds of a new issuance of shares for that purpose;

- (2) where the Bank repurchases its shares at a premium to its par value, payment up to the par value shall be made from the book balance of its distributable profits or from the proceeds of a new issuance of shares for that purpose. Payment of the portion which is in excess of the par value shall be made as follows:
- (i) if the shares being repurchased are issued at par value, payment shall be made from the book balance of its distributable profits;
  - (ii) if the shares being repurchased are issued at a premium to its par value, payment shall be made from the book balance of its distributable profits or from the proceeds of a new 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 the Bank from the issuance of the shares so repurchased, nor shall it exceed the amount in the Bank's premium account or capital reserve fund account (including premium on the new issue) at the time of such repurchase;
- (3) The Bank shall make the following payments from the Bank's distributable profits:
- (i) payment for acquisition of the rights to repurchase its own shares;
  - (ii) payment for the variation of any contracts for the repurchase of its shares;
  - (iii) payment for the release from its obligations under any repurchase contracts.
- (4) After the aggregate par value of the cancelled shares is deducted from the 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 the Bank's premium account or its capital reserve fund account.

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

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

**Article 34** Unless otherwise specified by the relevant laws, administrative regulations and the regulations of the securities regulatory authorities in the jurisdiction in which the shares of the Bank are listed, the fully paid shares of the Bank may be transferred legally without any lien attached.

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

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

**Article 35** All fully paid H shares may be freely transferred in accordance with these Articles. However, the Board of Directors may refuse to recognize the documents for transfer without stating any reason unless the conditions stipulated below are met:

- (1) the standard fee prescribed by Hong Kong Stock Exchange in the Hong Kong Listing Rules has been paid to the Bank, and all transfer documents and other documents which relate to or may affect the title of any shares have been registered;
- (2) the transfers are only in relation to H shares;
- (3) stamp duty (as stipulated by Hong Kong law) which is payable for the transfer documents has been duly paid;
- (4) the relevant share certificate(s) and any other evidence which the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) where the shares are intended to be transferred to joint holders, the number of such joint shareholders is not more than 4;
- (6) the shares are free and clear of any lien of the Bank.

If the Board of Directors refuses to register any transfer of shares, the Bank shall issue a notice to the transferor and the transferee within 2 months from the date on which the transfer application has been duly submitted, to notify them of the refusal to register such transfer.

**Article 36** 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 of Directors (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 the Law of Hong Kong 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 the Bank or the addresses designated by the Board of Directors from time to time.

**Article 37** The Bank shall not allow its shares to become pledged.

**Article 38** The promoters shall not transfer their shares of the Bank within 1 year from the date the Bank is established as a company limited by shares. Shares which have been in issue before the Bank's initial public offering shall not be transferred within 1 year from the date of the Bank's listing and trading on a stock exchange.

Directors, supervisors and the members of senior management shall, during their term of office, regularly inform the Bank about their holdings of the shares (including preference shares) in the Bank and any changes in their shareholding. During the term of office of the aforementioned persons, the shares transferred each year shall not exceed 25% of the total number of shares held by that individual. The shares of the Bank held by the aforementioned persons shall not be transferred within 1 year from the date of initial listing and trading on a stock exchange. The aforementioned persons shall not transfer shares of the Bank held by them within six (6) months after they cease to be employed.

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

**Article 39** Where the Bank's directors, supervisors, senior management members or shareholders holding more than 5% of the shares of the Bank sell their shares of the Bank within 6 months from the date of purchase, or repurchase the shares within 6 months from the date of sale, the proceeds therefrom shall be attributable to the Bank and confiscated by the Board of Directors of the Bank. However, any securities company holding more than 5% shares of the Bank as a result of taking up unsubscribed shares as an underwriter is exempt from the 6-month limit when selling such remaining shares.

Should the Board of Directors of the Bank fail to comply with the requirements set out in the preceding paragraph, a shareholder shall have the right to request the Board of Directors to effect such requirements within 30 days. Should the Board of Directors fail to do so within the said time limit, a shareholder shall have the right to initiate proceedings in a people's court directly in his own name for the interests of the Bank.

Should the Board of Directors fail to comply with the requirements set out in the first paragraph, the responsible director(s) shall assume joint and several liabilities under laws.

#### **Section 4 Financial Aid for the Purchase of Shares of the Bank**

**Article 40** The Bank or its subsidiaries (including affiliated companies of the Bank) shall not offer any financial aid at any time by any means to purchasers or prospective purchasers who will or who wish to purchase the Bank's shares. The aforementioned purchasers shall include both persons who have directly or indirectly assumed obligations.

The Bank or its subsidiaries (including affiliated companies of the Bank) 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 42 of these Articles.

**Article 41** "Financial assistance" for these purposes shall include but shall not be limited to the following means:

- (1) gifts;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation given for acts where the Bank is at fault) or the release or waiver of any rights;
- (3) the provision of loans or the entrance into any agreement under which the obligations of the 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;
- (4) any other form of financial assistance given by the Bank when the Bank is insolvent, has no net assets, or when its 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 42** The acts listed below are not prohibited by Article 40 of these Articles, subject to any prohibitions by the relevant laws, administrative regulations, departmental rules and regulatory documents:

- (1) the financial assistance provided by the Bank is either genuinely for the interests of the Bank and the main purpose of the financial assistance is not to purchase shares of the Bank, or the financial assistance is an incidental part of the Bank's overall plans;
- (2) lawful distribution of the Bank's assets in the form of dividends;
- (3) distribution of dividends in the form of shares;
- (4) reduction of registered capital, repurchase of shares, adjustment of shareholding structure, etc., in accordance with these Articles;
- (5) provision of loans by the Bank within its 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 the Bank or that if this causes a reduction, the financial assistance is taken from the Bank's distributable profits);
- (6) provision of fund by the Bank for an employee shareholding scheme (provided that this does not lead to a reduction in the net assets of the Bank or that if there causes a reduction, the financial assistance is taken from the Bank's distributable profits).

#### **Chapter 4 Shares Certificate and Share Register**

**Article 43** Share certificates of the Bank shall be in registered form.

Share certificates of the Bank must specify details as stipulated by the Company Law and other matters that must be specified according to the securities regulatory authorities in the jurisdiction in which the shares of the Bank are listed.

The overseas-listed shares of the 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 prevailing in, the jurisdiction in which the shares of the Bank are listed.

If shares that do not have voting rights are counted towards the share capital of the Bank, such shares shall bear the phrase "no voting rights" in their title. If shares carrying different voting rights are counted towards the share capital of the Bank, these classes of shares (except for the class of shares with the most privileged voting rights) shall bear the phrase "restricted voting rights" or "limited voting rights" in their titles.

**Article 44** The share certificates of the Bank shall be signed by the chairman of the Board of Directors. Where the securities regulatory authorities in the jurisdiction in which the shares of the Bank are listed require the president or other senior management of the Bank to sign the share certificates, the share certificates shall be signed by the president or members of senior management. The share certificates shall become effective after a seal of the Bank is affixed or imprinted thereon. The affixation of the Bank's seal on the share certificates shall be subject to the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors, the president or other relevant members of senior management of the Bank on the share certificates can be provided in printed form.



When scripless shares of the Bank are issued and traded, the applicable provisions of the securities regulatory authorities in the jurisdiction in which the shares of the Bank are listed shall be followed.

**Article 45** The Bank shall maintain register of shareholders according to the certificates provided by the share registrars to state the following matter or conduct the registration of shareholders pursuant to the provisions of the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

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

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

**Article 46** Pursuant to an understanding and agreement reached between the State Council securities regulatory authority and overseas securities regulatory authority, the Bank may keep its registers of shareholders of overseas-listed shares outside the PRC and appoint an overseas agent to manage these registers. The original of the register of shareholders of H shares shall be kept in Hong Kong.

The Bank shall keep at its domicile duplicates of the registers of shareholders 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 registers of shareholders of overseas-listed shares, the originals shall prevail.

**Article 47** The Bank shall keep a complete register of shareholders.

The register of shareholders shall comprise the following parts:

- (1) the register kept at the Bank's domicile, apart from those mentioned under items (2), (3) and (4) of this Article;
- (2) the registers of shareholders of the overseas-listed shares kept at the location(s) of the stock exchange(s) on which the shares are listed;
- (3) any other register of shareholders kept at such other places as the Board of Directors deems necessary for the purpose of listing the shares of the Bank;
- (4) the register of preference shareholders kept at such other places as the Board of Directors deems necessary for the purpose of listing the Bank's preference shares.

**Article 48** The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders 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 register of shareholders shall be effected in accordance with the laws of the jurisdiction in which that part of the register of shareholders is kept.

**Article 49** No changes shall be made to the register of shareholders as a result of a transfer of shares either within 30 days prior to the date of a shareholders' general meeting, or within 5 days before the base date set by the Bank for the purpose of distribution of dividends.

If alternate provisions are stipulated by the securities regulatory authority located in the jurisdiction where the shares of the Bank are listed, those provisions shall apply.

**Article 50** Anyone objecting to the register of shareholders, and either requests to register his/her name (description) in the register of shareholders or to remove his/her name (description) from the register of shareholders shall have the right to apply to the court having the appropriate jurisdiction in order to rectify the register.

**Article 51** If the share certificates (i.e. the "Original Share Certificates") of any shareholders registered in the register of shareholders or any persons who requests to register their names (description) in the register of shareholders are lost, these shareholders or persons may apply to the Bank for replacement certificates in respect of such shares (i.e. the "Relevant Shares").

Shareholders holding domestically-listed shares who apply for the replacement of share certificates shall comply with the relevant provisions of the Company Law.

Shareholders holding overseas-listed foreign shares who apply for the replacement share certificates shall comply with the laws of the jurisdiction in which the original register of shareholders holding overseas listed foreign shares is kept, the rules of the stock exchange of the jurisdiction in which the shares of the Bank are listed 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:

- (1) Applicants shall submit an application via a standard form designated by the 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.
- (2) The Bank has received no declarations from anyone other than the applicant requesting registration as a shareholder over such shares before the Bank decides to issue replacement share certificates.
- (3) If the Bank decides to issue the replacement share certificates to the applicant, an announcement of its intention to issue the certificates shall be published in a newspaper designated by the Board of Directors. The period for such announcement shall be 90 days and the announcement shall be published at least once every 30 days during this period.



- (4) Prior to the publication of the aforesaid announcement, the Bank shall submit a copy of the proposed announcement to the stock exchange on which its 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 register of shareholders do not consent to the issuance of replacement share certificates, the Bank shall send a copy of the proposed announcement to such shareholders by post.

- (5) Upon the expiry of the 90-day publication period for the announcement as stipulated in (3) and (4) of this Article, if no objections are received by the Bank regarding the issue of replacement share certificates, replacement share certificates shall be issued in accordance with the submitted application.
- (6) Once replacement share certificates are issued pursuant to this Article, the Bank shall immediately cancel the Original Share Certificates, and this cancellation and replacement shall be recorded in the register of shareholders.
- (7) All expenses incurred by the Bank in connection with the cancellation of the Original Share Certificates and the issuance of replacement share certificates shall be borne by the applicant. The Bank is entitled to refuse to take any action unless the applicant provides a reasonable guarantee that it can pay the expenses.

**Article 52** After the Bank issues replacement share certificates in accordance with these Articles, 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 register of shareholders.

**Article 53** The Bank shall not assume any compensatory obligations towards persons who may suffer loss from the 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 the Bank.

## **Chapter 5 Shareholders and Shareholders' General Meetings**

### **Section 1 Shareholders**

**Article 54** A shareholder of the Bank is a person who lawfully holds shares of the Bank and whose name (description) is entered in the register of shareholders.

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

The governance structure of the Bank shall protect the legitimate rights and interests of all shareholders, in particular minority shareholders.

The Bank shall protect the legitimate rights of the Shareholders and treat them fairly.

Where 2 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:

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

Any receipts issued to the Bank by 1 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 the Bank.

**Article 55** When the Bank convenes a shareholders' general meeting to distribute dividends, undergo liquidation or engage in any other act requiring the confirmation of shareholders' identities, the Board of Directors or the convener of the shareholders' general meeting shall stipulate a date for shareholding registration. After trading hours have ended on the shareholding registration date, the shareholders who are recorded in the register of shareholders shall be the shareholders entitled to the underlying interests.

**Article 56** Shareholders of the Bank shall enjoy the following rights (where these Articles provide otherwise in relation to the rights of preference shareholders, such provisions shall prevail):

- (1) to receive dividends and other kinds of distributions as determined by the number of shares held by them;
- (2) to request, convene, preside over personally attend or appoint a proxy to attend shareholders' general meetings, and to exercise voting rights based on the number of shares held by them;
- (3) to supervise the business operation of the Bank, and to make suggestions and enquiries accordingly;
- (4) to transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations, the regulations of the relevant regulatory and these Articles;

- (5) to obtain relevant information in accordance with the laws, administrative regulations, departmental rules, regulatory documents, the relevant provisions stipulated by the securities regulatory authorities in the jurisdiction in which the shares of the Bank are listed and these Articles, including:
1. to obtain a copy of these Articles after paying the costs and expenses incurred;
  2. have the right to inspect, free of charge, and to photocopy, after paying a reasonable fee, the following documents:
    - (i) all parts of the register of shareholders;
    - (ii) the personal information of the directors, supervisors, president and other members of senior management of the Bank;
    - (iii) status of the 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 the Bank of its own shares since the last financial year, as well as all the expenses paid by the Bank in relation to such repurchases;
    - (v) minutes of the shareholder's general meetings, resolutions at the meetings of the Board of Directors, resolutions at the meeting of the Board of Supervisors and counterfoils of corporate bonds;
    - (vi) the latest audited financial statements, directors' reports, auditors' report and report of the Bank's Board of Supervisors.

Copies of minutes of the shareholders' general meetings will be available for inspection by the shareholders free of charge during office hours of the Bank. If any shareholder makes a request to obtain a copy of the relevant minutes from the Bank, the Bank shall send a copy of the requested minutes within 7 days upon the receipt of a reasonable fee.

The Bank may refuse to provide any of the aforementioned documents if the documents to be inspected or photocopied involve the Bank's trade secrets and price sensitive information.

- (6) to participate in the distribution of the remaining assets of the Bank based on the number of shares held in the event of the Bank's dissolution or liquidation;
- (7) to demand the Bank to acquire their shares (for shareholders who disagree with the resolutions adopted at a shareholders' general meeting in relation to the merger or division of the Bank);
- (8) to have other rights conferred in accordance with the laws, administrative regulations, departmental rules, regulatory documents and these Articles.

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

**Article 57** Where a shareholder requests to inspect or obtain the relevant information as set forth in the preceding Article, such shareholder shall provide the Bank with written documents evidencing the class and number of shares held by such shareholder in the Bank and the Bank shall provide the above information at the request of such shareholder upon verification of the shareholder's identity.

**Article 58** If a resolution of a shareholders' general meeting or a board resolution violates the laws and administrative regulations, a shareholder shall have the right to request a people's court to determine the resolution as invalid.

If the procedure of convening a shareholders' general meeting or meeting of Board of Directors, or the method of voting at either type of meeting, violates the laws, administrative regulations or these Articles, or the contents of a resolution violates these Articles, a shareholder shall have the right to request a people's court to rescind the resolution within 60 days from the date on which the resolution is adopted.

If a shareholder institutes an action in accordance with the preceding procedure, the Bank may request a people's court to require that the shareholder provide a corresponding guarantee.

If the Bank has completed the formalities regarding a change of registration pursuant to a shareholders' resolution or a resolution of Board of Directors and a people's court has subsequently declared the resolution to be invalid or has rescinded the resolution, the Bank shall apply to the registration authority to cancel the change of registration.

**Article 59** If any director or member of senior management has violated the laws, administrative regulations or provisions of these Articles in performing their duties in the Bank and therefore has caused loss to the Bank, shareholders who have individually or jointly held more than 1% or more shares in the Bank for 180 consecutive days may make a written request to the Board of Supervisors to initiate legal proceedings at the people's court. If the Board of Supervisors has violated laws, administrative regulations or provisions of these Articles in performing its duties and therefore has caused loss to the Bank, shareholders may make a written request to the Board of Directors to initiate legal proceedings at a people's court.

If the Board of Supervisors or the Board of Directors rejects or fails to initiate legal proceedings within 30 days after receiving the request as specified in the preceding paragraph, or the situation is so urgent that the 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 a people's court in their own names for the benefit of the Bank.

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

**Article 60** 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 a people's court.

**Article 61** A shareholder of the Bank shall have the following obligations (where these Articles provide otherwise in relation to the obligations of preference shareholders, such provisions shall prevail):

- (1) to abide by the laws, administrative regulations, regulatory requirements and these Articles;
- (2) to pay the share capital as determined by the number of shares subscribed for by him/her and the prescribed method of capital contribution;
- (3) to assume the liability towards the Bank to the extent of the shares he/she subscribed for;
- (4) to duly, completely and truly report to the Board of Directors in respect of his/her affiliated companies, his/her relationship with other shareholders and his/her shareholding in other commercial bank in PRC;
- (5) not to withdraw his/her paid share capital except in circumstances allowed by the laws and administrative regulations;
- (6) not to abuse his/her rights in harming the legal interests of the Bank or shareholders and any other beneficiaries; not to abuse the Bank's status as an independent, separate legal entity and the limited liability of shareholder to harm the interests of the Bank's creditors;

If a shareholder of the Bank abuses his/her rights and causes loss to the Bank or other shareholders, he/she will be held liable for compensation in accordance with the laws;

If a shareholder abuses the Bank's status as an independent, separate legal entity and the limited liability of shareholder to evade the repayment of debts, resulting in material damage to the interests of the Bank's creditors, such shareholder will be jointly and severally liable for the debts of the Bank;

- (7) shareholders, in particular the substantial shareholders, shall be required to support the capital planning formulated by the Board of Directors of the Bank so that the capital of the Bank can meet the regulatory requirements on an on-going basis. If the capital of the Bank fails to meet the regulatory requirements, it is required to develop a capital replenishment plan to increase capital adequacy ratio to meet regulatory requirements within a specified period of time, and capital is required to be replenished by means of increasing core capital. Under such circumstances, substantial shareholders may not obstruct the capital injection of other shareholders or the participation of new qualified shareholders.

The substantial shareholders shall make a long term commitment in respect of capital replenishment to the Bank in writing, as part of the Bank's capital planning and the substantial shareholders shall replenish the Bank's capital when necessary;

- (8) not to seek improper advantages or interfere with the decision-making rights and management rights entrusted to the Board of Directors and members of senior management in line with these Articles, and not to bypass the Board of Directors and senior management and directly intervene in the Bank's operations and management;
- (9) shareholders who should have sought approval of or reported to but failed to seek approval of or report to relevant regulatory authorities shall not exercise rights to request to convene a general meeting, vote, nominate, propose, dispose etc.;
- (10) for shareholders who have made false statements, abused their rights of shareholders or acted to damage the interests of the Bank, the banking regulatory authority of the State Council or its local offices may restrict or prohibit related-party transactions between the Bank and them, limit their shareholding in the Bank and their amount of mortgaged equities, and their rights to request to convene a general meeting, vote, nominate, propose, dispose etc.;

(11) to assume other obligations required by the laws, administrative regulations, departmental rules, regulatory documents and these Articles.

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

**Article 62** When the credit extended by the Bank to shareholders (in particular, substantial shareholders) is overdue, the voting rights of these shareholders in shareholder's general meetings and of directors representing such shareholders in Board meetings shall be restricted.

Where a shareholder pledges 50% or more of his/her equity interests in the Bank, the voting rights of such shareholder at the shareholders' general meetings, as well as the voting rights of the Director(s) nominated by such shareholder at meeting of Board of Directors, shall be subject to restrictions.

**Article 63** Any shareholder holding 5% or more of the Bank's shares with voting rights shall report to the Bank in writing on the day they pledge their shares.

If shareholders use their equity interests in the 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 of Directors of the Bank in advance.

Where a shareholder who serves on the Board of Directors or the Board of Supervisors, or directly, indirectly or jointly holds or controls more than 2% of share capital or voting rights in the Bank pledges his/her equity interests in the Bank, it shall make an application and filing to the Board of Directors of the Bank in advance, stating the basic information of the pledge including the reasons for the pledge, the number of shares involved, the term of pledge and the particulars of the pledgees. Where the Board of Directors considers the pledge to be materially adverse to the stability of the Bank's shareholding, corporate governance, as well as the risk and related party transaction control, no filing shall be made. The director(s) appointed by a shareholder proposing to pledge his/her shares in the Bank shall avoid attending the meeting of the Board of Directors at which such proposal is considered.

Upon the registration of pledge of equity interests, the shareholders involved shall provide the Bank with the relevant information in relation to the pledge of equity interests in a timely manner, so as to meet the Bank's requirements on risk management and information disclosure.

**Article 64** If shareholders use their equity interests in the 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 of Directors of the Bank in advance.

Shareholders shall not pledge the Bank's shares if the outstanding balance of the loans they have borrowed from the Bank exceeds the audited net equity value held by them in the Bank in the previous year.

**Article 65** The Bank shall not offer favorable terms of credit to its shareholders over other clients.

**Article 66** Neither the controlling shareholder(s) nor the de-facto controller of the shares may damage the interests of the Bank by taking the advantage of its affiliate relationship, and a shareholder or de-facto controller shall be liable for compensation if it breaches this Article and thereby causes loss to the Bank.



A controlling shareholder or *de facto* controller of the Bank shall owe the fiduciary duties to both the Bank and public shareholders of the Bank. The controlling shareholders shall be in strict compliance with the law while they exercise their rights as investors, and shall not impair the legal interests of the Bank or public shareholders by taking advantage of profits distribution, assets reorganization, foreign investment, capital appropriation and loan guarantee or in any other way, nor shall they impair the legal interests of the Bank or public shareholders by taking advantage of their privileged positions as controlling shareholders.

**Article 67** In addition to the obligations required under the laws, administrative regulations or the provisions stipulated by the securities regulatory authority located at the jurisdiction in which the shares of the Bank 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:

- (1) relieving a director or supervisor of their responsibility to act in good faith and in the best interests of the Bank;
- (2) approving a director or a supervisor in depriving the Bank of its assets in any form, including but not limited to any business opportunities that are advantageous to the Bank, regardless of whether the deprivation is made for the director or supervisor's benefit or for the benefit of others;
- (3) 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 the Bank's restructuring submitted to and adopted at the shareholders' general meeting in accordance with these Articles.

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

**Article 68** The shareholders' general meeting shall be an organ of power of the Bank and shall exercise the following powers in accordance with the law:

- (1) to decide on the business policies and investment plans of the Bank;
- (2) to elect and replace directors and supervisors which are not appointed as representatives of the employees, and to decide on the remuneration of the relevant directors and supervisors;
- (3) to examine and approve reports made by the Board of Directors;
- (4) to examine and approve reports made by the Board of Supervisors;
- (5) to examine and approve the proposed annual financial budgets and final accounts of the Bank;
- (6) to examine and approve the Bank's plan for profit distribution and tax loss carryforward;
- (7) to adopt resolutions concerning the increase or reduction in the Bank's registered capital;
- (8) to adopt resolutions on the merger, division, dissolution, liquidation or other change in corporate form of the Bank;

- (9) to decide on the engagement, dismissal or discontinuation of the appointment of the Bank's accounting firm;
- (10) to amend these Articles;
- (11) to adopt resolutions regarding the issuance of corporate bonds or other securities and listing;
- (12) to examine and approve proposals on matters relating to the purchase or sale of material assets made by the Bank with an amount exceeding 30% of its latest audited total assets within one year;
- (13) to consider and approve the changes in use of raised proceeds;
- (14) to consider any share incentive scheme;
- (15) to examine and approve or authorized the Board of Directors to examine and approve the establishment of the Bank's legal entities, mergers and acquisitions, external investments, asset write-off, asset acquisitions and disposal apart from those mentioned in item (12) above that shall be submitted to a shareholders' general meeting for consideration in accordance with the laws, administrative regulations, departmental rules, the provisions stipulated by the securities regulatory authorities in the jurisdiction in which the shares of the Bank are listed, these Articles and other internal rules, and external guarantees etc.;
- (16) to examine and approve proposals raised by shareholders who individually or jointly hold 3% or more of the total voting shares of the Bank (the "Proposing Shareholders");
- (17) to decide on the issuance of preference shares; to decide or authorize the Board of Directors to decide any matters in relation to the preference shares issued by the Bank, including but not limited to redemption, conversion and payment of dividends;
- (18) to examine other issues which should be decided by the shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules, regulatory documents and these Articles.

The matters mentioned above are within the shareholders' general meeting's scope of authority and shall be examined and decided by the shareholders' general meetings. If it is necessary, reasonable and legal, the decision making for these issues can be delegated to the Board of Directors. If the shareholders delegate their decision making to the Board of Directors, the authorization given shall be clear and specific. If these Articles require that matters to be delegated to the Board of Directors are to be adopted by the shareholders' 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 shareholders' general meeting. If these Articles require that matters to be delegated to the Board of Directors are to be adopted by the shareholders' 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 shareholders' general meeting.

**Article 69** There are two types of shareholders' general meetings: annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year within 6 months after the financial year end. If the meeting is postponed due to special circumstances, the Bank shall report to the banking regulatory authority in a timely manner and state the reasons for deferral.



**Article 70** An extraordinary general meeting shall be convened within 2 months from the date of occurrence of any of the following events:

- (1) the number of directors is less than the number required by the Company Law or less than two-thirds of the number stipulated in these Articles;
- (2) the outstanding loss of the Bank is at least one-third of the Bank's total share capital;
- (3) shareholders who individually or jointly hold more than 10% of the voting shares of the Bank (the "Requesting Shareholders") have requested to convene the meeting in writing; the shareholding of the Requesting Shareholders shall be calculated on the day on which the shareholders submit a written request to convene the meeting;
- (4) the Board of Directors deems it necessary to convene the meeting;
- (5) the Board of Supervisors proposes to convene the meeting;
- (6) more than half of the independent directors propose to convene the meeting (at least 2 independent directors);
- (7) any other circumstances as stipulated by the laws, administrative regulations, departmental rules or these Articles.

For the event described in item (2) above, the prescribed period for convening an extraordinary general meeting shall be calculated from the date which the Bank becomes aware of the issue.

**Article 71** The Bank shall convene shareholders' general meetings either at its domicile or at any other place specified in the notice of shareholders' general meeting.

Shareholders' general meetings shall be held on-site at the designated venue. The Bank will also provide network or other methods for its shareholders to conveniently participate in general meetings according to applicable laws. Shareholders attending a shareholders' general meeting via the aforesaid methods shall be deemed as attendees of the meeting. The identities of shareholders shall be verified in accordance with Article 55 of these Articles.

**Article 72** When a shareholders' general meeting is being held, the Bank shall engage lawyers to give legal opinions as to the matters set out below:

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

### Section 3 The Convening of Shareholders' General Meetings

**Article 73** The Board of Directors shall convene shareholders' general meetings according to the regulations set out in these Articles.

**Article 74** A written proposal to the Board of Directors to convene an extraordinary general meeting may be made by more than half (at least 2) of the independent directors. The Board of Directors shall, in accordance with the laws, administrative regulations and these Articles, 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 of Directors agrees to convene the extraordinary general meeting, a notice convening such a meeting shall be issued within 5 days after the resolution of the Board of Directors is passed. If the Board of Directors does not agree to convene the extraordinary general meeting, it shall give an explanation and issue an announcement.

**Article 75** The Board of Supervisors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall make its motions to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and these Articles, make a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days of receiving the proposal.

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

If the Board of Directors does not agree to convene the extraordinary general meeting or fails to give its response within 10 days of receiving the proposal, the Board of Directors shall be deemed to be unable or to have failed to perform its duty in convening a shareholders' general meeting, and instead the Board of Supervisors may convene and preside over the shareholders' general meeting on its own initiative.

**Article 76** When the Requesting Shareholders request to convene an extraordinary general meeting, they shall act in compliance with the following procedures:

The Requesting Shareholders shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall propose their motions to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and these Articles, make a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days of receiving the proposal.

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

If the Board of Directors does not agree to convene the extraordinary general meeting, or fails to give its response within 10 days of receiving the proposal, the Requesting Shareholders shall have the right to propose to the Board of Supervisors to convene an extraordinary shareholders' general meeting and this proposal shall be made to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene an extraordinary general 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 the Requesting Shareholders shall be sought.

If the Board of Supervisors fails to issue notice of the shareholders' general meeting within the prescribed period, it shall be deemed to have failed to convene and preside over the extraordinary general meeting, and the Requesting Shareholders who individually or in aggregate holding 10% or more of the Bank's total voting shares for at least 90 consecutive days may convene and preside over the meeting.

**Article 77** If either the Board of Supervisors or shareholders propose to convene a shareholders' general meeting on their own initiatives, the Board of Directors shall be informed in writing and the relevant documents shall be filed with local offices the banking regulatory authority and the securities regulatory authority of the State Council, the stock exchange and other relevant regulatory authorities of the place in which the Bank is operating. The notice shall comply with the following requirements:

- (1) no additional content shall be allowed in the proposal, otherwise the Requesting Shareholders shall make another proposal to the Board of Directors to convene a shareholders' general meeting according to the above procedures;
- (2) the meeting shall be held in the place in which the Bank is operating.

The shareholding proportion of the Requesting Shareholders before the resolution of the shareholders' general meeting shall not be less than 10% of the total voting shares.

The Board of Supervisors or the Requesting Shareholders shall submit the relevant evidentiary materials to the banking regulatory authority in the jurisdiction in which the Bank is situated and to other relevant regulatory authorities when the Board of Supervisors or the Requesting Shareholders issue the notice of shareholders' general meeting and the announcement of the resolutions passed at the shareholders' general meeting.

**Article 78** With respect to a shareholders' general meeting convened by the Board of Supervisors or the shareholders, the Board of Directors and the secretary of the Board shall cooperate. The Board of Directors shall offer the register of shareholders as at the share registration date.

**Article 79** Necessary costs arising out of a shareholders' general meeting convened by the Board of Supervisors or the Requesting Shareholders on their own shall be borne by the Bank and shall be deducted from the funds due to the Bank from directors who have not carried out their duties.

## Section 4 Proposals and Notice of Shareholders' General Meetings

**Article 80** The proposal of Shareholders' general meetings shall meet all of the following requirements:

- (1) the contents of the proposal shall not contradict with the laws, administrative regulations and the provision of these Articles, and shall be within the Bank's scope of business and the scope of authority of the shareholders' general meeting;
- (2) it shall have definite topics for consideration and specific items to be decided by resolution;
- (3) shall be in written form and submitted or delivered to the Board of Directors.

**Article 81** When the Bank convenes shareholders' general meetings, the Board of Directors, the Board of Supervisors and the Proposing Shareholders shall be entitled to submit their proposals in writing to the Bank. The Bank shall include matters in the proposal which are within the scope of responsibilities of the shareholders' general meeting into the agenda.

The Proposing Shareholders may submit provisional proposals to the conveners in writing 12 Hong Kong business days prior to the date of the general meeting. The conveners shall issue a supplemental notice setting out the content of the provisional proposals within 2 days of receiving the proposals.

Except for the circumstances provided in the above paragraph, the conveners shall not amend nor add any new proposals to those which are set out in the original notice of the general meeting.

Proposals which have not been set out in the notice of a shareholders' general meeting or which are not in compliance with Article 80 of these Articles shall not be put forward and voted upon as resolutions at a shareholders' general meeting.

**Article 82** When the Bank is to convene a shareholders' general meeting, the Bank shall notify the shareholders of the matters to be considered at the meeting and the date and venue of the meeting by way of announcement 20 Hong Kong business days before the meeting, and to convene an extraordinary general meeting, the Bank shall notify the shareholders by way of announcement 10 Hong Kong business days or 15 days (whichever is earlier) before the meeting.

**Article 83** The Board of Directors shall review whether the proposals of shareholders' general meeting are in the best interest of the Bank and shareholders according to Article 80 of these Articles.

The Board of Directors shall provide an explanation at the shareholders' general meeting for any proposals not included in the meeting agenda.

**Article 84** Any Proposing Shareholders who have any doubts as to the Board of Directors' decision to exclude his/her proposals on the meeting agenda for the shareholders' general meeting may convene an extraordinary general meeting in accordance with the requirements of these Articles.

**Article 85** The notice of shareholders' general meeting shall be in written form and contain the followings:

- (1) the date, time, venue and duration of the meeting;
- (2) the matters and proposals to be considered at the meeting;
- (3) all necessary information and explanation to enable shareholders to make informed decisions on 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, copies of the proposed agreement (if any) and detailed explanation as to the cause and effect of such proposed transaction shall be provided;
- (4) if any of the directors, supervisors or senior management officers have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the effects of the matters to be discussed have a different effect on a director, supervisor or member of senior management as shareholders compared to other shareholders of that same class, the differences shall be explained;
- (5) the full text of any proposed special resolution to be voted on at the meeting;
- (6) a prominent statement stating that a shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf and such proxy need not be a shareholder;
- (7) the shareholding registration date of the shareholders who are entitled to attend the meeting;
- (8) the time and address for lodging the proxy forms of the relevant meeting;
- (9) the name and phone number of the contact person of the meeting;
- (10) content pursuant to other requirements stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities and these Articles.

Where the opinions of independent directors are required for the matters to be discussed, such opinions and the related reasons shall be also disclosed in the notice or supplementary notice of general meeting to be served.

Where the general meeting intends to consider the election of directors or supervisors, the notice of such general meeting shall fully disclose the detailed information of the candidates for directors or supervisors, at least in the following aspects:

- (1) personal information such as educational background, work experience and other engagements;
- (2) whether the candidate has any connection with the Bank or its controlling shareholders or de facto controller;
- (3) the number of shares held in the Bank;
- (4) whether the candidate has been a subject of any penalties by the securities regulatory authority of the State Council or any other relevant authorities and any sanctions by the stock exchange.

In addition to the adoption of the cumulative voting system to elect directors and supervisors, each candidate for director or supervisor shall be nominated in a separate proposal.

**Article 86** Unless otherwise provided by these Articles, the notice of a shareholders' general meeting shall be delivered by hand or prepaid mail to the shareholders who are entitled to attend the shareholders' general meeting (regardless whether they have voting rights at the shareholders' general meeting). The address of the recipients shall be the address registered in the register of shareholders. For holders of A shares, the notice of a shareholders' general meeting may be in form of an announcement.

The aforesaid announcement shall be published in one or more newspapers specified by the securities regulatory authority of the State Council. All holders of A shares shall be deemed as having been notified of the forthcoming shareholders' general meeting once the announcement is published.

For holders of H shares, subject to the compliance with the applicable laws, administrative regulations, departmental rules, regulatory documents and the relevant regulatory authorities, the Bank may choose to notify such shareholders of a shareholders' general meeting by publishing the notice on the websites of the Bank and the Hong Kong Stock Exchange instead of delivering the notice by hand or prepaid mail.

**Article 87** Once the notice of shareholders' general meeting is issued, the meeting shall not be postponed or cancelled without proper reasons, and proposals contained in the notice shall not be withdrawn. In the event of any postponement or cancellation, the convener shall make an announcement and state the reasons at least 2 working days before the original meeting date.

## **Section 5 The Holding of Shareholders' General Meetings**

**Article 88** The Board of Directors and other conveners shall take necessary measures to maintain order at shareholders' general meetings. Behaviors such as disruption of the meeting, provocation of trouble and infringement on the legitimate rights and interests of shareholders shall be prevented and promptly reported to relevant authorities for investigation.

**Article 89** All shareholders (including preference shareholders with restored voting rights) whose names appear on the register of shareholders on the shareholding registration date or their proxies shall be entitled to attend and vote at the shareholders' general meeting in accordance with the relevant laws, administrative regulations, departmental rules, regulatory documents and these Articles.

Shareholders who are entitled to attend and vote at the shareholders' general meeting may attend the meeting in person and shall be entitled to appoint one or more persons (these persons need not be shareholders) as proxies to attend and vote on their behalf. Shareholders shall appoint their proxies in writing. The appointing shareholder or his/her authorised representative (who has been given the authorisation in writing) shall sign the proxy form. If the appointer is a body corporate, the document shall be affixed with its seal or signed by its director or another authorized representative with due written authorization.

A proxy may exercise the following powers at a shareholders' general meeting:

- (1) the same right of speech as the shareholder at the meeting;
- (2) have authority to demand or join other shareholders in demanding a poll;
- (3) have the right to vote by a show of hands or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.



**Article 90** If an individual shareholder attends the meeting in person, he/she shall produce his/her own identification document or other valid credentials or certificate providing proof of their identities and shareholding. If a proxy is appointed to attend the meeting, the proxy shall produce his/her own identification document, instrument of proxy and certificate providing proof of the shareholding of the appointing shareholder.

A corporate shareholder shall attend the meeting through its legal representative or a proxy appointed by its legal representative. If a legal representative attends the meeting, he/she shall produce his/her own identification documents, valid identification documents showing that he/she qualifies to serve as a legal representative and certificate providing proof of the corporate shareholder's shareholding. If a proxy attends the meeting, he/she shall produce his/her own identification documents, written power of attorney granted by the legal representative of the corporate shareholder and certificate providing proof of the corporate shareholder's shareholding.

**Article 91** The power of attorney used by shareholders to appoint proxies to attend the shareholders' general meeting shall contain the following information:

- (1) name of the proxy and the number of shares to be represented by the proxy;
- (2) whether or not the proxy has the right to vote;
- (3) instructions on how to vote (voting in the affirmative, negative, or in abstention) in relation to each of the resolutions on the agenda of the shareholders' general meeting;
- (4) date of issuance and term of validity;
- (5) signature (or seal) of the appointing shareholder; if the appointing shareholder is a legal person, the document shall be affixed with the legal person's seal.

The blank proxy form issued by the Board of Directors to the shareholder for the appointment of proxies shall freely allow the shareholder to instruct his/her proxy to vote as he/she sees fit (voting in the affirmative or negative), and to give separate instructions for each resolution that will be voted on at the meeting. The proxy form shall indicate whether the proxy may vote at his/her discretion if no specific instructions have been given by the shareholder.

**Article 92** The power of attorney shall be placed at the Bank's domicile or at any other place designated in the notice of the shareholders' general meeting, and at least 24 hours prior to either the convening of the relevant meeting in which the resolutions are to be voted on or the designated voting time. If the power of attorney is signed by a person authorized by the appointing shareholder, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the proxy form authorizing the proxy to vote, be placed at the Bank's domicile or any other place designated in the notice of the shareholders' general meeting.

In the event that the appointing shareholder is a legal person, the shareholder shall be represented at the shareholders' general meeting of the Bank by the legal representative or other persons authorized by the resolution of the Board of Directors or any other decision-making body of such appointing shareholder.

If the shareholder is an authorized clearing house or its agent, the shareholder is entitled to appoint one or more persons it deems suitable to act as its proxy in the shareholders' general meeting or class shareholders' general meeting. If 2 or more persons are appointed as proxies, the power of attorney shall clearly state the number and the class of shares represented by each of the proxies. The proxies so appointed may represent the authorized clearing house or its agent in exercising its rights as if that proxy is a natural person shareholder of the Bank.

**Article 93** If the appointing shareholder has passed away, lost his/her ability to act, withdrawn the appointment, withdrawn the authorization of the signed proxy form or has transferred all of his/her shares prior to voting, as long as the 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 proxy form shall remain valid.

**Article 94** 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 95** The convener and the lawyers engaged by the Bank shall jointly verify the legal eligibility of the shareholders based on the register of shareholders provided by the securities registration and clearing organisation and shall register the names of the shareholders together with the number of shares with voting rights in their possession. Registration of the meeting shall be closed before the convener announces the number of shareholders and their proxies present at the meeting and the total number of voting shares held by them.

**Article 96** A shareholders' general meeting convened by the Board of Directors in accordance with the laws shall be chaired and presided over by the chairman of the Board of Directors. If the chairman is unable or fails to perform his/her duties for any reason, the chairman shall appoint a director to chair and preside over the meeting. If the chairman is unable or fails to perform his/her duties, a director elected by not less than half of the directors shall chair and preside over the meeting. If no chairman is appointed, shareholders who are present at the meeting may elect a single shareholder to chair the meeting. If the shareholders have failed to elect a chairman for whatever reason, the shareholder that is present at the meeting (including any proxy of such shareholder) holding the most voting shares shall preside over the meeting.

A shareholders' general meeting convened by the Board of Supervisors shall be chaired and presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, a supervisor elected by not less than half of the supervisors shall chair and preside over the meeting.

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

During the course of a shareholders' general meeting, if the chairman of the meeting violates the procedural rules such that the meeting cannot be continued, the shareholders in the general meeting may elect one person to act as the chairman of the meeting to continue the meeting so long as the proposed chairman has the consent of more than half of the shareholders with voting rights who are present at the meeting.

**Article 97** The procedural rules for a shareholders' general meeting shall be formulated by the Board of Directors of the Bank, and shall be implemented after review by the shareholders' general meeting.

**Article 98** All directors and supervisors and the secretary to the Board of Directors shall attend a shareholders' general meeting while the president and other senior management members shall be present at the meeting as non-voting participants.



The Board of Directors and the Board of Supervisors shall report their work in the preceding year at the annual general meeting. Each independent director shall also make his/her work report.

The directors, supervisors and senior management shall respond and give explanations to queries or recommendations from shareholders at the shareholders' general meeting.

**Article 99** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting and the total number of voting shares represented by them, but the figures recorded in the attendance records will prevail.

The registration process for the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares represented by them.

**Article 100** Minutes shall be recorded for the shareholders' general meeting, and the secretary to the Board of Directors shall be in charge of recording the minutes. The minutes shall contain the following information:

- (1) the time, venue, and agenda of the meeting, as well as the name (or corporate name) of the convener;
- (2) the name of the chairman of the meeting, and the directors, supervisors, president and other members of senior management who attend or observe the meeting;
- (3) the number of shareholders and proxies present at the meeting, the total number of shares with voting rights held by them, and the percentage in relation to the total number of the Bank's voting shares;
- (4) the deliberation process for each resolution, key points of speeches made and voting outcome;
- (5) any enquiries or suggestions made by shareholders and the corresponding explanation or response;
- (6) the name of the lawyer, vote counter and scrutineer;
- (7) any other matters required by the shareholders' general meeting and the provisions of these Articles to be recorded in the minutes.

**Article 101** The minutes of the shareholders' general meeting may be made in the form of a summary or resolutions. The convener shall ensure that the minutes are the truthful, accurate and complete. 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 minutes, list of signatures by shareholders in attendance, powers of attorney, and valid information regarding online voting or via other methods shall be filed and preserved for at least 10 years. The Board of Directors shall submit the documents including the minutes and resolutions of the shareholders' general meeting to the banking regulatory authority of the State Council for record-keeping.

**Article 102** The convener shall ensure that the shareholders' general meeting does not end until final resolutions have been concluded. In the event that the shareholders' general meeting is adjourned or resolutions cannot be reached due to force majeure or other special circumstances, necessary measures shall be taken to reconvene the meeting as soon as possible or conclude the meeting immediately and an announcement shall be promptly published. Meanwhile, the convener shall report to local office of the securities regulatory authority of the State Council and the stock exchange.

## Section 6 Voting Procedures and Resolutions of Shareholders' General Meetings

**Article 103** The resolutions of a shareholders' general meeting shall either be classified as ordinary resolutions or special resolutions.

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

Special resolutions shall be approved by not less than two-thirds of voting rights held by the shareholders (including their proxies) attending the meeting.

**Article 104** The following matters shall be resolved by way of an ordinary resolution:

- (1) business policies and investment plans of the Bank;
- (2) work reports by the Board of Directors and the Board of Supervisors;
- (3) profit distribution plans and tax loss carryforward plans as proposed by the Board of Directors;
- (4) the appointment or removal, the remuneration and the method of payment for the members of the Board of Directors and the Board of Supervisors;
- (5) reports regarding the Bank's annual financial budget and final accounts;
- (6) the appointment and dismissal of an accounting firm;
- (7) any other matters not required by the laws, administrative regulations, departmental rules, regulatory documents or these Articles to be resolved by way of a special resolution.

**Article 105** The following matters shall be resolved by way of a special resolution:

- (1) an increase or reduction of the registered capital of the Bank and the issuance of any class of shares, warrants and other similar securities;
- (2) the issuance of bonds of the Bank or other marketable securities and listing;
- (3) purchase or disposal of material assets by the Bank or any guarantee of an amount exceeding 30% of its latest audited total assets within one year;
- (4) the division, merger, dissolution, liquidation or any other change in the corporate form of the Bank;
- (5) amendments to these Articles;
- (6) repurchase of the Bank's shares;
- (7) share incentive scheme;
- (8) any other matters which are required by the laws, administrative regulations, departmental rules, regulatory documents and these Articles, and any matter decided by the shareholders' general meeting by way of an ordinary resolution to have a material effect on the Bank and should therefore be adopted by a special resolution.

**Article 106** A shareholder (including his/her proxy) shall exercise his/her voting rights based on the number of shares with voting rights held. Each share shall have one (1) vote.

When the shareholders' general meeting considers matters that could affect the interests of minority investors, the votes by minority investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

The shares held by the Bank have no voting rights, 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.

The Board of Directors, independent directors and shareholders of the Bank who meet the relevant requirements may 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. The Bank shall not impose any minimum shareholding limitation for soliciting voting rights.

Where any shareholder is required to abstain from voting on any particular resolution or is restricted in how he votes (only for or against a particular resolution), in accordance with the requirements of the Laws, administrative regulations and Hong Kong Listing Rules, any votes cast by such shareholder or their proxy in contravention of the requirements or restrictions shall not be counted towards the voting results.

**Article 107** Related shareholders shall not participate in voting when matters concerning related party transactions are considered at a shareholders' general meeting, and the shares with voting rights represented by the related shareholders shall not be counted into the total number of valid votes. The resolutions adopted at the shareholders' general meeting should fully disclose the voting results by unrelated shareholders.

A related shareholder may excuse himself/herself or the other shareholders or their representatives attending shareholders' general meeting may make such a request.

**Article 108** Unless the Bank is under special circumstances such as a crisis, the Bank shall not enter into contracts to entrust the management of all or the important businesses to persons other than the directors, supervisors and members of senior management of the Bank without approval in the form of a special resolution passed in a shareholders' general meeting.

**Article 109** The suggested list of candidates to serve as directors and supervisors shall be put forward to the shareholders' general meeting for voting.

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.

Voting on each candidate for directors and supervisors for resolutions considering election of directors and supervisors shall be carried out at the shareholders' general meeting. After approval at the shareholders' general meeting, the qualifications of the directors and supervisors shall be verified by the banking regulatory authority of the State Council.

The Board of Directors shall inform the shareholders of the resumes and basic information of candidates for director and supervisor.

**Article 110** Except for those under the cumulative voting system, all proposals shall be voted separately at the shareholders' general meeting. If there are a number of proposals related to the same matter, votes shall be cast in the order of which the proposals were presented. 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** The shareholders' general meeting, while considering resolutions, shall not modify such resolutions. Otherwise, the modification shall be deemed as a new resolution, which shall not be voted at the same shareholders' general meeting.

**Article 112** The same voting right shall be exercised only by one of the ways of on-site voting, online voting or other means of voting. In case of repeated voting arising from the same voting right, the first vote cast shall prevail.

Apart from proposals regarding the procedure or administration of the shareholders' general meeting for which resolutions may be made by a show of hands and counted by the chairman of the meeting acting in good faith, all other matters shall be decided on by a poll that records the name of the voter.

**Article 113** If the matter demanded to be resolved by a poll is the election of the chairman of the shareholders' general meeting or the adjournment of the meeting, a poll shall be taken immediately. The chairman can decide when a poll will be taken if it is demanded for any other matters, the meeting may continue and other matters may be discussed. The results of that poll shall be considered as resolutions passed at the meeting.

**Article 114** Before a proposal is put to vote at a shareholders' general meeting, 2 representatives of the shareholders shall be nominated to count the votes and to act as the scrutineers. If a shareholder has an material interest in the matter to be considered, the shareholder and their proxy shall neither count the votes nor act as the scrutineer.

During the voting process of a shareholders' general meeting, the vote count and examination of the poll shall be conducted according to the Hong Kong Listing Rules, and carried out together by lawyers, representatives of shareholders and representatives of supervisors and qualified persons appointed according to the Hong Kong Listing Rules, and the voting outcome shall be announced at the meeting. The voting outcome for each resolution shall be recorded in the meeting minutes.

Shareholders of the Bank or their proxies that vote online or by other means shall have the right to check and inspect their voting results through the relevant voting system.

**Article 115** Shareholders who are present at the shareholders' general meeting shall adopt one of the following stances when a resolution is put forward for voting: for, against or abstention.

Any votes which are unfilled, erroneously completed, illegible or un-submitted shall be counted as abstentions of the voting rights and such votes shall be counted as "abstained".

On a poll taken at a meeting, a shareholder (including his/her proxies) entitled to 2 or more votes need not cast all the votes towards the same stance.

In the event that the same voting rights have been exercised twice, the result of the first vote shall prevail.

**Article 116** The on-site shareholders' general meeting shall not conclude earlier than that held online or by other means. For every proposed resolution, the voting circumstances and voting outcome shall be announced by the chairman of the meeting and he/she shall announce whether the resolution has been adopted based on the voting outcome.

Prior to the formal announcement of the voting results, all interested parties involved in the voting at on-site general meeting, online or by other means, including the Bank, the vote counter, the scrutineer, substantial shareholders and online service provider, etc., have an obligation to keep the voting results confidential.

**Article 117** If the chairman of the meeting has any doubts as to the voting results of any resolution, he/she may have the votes recounted. If the chairman does not recount the votes and the shareholders or their proxies who have attended the meeting have doubts as to the outcomes announced by the chairman, they may request a vote recount immediately after the announcement of the voting outcome, and the chairman shall have the votes recounted immediately.

If the votes are counted at a shareholders' general meeting, the results shall be recorded into the minutes.

**Article 118** Resolutions adopted at the shareholders' general meeting shall be announced in a timely manner. The announcement shall specify the number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and the proportion relative to the total number of shares with voting rights of the Bank, the voting method, the voting outcome of each proposal and the details of each adopted resolution.

**Article 119** The resolution of the shareholders' general meeting shall give a special indication if a resolution is not adopted or the shareholders' general meeting amended a resolution passed at the previous shareholders' general meeting.

**Article 120** For resolutions on election of directors or supervisors passed at a shareholders' general meeting, the term of office for the newly elected directors or supervisors shall commence from the date of election at the general meeting. If their qualifications are subject to approval by the regulatory authority, their term of office shall commence from the date of such approval by the regulatory authority.

**Article 121** When the proposals regarding cash distribution, bonus issue or conversion of capital reserve into share capital have been passed at a general meeting, the Bank shall implement the specific proposals within 2 months after the close of the general meeting.

## Chapter 6 Special Procedures for Voting by a Certain Class of Shareholders

**Article 122** Shareholders who hold different classes of shares are classified as "class shareholders".

Class shareholders are entitled to rights and are subject to the obligations pursuant to the laws, administrative regulations and these Articles.

Class shareholders within the Bank shall enjoy equal rights to receive dividends or other forms of distributions.

**Article 123** If the Bank proposes to change or nullify the rights of a certain class of shareholders, such proposal should be passed by a special resolution at the shareholders' general meeting and passed at the meeting convened according to Articles 125 to 129 for the class of shareholders being.

**Article 124** The rights of a certain class of shareholders shall be deemed to be changed or nullified in the following circumstances:

- (1) to increase or reduce in the quantity of the class of shares, or increase or reduce the quantity of shares of that class which enjoy the same or more voting rights, distribution rights or other privileges;

- (2) to convert part or whole of a certain class of shares into other class(es), convert part or whole of the shares of other class(es) into this class, or grant such conversion rights;
- (3) to nullify or reduce the rights of that class of shares to receive payable dividends or cumulative dividends;
- (4) to reduce or nullify the privileged rights of a class of shares to acquire dividends or obtain distribution of assets during liquidation of the Bank;
- (5) to increase, nullify or reduce the conversion, option, voting, transfer or privileged allotment rights of a class of shares or the rights of such class of shares to obtain securities issued by the Bank;
- (6) to nullify or reduce the rights of a class of shares to receive amounts payable by the Bank in a particular currency;
- (7) to establish new class(es) of shares which enjoy the same or more voting rights, distribution rights or other privileges as compared with this class of shares;
- (8) to restrict the transfer or ownership of a certain class of shares, or increase the restrictions;
- (9) to grant the share subscription options or share conversion options of this or another class of shares;
- (10) to increase the rights or privileges of other class(es) of shares;
- (11) any restructuring scheme of the Bank that may result in the assumption of disproportionate responsibilities by different classes of shareholders during the restructuring;
- (12) to revise or nullify the provisions in these Articles.

**Article 125** The shareholders of the class of shares that are affected, whether they originally have voting rights at former shareholders' general meetings, shall be entitled to vote on the matters concerning sub-paragraphs (2) to (8), (11) and (12) of the preceding Article at the meeting for this class of shareholders, but shareholders with conflicts of interests therein shall have no voting rights at the meeting for this class of shareholders.

The shareholders with conflict of interests mentioned in the preceding paragraph shall have the meaning as follows:

- (1) if the Bank has repurchased its own shares from its shareholders in accordance with Article 30 of these Articles, "shareholders with conflicts of interests" shall mean the controlling shareholders defined in Article 316 of these Articles;
- (2) if the Bank has repurchased its shares under an off-market agreement in accordance with Article 30 of these Articles, "shareholders with conflicts of interests" shall mean shareholders who are related with the aforementioned agreement;
- (3) under a restructuring scheme of the Bank, "shareholders with conflicts of interests" shall mean shareholders who assume liability in a lower proportion than other shareholders of the same class, or those who own different interests as compared with other shareholders of the same class.



**Article 126** A resolution of the meeting for a certain class of shareholders shall be adopted 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 127** When convening a meeting for a certain class of shareholders, the Bank shall issue a written notice to all shareholders in the relevant class whose names appear on the register of shareholders, stating the matters to be considered at the meeting and the date and venue of the meeting in accordance with the requirements of Article 82 of these Articles.

**Article 128** The notice of a meeting for a certain class of shareholders only needs to be served on the shareholders entitled to vote at that meeting.

Unless required otherwise by these Articles, the procedures for convening a meeting for a certain class of shareholder shall be the same as the procedures for the shareholders' general meeting to the extent practical, and the provisions in these Articles relating to the procedure to convene a shareholders' general meeting shall apply to the class shareholder meeting.

**Article 129** Apart from other classes of shareholders, the shareholders of domestically-listed shares and overseas-listed shares are deemed to be shareholders of different classes.

The special voting procedures at a shareholders' general meeting for class shareholders shall not apply in the following cases:

- (1) upon the approval by way of a special resolution adopted by a shareholders' general meeting, the Bank independently or simultaneously issues domestically-listed shares and overseas-listed shares every 12 months, provided that the number of each class of shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;
- (2) the Bank's plan on issuing domestic shares and overseas-listed shares at the time of incorporation, which shall be completed within 15 months upon the date of approval from the securities regulatory authority of the State Council.

## Chapter 7 Board of Directors

### Section 1 Directors

**Article 130** Directors of the Bank shall be a natural person and are not required to hold any shares of the Bank.

Directors of the Bank are composed of executive directors and non-executive directors (including independent directors). An executive director means a director holding other senior operation and management positions in addition to holding directorship of the Bank. A non-executive director means a director of the Bank who does not hold an operation and management position.

**Article 131** Directors shall be elected or removed from office by shareholders at a general meeting. The term of office of a director shall be 3 years, and a director may be re-elected and re-appointed upon expiry of his/her term of office. Before the expiry of the director's term of office, the shareholders' general meeting shall not dismiss any director without any reason.

A written notice of intent to nominate a candidate to become a director, the candidate's consent to such nomination and relevant written materials of candidate's information shall be given to the Bank no earlier than the day after issuing the notice of the shareholders' general meeting, but no later than 7 days before such a general meeting.

Subject to the relevant laws and administrative regulations, a director whose term of office has not expired may be removed by an ordinary resolution (but such removal shall not cause prejudice to any claim which may be instituted by the director under any contract).

The term of office of a director shall be calculated from the date of appointment up to the expiration of the term of office of the current session of the Board of Directors.

Where re-election is not carried out promptly after a director's term of office expires, the director shall continue to perform the duties owed by a director before a new director is elected to take up the office, subject to the laws, regulations, normative documents and these Articles.

**Article 132** The general procedures for nomination and election of directors are as follows:

- (1) according to the number of persons to be elected and in accordance with these Articles, a list of nominated candidates for directors can be drawn up by the nomination committee of the Board of Directors. Shareholders individually or jointly holding 3% or more of the total issued shares with voting rights of the Bank may also nominate candidates for directors to the Board of Directors.

Such shareholders and their associates shall not nominate candidates for directors and supervisors at the same time; they shall not be entitled to nominate other candidates as supervisors (or directors) if the candidate for director (or supervisor) nominated by them is already undertaking duties of a director (or supervisor) and their term of office has not expired or they have not been replaced. Unless stipulated otherwise by the State, the number of directors nominated by such shareholder and their associates shall not, on principle, exceed the one-third of the total number of directors on the Board of Directors.



- (2) the nomination committee of the Board of Directors 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 of Directors for consideration. After approval by way of resolution from the Board of Directors, written proposals regarding the candidates for directors shall be submitted to the shareholders' general meeting.
- (3) before the shareholders' general meeting is convened, the candidates for directors shall provide written undertakings that they accept the nomination, that the publicly disclosed information regarding their qualifications for serving as directors are truthful and complete and that they shall conscientiously perform their obligations upon election.
- (4) the Board of Directors shall disclose in accordance with the laws, regulations and these Articles, detailed information of the nominees to shareholders before the shareholders' general meeting is convened to ensure shareholders will have sufficient understanding of the candidates before voting.
- (5) each candidate for director shall be voted for on a separate basis at the shareholders' general meeting.
- (6) if it is necessary to fill a vacant position for a director, the nomination committee of the Board of Directors or shareholders eligible to make nominations shall submit proposals to the Board of Directors for consideration, and the position shall be elected or replaced at the shareholders' general meeting.

**Article 133** Directors shall spend sufficient time to carry out their duties, and shall attend at least two-thirds of the meetings of Board of Directors in person each year.

A director shall be deemed incapable of carrying out their duties if they fails to attend 2 consecutive Board meetings either personally or by appointing other directors to attend on their behalf, or attends less than two-thirds of the Board meetings in person within 1 year without justified reason, and the Board of Directors shall make a proposal to the shareholders' general meeting to remove such director.

A director who fails to attend meetings of Board of Directors in person and fails to appoint another director to attend on behalf shall assume the same legal liabilities of Board resolutions.

For the purposes of these Articles, the expression "attending in person" refers to the method of attendance where the relevant participant attends meetings in person, including a director attending a physical meeting in person and attending a non-physical meeting convened by means of adopting written resolutions; and the term "attendance by proxy" refers to the method of attendance where the relevant participant cannot attend a meeting for any reason and appoints in writing another person to attend such meetings on their behalf.

**Article 134** A director may resign before the term of office expires. He/she shall submit a written resignation to the Board of Directors. Relevant information shall be disclosed by the Board of Directors within 2 days.

Where the resignation of a director during their term of office affects the Bank's normal operation or causes the number of directors on the Bank's Board of Directors to fall below the minimum quorum, the director shall continue to perform the duties owed by a director before a new director is elected to take up the office, subject to the laws, administrative regulations, departmental rules and these Articles.

The resignation of a director becomes effective when the resignation is submitted to the Board of Directors, unless the circumstances stated above apply.

**Article 135** If the resignation of a director becomes effective or his/her term of office expires; the director shall complete all handover formalities with the Board of Directors. The fiduciary obligations owed to the Bank and shareholders are not discharged for a reasonable period after his/her term of office expires, and his/her obligation of preserving commercial confidentiality subsists after expiry of his/her term of office until such trade secrets becomes public information. The subsisting period of other obligations shall be determined in accordance with the principle of fairness, depending on the duration of the time between the occurrence of the event and the time he/she ceases to be employed by the Bank and the circumstances and conditions under which his/her relationship with the Bank ends.

**Article 136** A director shall not represent the Bank or the Board of Directors in their own name, unless otherwise provided in the Articles or legally authorized by the Board of Directors. A director shall announce their views and role in advance when he/she acts in their own name, if there is a possibility that a third party may reasonably believe that the director is representing the Bank or the Board of Directors.

**Article 137** A director shall be liable for compensation regarding any losses sustained by the Bank caused by the violation of the laws, administrative regulations, departmental rules, regulatory documents or these Articles in the performance of their duties.

A director shall be liable for compensation regarding any losses sustained by the Bank caused by their willful dereliction of duty before the conclusion of their term of office.

## **Section 2 Independent Directors**

**Article 138** The Bank shall have independent directors. Independent directors refers to directors who do not hold other positions in the Bank other than a directorship and who have no relationship with the Bank or its substantial shareholders that may affect their independent and objective judgment, of whom at least one independent director of the Bank shall have appropriate professional qualifications or appropriate accounting or related financial management expertise.

Unless otherwise provided for in this section, the provisions on directors in the Articles shall apply to independent directors.

**Article 139** An independent director shall attain a high professional level and have good reputation and shall meet the following criteria:

- (1) have the independency as required by the laws, administrative regulations, departmental rules, regulatory documents and these Articles, perform the duties and responsibilities independently, without any interference by substantial shareholders or *de facto* controllers of the Bank, or other entities or individuals who have a material interest in the Bank;
- (2) have a bachelor's degree or above, or at least intermediate vocational titles of relevant professions;
- (3) have no less than 5 years of work experience in law, economics, finance, accounting or other experiences conducive to performing the duties and responsibilities of an independent director;
- (4) be familiar with the laws and regulations relevant to the operation and management of commercial banks;
- (5) be able to read, understand and analyse the relevant reports and financial statements of commercial banks;
- (6) have sufficient time and energy to effectively perform the duties and undertake to duly perform the duties of good faith and diligence;
- (7) other criteria required by the laws, administrative regulations, departmental rules, regulatory documents and these Articles.

**Article 140** The qualifications of directors in these Articles shall apply to independent directors. In addition, the following persons may not serve as independent directors of the Bank:

- (1) persons who hold more than 1% of the shares of the Bank or holds positions in such shareholder entities of the Bank or are among the top 10 natural person shareholders of the Bank;
- (2) persons who, at any time in the previous year, is a person described in the paragraph above;
- (3) persons who hold positions in the Bank or in enterprises under the control or *de facto* control of the Bank;
- (4) persons who have held positions in the Bank or in enterprises over which the Bank holds controlling interests or has *de facto* control in the 3 years before taking up the office;
- (5) persons who have legal, accounting, auditing, management consulting and other business connections with or an interests in, the Bank, or persons who holds positions in entities which have legal, accounting, auditing, management consulting and other business connections with or an interest in the Bank;
- (6) any other person who may be controlled or materially influenced by the Bank by any means;

- (7) persons who used to be key personnel in high-risk financial institution and there is no proof proving that such persons were not responsible for the cancellation or loss of assets of such institution;
- (8) the close relatives or persons with major social ties with the persons stated in items (1) to (6) above. The term “close relatives” means spouses, parents, children, grandparents, grandparents of spouses and siblings. “Other major social ties” means siblings, parents-in-law, son-in-law, daughter-in-law, spouses of siblings, and siblings of spouses etc.;
- (9) any other person not permitted to serve as an independent director by the laws, administrative regulations, departmental rules, regulatory documents and these Articles, and as determined by the relevant regulatory authorities.

**Article 141** A staff member from a government authority shall not concurrently serve as an independent director of the Bank, and an independent director shall not hold positions in more than 2 commercial banks at the same time.

**Article 142** The nomination committee of the Board of Directors, the Board of Supervisors and shareholders who individually or jointly hold 1% or more of the Bank’s total number of outstanding shares with voting rights may nominate independent directors, who shall be elected at a shareholders’ general meeting. Shareholders who have nominated directors shall not simultaneously nominate independent directors.

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

**Article 143** An independent director may resign before his/her term of office expires. Prior to the approval of his/her resignation by the Board of Directors, an independent director shall continue to perform his/her duties.

An independent director who intends to resign shall submit a written resignation to the Board of Directors and shall submit a written declaration at the most recent shareholders’ general meeting specifying any circumstances related to the resignation or any fact that he/she believes requires the attention of the Bank’s shareholders and creditors.

If the resignation of an independent director causes the number of independent directors to fall below the quorum or the minimum number required herein, the resignation of such independent director shall only become effective when their successor has been elected to fill their vacancy.

**Article 144** Apart from those conferred by the Company Law, other relevant laws, administrative regulations, departmental rules, regulatory documents and these Articles, an independent director shall have the following functions and powers:

- (1) approve major related party transactions prior to submission to the Board of Directors for discussion; and the independent directors may engage professional advisers to provide an independent financial adviser report to serve as a basis of decision before they come to a conclusion;

- (2) make recommendations on the appointment or replacement of external auditors to the Board of Directors;
- (3) propose to the Board of Directors to convene an extraordinary general meeting;
- (4) propose to convene a meeting of Board of Directors;
- (5) engage external auditors and consulting advisers independently;
- (6) to exercise any other powers stipulated by the laws, administrative regulations, departmental rules, regulatory documents and these Articles.

The approval by a majority (at least 2) of independent directors shall be obtained for the exercising of the above powers. The Bank shall disclose the relevant circumstances if any of the above proposals is not adopted or the above functions and powers cannot be exercised in a normal manner.

**Article 145** Independent directors shall give objective, impartial and independent opinions on the matters discussed at shareholders' general meetings and Board meetings, and shall in particular give opinions on the following matters:

- (1) nomination, appointment and dismissal of the directors;
- (2) appointment and dismissal of senior management members;
- (3) remuneration of the directors and senior management of the Bank;
- (4) the legality and fairness of significant related transactions;
- (5) matters deemed by the independent directors as such that may impair the legitimate rights and interests of the depositors and minority shareholders of the Bank and other persons who have interest in the Bank;
- (6) profit distribution plans;
- (7) matters that may cause significant losses of the Bank;
- (8) appointment of external auditor;
- (9) the effect of the issuance of preference shares on the rights and interests of every class of shareholders;
- (10) any other matters as required by the laws, administrative regulations, departmental rules, regulatory documents and these Articles.

Independent directors shall give opinion on the above mentioned matters in one of the following manner: agree; qualified opinions and the reasons thereof; disagree and the reasons thereof; unable to give opinion and the obstacles thereof.

**Article 146** To ensure the effective performance of duties and powers by independent directors, the Bank shall provide the following necessary conditions for independent directors:

- (1) the Bank shall ensure that the independent directors have the same right to information as other directors;
- (2) the Bank shall provide the necessary support to the independent directors in the performance of their duties;
- (3) the relevant personnel of the Bank shall cooperate positively and shall not refuse to act, hinder or conceal anything and shall not interfere with the independent exercise of the independent directors' powers and duties;
- (4) the reasonable expenses incurred from engaging intermediaries and other reasonable costs incurred by independent directors for their performance of duties shall be borne by the Bank.

**Article 147** An independent director shall work in the Bank no less than 15 working days each year.

An independent director may appoint another independent director to attend the Board meetings on their behalf, but he/she should attend in person at least two-thirds of total Board meetings held in one (1) year.

**Article 148** The Board of Directors or the Board of Supervisors has the right to propose at a shareholders' general meeting to dismiss an independent director in any of the following circumstances:

- (1) serious dereliction of duty;
- (2) 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;
- (3) failure to attend the Board meetings in person 3 times consecutively, or failure to attend the meeting either in person or entrust other independent directors to attend on his/her behalf 2 times consecutively, or attendance in person of less than two-thirds of the total number of Board meetings held within 1 year;
- (4) other circumstances provided by the laws, administrative regulations, departmental rules, regulatory documents or these Articles where an independent director is no longer suitable for holding such a position.

If a dismissed independent director believes that he/she had been dismissed for inappropriate reasons, he/she may make a public declaration.

**Article 149** If the Board of Directors or Board of Supervisors proposes at a shareholders' general meeting to dismiss an independent director, it shall report to the banking regulatory authority of the State Council and issue a written notice to the independent director within 1 month of such a shareholders' general meeting. The independent director shall have the right to express their opinion orally or in writing before the voting, and shall have the right to submit such an opinion to the banking regulatory authority of the State Council 5 days prior to the shareholders' general meeting. The shareholders shall vote after reviewing the independent director's opinion.



A proposal submitted by the Board of Supervisors in connection with the dismissal of an independent director shall only be submitted to a shareholder's general meeting for consideration after such proposal has been adopted by two-thirds or more of the total number of supervisors.

**Article 150** Independent directors shall have committed a serious dereliction of duty in any of the following circumstances:

- (1) divulgence of trade secrets and impairment of the legitimate interests of the Bank;
- (2) acceptance of illicit benefits in the performance of their duties, or the seeking of private benefits by taking advantage of the status of independent director;
- (3) failure to raise an opposing opinion despite being fully aware that a Board resolution violates laws, regulations or the Articles;
- (4) failure to exercise the veto power to related party transactions which have caused significant loss to the Bank;
- (5) other serious dereliction identified by laws, regulations, rules, regulatory documents or the banking regulatory authority of the State Council and the securities regulatory authorities of the place where the Bank's shares are listed.

If an independent director has been disqualified by the banking regulatory authority due to serious dereliction of duty, he/she shall no longer act as an independent director of the Bank and be automatically dismissed from his/her position from the date he/she is disqualified.

If the disqualification or dismissal of any independent director causes the number of independent directors in the Board of Directors to fall below the minimum quorum, the Bank shall convene a shareholders' general meeting as soon as possible to elect independent directors to make up for the shortfall.

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

**Article 151** The Bank shall establish a Board of Directors. The Board of Directors shall be accountable to the shareholders' general meeting.

**Article 152** The Board of Directors shall be composed of 5 to 19 directors of which the independent directors shall account for one-third or more of the total number of directors, and the total number of independent directors shall not be less than 3.

The Board of Directors shall have one chairman and one vice chairman. The chairman and vice chairman shall be elected by more than half of all directors under the Board of Directors.

The chairman of the Board of Directors and the president of the Bank shall be served by different persons.

**Article 153** The Board of Directors shall perform the following duties:

- (1) convene and report at shareholders' general meetings;
- (2) implement shareholder resolutions;
- (3) to decide on the Bank's business plans and investment plans;
- (4) make decisions on the Bank's operational development strategies and supervise the implementation of such development strategies;
- (5) formulate the Bank's annual financial budgets and final accounts;
- (6) formulate the Bank's proposals on profit distribution and loss tax loss carryforward;
- (7) formulate proposals on the increase or reduction of the Bank's registered capital and the issue and listing of corporate bonds and other securities;
- (8) formulate plans for significant acquisitions, purchase of the Bank's shares, or merger, division or dissolution or other change in corporate form of the Bank;
- (9) decide on matters within the scope authorized at a shareholders' general meeting on the establishment of legal entities, mergers and acquisitions, external investments, asset acquisitions, asset disposals, asset write-off, external guarantees and related party/connected transactions, etc.;
- (10) decide on the establishment of the Bank's internal management entities;
- (11) appoint or remove the Bank's president and secretary to the Board of Directors; appoint or remove the members of the Bank's senior management including the executive vice president and chief financial officer in accordance with the recommendations of the president, and determine their remunerations, rewards and punishment;
- (12) formulate the basic management systems of the Bank;
- (13) formulate amendments to these Articles, and the procedures of shareholders' general meetings and Board meetings;
- (14) be responsible for the disclosure of information of the Bank and take ultimate responsibility for the truthfulness, completeness, accuracy and timeliness of the Bank's accounting and financial statements;
- (15) propose at a shareholders' general meeting the engagement, dismissal or discontinuance of engagement of an accounting firm;
- (16) evaluate regularly and improve continuously the corporate governance of the Bank;
- (17) listen to the president's work report and inspect the president's work;
- (18) other rights conferred by the laws, administrative regulations, departmental rules, regulatory documents or these Articles and the shareholders' general meetings.

The Board of Directors of the Bank shall firstly take the opinions from the Party Committee into account when deciding on material issues.

**Article 154** The Board of Directors of the Bank shall explain at a shareholders' general meeting the qualified opinions contained in the audit reports issued by registered accountants in respect of the Bank's financial report.

**Article 155** The Board of Directors shall formulate the rules and procedures for Board meetings, which shall be approved and implemented at a shareholders' general meeting so as to ensure the efficiency and scientific policy-making of the Board of Directors.

**Article 156** The Board of Directors shall set up a special office, which shall be responsible for preparation of the shareholders' general meetings, Board meetings and meetings of special committees, information disclosure, collecting, collating and reporting information in relation to the pledge of equity interest in the Bank, as well as the daily affairs of the Board of Directors and relevant special committees.

**Article 157** The Board of Directors shall define its authority in relation to external investment, acquisition and disposal of asset, asset mortgage, external guarantee matters, entrusted wealth management and connected transactions, and establish strict examination and policy-making procedures. It shall arrange for the assessment and examination by relevant experts and professionals of substantial investment projects and asset disposals, and submit a report of the same to the shareholders for approval.

For the disposal of any fixed assets by the Board of Directors, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within 4 months immediately preceding such proposal for disposal exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed at a shareholders' general meeting, the Board of Directors shall not dispose of or approve of the disposal of such fixed assets without the approval of the shareholders. The disposal of fixed assets referred to in this Article includes the transfer of interests of certain assets, but excludes the provision of fixed assets as pledges to any guarantees.

The validity of transactions conducted by the Bank in relation to the disposal of fixed assets shall not be affected notwithstanding any violation of the requirements set out in the 2nd paragraph of this Article.

**Article 158** The chairman of the Board of Directors shall have the following duties and powers:

- (1) to preside over the shareholders' general meetings, and convene and preside over meetings of the Board of Directors;
- (2) to supervise and examine the implementation of resolutions of the Board of Directors;
- (3) to sign certificates of shares, bonds and other securities of the Bank;
- (4) to sign material documents of the Board of Directors and other documents which shall be signed by the legal representative of the Bank;
- (5) to exercise the duties and powers of a legal representative;
- (6) in the event of an occurrence of any severe natural disaster or any other force majeure event, to exercise his special power of disposition in relation to the Bank's affairs in the Bank's interests and in compliance with the relevant legal provisions, and, subsequently report such disposition to the Board of Directors and the shareholders in a general meeting;
- (7) other powers and rights conferred by the Board of Directors.

**Article 159** If the chairman of the Board is unable or fails to perform his/her duties and powers for whatever reason, the chairman shall appoint another director to exercise such duties on his/her behalf; if the chairman of the Board is unable or fails to perform his/her duties, a director elected by more than half of all the directors shall exercise his/her duties on his/her behalf.

**Article 160** The meetings of the Board of Directors are divided into regular meetings and extraordinary meetings. The Board of Directors shall hold meeting when necessary and hold at least 4 regular meetings annually.

The chairman shall convene regular Board meetings. Notices of Board meetings shall be sent to all directors and supervisors in writing at least 14 days before the meeting.

**Article 161** The chairman shall convene and preside over an extraordinary meeting within 10 days of receiving such a proposal under the following circumstances:

- (1) it is proposed by the Proposing Shareholders;
- (2) it is deemed necessary by the chairman;
- (3) it is proposed by more than one-third of the directors;
- (4) it is proposed by more than half of the independent directors (at least 2);
- (5) it is proposed by the Board of Supervisors;
- (6) it is proposed by the president;
- (7) other circumstances as stipulated by the laws, administrative regulations, departmental rules, regulatory documents and these Articles.

**Article 162** The notice of an extraordinary Board meeting shall be served on all directors and supervisors in writing 5 days before the meeting by hand, fax, email or other means.

Where there are emergency situations, the meeting shall be held as soon as possible, the service of the notice regarding the forthcoming meeting may be made through telephone or orally at any time without the foregoing limitation on notice period. However, the meeting convener shall provide explanation at the meeting.

**Article 163** The notice of a meeting of Board of Directors shall contain the following contents:

- (1) the date and place of the meeting;
- (2) the duration of the meeting;
- (3) the reason for holding the meeting and topics for discussion; and
- (4) the date of issuance of the meeting notice.

**Article 164** Board meetings shall only be held when more than half of the directors attend the meeting. Voting at Board meetings shall be by way of a show of hands or open ballot voting. Each director shall have one (1) vote for Board resolutions. Unless otherwise provided in these Articles or other relevant laws and regulations, resolutions adopted at the Board meeting must be approved by more than half of the directors.

**Article 165** Directors or any of his/her close associates (as defined in the Hong Kong Listing Rules) who are related with any enterprise involved in the matter to be resolved by the Board meeting or has any material interest in the matters to be discussed by the Board meeting, shall not exercise their voting rights on such proposal, nor can they exercise any voting rights on behalf of other directors. The Board meeting shall only be held if more than half of the directors who do not have material interest are present. Resolutions of the Board of Directors shall be adopted by more than half of the directors without material interest in the matter to be resolved. Where less than 3 directors with no material interest in the matter are present at the Board meeting, such proposals shall be submitted to the shareholders' general meeting for approval.

**Article 166** Board meetings may be convened in the form of a physical meeting or telephone conference, video conference and the adoption of written resolutions etc. A telephone conference or video conference shall be deemed as an on-site meeting.

The Board shall ensure that each attending director can hear the other directors' clearly and can communicate with each other where a Board meeting is convened by telephone conference or video conference. A Board meeting convened by such means may be recorded or taped. Should any director be unable to sign the Board minutes at such a meeting in a timely manner, such director shall vote orally and sign the written resolution as soon as possible. The director's oral vote shall have the same effect as signing the written resolution, provided that the later written resolution confirms the oral vote during the meeting. Should the written resolution differ from the oral vote, the oral vote shall prevail.

If a Board meeting is convened by means of adopting written resolutions, i.e. by delivering the resolution for review in counterparts or by circulating it among the directors in turn, the directors or other directors entrusted by them shall write "agree", "object" or "abstain" on the resolution clearly. Once the number of directors who sign in favor of a resolution reaches the quorum as required by these Articles, the resolution shall be deemed adopted.

**Article 167** The following matters shall be approved by more than two-thirds of all directors and the Board meeting shall not be convened by the adoption of written resolutions:

- (1) increase or reduction of the registered capital of the Bank, issue and listing of corporate bonds or other securities of the Bank;
- (2) merger, division, dissolution, liquidation or other change in corporate form of the Bank;
- (3) amendments to these Articles of the Bank;
- (4) profit distribution and allocation of venture capital;
- (5) major investment and major asset disposal;
- (6) appointment or dismissal of members of senior management;
- (7) plans for capital replenishment;
- (8) significant matters such as significant changes in the Bank's equity and financial restructuring, etc.;
- (9) other matters required by laws, administrative regulations, departmental rules, regulatory documents or these Articles, or considered significant to the Bank by more than half of all directors that shall be approved and adopted by more than two-thirds of all directors.

**Article 168** Directors shall attend Board meetings in person. If a director cannot attend a meeting due to certain reasons, he/she may appoint another director in writing to attend on his/her behalf. The proxy letter shall state the name of the proxy, the relevant matters, the scope of authorization and the validity period, and shall be signed by the appointer or a chop shall be affixed. A director attending a meeting on another director's behalf shall exercise director's rights within the scope of authorization. If a director does not attend the Board meeting and fails to appoint a proxy to attend the meeting, it shall be deemed as a waiver of their voting right at such a meeting.

**Article 169** Minutes shall be taken to record the decisions of matters discussed in the meeting. Directors attending the meeting and the person preparing the minutes shall sign the minutes. Directors attending the meeting shall have the right to request to have the details of their speeches made in the meeting recorded in the minutes. As the Bank's files, Board minutes shall be kept for a period of not less than 10 years.

**Article 170** Board minutes shall include the following:

- (1) the date and place of the meeting, and the name of the convener;
- (2) the names of directors attending the meeting and the names of directors (proxies) appointed by others to attend the Board meeting;
- (3) the agenda of the meeting;
- (4) the main points of directors' speeches;
- (5) the method and results of the voting for each proposal (the voting results shall state the numbers of votes voting in the affirmative, negative, or in abstention).

**Article 171** Directors shall sign the Board resolutions and be responsible for the Board resolutions. If the Board resolutions violate the laws, administrative regulations, these Articles or shareholders' resolutions, and thus causes serious losses to the Bank, the directors participating in the resolutions shall be liable to the Bank for the losses. However, a director may be exempted from such liability if it is verified that they have stated their objection when voting and the same was recorded in the Board minutes.

#### **Section 4 Board Committees**

**Article 172** The Board of Directors shall establish the Audit Committee, the Related Party Transactions Control Committee, Risk Management and Consumer Rights Protection Committee, Strategy Committee, Remuneration Committee, Nomination Committee and Information Technology Committee. The Board of Directors may establish other committees and adjust the existing committees when necessary.

**Article 173** Each committee shall have at least 3 members, and every member of the Board committees shall be a Director.

A chairman shall be appointed to each Board committee to take charge of convening the activities of the Board committee. The chairman of the Audit Committee shall be an accounting professional, the chairman of the Related Party Transactions Control Committee, Audit Committee, Remuneration Committee and Nomination Committee shall be served by an independent director, and independent directors shall form the majority of these four committees. Directors appointed as a person-in-charge for the Audit Committee, Related Party Transactions Control Committee and Risk Management and Consumer Rights Protection Committee shall work in the Bank no less than 25 working days each year.



**Article 174** The major responsibilities of the Audit Committee are as follows:

- (1) make recommendations on the appointment or replacement of the accounting firms as auditors of the Bank;
- (2) supervise the internal audit system of the Bank and its implementation;
- (3) take charge of the communication between the internal and external auditors;
- (4) inspect the accounting policy, financial positions, financial reporting procedures, risk and compliance of the Bank;
- (5) take charge of the Bank's annual auditing, to prepare and submit subjective reports regarding the truthfulness, accuracy, completeness and timeliness of information in the audited financial statements to the Board of Directors for review;
- (6) review the internal control system of the Bank, evaluate the procedure and effectiveness of the internal audit department of the Bank, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Bank;
- (7) review the annual financial budget, final accounts and any significant changes and adjustments in the course of implementation, submit such findings to the Board for consideration;
- (8) review the profit distribution policy and annual profit distribution plans, and submit its findings to the Board for consideration;
- (9) review and ensure that the Board of Directors will provide a timely response to the issues raised in the external auditor's management letter (or any equivalent documents), and review any major queries raised by the external auditors to senior management about accounting records, financial accounts or systems of control and senior management's response;
- (10) review arrangements employees of the Bank can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and carry out independent and fair investigation of these matters and appropriate follow-up action;
- (11) perform other duties required by the laws, administrative regulations, departmental rules, regulatory documents, these Articles and as authorized by the Board.

**Article 175** The major responsibilities of the Related Party Transactions Control Committee are as follows:

- (1) confirm related parties of the Bank according to the relevant laws and regulations, and collect and collate a list and information of the Bank's related parties;
- (2) discuss and approve the related party transactions within the scope authorized by the Board; review the related party transactions which require discussion and approval at the Board and shareholders' general meeting, and report to the Board in respect thereof;

- (3) inspect and supervise the Bank's control of related party transactions and the implementation of the related party transactions control systems by the Bank's directors, senior management and related parties, and report to the Board in respect thereof;
- (4) perform other duties required by the laws, administrative regulations, departmental rules, regulatory documents, these Articles and as authorized by the Board.

**Article 176** The major responsibilities of the Risk Management and Consumer Rights Protection Committee are as follows:

- (1) supervise, review the risk management in areas such as credit, market, liquidity, operation, compliance, information technology and reputation, and to examine regularly the relevant risk profile reports;
- (2) review the Bank's risk management policy, condition, ability and level regularly;
- (3) give suggestions on improving the Bank's risk management and internal control;
- (4) decide on the strategy of overall risk management, confirm the overall risk limits and formulate suitable risk management procedure and measures;
- (5) formulate the Bank's strategy, policy and target in protecting consumers' rights, to listen to the senior management's special report on protection of consumers' rights regularly and submit the reports to the Board for consideration;
- (6) to perform other duties required by the laws, administrative regulations, departmental rules, regulatory documents, these Articles and as authorized by the Board.

**Article 177** The major responsibilities of the Strategy Committee are as follows:

- (1) study and give suggestions on the Bank's mid-to-long term development strategy;
- (2) formulate the operation target of the Bank and supervise and inspect the implementation of annual business and investment plan of the Bank;
- (3) study and formulate the Bank's capital restoration plan and its sources of capital restoration funds according to the development target;
- (4) study and make suggestions on the significant investment plan which requires approval by the Board under these Articles;
- (5) consider the proposed amendments to the Bank's Articles and submit them to the Board for consideration;
- (6) study and make suggestions on other significant matters which may affect the development of the Bank;
- (7) inspect the implementation of the above matters;
- (8) perform other duties required by the law, administrative regulations, departmental rules, regulatory documents, these Articles and as authorized by the Board.

**Article 178** The major responsibilities of the Remuneration Committee are as follows:

- (1) formulate the remuneration plan, management systems and structure of the Bank and submit the same to the Board for consideration;
- (2) make recommendations to the Board on the Bank's policy and structure for all directors' and senior management's remuneration, submit the recommendations to the Board for consideration and oversee the policy implementation;
- (3) study appraisal criteria for directors and members of senior management, to organize regular performance appraisal for directors and members of senior management, and to submit the appraisal results to the Board;
- (4) review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment, and make recommendations to the Board;
- (5) to review and approve the compensation in connection with dismissal or removal of directors for their misconduct and make recommendations to the Board;
- (6) ensure that no director or any of their associates is involved in deciding their own performance appraisal and remuneration, except for the self-assessment section in their performance appraisal;
- (7) perform other duties required by the law, administrative regulations, departmental rules, regulatory documents, these Articles and as authorized by the Board.

**Article 179** The major responsibilities of the Nomination Committee are as follows:

- (1) research and formulate the procedures and standards for electing the directors and senior management, and make recommendations to the Board in respect thereof;
- (2) identify extensively individuals suitably qualified to become directors and senior management and to establish a pool of potential candidates for key positions;
- (3) conduct preliminary examination of the qualifications and credentials of potential directors and senior management, and to make recommendations to the Board;
- (4) review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board according to the business activities, assets and shareholding structure of the Bank;
- (5) perform other duties required by the law, administrative regulations, departmental rules, regulatory documents, these Articles and as authorized by the Board.

**Article 180** The major responsibilities of the Information Technology Committee are as follows:

- (1) study and formulate the IT strategy of the Bank and submit the same to the Board for consideration;
- (2) regularly review the overall effectiveness of the operation of IT of the Bank, the implementation progress of the IT strategy and its major projects;
- (3) advise and supervise the development and management of IT system by senior management and other administrative departments, and to identify, measure and control the risk of IT;
- (4) listen to or review the Bank's IT risk management report, business continuity management report, and IT specific audit report and make recommendations;
- (5) perform other duties required by the law, administrative regulations, department rules, regulatory documents, the Articles and as authorized by the Board.

**Article 181** The Committee may engage professional organizations to give profession opinion on its decisions when necessary, and the reasonable expenses incurred shall be borne by the Bank, provided that the Bank's trade secrets are not divulged. The committees shall answer to the Board. The Committee shall submit proposals to the Board for consideration and approval.

**Article 182** The Board of Directors shall formulate the terms of reference for each of the committees.

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

**Article 183** The Bank shall have a secretary to the Board of Directors. A secretary to the Board of Directors is a senior management officer of the Bank who shall be accountable to the Board of Directors. The term of office of the secretary to the Board of Directors shall be the same as that of the directors and he shall be eligible for re-election upon expiration of his term of office.

**Article 184** The secretary to the Board of Directors shall possess professional knowledge, experience and qualification in compliance with the requirements of the relevant regulatory authorities.

The qualification of the secretary to the Board of Directors is subject to the verification by the competent government authorities. The provisions herein in relation to the conditions prohibiting a person from acting as a director of the Bank shall be applicable to the secretary to the Board of Directors.

**Article 185** The major duties of the secretary to the Board of Directors are:

- (1) ensuring that the Bank will prepare and submit the reports and documents required by the authorities according to the laws;
- (2) preparing meetings of the Board of Directors and shareholders' general meetings, taking and keeping meeting minutes and documents, and ensuring that the Bank has complete organizational documents and records;

- (3) ensuring the decisions made at meetings are in compliance with statutory procedures, acquainting himself/herself proactively with the implementation of resolutions of the Board of Directors; reporting the major issues in implementation to the Board of Directors and making suggestions;
- (4) be responsible for coordinating and organizing the disclosure of the Bank's information and its confidentiality, establishing a sound system for information disclosure and ensuring the timeliness, accuracy, legitimacy, truthfulness and completeness of the disclosure of the Bank's information;
- (5) ensuring that persons entitled to obtain the Bank's relevant records and documents shall be able to obtain them in a timely manner;
- (6) ensuring that the Bank's register of members is properly set up and be responsible for keeping the register of members, the seal of the Board of Directors and relevant information;
- (7) assisting the performance of functions and powers by the Board of Directors and assisting the Directors in handling the daily work of the Board of Directors, assisting the directors and president in complying with the requirements of local and overseas regulatory authorities and these Articles in the performance of their functions and powers;
- (8) be involved in organizing the consultation and analysis of decisions made by the Board of Directors, advising and giving suggestions on the major decisions made by the Bank;
- (9) coordinating and organizing market promotion, coordinating reception of visitors, handling investor relations, and maintaining contact with regulatory authorities, investors, intermediary agencies and the news media;
- (10) other affairs authorized by the laws, administrative regulations, departmental rules, regulatory documents and these Articles.

**Article 186** The Bank's Directors or members of senior management may concurrently serve as the secretary to the Board of Directors, but they must ensure they have sufficient energy and time to undertake their duties as the secretary to the Board of Directors. The president, chief financial officer and supervisors of the Bank, certified public accountants of the accounting firm engaged by the Bank, as well as other persons prohibited by the laws, administrative rules, departmental regulations and other regulatory documents to serve as secretary of the Board of Directors shall not serve as the secretary to the Board of Directors.

**Article 187** The secretary to the Board of Directors shall be nominated by the chairman of the Board of Directors, and appointed and dismissed by the Board of Directors. If a director of the Bank concurrently serves as the secretary to the Board of Directors, and an action has to be taken by the director and the secretary to the Board of Directors respectively, the person serving concurrently as director and the secretary of the Board of Directors shall not take such action in both of their capacities.

## Chapter 8 Senior Management

**Article 188** Under the Bank's system, the president is responsible under the leadership of the Board of Directors. The Bank shall have 1 president and several vice presidents, and may appoint other members of senior management.

The president and secretary to the Board shall be appointed or dismissed by the Board. Vice presidents and other members of senior management shall be nominated by the president and appointed or dismissed by the Board.

**Article 189** Persons who have taken up executive positions other than directorship and supervisorship in the controlling shareholder or *de facto* controlling entities of the Bank shall not act as members of senior management of the Bank.

**Article 190** The term of office of the president and the vice presidents shall be the same as that of the directors, and may be re-appointed upon expiry of their respective term.

**Article 191** The president shall be accountable to the Board of Directors and shall perform the following functions and powers:

- (1) take charge of the operation and management of the Bank, organize the implementation of the resolutions of the Board of Directors and report the work to the Board of Directors;
- (2) submit business plans and investment proposals to the Board of Directors on behalf of the members of senior management, and organize the implementation upon approval by the Board of Directors;
- (3) organize the formulation and implementation of the Bank's various rules and regulations, development plans and annual operation plans;
- (4) authorize members of senior management and persons in charge of internal departments and branches to conduct operating activities;
- (5) draft proposals on the establishment of the Bank's internal management entities;
- (6) propose to the Board of Directors to engage or dismiss the vice presidents, chief financial officers and other members of senior management;
- (7) engage or dismiss persons in charge of the internal departments and branches of the Bank other than those to be engaged or dismissed by the Board of Directors;
- (8) draw up wages, benefits, rewards and punishment of the Bank's staff, and decide on their appointment and dismissal;
- (9) propose the convening of an extraordinary meeting of the Board of Directors;
- (10) adopt emergency measures when any major emergency, such as bank run, arises and promptly report them to the banking regulatory authorities of the State Council as well as the Board of Directors and the Board of Supervisors;
- (11) other duties and powers conferred by the laws, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities, these Articles and by the Board of Directors.



The vice presidents shall assist the president in their work. In the case the president is unable to exercise his/her powers, the vice presidents shall do so in order on their behalf.

The president shall attend the Board meetings. President who is not a director shall have no voting rights at such meetings.

**Article 192** The president shall formulate the “Terms of Reference of the President” and implement such terms after being approved by the Board of Directors.

The Terms of Reference of the President shall include the following:

- (1) conditions and procedures for convening a president’s meeting and the participating personnel;
- (2) specific duties and division of work of the president and other senior management members;
- (3) use of the Bank’s funds and assets, authority for entering into material contracts and the system of reporting to the Board of Directors and the Board of Supervisors;
- (4) other matters deemed necessary by the Board of Directors.

**Article 193** The president may, if necessary, set up relevant special committees and formulate the work rules for each of its special committees.

**Article 194** Any member of the senior management may tender resignation prior to the expiration of his/her term of office. The president, vice presidents and other senior management shall not leave their positions until their exit audits are completed.

**Article 195** The senior management shall, in accordance with the needs of the Bank’s operations, establish a well-developed internal control mechanism with internal rules and regulations, the operational risk control system and the credit approval system, etc. as its key parts.

**Article 196** The senior management shall establish the systems for reporting information to the Board of Directors and its Board committees as well as the Board of Supervisors and its committees, specifying the types, contents, timing and manner etc. of the information to be reported, ensuring that the directors and the supervisors can timely and accurately receive information of every description, and reporting to the Board of Directors on the operational results, material contracts, financial position, risk profile, business prospects and other information of the Bank according to the requirements of the Board of Directors and in a timely, accurate and complete manner.

**Article 197** The senior management shall submit themselves to the supervision of the Board of Supervisors, regularly report to the Board of Supervisors on information regarding the operational results, material contracts, financial position, risk profile, business prospects and other information of the Bank, and shall not obstruct or hinder the inspection, audit or other activities carried out by the Board of Supervisors according to its functions and powers.

The senior management of the Bank shall be responsible for organizing and implementing the capital management of the Bank according to business strategies and risk appetite, ensuring that the capital of the Bank is adaptive to its development and risk levels, and carrying out various monitoring measures.

**Article 198** Members of senior management shall establish and enhance every aspect of the meeting system. Minutes shall be taken in meetings convened by members of senior management and submitted to the Board of Supervisors.

The operational management activities of the Bank conducted legally by the senior management within their scope of authority shall not be intervened. The senior management shall have the right to request the Board of Supervisors to raise objections to the Board of Directors' acts of intervention in the operational management activities, and report to the banking regulatory authority of the State Council.

**Article 199** The senior management shall observe the principle of good faith, prudently and diligently perform their functions and powers within their scope of authority; and shall not seek business opportunities belonging to the Bank for themselves or other persons, accept benefits in relation to the transactions of the Bank, take part-time jobs in other economic organizations. The senior management shall be liable to compensate the Bank for any losses due to violation of the laws, administrative regulations, departmental rules, regulatory documents and these Articles in the performance of their duties.

## Chapter 9 The Board of Supervisors

### Section 1 Supervisors

**Article 200** The supervisors shall be assumed by shareholders' representatives, external supervisors and representatives of the employees ("Employee Representative Supervisors"), and the proportion of Employee Representative Supervisors and the number of external supervisors shall, when taken together, be no less than one-third of the total number of supervisors.

**Article 201** Shareholder representative supervisors (the "Shareholder Supervisors") shall be nominated by the Board of Supervisors and the Proposing Shareholders. External shareholders shall be nominated by the Board of Supervisors and shareholder(s) who individually or jointly hold 1% or more of the Bank's shares with voting rights. Employee Representative Supervisors shall be nominated by the Board of Supervisors and labor union of the Bank.

In principle, the number of the supervisors nominated by the same shareholder and their related person(s) shall not exceed one-third of the total members of members on the Board of Supervisors; and, in principle the same shareholder in principle shall nominate only one (1) candidate for external supervisor and shall not nominate a candidate for an independent director as well as external supervisor. If an exemption is needed because there is a special shareholding structure in place, the shareholder or their related person(s) shall apply to the relevant regulatory authority and provide an explanation.

The procedures of nomination and election of Shareholder Supervisors and external supervisors may take reference to the procedures of nomination and election of directors and independent directors.

**Article 202** Directors, president and other members of senior management shall not concurrently serve as supervisors.

**Article 203** The term of office of each supervisor shall be 3 years and upon expiry of the supervisor's term of office, the supervisor can be re-elected and re-appointed. However, the cumulative term of office for external supervisors shall not exceed 6 years.

Shareholder Supervisors and external supervisors shall be elected, dismissed or replaced by the shareholders' general meeting. The Employee Representative Supervisors shall be elected, dismissed or replaced by employee representative meeting or through any other democratic manner.

**Article 204** Any supervisors shall attend at least two-thirds of the meetings of the Board of Supervisors in person each year. If a supervisor cannot attend the meeting due to some reasons, he/she may entrust another supervisor in writing to attend on his/her behalf, but one supervisor shall not act on behalf of more than two (2) supervisors at the same Board of Supervisors' meeting. The proxy letter shall state the name of the proxy, the matters to be delegated, scope of authority, validity period and shall be signed by the appointor or affixed with a seal. The supervisor attending the meeting on behalf of another supervisor shall exercise the right of the supervisor within the scope of his/her authorization. If a supervisor does not attend the Board of Supervisors' meeting and fails to appoint a proxy to attend the meeting on his/her behalf, that supervisor shall be deemed to have waived his/her voting rights at that meeting.

A supervisor shall not work for less than 15 working days each year at the Bank. The Employee Representative Supervisors shall also accept the supervision of the employee representative meeting, employee meetings or other democratic manners, and they shall report to the employee representative meeting regularly.

If the supervisor fails to attend the meeting of the Board of Supervisors either in person or entrust other supervisors to attend on his/her behalf 2 times consecutively, or attends less than two-thirds of the total number of meetings of the Board of Supervisors in person within one (1) year, the supervisor shall be deemed incapable of performing his/her duty, and the Board of Supervisors shall make a proposal either to the shareholders' general meeting or employee representative meeting (or through another democratic manner) to dismiss such supervisor.

**Article 205** The supervisors shall ensure the truthfulness, accuracy and completeness of the information disclosed by the Bank.

**Article 206** The Board of Supervisors shall make proposals to remove a supervisor at the shareholders' general meeting or employee representative meeting, etc. when the supervisor is involved with any of the following serious misconducts:

- (1) willful divulgence of the Bank's trade secrets and impairing the legitimate interests of the Bank;
- (2) acceptance of improper benefits during the performance of his/her duties or the misuse of his/her status as a supervisor to obtain personal gain;
- (3) failure to discover problems which should have been apparent in the course of supervisory inspection or concealing problems which have been discovered, thus causing material loss to the Bank;
- (4) other serious misconduct provided by the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles.

**Article 207** Where re-election is not carried out promptly after the expiry of the supervisor's term of office or the number of supervisors on the Bank's Board of Supervisors falls below the quorum because of a supervisor's resignation during his/her term of office, before a new supervisor has been elected to take up the vacant position, subject to the laws, administrative regulations, departmental regulations and these Articles, the existing supervisor shall continue to perform his duties as a supervisor.

**Article 208** Supervisors shall not use their related relations to harm the interests of the Bank and they shall be liable for compensation regarding any related losses sustained by the Bank.

**Article 209** The supervisors shall comply with the laws, administrative regulations and these Articles and shall assume fiduciary and due diligence obligations to the Bank. If supervisors violate the law, administrative regulations, departmental rules or the provisions of these Articles in the performance of their duties, they shall be liable for compensation regarding any related losses sustained by the Bank.

## Section 2 External Supervisors

**Article 210** External supervisors shall enjoy the same rights as other types of supervisors, shall supervise the Board of Directors and other members of senior management and shall carry out audit work within the scope of authority granted to them by resolutions passed by the Board of Supervisors.

The external supervisor refers to a supervisor who holds no position in the Bank other than supervisor and has no relationship with the Bank and any of its substantial shareholders as this may affect their independent decision-making and objective judgment.

Unless otherwise provided for in this section, the general provisions on supervisors in the Articles shall apply to external supervisors.

**Article 211** The provisions on the qualifications and conditions required for the external supervisors of the Bank shall be implemented with reference to the requirements of independent directors in these Articles.

An external supervisor of the Bank shall not simultaneously hold positions in more than 2 commercial banks, and they shall not concurrently serve as an external supervisor in any financial institutions which may lead to potential conflicts of interest with the Bank.

**Article 212** More than half of the external supervisors may recommend that the Board of Directors convene an extraordinary general meeting. If the Bank has only two external supervisors, then the 2 external supervisors must unanimously consent to recommend convening an extraordinary general meeting.

**Article 213** When an external supervisor has been disqualified by the banking regulatory authority of the State Council due to serious misconduct of duty, he/she shall no longer be the external supervisor of the Bank and will automatically be dismissed from their position from the date he/she is disqualified.

Where an external supervisor was disqualified or removed causing the number of external supervisors on the Bank's Board of Supervisors to fall below the minimum quorum, the Bank shall convene a shareholders' general meeting as soon as possible to elect another external supervisor.

**Article 214** The Board of Supervisors has the right to propose at a shareholders' general meeting to dismiss an external supervisor in any of the following circumstances:

- (1) serious misconduct;
- (2) failure to resign from the position when he/she is no longer qualified to be an external supervisor due to a change in their position;

- (3) failure to attend the meetings of the Board of Supervisors in person 2 times consecutively without entrusting other external supervisors to attend on his/her behalf, or attendance in person of less than two-thirds of the total number of meetings of the Board of Supervisors held within 1 year;
- (4) other serious misconduct provided by the laws, administrative regulations and departmental rules where an external supervisor is no longer suitable for holding such position.

A proposal submitted by the Board of Supervisors in connection with the dismissal of an external supervisor shall only be submitted to a shareholders' general meeting for consideration after such proposal has been adopted by two-thirds or more of the total number of supervisors. An external supervisor may, before the Board of Supervisors submits the dismissal proposal, explain to the Board of Supervisors the relevant circumstance, make representations and defend for himself/herself.

**Article 215** Any external supervisor shall attend the meeting of Board of Supervisors in person. If an external supervisor cannot attend the meeting due to special circumstances, he/she may entrust another external supervisors to attend the meeting on his/her behalf. The minimum number of attendance in person at the Board meetings and the minimum working time of independent directors stated in these Articles shall also apply to external supervisors.

**Article 216** The Bank shall provide its external supervisors with an appropriate allowance. The amount of allowance shall be proposed by the Board of Supervisors and approved at a shareholders' general meeting, and the amount shall be disclosed in the Bank's annual report.

### **Section 3 Board of Supervisors**

**Article 217** The Bank shall have a Board of Supervisors. The Board of Supervisors shall consist of 3 to 9 supervisors.

The Board of Supervisors shall have 1 chairman, and the appointment and dismissal of the chairman shall be made with a resolution passed by more than two-thirds of all members of the Board of Supervisors. The chairman of the Board of Supervisors shall convene meetings of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to carry out his/her duties due to any reason, he/she shall appoint another supervisor to perform such duties on his/her behalf. If the chairman of the Board of Supervisors is unable or fails to perform such duties, a supervisor selected by more than half of all the supervisors shall perform such duties.

The chairman of the Board of Supervisors shall possess professional knowledge and working experience in at least one professional area, e.g. finance, audit, financing or law, etc.

**Article 218** The Board of Supervisors is the internal supervisory organization of the Bank and is responsible for the shareholders' general meeting. The Board of Supervisors shall have the following duties and powers:

- (1) to supervise the performance by the Board of Directors and members of senior management of their duties;

- (2) to supervise the conduct of directors and members of senior management in their performance at the Bank, and to propose the removal of such directors and members of senior management violating the laws, administrative regulations, these Articles or the resolutions of the shareholders' general meeting;
- (3) to require directors and members of senior management to rectify any acts which are detrimental to the interests of the Bank;
- (4) to conduct exit audits for directors and members of senior management when necessary;
- (5) to inspect and supervise the financial activities of the Bank;
- (6) to carry out supervisory inspections on matters such as the business decision-making, risk management and internal controls of the Bank, and to supervise the rectification of mistakes;
- (7) to make enquiries towards the directors, the chairman of the Board of Directors and other members of the senior management;
- (8) to propose convening extraordinary general meeting, and to convene and preside over the shareholders' general meeting when the Board of Directors fails to perform this duty in accordance with the Company Law or these Articles;
- (9) to attend the meetings of the Board of Directors;
- (10) to raise proposals before shareholders' general meeting;
- (11) to examine the financial information such as financial reports, business reports, and profit distribution plans proposed to be submitted to the shareholders' general meeting by the Board of Directors, to conduct investigations if there are any doubts or irregularities in relation to the Bank's operations, and to engage professionals from accountant firms or law firms etc. if necessary to assist its duties at the expenses of the Bank;
- (12) to initiate legal proceedings against directors and members of senior management according to the provisions of the Company Law;
- (13) to make proposals regarding the remuneration (or allowance) of the supervisors;
- (14) to examine the regular reports of the Bank prepared by the Board of Directors and issue its opinions of examination in writing;
- (15) to exercise any powers conferred by the laws, administrative regulations, departmental rules, the regulatory documents, these Articles or the shareholders' general meetings.

**Article 219** The chairman of the Board of Supervisors shall have the following powers:

- (1) to convene and preside over the meetings of the Board of Supervisors;
- (2) to supervise and inspect the implementation of the resolutions passed by the Board of Supervisors;
- (3) to report on the work of the Board of Supervisors on their behalf at the shareholders' general meeting;
- (4) to organize the performance of duties of the Board of Supervisors;



- (5) to sign reports and other important documents by the Board of Supervisors;
- (6) other powers conferred by the laws, administrative regulations, departmental rules, regulatory documents, these Articles or the shareholders' general meeting.

**Article 220** The Board of Supervisors shall have an office as the executive body of the Board of Supervisors. The office shall be equipped with full-time staff, who will be responsible for daily work of the Board of Supervisors.

**Article 221** The Board of Supervisors shall establish a supervisory committee, nomination and appraisal committee. The Board of Supervisors may establish other special committees or adjust existing committees of the Board of Supervisors when necessary.

Each committee shall consist of at least 3 supervisors. Each committee shall have 1 chairman who is responsible for convening the activities for the committee. The chairman of supervisory committee, nomination and appraisal committee shall be served by an external supervisor.

Each committee shall be accountable to the Board of Supervisors and shall perform its tasks according to these Articles and the rules of procedures of the Board of Supervisors.

A supervisor may serve for various committees concurrently.

**Article 222** The major duties of the supervisory committee are:

- (1) to be responsible for drafting proposals to supervise the financial activities of the Bank, and implementing relevant inspections;
- (2) to supervise the Board of Directors in establishing a sound business philosophy, normative values, and guidance in line with the Bank's development strategies;
- (3) to carry out supervisory inspections on matters such as the business decision-making, risk management and internal controls of the Bank;
- (4) to exercise any other powers conferred by the laws, administrative regulations, departmental rules, regulatory documents, these Articles and the Board of Supervisors.

**Article 223** The nomination and appraisal committee shall perform the following major duties:

- (1) to formulate the standards and procedures for electing the supervisors, and make recommendations to the Board of Supervisors;
- (2) to conduct preliminary examination of the qualifications and credentials of potential supervisors, and make recommendations;
- (3) to supervise the selection procedures of directors and independent directors;
- (4) to make a comprehensive evaluation on the work performance of directors, supervisors and members of senior management and report to the Board of Supervisors;
- (5) other matters conferred by laws, administrative regulations, departmental rules, regulatory documents, these Articles and the Board of Supervisors.

**Article 224** The Board of Supervisors shall formulate the work rules for each special committee separately.

**Article 225** The Board of Supervisors shall discuss official business through the meetings of the Board of Supervisors. The meetings of Board of Supervisors consist of regular meetings and extraordinary meetings.

The procedures for convening the meetings of the Board of Supervisors may take reference to the procedures stated in these Articles regarding the convening of the meetings for the Board of Directors.

**Article 226** The Board of Supervisors shall hold regular meetings at least 4 times annually and once quarterly. The meetings shall be convened by the chairman of the Board of Supervisors and a written notice shall be provided to all supervisors 10 days or earlier before the convening of the meeting.

**Article 227** An extraordinary meeting of the Board of Supervisors shall be convened and presided over the chairman of the Board of Supervisors within 10 days after he receives such proposal if any of the following event occurs:

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

**Article 228** A written notice regarding the forthcoming extraordinary meeting for the Board of Supervisors shall be served to all supervisors by hand, fax, email or other means 5 days before the meeting date.

When there are emergency situations and the extraordinary meeting of the Board of Supervisors is to be held as soon as possible, the service of the notice regarding the forthcoming meeting may be made via telephone or orally, but the convener shall provide an explanation at the meeting.

**Article 229** The notice regarding the forthcoming meeting of the Board of Supervisors shall include the following information:

- (1) date, time and venue of the meeting;
- (2) duration of the meeting;
- (3) reason for holding the meeting and meeting agenda;
- (4) date of issuance of the meeting notice.

**Article 230** Voting at a meeting of the Board of Supervisors shall be by open ballot voting or by way of a show of hands. Each supervisor shall have one vote for resolutions. Unless the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and these Articles provide stipulations to the contrary, a resolution at the Board of Supervisors' meeting shall be adopted if it is approved by two-thirds of all supervisors.

**Article 231** The Board of Supervisors shall formulate its procedural rules for the Board of Supervisor meetings, and specify explicitly the method of discussion and the voting procedure of the Board of Supervisors and these procedural rules shall be implemented upon approval by the shareholders' general meeting to ensure the efficiency and scientific decision-making of the Board of Supervisors.

**Article 232** The supervisors may attend the meetings of the Board of Directors, and may raise queries or proposals on the matters to be resolved. The supervisors attending the meetings are entitled to provide opinions but shall not have any voting rights. The supervisors who have attended such meetings on a non-voting capacity shall report the details of the meeting to Board of Supervisors. The Board of Supervisors may designate supervisors to attend the meetings of members of senior management when necessary.

**Article 233** Minutes shall be taken to record the decisions of the matters discussed at the meeting. Supervisors attending the meetings shall sign the meeting minutes. Supervisors attending the meeting shall have the right to request explanatory notes regarding any remarks that have been made during the meeting to be placed in the minutes. As the Bank's files, the minutes of the Board of Supervisors' meetings shall be kept by the Bank for a period of not less than 10 years.

**Article 234** The minutes of the Board of Supervisors shall include the following:

- (1) the meeting date and venue, the name of the convener;
- (2) the names of the supervisors attending the meeting and names of the supervisors (proxies) appointed by others to attend the meeting;
- (3) the agenda of the meeting;
- (4) the main points of the speeches of the supervisors;
- (5) the methods and results of the voting for each proposal (the voting results shall state the numbers of the votes voting in the affirmative, negative, or in abstention).

**Article 235** Supervisors present at the meeting shall sign on the resolutions and shall be responsible for the resolutions of the Board of Supervisors. Where a resolution of the Board of Supervisors is in violation of the laws, administrative regulations, these Articles or resolutions of shareholders' general meeting, thereby causing losses to the Bank, the supervisors who are involved in the resolution shall be liable to the Bank for damages. However, a supervisor may be exempted from such liability if there is proof that the supervisor had objected during voting and the objection has been recorded in the meeting minutes.

**Article 236** The Bank shall be responsible for the Board of Supervisors' reasonable expenses incurred from engaging intermediary institutions when exercising its functions and powers.

## Chapter 10 Qualifications and Obligations of Directors, Supervisors and Senior Management

**Article 237** The qualifications for the positions of the directors, supervisors and senior management of the Bank shall meet the requirements stipulated by the laws, administrative regulations, departmental rules, regulatory documents and the regulations of relevant regulatory authorities and these Articles.

**Article 238** No person shall hold the position of director, supervisor or member of senior management of the Bank in one of the following circumstances:

- (1) the person without or with limited capacity for civil conduct;
- (2) a person who has been penalized or sentenced due for corruption, bribery, embezzlement, appropriation of property or the disruption of the socialist market economy, and 5 years has not elapsed from which the punishment or deprivation of political rights for the crimes committed was carried out;
- (3) director, factory director or manager of bankrupt and liquidated companies or enterprises whereby such person was personally liable for the bankruptcy of such companies or enterprises, and 3 years has not elapsed from which the liquidation of the company or enterprise was completed;
- (4) legal representative of companies or enterprises which have had their business licenses revoked and the business of such companies or enterprises were compulsorily closed down due to a violation of laws in which such person was personally liable, and 3 years has not elapsed from which the business license of the company or enterprise was revoked;
- (5) the person with a relatively large amount of debt due and outstanding;
- (6) the person under investigation by a judicial authority for suspected violation of criminal law and the investigation is still ongoing;
- (7) the person banned from holding leadership positions as stipulated by laws and administrative regulations;
- (8) non-natural person;
- (9) the person who is prohibited from entering the securities market or judged by competent authorities as having violated the provisions of securities laws and regulations for a period which has not yet expired;
- (10) other persons who are prohibited from holding leadership positions as stipulated by the law, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities or these Articles.

The election or employment of directors, supervisors and members of senior management in violation of the article shall be void. In the event that any circumstance above occurs during a director, supervisor or member of senior management's term of office, that person shall be dismissed.

**Article 239** The validity of any act by a director or member of senior management made on behalf of the Bank towards a third party acting in good faith shall not be affected by any non-compliance in regulation of that person's post, election procedure or qualifications.

**Article 240** In addition to the obligations stipulated by the laws, administrative regulations, the regulations of relevant regulatory authorities and these Articles, in exercising their duties and functions, the directors, supervisors and members of senior management of the Bank shall also owe the following obligations to each and every shareholder:

- (1) to ensure that the Bank does not operate beyond the scope of business stipulated in its business license;
- (2) to act in good faith and in the best interests of the Bank;
- (3) not to deprive the Bank of its assets in any way, including but not limited to depriving the Bank of any advantageous business opportunities;
- (4) not to deprive the shareholders of any personal rights and interests, including but not limited to the right to distributions and the right to vote, but excluding the submission of the Bank's restructuring proposals adopted at the shareholders' general meeting in accordance with these Articles.

**Article 241** The directors, supervisors and members of senior management of the Bank shall have a responsibility to apply the same level of care, diligence and skill in exercising their rights or carrying out obligations as would be shown by a reasonably prudent person in similar circumstances.

**Article 242** The directors, supervisors, and members of senior management of the Bank must act with good faith in exercising their duties and responsibilities, and shall not put themselves in any situation where their personal interests may conflict with their obligations. This extends to but not limited to the following obligations:

- (1) to act in good faith and in the best interests of the Bank;
- (2) to exercise powers within the scope of their authority and they shall not exceed their scope of authority;
- (3) to exercise the discretion conferred on them in person and free from the influence of others; and not to transfer their discretion for others to exercise in the absence of the laws and administrative regulations providing to the contrary or through the informed consent of shareholders in a shareholders' general meeting;
- (4) to treat shareholders of the same class in the same way, and to fairly deal with shareholders belonging of different classes;
- (5) not to enter into any contract, transaction or arrangement with the Bank except if otherwise prescribed by these Articles or if there is informed consent from shareholders through a shareholders' general meeting;
- (6) not to use any assets of the Bank to seek personal advantages in any way without the informed consent of shareholders through a shareholders' general meeting;

- (7) not to accept bribes or other forms of illegal income by taking advantage of his/her authority, nor to embezzle the assets of the Bank in any way, these assets including but not limited to any business opportunities that are advantageous to the Bank;
- (8) not to accept any commission related to transactions of the Bank without the informed consent of the shareholders through a shareholders' general meeting;
- (9) to comply with these Articles, perform their duties faithfully and safeguard the interests of the Bank, and not to take advantage of their position and authority at the Bank to seek personal gain;
- (10) not to engage in any form of competition with the Bank without the informed consent of the shareholders through a shareholders' general meeting;
- (11) not to misappropriate the funds of the Bank or lend the funds of the Bank to others, not to put any assets of the Bank under an account opened in his/her own name or in the name of others, not to use the Bank's assets as security for the debts of the shareholders of the Bank or others;
- (12) not to divulge any confidential information involving the Bank and obtained by them during their term of office without the informed consent of the shareholders through a shareholders' general meeting; and not to use such information except it is in the interests of the Bank; however, after notifying the Bank regarding the disclosure, the information may be disclosed to the court or other relevant regulatory authorities if the disclosure is:
  1. in accordance with the law;
  2. in the public interest;
  3. required for their own interests of the directors, supervisors and members of senior management.

**Article 243** The directors, supervisors and members of senior management of the Bank shall not direct the following persons or institutions (hereinafter referred to as the "related persons") to take any acts which the directors, supervisors and members of senior management are themselves prohibited from taking:

- (1) the spouse or underage children of the directors, supervisors and senior management of the Bank;
- (2) a trustee of any of the directors, supervisors, and members of senior management of the Bank or a trustee of the persons referred to in item (1) of this Article;
- (3) a partner of any of the directors, supervisors, and members of senior management of the Bank or a partner of the persons referred to in items (1) and (2) of this Article;



- (4) a company which is under the *de facto* control of the directors, supervisors and members of senior management of the Bank, or a company which is under the *de facto* joint control of the persons referred to in items (1), (2) and (3) of this Article or with other directors, supervisors and members of senior management of the Bank;
- (5) the directors, supervisors and members of senior management of the companies referred to in item (4) of this Article.

**Article 244** The fiduciary duties owed by the directors, supervisors and members of senior management of the Bank shall not necessarily be terminated at the end of their term of office, and their obligation to keep the trade secrets of the Bank confidential shall remain valid after their term of office expires. The duration of other obligations shall be determined by what is fair, and will depend on the length of time between the date on which the directors leave their positions and the relevant event involving the obligations as well as the circumstances and conditions in which their relationship with the Bank terminated.

**Article 245** The shareholders may make an informed decision at the shareholders' general meeting to dismiss any director, supervisor and members of senior management of the Bank who has violated any obligations, unless the circumstances specified in Article 67 apply.

**Article 246** The directors, any of its associates, supervisors, or members of senior management of the Bank, directly or indirectly, have material conflict of interests in any executed or proposed contracts, transactions or arrangements (except the employment contracts between the Bank and its directors, supervisors and members of senior management), regardless of whether such interests are usually subject to the approval or consent of the Board of Directors, such persons shall disclose the nature and extent of the interests to the Board of Directors as soon as possible.

Unless the directors, supervisors and members of senior management of the Bank with conflicts of interest have disclosed their interests to the Board of Directors in accordance with the requirements of the preceding paragraph, and the Board of Directors has approved the matter without counting the interested persons into the quorum and without their participation in the vote, the Bank shall have the right to rescind such contracts, transactions or arrangements, except in circumstances where the counterparty is acting in good faith and unaware that the directors, supervisors and senior management are in breach of their obligations.

If the related persons of a director, supervisor or member of senior management of the Bank have any conflict of interests with any contracts, transactions or arrangements, the director, supervisor and member of senior management shall be deemed to have a conflict of interests as well.

**Article 247** If the Bank considers entering into contracts, transactions or arrangements for the first time, and the interested directors, supervisors and members of senior management of the Bank have provided a written notice to the Board of Directors and Board of Supervisors stating that they have an conflict of interests in the contracts, transactions or arrangements which would be entered into by the Bank in the future for the reasons set out in the notice, then the director, supervisor and member of senior management concerned shall be deemed to have made the disclosure as required in the preceding article of this chapter to the extent as set out in the notice.

**Article 248** The Bank shall not in any way pay taxes for the directors, supervisors and members of senior management of the Bank.

**Article 249** The Bank shall not, directly or indirectly, provide any loan or loan guarantee to the directors, supervisors and members of senior management of the Bank and of its holding company, nor shall the Bank provide the same to their related persons.

The preceding paragraph shall not apply in the following circumstances:

- (1) loans or loan guarantees provided by the Bank to its subsidiary banks;
- (2) loans, loan guarantees or other funds provided by the Bank to the directors, supervisors or other members of senior management of the Bank pursuant to their employment contracts which were adopted by the shareholders' general meeting, so that the foregoing persons can make payments in the interests of the Bank or for the expenses incurred in performing their duties and responsibilities;
- (3) loans and loan guarantees provided by the Bank to the relevant directors, supervisors and members of senior management of the Bank and their related persons, provided that the loans and loan guarantees are provided on normal commercial terms and conditions.

**Article 250** If the Bank provides a loan in breach of the provisions of the preceding article, regardless of the terms of the loan, the person who has received the loan shall repay it immediately.

Any loan guarantee provided by the Bank in violation of the first paragraph of the foregoing article shall not be enforceable against the Bank, with the exception of the following circumstances:

- (1) where a loan has been provided to the Bank or its parent company's directors, supervisors and members of senior management and the provider of the loan is unaware of the violation;
- (2) the security provided by the Bank has been sold legally by the loan provider to a purchaser acting in good faith.

**Article 251** The "guarantee" referred to in the preceding articles of this chapter includes acts whereby the guarantor undertakes liabilities or provides assets to ensure that the obligor performs its obligations.

**Article 252** When the directors, supervisors and members of senior management of the Bank are in breach of the obligations owed towards the Bank, aside from the various rights and remedies provided by the laws and administrative regulations, the Bank shall have the right to take the following measures:

- (1) to require the directors, supervisors and members of senior management concerned to compensate the Bank for the losses caused by their dereliction of duties;

- (2) to rescind any concluded contracts or transactions between the Bank and the directors, supervisors and other members of senior management concerned, and the contracts or transactions concluded between the Bank and third parties (when the third parties know or should have known that the directors, supervisors and members of senior management of the Bank are in breach of their obligations);
- (3) to require the directors, supervisors and members of senior management concerned to hand over any benefits which have been obtained from their breach of obligations;
- (4) to recover funds which should have been received by the Bank, including but not limited to commission from the directors, supervisors and members of senior management concerned;
- (5) to request the directors, supervisors and members of senior management concerned to repay the interest which is or may be accrued from the funds which should have been received to the Bank.

**Article 253** The Bank shall enter into written contracts with the directors and supervisors regarding remuneration which are subject to the prior approval from the shareholders' general meeting. The matters relating to remuneration include:

- (1) remuneration for the directors, supervisors or members of senior management of the Bank;
- (2) remuneration for the directors, supervisors or members of senior management of the subsidiary banks of the Bank;
- (3) remuneration for those providing other services for managing the Bank and its subsidiary banks;
- (4) compensation to directors or supervisors for loss of their office or upon retirement.

Except for the contracts mentioned above, the directors and supervisors shall not initiate litigation against the Bank and claim benefits due to them for the foregoing matters.

**Article 254** The remuneration contracts between the Bank and its directors or supervisors shall stipulate that if the Bank is acquired, the directors and supervisors of the Bank shall, subject to prior approval from the shareholders' general meeting, be entitled to compensation or other funds for loss of their positions or upon retirement. The "acquisition of the Bank" previously mentioned refers to one of the following circumstances:

- (1) a takeover offer made by any person to all shareholders;
- (2) a takeover offer made by any person with the intent of becoming the controlling shareholder. "Controlling shareholder" shall have the meaning defined in Article 316 of these Articles.

If the directors and supervisors concerned do not comply with the provisions of this article, any funds received by them shall go to the persons who have accepted the offer mentioned above and sell their shares. The directors and supervisors shall bear the expenses arising from the distribution of such amounts proportionally, and such expenses shall not be deducted from the amounts.

## Chapter 11 Financial Accounting System, Profit Distribution Plans and Audit

### Section 1 Financial Accounting System

**Article 255** The Bank shall formulate its financial accounting system in accordance with the laws, administrative regulations and the provisions of finance authority under the State Council.

**Article 256** The accounting year of the Bank shall be the calendar year, from January 1st and ending on December 31st of the calendar year. The Bank shall prepare an annual financial report at the end of each financial year, which shall be examined by an audit firm in accordance with the laws.

The said annual financial report shall be prepared according to the relevant laws, regulations, rules and regulatory documents.

The Bank shall submit its annual financial report to the securities regulatory authority of the State Council and the stock exchange within 4 months after the end of each financial year, submit its interim financial report to local office of the securities regulatory authority of the State Council and the stock exchange within 2 months after the end of the first 6 months of each financial year, and submit its quarterly financial report to local office of the securities regulatory authority of the State Council and the stock exchange within 1 month after the end of the first 3 months and first 9 months of each financial year.

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

**Article 257** The Board of Directors of the Bank shall make available at each annual shareholders' general meeting the financial reports prepared by the Bank in accordance with the relevant laws, administrative regulations, departmental rules and regulatory documents. The financial reports of the Bank shall be made available at the Bank 20 days or earlier before the convening of the annual shareholders' general meeting for inspection by shareholders. Each shareholder of the Bank shall be entitled to obtain the financial reports mentioned in this chapter.

Except as otherwise provided in these Articles, the Bank shall, at least 21 days prior to the date of the annual shareholders' general meeting, send the financial accounting reports mentioned above to each shareholder of overseas-listed foreign shares by postage-paid mail, and the addresses of recipients shall follow the addresses set out in the register of shareholders. Where the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed provide otherwise, such provisions shall prevail.

**Article 258** The Bank shall not have any books of accounts in addition to its statutory ones. No asset of the Bank may be kept in any account opened in the name of any individual.

**Article 259** The Bank shall prepare its financial statements in accordance with PRC accounting standards and regulations; as well as in accordance with international accounting standards or the accounting standards required by securities regulatory authorities of the jurisdiction in which the Bank's shares are listed. 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. When distributing the after-tax profits for the relevant accounting year, the Bank shall adopt the one with the lower after-tax profits out of the aforesaid two financial statements.

**Article 260** The interim results or financial information to be published or disclosed by the Bank shall be prepared in accordance with PRC accounting standards and regulations, as well as in accordance with international accounting standards or the accounting standards required by the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed.

**Article 261** The after-tax profit of the Bank for the year shall be distributed in the following order of priority:

- (1) to make up for the losses of previous years;
- (2) to set aside 10% as statutory reserve fund;
- (3) to set aside general reserve;
- (4) to pay dividends to preference shareholders;
- (5) to set aside discretionary reserve fund;
- (6) to pay dividends to ordinary shareholders.

No further contribution may be required when the accumulated amount of statutory reserve funds of the Bank reaches 50% of its registered capital. The Bank shall not distribute profits to shareholders before making up losses and setting aside statutory reserve funds and general reserves.

After the Bank has set aside statutory reserve fund and general reserve and paid dividends to preference shareholders from the after-tax profits, the Bank, subject to the approval of the shareholders' general meeting, may make allocation to the discretionary reserve fund from the after-tax profits. The balance of the after-tax profits of the Bank after making up losses, setting aside statutory reserve fund and general reserve, paying dividends to preference shareholders and setting aside discretionary reserve fund may be distributed to the shareholders in pro rata to their shareholding.

In general, no cash dividend 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. On the premises of ensuring that the capital adequacy ratio meets the regulatory requirements, the Bank may distribute cash dividends if its profits realized in each year, after making up losses, setting aside statutory reserves and general reserve, and paying dividends to preference shareholders according to law, remain positive and distributable.

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

Where the shareholders' general meeting distributes profits to shareholders before the Bank's making up losses and setting aside statutory reserve funds and violates the foregoing provisions, the shareholders concerned must return to the Bank the profits distributed in violation of the provisions.

Shares held by the Bank shall not participate in the distribution of profits.

**Article 262** The reserve of the Bank shall be used for making up the Bank's losses, expanding the Bank's scale of operation or increasing the capital of the Bank, but capital reserve fund shall not be used for making up the Bank's losses.

When the statutory reserve is converted to capital, the balance of such reserve shall not be less than 25% of the Bank's registered capital before the conversion.

**Article 263** The capital reserve of the Bank shall include the following funds:

- (1) premium obtained from the issue of shares in excess of the par value;
- (2) other revenue to be included in the capital reserve as required by the financial authority of the State Council.

**Article 264** After the Bank's shareholders' general meeting has adopted the resolution on the proposal of profit distribution or to convert the capital reserve to increase the share capital, the Board of Directors of the Bank shall, within 2 months after the shareholders' general meeting, implement the resolution as soon as possible.

**Article 265** The profit distribution policy for ordinary shareholders of the Bank is set out as below:

- (1) the Bank shall implement consistent and stable profit distribution policy that gives priority to investors' reasonable investment returns with a view to the Bank's sustainable development. The Bank shall give preference to cash dividend distribution on the premise of ensuring sustaining profitability and compliance with regulatory requirements as well as the normal operation and long-term development of the Bank. No profit shall be distributed to ordinary shareholders before the agreed dividends have been fully paid to preference shareholders.
- (2) The details of the profit distribution policy are as follows:
  - (i) Forms and interval of profit distribution: The Bank shall distribute profits on a pro rata basis based on the shareholdings of shareholders, and may make dividend distributions either in cash or shares or in a combination of both. If the Bank reaches the conditions for cash dividends, it shall give preference to 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.
  - (ii) Conditions for and ratio of cash dividend distribution: In general, no cash dividends shall be paid to the shareholders for any year in which the Bank's capital adequacy ratio falls below 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 for each of the years with realized profits which, after recovery of losses and withdrawal to the statutory reserve fund, general reserve and payment of dividend to preference shareholders in accordance with applicable laws, remain positive and distributable. The profit to be distributed to ordinary shareholders by the Bank in cash each year shall be no less than 20% of the distributable profits of the Bank for the year. The specific ratio of cash dividend distribution each year shall be set by the Bank in accordance with the requirements of the relevant laws, regulations, regulatory documents and these Articles and based on its business operations, and then shall be considered and approved at the general meetings of the Bank.



- (iii) Conditions for distribution of share dividends by the Bank: Where the operating income of the Bank grows rapidly and the Board of Directors considers that the share price of the Bank does not reflect its share capital scale, the Bank may propose and execute a share dividend distribution proposal in addition to the aforesaid distribution of cash dividends.
- (iv) The Board of Directors of the Bank shall take into full account various factors, including features of the industries where the Bank operates, the stage of its development, its own business model, profitability and whether there are significant capital expenditure arrangements, to distinguish the following situations from each other and put forward differentiated cash dividend policies in accordance with the procedures provided under these Articles:
  - i) if the Bank is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends in the distributable profits shall be at least 80% when making profit distribution;
  - ii) if the Bank is at the mature stage of development and has significant capital expenditure arrangements, the proportion of cash dividends in the distributable profits shall be at least 40% when making profit distribution;
  - iii) if the Bank is at the growing stage of development and has significant capital expenditure arrangements, the proportion of cash dividends in the distributable profits shall be at least 20% when making profit distribution;

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

(3) Decision-making procedures for profit distribution:

- (i) When determining a profit distribution plan, the Board of Directors of the Bank shall seriously study and discuss, among others, the timing, conditions and minimum ratio of cash dividend distribution, the conditions for adjustments and the requirements of the procedures for decision-making. The independent directors shall issue specific opinions thereon. The independent directors may solicit opinions from the minority shareholders, devise a dividend distribution proposal accordingly and submit it directly to the Board of Directors for consideration. Prior to the consideration of the specific cash dividend distribution plan by the shareholders at a general meeting, the Bank shall communicate and exchange ideas with shareholders especially the minority shareholders through multiple channels, attentively obtain the opinions and requests of the minority shareholders and give timely response to the issues that concern them. The Board of Supervisors of the Bank shall supervise the formulation and decision-making by the Board of Directors of the profit distribution plan of the Bank.

- (ii) Where the Bank reaches conditions for cash dividend distribution but has not prepared any cash dividend plan, or the profit to be distributed to ordinary shareholders by the Bank in cash is less than 20% of the distributable profits attributable to ordinary shareholders of the Bank for the year, the Board of Directors shall explain, among others, the specific reasons for not distributing cash dividends, the exact purpose for and the estimated investment return on the retained profits, and submit such arrangements to the shareholders' general meeting for consideration after independent directors have given their opinions thereon before disclosing the matters in the media designated by the Bank. The Bank shall provide access to online voting for shareholders to vote on such matters.
- (4) Explanation of the reasons for not making profit distribution in cash: A profit distribution plan for the year shall be disclosed in the annual report of the Bank. If profits were recorded for the reporting period but the Board of Directors of the Bank has not made any cash profit distribution plan, the reasons for that and the use of the retained profits by the Bank shall be explained in detail in its regular reports and the independent directors shall give independent opinions thereon.
- (5) Adjustment to profit distribution policy: If the production and operation of the Bank are materially affected as a result of war, natural disasters and other force majeure or any change in its external operating environment, or there are any significant changes in its own operating conditions, the Bank may adjust its profit distribution policy. When the Bank makes such adjustment, the Board of Directors shall prepare a written special report containing detailed reasons for such adjustment, which, after being approved by the independent directors, shall be submitted to the shareholders' general meeting for approval by shareholders representing over two-thirds or more of the voting rights present at such meeting. The Bank shall provide access to online voting for shareholders to vote on the relevant resolution. When considering such adjustment at the shareholders' general meeting, the opinions of minority shareholders shall be sufficiently considered.
- (6) In case of capital occupied by a shareholder in violation of regulations, the Bank shall, for the purpose of recovering the occupied capital, deduct the amount of such occupied capital from the cash dividends allocable to such shareholder.
- (7) The Bank shall disclose in detail the formulation and implementation of cash dividend distribution policy in its annual reports, and clarify whether the policy is in compliance with these Articles or the resolutions of general meetings, whether the dividend distribution standards and ratios are explicit enough, whether relevant decision-making procedures and system are tried and true, whether the independent directors have performed their duties and played their full role, whether the minority shareholders have adequate opportunities to voice their opinions and requests, whether the legitimate rights and interests of the minority shareholders are duly protected, etc. Where the Bank makes adjustments or changes to its cash dividend distribution policy, it shall explain in detail as to whether the conditions and procedures for such adjustment or change are transparent and in compliance with regulations.

To distribute dividends in the form of shares, the shareholder's general meeting shall pass a resolution and report to the banking regulatory authority of the State Council for approval.

**Article 266** Monies paid in advance of calls on any shares shall carry interest. However, shareholders shall not have any right to receive dividends declared thereafter in relation to any such monies paid in advance.

For dividends not claimed by anyone, the Bank may exercise the right to retrieve such unclaimed dividend under the pre-condition of abiding by relevant PRC laws, administrative regulations and departmental rules, but the right shall only be exercised after the expiration of the applicable limitation period.

The Bank has the right to cease delivering dividend notice to the shareholders of overseas listed shares by mail, but such right can only be exercised after the dividend notice has not been drawn twice consecutively. If a dividend notice fails to reach the expected recipient in the initial mail delivery and is returned, the Bank may exercise the right promptly.

The Bank has the right to sell the shares of the shareholders of overseas-listed foreign shares through the methods the Board of Directors deems appropriate and subject to the following conditions:

1. The Bank has distributed dividends on such shares at least 3 times in a period of 12 years and the dividends are not claimed by anyone during that period;
2. After the expiration of the 12-year period, the Bank makes a public announcement in one or more newspapers in the place of listing, stating its intention to sell such shares and notifies the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed.

**Article 267** The Bank shall appoint for shareholders of overseas-listed foreign shares a recipient agent. The recipient agent shall collect on behalf of the shareholders concerned the dividends distributed and other funds payable by the Bank in respect of the overseas-listed foreign shares.

The collection agent appointed by the Bank shall comply with the laws of the jurisdiction in which the Bank's shares are listed or the relevant requirements of the stock exchange of the jurisdiction in which the Bank's shares are listed.

The recipient agent appointed by the Bank for shareholders of H-shares shall be a company which is registered as a trust company under the Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 268** The Bank shall establish an internal audit system with professional audit personnel to undertake internal auditing and supervision of the Bank's financial income and expenditures, and economic activities.

**Article 269** The internal audit system and the duties of the audit personnel shall be implemented upon approving by the Board of Directors. The head of audit shall be responsible to and shall report to the Board of Directors.

### Section 3 Engagement of Accounting Firms

**Article 270** The Bank shall engage independent accounting firms that comply with the relevant State regulations to audit annual financial reports and to review other financial reports of the Bank. The term of engagement of an accounting firm engaged by the Bank shall start from the closing of each annual shareholders' general meeting and end at the closing of the next annual shareholders' general meeting.

**Article 271** The appointment of an accounting firm shall be decided upon by the shareholders' general meeting, and the Board of Directors shall not appoint an accounting firm before the decision is made at the shareholders' general meeting.

If a vacancy of the position of accounting firm arises, the Board of Directors may appoint an accounting firm to fill such vacancy before the holding of a shareholders' general meeting. However, if there are other engaged accounting firms of the Bank while such vacancy still exists, such accounting firm shall continue to serve.

**Article 272** An accounting firm engaged by the Bank shall have the following rights:

- (1) to inspect the books of accounts, records and documents of the Bank at any time, and to require the directors, the president or other members of senior management of the Bank to provide relevant information and explanation;
- (2) to require the Bank to adopt all reasonable measures to obtain from its subsidiary banks (or subsidiaries) such information and explanations as required by the accounting firm for performance of its duties;
- (3) to attend the shareholders' general meeting to obtain the notice of shareholders' general meeting or other information in relation to the meeting, and to speak at the shareholders' general meeting on matters involving its duties as the accounting firm appointed by the Bank.

**Article 273** The Bank warrants that the Bank will provide the engaged accounting firm with true and complete accounting documents, accounting books, financial reports and other accounting information; the Bank shall not refuse to provide, and shall not conceal or falsify such documents.

**Article 274** The shareholders' general meeting may, by way of an ordinary resolution, dismiss an accounting firm, prior to the expiration of the term of office of the accounting firm, regardless of the terms and conditions of the contract between the accounting firm and the Bank. If the accounting firm concerned has the right to make a claim against the Bank due to its dismissal, such right shall not be affected.

**Article 275** The remuneration of the accounting firm or the ways to determine the remuneration of the accounting firm shall be determined by the shareholders' general meeting. The remuneration of the accounting firm engaged by the Board of Directors shall be decided by the Board of Directors.

**Article 276** The appointment, dismissal or non-reappointment of an accounting firm shall be decided upon by the shareholders' general meeting and reported to the securities regulatory authorities of the State Council for filing.

If the shareholders' general meeting passes a resolution to engage an accounting firm other than the incumbent one to fill up any vacancy of the post, or to renew the engagement of an accounting firm engaged by the Board of Directors to fill up the vacancy, or to dismiss an accounting firm before the expiration of its term of office, the following provisions shall be satisfied:

- (1) before sending out notice of a shareholders' general meeting, the proposal on engagement or dismissal shall be sent to the accounting firm to be engaged, to leave its post, or that has left its post in the relevant accounting year.

Leaving the post includes dismissal, resignation from the post and leaving the post after the expiration of the term of office.

- (2) if the accounting firm about to leave its post makes a written statement, and requests the Bank to inform the shareholders of its statement, the Bank shall, unless the time of receiving the written statement is too late, adopt the following measures:
  - (i) state in the notice sent out for the purpose of a resolution that the accounting firm to leave its post has made a statement;
  - (ii) send a copy of the statement in the form of an attachment to the notice to shareholders in the manner stipulated by these Articles.
- (3) if the statement of relevant accounting firm is not sent by the Bank in accordance with the above provisions in subsection (2) above, the accounting firm concerned may request that the statement be read out at the shareholders' general meeting and make further appeal.
- (4) an accounting firm which is leaving its post shall be entitled to attend the following meetings:
  - (i) shareholders' general meeting at which its term of office shall expire;
  - (ii) shareholders' general meeting at which the vacancy due to its dismissal is to be filled up;
  - (iii) shareholders' general meeting convened due to its resignation from its post.

The accounting firm which is leaving its post shall be entitled to receive all notices of the aforesaid meetings or other information in relation to the meetings and speak on any issues at the aforesaid meetings, which concern its duties as the former accounting firm of the Bank.

**Article 277** When the Bank dismisses or does not renew the engagement of an accounting firm; it shall give 15 days advance notice to the accounting firm. When voting on dismissal of an accounting firm at the shareholders' general meeting, such accounting firm shall be permitted to present its views at the shareholders' general meeting.

Where an accounting firm tenders its resignation, it shall explain to the shareholders' general meeting whether there is any irregularity in the Bank.

An accounting firm may resign its office by depositing at the Bank's registered address a written resignation notice. Any such notice shall become effective on the date when it is deposited at the Bank's registered address or on such later date as may be specified in the notice. Such notice shall contain:

- (1) a statement to the effect that there are no circumstances related with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Bank; or
- (2) a statement about any circumstances that shall be disclosed.

The Bank shall, within 14 days after receiving the aforesaid written notice, send a copy of the notice to the relevant regulatory authorities. If the notice contained a statement referred to in the above item (2), the Bank shall also deposit a copy of the said statement in the Bank for the shareholders' review. Unless otherwise stipulated by these Articles, the Bank shall send by prepaid mail a copy of the statement mentioned above to each shareholder of overseas-listed foreign shares, and the address of the recipient shall be that recorded in the register of shareholders; or during the above-mentioned period, publish such copy of the statement through the website of the stock exchange of the place where the Bank's shares are listed, or publish such copy of the statement in one (1) or more newspaper specified by such stock exchange website and by these Articles.

If the accounting firm's notice of resignation contains any statement about circumstances which need to be accounted for in item (2), the accounting firm may request that the Board of Directors convene an extraordinary General Meeting for the purpose of receiving an explanation of the circumstances in connection with its resignation.



## Chapter 12 Notices and Announcements

### Section 1 Notices

**Article 278** The notices stated in these Articles shall be given in one (1) or more of the following ways:

- (1) by hand;
- (2) by prepaid mail;
- (3) by fax or e-mail;
- (4) by way of an announcement published in the newspaper or other designated media;
- (5) subject to the compliance with the laws, administrative regulations, departmental rules, normative documents, and the relevant rules of the relevant regulatory authorities, and the provisions under the Articles, by way of posting on the website of the Bank and the website specified by relevant regulatory authorities;
- (6) other ways which are recognized by the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed or stipulated in the Articles.

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

**Article 279** Where a notice of the Bank is delivered by hand, the recipient shall acknowledge receipt by signing (or sealing) the delivery receipt, and the date on which the recipient signs the delivery receipt shall be the delivery date; where a notice of the Bank is sent by mail, the delivery date shall be 48 hours after such notice is delivered to the post office; where a notice of the Bank is sent out by fax or email or published on websites, the date of sending or publishing the notice shall be the delivery date; where a notice is given by way of announcement, the date on which the announcement is first published shall be the delivery date. Where an announcement is published, in a newspaper which meets the relevant requirements, once the announcement is published, all persons concerned shall be deemed to have received the notice.

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

Notices, relevant documents and written declarations of the Bank to shareholders outside PRC shall be delivered by hand or prepaid mail to their registered address. The Bank may also deliver the notices, documents or written declarations by email or publish them on the Bank's website according to the requirements under the applicable laws and administrative regulations. The Bank may deliver such notices, documents or written declarations in Chinese or English versions according to the requirements under the applicable laws and administrative regulations.

**Article 280** Where the listing rules of the securities regulatory authorities in the jurisdiction in which the Bank's shares are listed require that the Bank send, mail, distribute, release or announce, or provide by other means the Bank's relevant documents in both English and Chinese versions, if the Bank has made appropriate arrangements to determine whether its shareholders expect to receive the English or the Chinese version only, the Bank may (based on the preference expressed by shareholders) send the English or Chinese version only to relevant shareholders within the scope permitted by the applicable laws and regulations and in accordance with applicable laws and regulations.

**Article 281** Where, as a result of accidental omission, a notice of meeting is not given to a person who is entitled to receive such notice or where such person has not received the notice, the meeting or any resolution adopted at the meeting shall not be invalidated as a result.

## **Section 2 Announcement**

**Article 282** The Bank shall send announcements and disclose information to the shareholders of A shares in newspapers and websites for information disclosure specified by the laws, administrative regulations or relevant domestic regulatory authorities. Where announcements are to be sent to the shareholders of H-shares in accordance with these Articles, then relevant announcements shall, at the same time, be published in the methods specified by the Hong Kong Listing Rules.

## **Chapter 13 Mergers, Division, Increase of Capital, Reduction of Capital, Dissolution and Liquidation**

### **Section 1 Mergers, Division, Increase of Capital and Reduction of Capital**

**Article 283** The merger taken by the Bank may be in the form of merger by absorption or merger by the establishment of a new company.

A merger by absorption refers to the situation where a company absorbs another company and the absorbed company is dissolved. A merger by the establishment of a new company refers to the situation where two or more companies merge and establish a new company and all of the parties to the merger are dissolved.

**Article 284** For a merger or division of the Bank, the Board of Directors shall put forward a proposal, and the formalities for approval shall be handled in accordance with the law after the proposal has complied with the procedures specified in these Articles. The shareholders who oppose the Bank's merger or division plans have the right to ask the Bank or the shareholders who approve the merger or division plans to purchase their shares at a fair price. The contents of the resolution on the merger or division of the Bank shall be made into special document, which shall be available for inspection by shareholders.

Except as otherwise provided for by the securities regulatory authorities located at the jurisdiction in which the Bank's shares are listed, the aforementioned documents shall be served by mail to the shareholders of overseas-listed foreign shares.

**Article 285** For a merger of the Bank, the parties to the merger shall sign a merger agreement, and shall prepare a balance sheet and assets list. The Bank shall inform creditors within 10 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 newspapers designated by the Bank for publishing announcements. The creditors shall within 30 days of the day on which a notice is received, and, in the case where no notice is received, within 45 days, request that the Bank repays its debts or provide a corresponding guarantee for repayment.

**Article 286** After the merger of the Bank, the entity surviving the merger or the new entity established after the merger shall assume the claims and debts of the parties to the merger.

**Article 287** Where the Bank proceeds into a division, its assets shall be divided accordingly.

Where there is a division of the Bank, the parties to the division shall prepare a balance sheet and assets list. The Bank shall inform the creditors within 10 days from the date on which a resolution is adopted in favor of the division, and shall publish an announcement within 30 days in the newspaper designated by the Bank for publishing announcements.

**Article 288** The entity established after division shall assume joint and several liability for the debts incurred by the Bank before division, unless otherwise stipulated in any settlement agreement of debts which may be reached between the Bank and its creditors prior to the division.

**Article 289** When there is a merger or division of the Bank, the Board of Directors shall take necessary measures to protect the legitimate rights and interests of the shareholders against the merger or division of the Bank.

**Article 290** The Bank shall prepare a balance sheet and a list of assets when it intends to reduce its registered capital.

The Bank shall notify the creditors within 10 days of adopting the resolution to reduce its registered capital and shall publish an announcement of the resolution in the newspaper designated by the Bank 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 the Bank to pay its debts or to provide a corresponding guarantee for repayment.

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

**Article 291** Where a merger or division of the Bank involves any changes to registered matters, an application for modification of registration shall be made to the registration authority in accordance with the law; if the Bank is dissolved, cancellation of registration of the Bank shall be carried out in accordance with the law; where a new company is established, the registration of the incorporation of the company shall be carried out in accordance with the law.

For an increase or a reduction in the Bank's registered capital, an application for modification of registration shall be made to the company registration authority in accordance with the law.

## Section 2 Dissolution and Liquidation

**Article 292** In any of the following circumstances, the Bank may be dissolved in accordance with the law:

- (1) if the shareholders' general meeting resolves to do so;
- (2) if a dissolution is necessary as a result of a merger or division of the Bank;
- (3) if the business license of the Bank is revoked or if it is ordered to close down its business or if its business license is canceled in accordance with the law;
- (4) where the operation and management of the Bank falls into serious difficulties and its continued existence would cause heavy losses to shareholders, the shareholders holding more than 10% of the total voting rights of the Bank may apply to the people's court to dissolve the Bank if there are no other solutions.

The dissolution of the Bank shall be subject to the approval of the banking regulatory authorities of the State Council.

**Article 293** Where the Bank is dissolved pursuant to items (1), (3), or (4) of Article 292 of these Articles, a liquidation committee shall be established to begin liquidation within 15 days from the date of occurrence of grounds for dissolution. The members of the liquidation committee shall be determined by the directors or the shareholders' general meeting. Where a liquidation committee is not established as scheduled, the creditors may apply to the people's court to appoint relevant persons to form a liquidation committee to carry out liquidation.

**Article 294** If the Board of Directors decides that the Bank shall be liquidated (except for liquidation resulting from the Bank's declaration of bankruptcy), it shall state in the notice of shareholders' general meeting convened for such purpose that the Board of Directors has conducted a comprehensive investigation into the situation of the Bank and believes that the Bank is able to pay off all its debts within 12 months following the commencement of the liquidation.

After the shareholders' general meeting adopts a resolution in favor of the liquidation, and after the liquidation committee is established, the functions and powers of the Board of Directors shall be terminated immediately.

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

**Article 295** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (1) to liquidate the assets of the Bank and prepare a balance sheet and assets list respectively;
- (2) to inform creditors by notices or public announcements;
- (3) to deal with any unsettled business of the Bank that relates to the liquidation;
- (4) to pay off any outstanding taxes and any taxes arising in the course of liquidation;

- (5) to clear up claims and debts;
- (6) to handle the Bank's remaining assets after paying off all debts;
- (7) to participate in civil litigation on behalf of the Bank.

**Article 296** The liquidation committee shall notify creditors within ten (10) days from the date of its establishment, and shall publish an announcement within 60 days, in the newspaper designated by the Bank for publishing announcements.

The creditors shall make their claims to the liquidation committee within 30 days from the date of receipt of the notice or, within forty-five 45 days from the date of the first public announcement for those who have not received the notice. When making a claim, creditors shall explain the matters related to their claim and provide relevant evidence of such claims. Claims shall be registered by the liquidation committee.

The liquidation committee shall not settle any debt with any creditors during the period allowed for creditors to make a claim.

**Article 297** After the liquidation of the Bank's assets by the liquidation committee and the preparation of a balance sheet and assets list, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders' general meeting or to the competent authorities for confirmation.

The remaining assets of the Bank, after payment of liquidation expenses, salaries due to employees, social insurance expenses and statutory compensation, the principal and interest of individual deposits and taxes due and settlement of other debts, shall be distributed by the Bank to shareholders on a pro rata basis based on their shareholdings.

During the liquidation, the Bank shall continue to exist but shall not carry on any business activities which do not relate to the liquidation. The Bank's assets shall not be distributed to the shareholders until liabilities are settled pursuant to the preceding paragraph.

**Article 298** The Bank's assets shall be liquidated in the following order after paying off debts:

- (1) to pay the liquidation costs;
- (2) to pay employees' salaries, social insurance and statutory compensation;
- (3) to pay the principal and legal interest of personal savings deposits;
- (4) to pay all outstanding taxes;
- (5) to settle the Bank's other debts.

The Bank's assets shall not be distributed to shareholders before it is used for settlement of debts in accordance with the provisions of the preceding paragraph. The Bank's remaining assets after settlement of debts in accordance with the provisions of the preceding paragraph shall be distributed to shareholders in proportion to their shareholdings according to the class of shares and their shareholding ratio.

**Article 299** During the liquidation of the Bank's assets by the liquidation committee, and after preparing a balance sheet and assets list, if the liquidation committee finds the assets of the Bank to be insufficient for the settlement of its debts, the liquidation committee shall apply to the people's court for a declaration of bankruptcy. After a ruling is made by the people's court that the Bank be declared bankrupt, the liquidation committee shall hand over its liquidation work to the people's court.

**Article 300** Following the completion of liquidation, the liquidation committee shall prepare a liquidation report, income and expenditure statement and financial books of accounts in respect of the liquidation period, and, upon verification by a PRC certified public accountant, submit the same to the shareholders' general meeting or the relevant regulatory authorities for confirmation.

Within 30 days from the date of confirmation from the shareholders' general meeting or the relevant regulatory authorities, the liquidation committee shall submit the documents mentioned above to the company registration authority, apply for cancellation of the Bank's registration and make an announcement of the closure of the Bank.

**Article 301** Members of the liquidation committee shall faithfully perform their duties and perform the liquidation obligations in accordance with the law, and they shall not accept any bribes or other illegal income by abusing their authority and shall not misappropriate the assets of the Bank.

Members of the liquidation committee shall be liable for damages and losses if the Bank or creditors incur losses as a result of the deliberate or gross negligence of the members of the liquidation committee.

**Article 302** When the Bank is declared to be bankrupt in accordance with the law, it shall implement the bankruptcy liquidation in accordance with the laws and regulations in relation to bankruptcy of enterprises.

## **Chapter 14 Amendments to these Articles of Association**

**Article 303** The Bank may amend these Articles in accordance with the laws, administrative regulations and the provisions of these Articles.

The Bank shall amend these Articles if any of the following circumstances occur:

- (1) If, after the Company Law, Commercial Banking Law or other relevant laws and regulations are amended, any term contained in the Articles becomes inconsistent with the provisions of the amended laws and administrative regulations;
- (2) If a change in the Bank's circumstances results in inconsistency with certain terms specified in these Articles; or
- (3) If the shareholders' general meeting adopts a resolution to amend these Articles.

**Article 304** Any amendments to be made to these Articles pursuant to a resolution of the shareholders' general meeting shall be subject to the approval of the relevant regulatory authorities, and shall become effective under obtaining the approval of such authorities; if registration matters are involved, the Bank shall apply for registration of the changes in accordance with the laws.

**Article 305** The Board of Directors shall amend these Articles of the Bank according to the resolutions on amending these Articles passed at a shareholders' general meeting and the approval opinions of the relevant regulatory authorities.



## Chapter 15 Special Provisions on Preference Shares

**Article 306** Unless otherwise specified in laws, regulations, department rules, regulations of the securities regulatory authority of the locality where the shares of the Bank are listed and this Chapter, the rights and obligations of preference shareholders and management of preference shares shall be governed by the provisions related to ordinary shares (including H shares) in these Articles.

**Article 307** The number of preference shares issued by the Bank shall not exceed 50% of the total number of ordinary shares then issued, and the capital raised from the issuance of preference shares shall not be more than 50% of the net assets of the Bank prior to such issuance (excluding the preference shares that have been redeemed or converted).

**Article 308** In accordance with relevant rules on capital regulation of commercial banks, the Bank may establish terms governing the mandatory conversion of the preference shares into ordinary shares, namely, upon the occurrence of certain trigger events, the Bank converts 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 to and seek approval from banking regulatory authorities under the State Council.

**Article 309** 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 relevant requirements, the Bank has the right to redeem all or part of the preference shares after the fifth year following the date of the relevant issuance of the preference shares. The redemption period of the preference shares commences on such date as agreed upon at the time of issuance of the preference shares and ends on the date of redemption or conversion of all the preference shares. The Bank shall write down the total amount of outstanding preference shares after the Bank redeems the preference shares.

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

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

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

**Article 310** Preference shareholders of the Bank shall enjoy the following rights:

- (1) to receive distribution of dividends in priority to ordinary shareholders;
- (2) to receive distribution of residual assets of the Bank on liquidation in priority to those of ordinary shareholders;
- (3) upon the occurrence of the circumstances provided in Article 312, to attend and vote at shareholders' general meetings;
- (4) upon the occurrence of the circumstances provided in Article 313, to have its voting rights restored in accordance with the requirements of that Article;
- (5) to make proposals or inquiries in relation to the business operations and activities of the Bank;
- (6) to inspect the Bank's Articles, register of shareholders, record of bondholders, minutes of shareholders' general meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial reports;
- (7) other rights conferred to preference shareholders by laws, regulations, department rules and these Articles.

**Article 311** Only votes of ordinary shares and votes of preference shares with restored voting rights shall be counted when calculating the proportion of shares and the amount of shares held by the shareholders in the event of the following:

- (1) a request to convene an extraordinary general meeting;
- (2) convening and presiding over a shareholders' general meeting;
- (3) submitting of a proposal or an interim proposal to a shareholders' general meeting;
- (4) nomination of the directors and supervisors who are not staff representatives of the Bank;
- (5) identifying controlling shareholder(s) according to the relevant provisions of these Articles;
- (6) identifying person(s) restricted from serving as independent directors of the Bank according to the relevant provisions of these Articles;
- (7) identifying the ten largest shareholders of the Bank and the number of shares held by them and the shareholder(s) holding five percent (5%) or more of the shares of the Bank in accordance with the Securities Law of the People's Republic of China and relevant regulations;
- (8) other circumstances provided under laws, regulations, departmental rules and these Articles.

**Article 312** The preference shareholders are not entitled to attend any shareholders' general meeting of the Bank nor do the preference shares carry voting rights in any shareholders' general meeting other than in the following circumstances:

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

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 these Articles. 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, but 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 313** 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 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, and 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 against 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 of Directors resolution on the issuance plan for offshore preference shares (rounded up to the nearest 2 decimal places)); 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 of Directors' resolution in respect of the issuance plan for offshore preference shares.

**Article 314** 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 capital regulation 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 unpaid to the preference shareholders in full by the Bank will not be accumulated to the following dividend period.

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, regulations, departmental rules and paragraph (1) to (5) under Article 298 of these Articles 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 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 offshore preference shareholder as a proportion of the aggregate value of all preference shares of the Bank.

## **Chapter 16 Dispute Resolution**

**Article 315** The Bank shall abide by the following rules for dispute resolution:

- (1) If any disputes or claims in relation to the Bank's business, with respect to any rights or obligations under these Articles, Company Law or any other relevant laws and administrative regulations, arise between shareholders of overseas-listed shares and the Bank, between shareholders of overseas-listed shares and the Bank's directors, supervisors or members of senior management of the Bank, or between shareholders of overseas-listed foreign shares and other shareholders, the parties concerned shall submit such disputes or claims to arbitration.
- (2) When the aforementioned disputes or claims are submitted to arbitration, such disputes or claims shall be submitted in their entirety, and all persons (being the Bank, the Bank's shareholders, directors, supervisors or members of senior management of the Bank) that have a cause of action based on the same grounds or the persons whose participation is necessary for the resolution of such disputes or claims, shall comply with the arbitration.
- (3) Disputes with respect to the definition of shareholders and disputes concerning the register of shareholders need not be resolved by arbitration.

- (4) An applicant may choose for the arbitration to be arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant submits a dispute or claim to arbitration, the other party must carry out the arbitration at the arbitration institution selected by the claimant.
- (5) If an applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.
- (6) Unless otherwise provided by the laws, administrative regulations, departmental rules or regulatory documents, the laws of the PRC shall apply to the settlement of any disputes or claims that are resolved by arbitration pursuant to item (1) above.
- (7) The award of the arbitration institution shall be final and binding on all parties.

## Chapter 17 Miscellaneous

### Article 316 Interpretation

- (1) The “controlling shareholder(s)” herein shall refer to the person(s) satisfying any of the following conditions:
  - (i) the person may elect more than half of the directors when acting alone or in concert with others;
  - (ii) the person may exercise or control the exercise of more than 30% of the total voting shares of the Bank when acting alone or in concert with others;
  - (iii) the person holds more than 30% of the total voting shares of the Bank when acting alone or in concert with others;
  - (iv) the person may *de facto* control the Bank in any other manner when acting alone or in concert with others.

The term “acting in concert” herein means two or more persons 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 the Bank which are under their control or consolidate their control over the Bank, so that when exercising the voting rights of the Bank, the same expression of opinions will be made (including joint proposal of motions, joint nomination of directors, entrustment of the exercise of voting rights which do not state voting intention and other such situations, but excluding open proxy solicitation).

- (2) “*De facto controller*” means a person who, though not a shareholder of the Bank, is able to get the *de facto* control of the Bank through investment relationships, agreement or other arrangements.

- (3) “Related relation” means the relation between the controlling shareholder, actual controller, directors, supervisors, senior management officers of the Bank and the enterprise that they control directly or indirectly, and other relation that may cause the transfer of interest of the Bank. However, the relation between fellow State-controlled enterprises shall not be deemed as related relation merely because they are both controlled by the State.
- (4) “Substantial shareholders” herein means the shareholders who hold or control more than 5% of the shares or voting rights of the Bank, or hold less than 5% of total capital or total number of shares of the Bank but have a significant impact upon the operations and management of the Bank.

The term “significant impact” in the preceding paragraph shall include, but not limited to, the nomination of directors, supervisors or senior management to the Bank, affection of the Bank’s financial, operation and management decisions through agreements or other means, and other circumstances identified by the banking regulatory authority of the State Council or its local offices.

- (5) “Cumulative voting system” means that when electing directors or supervisors at a general meeting, each ordinary share (including preference shares with restored voting rights) 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. The Board shall make an announcement to the shareholders concerning the biographies and general information of the candidates for directors and supervisors.
- (6) The “total voting shares” in these Articles shall only include the total number of ordinary shares and preference shares with the restored voting rights.
- (7) Unless otherwise specified herein, “share(s)”, “share certificate(s)” and “H share(s)” in Chapters 3 to 14, Chapter 16 of these Articles shall refer to ordinary share(s), ordinary share certificate(s) and ordinary H share(s), and “shareholder(s)” shall refer to ordinary shareholders. Special matters relating to preference shares are set out separately in Chapter 15 of these Articles.

**Article 317** The Articles shall be written in Chinese and English, and both versions are equally authoritative. Should there be any inconsistency, the latest Chinese version approved and registered by Shandong (PRC) Administration for Industry and Commerce shall prevail.

**Article 318** Unless otherwise specified herein, references to “above”, “within” and “at least” shall include the actual given figures, while references to “beyond”, “exceed”, “less than” and “under” shall exclude such actual given figures.

**Article 319** The Board of Directors of the Bank shall be responsible for the interpretation of these Articles. Any matters that are not covered herein or any conflicts between these Articles and the promulgated or amended laws, administrative regulations, departmental rules and regulatory documents, shall be resolved in reference to such laws, administrative regulations, departmental rules and regulatory documents.

**Article 320** After consideration and approval by the shareholders’ general meeting and approval by the banking regulatory authority of the State Council, these Articles shall become effective from the date of listing of the domestically-listed shares publicly offered by the Bank on a stock exchange.