



威海市商业银行
WEIHAI CITY COMMERCIAL BANK

Articles of Association of Weihai City Commercial Bank Co., Ltd.

November 2022

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Chapter 1 General Provisions

Article 1 To adapt to the requirements for development of socialist market economy, establish a modern state-owned enterprise system with Chinese characteristics, protect the legitimate rights and interests of Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as “the Bank”), Shareholders and creditors, regulate the organization and behaviour of the Bank, protect the legitimate rights and interests of the Bank, Shareholders, depositors and other stakeholders, the Articles of Association are formulated in accordance with Constitution of the Communist Party of China, the Company Law of the People’s Republic of China (hereinafter referred to as “Company Law”), Commercial Banking Law of the People’s Republic of China (hereinafter referred to as “Commercial Banking Law”), Interim Measures for Management of Commercial Bank Equity, Code of Corporate Governance of Banking and Insurance Institutions, Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as “Special Regulations”), Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (hereinafter referred to as “Mandatory Provisions”), Reply on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to be Listed in Hong Kong (Zheng Jian Hai Han [1995] No. 1), Opinion on Further Standardizing Operations and Intensifying Reform of Companies Listed Overseas and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Listing Rules” or “Listing Rules”) and other relevant administrative regulations and departmental rules.

Article 2 The Bank is a joint-stock limited company incorporated under the Company Law, Commercial Banking Law and other relevant provisions.

Upon approval by the People’s Bank of China in Yin Fu [1997] No. 258 Document, the Bank was established by promotion on July 21, 1997 and was registered with Weihai Administration for Industry and Commerce and obtained the No. 16670935 Business License on July 21, 1997. At present, it has been registered with Weihai Administrative Examination and Approval Bureau and obtained the Business License, with uniform social credit code of 913700002671339534.

Article 3 The Bank shall be subject to the supervision and management of the China Banking Regulatory Authority (as defined in Chapter 19) according to laws.

Article 4 Registered name of the Bank: 威海市商業銀行股份有限公司;

Short name: 威海市商業銀行;

Full name in English: WEIHAI CITY COMMERCIAL BANK CO., LTD.;

Short name in English: WEIHAI CITY COMMERCIAL BANK.

Article 5 Domicile of the Bank: No. 9, Baoquan Road, Weihai City, postal code: 264200, Tel.: 086-0631-5236187, Fax: 086-0631-5210210.

Article 6 The registered capital of the Bank is RMB5,980,058,344.

Article 7 The Bank is a permanently subsisting joint-stock limited company.

Article 8 The chairman of the Board is the legal representative of the Bank.

Article 9 The entire capital of the Bank is divided into equal shares. Shareholders shall bear liability for the Bank to the extent of the shares they subscribe for, and the Bank shall bear liability for the debts of the Bank with all its assets.

Article 10 Commencing from the date when the Articles of Association take effect, the Articles of Association shall become a binding legal document for regulating the organization and behaviour of the Bank, as well as the rights and obligations between the Bank and its Shareholders and between and among the Bank's Shareholders. The Articles of Association shall also be legally binding on the Bank and its Shareholders, members of the party committee (discipline inspection committee), Directors, Supervisors and senior management personnel, who shall have the right to make any claims and propositions regarding the Bank's affairs based on the Articles of Association.

Any dispute between the Bank and its Shareholders, members of the party committee (discipline inspection committee), Directors, Supervisors and senior management personnel under the Articles of Association shall preferably be settled through friendly negotiation. Should the negotiation fail, the Shareholders may pursue actions against the Bank pursuant to the Articles of Association; the Bank may pursue actions against its Shareholders pursuant to the Articles of Association; the Shareholders may pursue actions against other Shareholders pursuant to the Articles of Association; the Shareholders may pursue actions against the Directors, Supervisors, President and other senior management personnel of the Bank pursuant to the Articles of Association. The aforesaid actions, include the instituting of legal proceedings with a court or filing with an arbitral authority for arbitration. If arbitration is selected, an application shall be filed to Weihai Arbitration Committee in Weihai, Shandong for arbitration and a final ruling shall be made according to the arbitration rules in effect at the time when the application is submitted. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the respective parties.

If laws, administrative regulations, rules and securities regulatory rules of the place where shares of the Bank are listed and Article 348 of the Articles of Association have other provisions, such provisions shall prevail.

Article 11 The Bank shall set up an organization of the Communist Party of China and conduct relevant activities of the Party pursuant to the Constitution of the Communist Party of China. The Party organization shall exert the role of leading nucleus and political nucleus, grasp the direction, control the situation and ensure implementation; establish a working body of the Party, assign necessary workers for Party affairs, ensure the work funds of the Party organization and provide necessary conditions for the activities of the Party organization.

Article 12 Senior management personnel mentioned in the Articles of Association refer to President, vice Presidents, secretary of the Board, financial controller, chief audit officer and other management personnel determined by the Board. The qualifications of the senior management personnel of the Bank shall be examined by the China Banking Regulatory Authority.

Article 13 The Bank practices a financial system featuring uniform accounting, uniform allocation of funds and hierarchical management for branches and sub-branches.

Branches and sub-branches do not have legal person status and conduct businesses according to laws within the scope of authorization of the Head Office. Their civil liabilities are borne by the Head Office.

Article 14 According to the needs of business development, the Bank may set up branches and sub-branches in suitable places outside Weihai City upon examination and approval by the China Banking Regulatory Authority.

The Bank may invest in other limited liability companies or joint-stock limited companies according to laws and shall be held responsible for the invested companies to the extent of its capital contribution or share subscription.

For the established branches and sub-branches, the Bank shall allocate working capital in line with their business scale according to provisions.

Chapter 2 Business Objective and Scope

Article 15 The business objective of the Bank is: to conduct operations in good faith, provide quality and efficient financial services for the society and seek maximum economic benefits for Shareholders. The Bank conducts independent accounting and independent management, bears risks by itself, assumes sole responsibility for its profits or losses and supervises itself based on the principle of safety, liquidity and effectiveness.

Article 16 Upon approval by the China Banking Regulatory Authority, the People's Bank of China, the securities regulatory authorities of the PRC and the foreign exchange administrative authority of the State and by the company registration authority, the Bank's business scope is as follows:

- (I) taking deposits from the public;
- (II) extending short-term, medium-term and long-term loans;
- (III) effecting domestic and overseas payment settlements;
- (IV) accepting and discounting instruments;
- (V) issuing financial bonds;
- (VI) acting as the issuing agent, payment agent and underwriter of government bonds;
- (VII) trading government bonds and financial bonds;
- (VIII) engaging in interbank lending;
- (IX) trading foreign exchange as principal or agent;

- (X) engaging in bank card business;
- (XI) providing letters of credit and guarantee services;
- (XII) collecting and making payment as agent and acting as insurance agent;
- (XIII) providing safe deposit box service;
- (XIV) handling entrusted deposit and loan business for local government credit revolving fund;
- (XV) conducting other businesses upon approval by the banking regulatory securities of the PRC, the People's Bank of China, the securities regulatory authorities of the PRC and the foreign exchange administrative authority of the State.

Chapter 3 Shares

Section 1 Issuance of Shares

Article 17 The shares of the Bank shall take the form of share certificates.

Article 18 The shares of the Bank shall be issued following the principle of openness, fairness and justice, and each share in the same class shall rank *pari passu*.

For the same class of shares issued at the same time, each share shall be issued on the same conditions and at the same price. Any entity or individual subscribing for the shares shall pay the same price for each share. The Bank shall set up ordinary shares at any time. According to its needs, the Bank may create other classes of shares upon approval by the authorized department of the State Council.

Article 19 All shares issued by the Bank shall be in registered form and have par values, with each share having par value of RMB1.00. The Bank's share certificates shall specify:

- (I) Name of the Bank;
- (II) Date of establishment of the Bank;
- (III) Type of share certificate, par value and number of shares represented;
- (IV) Share certificates number;
- (V) Other matters that shall be specified pursuant to the Company Law, Special Regulations and the regulations of the securities regulatory authorities at the place where shares of the Bank are listed and the stock exchange where shares of the Bank are listed.

If the share capital of the Bank includes shares without voting rights, such shares shall be specified as “Without Voting Right”. If the share capital includes shares with different voting rights, each class of shares (except those with most preferential voting right) shall be specified as “Restricted Voting Right” or “Limited Voting Right”.

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 of the place where shares of the Bank are listed.

Article 20 The promoters of the Bank are the original shareholders of the original five city credit cooperatives in Weihai and new shareholders who joined as promoters. At the time of establishment, the Bank issued 100,644,909 shares to the promoters, accounting for 100% of the total ordinary shares that the Bank could issue then. The method and time of capital contribution are: the original shareholders of the original five city credit cooperatives in Weihai made contributions via conversion of net assets into shares and other promoters made contributions in cash and the capital contributions were all made in July 1997.

Article 21 Upon approval by the examination and approval department authorized by the State Council, the Bank may issue 5,980,058,344 ordinary shares in total. The equity structure of the Bank is: 5,980,058,344 ordinary shares, including 4,971,197,344 domestic shares, accounting for 83.13% of the total ordinary shares that the Bank could issue; 1,008,861,000 H shares, accounting for 16.87% of the total ordinary shares that the Bank could issue.

The Bank may issue shares to domestic and foreign investors upon approval by the China Banking Regulatory Authority and the securities regulatory authorities of the State Council.

Article 22 Foreign investors as referred to in the preceding paragraph shall mean those investors in foreign countries and Hong Kong Special Administrative Region (hereinafter referred to as “Hong Kong”), Macao Special Administrative Region and Taiwan Region of the People’s Republic of China (hereinafter referred to as “PRC”) who subscribe for shares issued by the Bank. Domestic investors shall mean those investors in the PRC, excluding the aforementioned regions, who subscribe for shares of the Bank.

Article 23 Shares that the Bank issues to domestic investors for subscription in RMB shall be known as domestic shares. Shares that the Bank issues to foreign investors for subscription in foreign currencies shall be known as foreign shares. Foreign shares listed outside the PRC are referred to as overseas listed foreign shares.

The overseas listed foreign shares issued by the Bank and listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”) are called H Shares for short.

The domestic shares issued by the Bank shall be kept at the qualified institution, and the Bank’s H Shares are mainly kept in the securities registration and clearing institutions of Hong Kong and may be held by the Shareholders in their own names.

Foreign currency referred to in the preceding paragraph means legal tender, other than RMB, of another country or region, which is recognized by the foreign exchange authority of the State and can be used to pay to the Bank for the shares.

To the extent permitted by relevant laws, administrative regulations and departmental rules and upon approval by the relevant regulatory authorities such as the China Banking Regulatory Authority and the securities regulatory authorities of the State Council, the Shareholders of the Bank may list and trade overseas the unlisted shares they hold. Listing of the aforesaid shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the overseas securities market. Listing and trading of the aforesaid shares on an overseas stock exchange does not need resolution through voting at a class general meeting.

Article 24 The Board of the Bank may make arrangements for separate issuance of overseas listed foreign shares and domestic shares in accordance with the issue scheme approved by the securities regulatory authorities of the State Council.

According to the aforesaid scheme for separate issuance of overseas listed foreign shares and domestic shares, the Bank may issue the shares within 15 months after approval of the securities regulatory authorities of the State Council.

Article 25 If the Bank separately issues overseas listed foreign shares and domestic shares within the total number specified in the issue scheme, the said shares shall be issued respectively at one time.

Article 26 If it is impossible for the shares to be issued at one time for special reasons, the shares may be issued by several times upon approval by the securities regulatory authorities of the State Council.

Section 2 Increase, Decrease and Repurchase of Shares

Article 27 The Bank may increase its capital as follows in the light of its business and development needs, in accordance with the relevant laws and regulations, resolutions made at the Shareholders' general meeting and upon approval by relevant regulatory authorities including the China Banking Regulatory Authority:

- (1) public offering of shares;
- (2) non-public offering of shares;
- (3) placing new shares to existing Shareholders;
- (4) distributing bonus shares to existing Shareholders;
- (5) transferring reserve funds to increase share capital according to provisions;
- (6) other methods stipulated by laws and administrative regulations.

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

Article 28 The Bank may reduce its registered capital. Reduction of the Bank's registered capital shall comply with Company Law, Commercial Banking Law and other provisions including administrative regulations and departmental rules and the Articles of Association and be subject to approval by the China Banking Regulatory Authority.

The registered capital after its reduction shall not be less than the statutory minimum amount.

Article 29 The Bank may, in accordance with the provisions under the laws, administrative regulations, departmental rules and the Articles of Association and with the approval by the relevant competent authorities of the State, repurchase its shares in the following circumstances:

- (I) to reduce the registered capital of the Bank;
- (II) to merge with another company that holds its shares;
- (III) to use shares for employee stock ownership plan or equity incentives;
- (IV) a Shareholder requests the Bank to purchase the shares held by him/her since he/she objects to a resolution of the Shareholders' general meeting on the combination or division of the Bank;
- (V) to use shares for converting convertible corporate bonds issued by the Bank;
- (VI) it is necessary for the Bank to protect the corporate value and the rights and interests of Shareholders;
- (VII) any other circumstances as permitted by the laws, regulations and the relevant competent authorities.

Except for the circumstances set out above, the Bank shall not be engaged in any activities of buying and selling its shares.

The Bank's repurchase of its own shares under any of the circumstances set forth in items (I) and (II) above shall be subject to a resolution of the Shareholders' general meeting.

The Bank's repurchase of its own shares under any of the circumstances set forth in items (III), (V) and (VI) above may, pursuant to the Articles of Association or the authorization of the Shareholders' general meeting, be subject to a resolution of a Board meeting at which more than two-thirds of Directors are present.

After repurchasing its own shares pursuant to the provisions of the Articles of Association, the Bank shall, under the circumstance set forth in item (I), cancel them within 10 days after the repurchase; while under the circumstance set forth in either item (II) or (IV), transfer or cancel them within six months; and while under the circumstance set forth in item (III), (V) or (VI), aggregately hold not more than 10% of the total shares that have been issued by the Bank, and transfer or cancel them within three years.

The Bank's repurchase of its own shares under the circumstances set out in items (III), (V) and (VI) under the Articles of Association shall be conducted by way of open and centralized transaction.

Article 30 With the approval of the China Banking Regulatory Authority for repurchasing its shares, the Bank may conduct the repurchase in one of the following manners:

- (I) to make a repurchase tender offer to all Shareholders in the same proportion;
- (II) to repurchase its own shares through public transaction on a stock exchange;
- (III) to repurchase shares under an off-market agreement;
- (IV) by other means as permitted by the laws, administrative rules and regulations and the relevant competent authorities.

After the repurchase of shares according to laws, the Bank shall deregister or transfer the said shares before the deadline specified by the laws and administrative regulations, and shall have the change of the registered capital registered with the registration authority of the Bank after deregistration of the shares. The aggregate par value of the deregistered shares shall be deducted from the registered capital of the Bank.

Article 31 A prior approval shall be obtained from a Shareholders' general meeting in accordance with the provisions of the Articles of Association in respect of any share repurchased by the Bank through an off-market agreement. After the Shareholders' general meeting has given its approval in the same way, the Bank may rescind or alter any contracts entered into in the said manner or waive any rights under such contracts.

The aforesaid contract to repurchase shares includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase shares.

Article 32 The Bank shall not assign a contract for repurchasing its shares or any of its rights thereunder.

Article 33 Where the Bank has the right to repurchase redeemable shares by means other than repurchases through the market or by tender, the repurchase price shall be limited to a maximum price; if repurchases are made by tender, an invitation for tenders shall be made to all Shareholders alike.

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

- (I) 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;

- (II) where the Bank repurchases its shares at a premium over 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:
1. If the shares being repurchased are issued at par value, payment shall be made from the book balance of its distributable profits;
 2. If the shares being repurchased are issued at a premium over its par value, payment shall be made from the book balance of its distributable profits or from the proceeds of the 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;
- (III) the Bank shall make the following payments from the Bank's distributable profits:
1. acquisition of the rights to repurchase its own shares;
 2. variation of any contracts for the repurchase of its shares;
 3. release from its obligations under any repurchase contracts.
- (IV) 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.

Article 35 If laws, regulations and securities regulatory rules at the place where shares of the Bank are listed have other provisions on the financial treatment involved in the aforesaid share repurchase, such provisions shall prevail.

Section 3 Transfer of Shares

Article 36 Unless otherwise specified by the laws, regulations and the rules of the securities regulatory authorities at the place where shares of the Bank are listed, the fully paid shares of the Bank may be transferred freely without any lien attached.

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

The Bank shall comply with laws, regulations and relevant rules of the China Banking Regulatory Authority and other relevant regulatory authorities in transferring its shares.

Article 37 All overseas listed shares listed in Hong Kong for which full payment has been made may be transferred freely in accordance with the Articles of Association; save under the following conditions, the Board may refuse to recognize any transfer instrument without providing any reason:

- (I) the transfer instrument and other documents relating to or affecting ownership of any shares shall be registered, with registration fees paid to the Bank based on the standards prescribed by the Hong Kong Listing Rules and the fees shall not exceed the highest standard prescribed by the Hong Kong Listing Rules from time to time;
- (II) the transfer instrument only involves H Shares;
- (III) stamp duty as stipulated by Hong Kong law in relation to the transfer instrument has been duly paid;
- (IV) relevant share certificate(s) and any other evidence which the Board may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (V) if the shares are transferred to joint holders, the number of joint holders shall not exceed four;
- (VI) the relevant shares are not subject to any lien of the Bank.

Should the Board refuse to register any transfer of shares, the Bank shall, within two months from the date of the formal application for the transfer, provide the transferor and the transferee with a notice stating its refusal of registration of such transfer.

Article 38 Transfer of all H Shares shall be executed with a written transfer instrument in a common format or other format accepted by the Board (including the standard transfer format or transfer form specified by the Hong Kong Stock Exchange from time to time); the said written transfer instrument may be signed by hand, or be stamped with the company seal (if the transferor or the transferee is a company). Where the transferor or transferee is a recognized clearing house (the “Recognized Clearing House”) as defined by relevant regulations in the laws of Hong Kong effective from time to time, or any of its agents, the written transfer instrument may be signed by hand or by print.

All transfer documents shall be kept at the legal address of the Bank or other place designated by the Board from time to time.

Article 39 The Bank does not accept shares of the Bank as the subject of pledges.

Article 40 Shares of the Bank held by the promoters shall not be transferred within one year from the date of incorporation of the Bank as a joint-stock limited company. Shares that have been issued before public offering of the Bank shall not be transferred within one year from the date when the shares of the Bank are listed and traded on a stock exchange.

The Directors, Supervisors and other senior management personnel of the Bank shall report to the Bank their shareholdings in the Bank and changes thereof and shall not transfer more than 25% of the total shares held by them in the Bank per annum during their terms of office; the shares they hold in the Bank shall not be transferred within one year from the date on which the shares of the Bank are listed and traded. The aforesaid persons shall not transfer their shares in the Bank within half a year after they terminate service with the Bank.

Where the laws, regulations and rules governing securities of the place where shares of the Bank are listed have any other provisions in respect of the transfer of overseas listed foreign shares of the Bank, such provisions shall prevail.

Article 41 If the Directors, Supervisors, senior management personnel, and Shareholders holding more than 5% shares of the Bank sell the shares held by them in the Bank within six months after buying the same or buy shares within six months after selling the same, the earnings arising therefrom shall belong to the Bank and the Board of the Bank shall recover the said earnings.

If the Board of the Bank does not observe the provision in the preceding paragraph, the Shareholders have the right to require the Board to execute the provision within 30 days. If the Board of the Bank fails to execute the provision within the aforesaid period, the Shareholders have the right to directly institute legal proceedings to the people's court in their own names for the interests of the Bank.

If the Board of the Bank fails to observe the provision in the first paragraph, the responsible Directors shall bear joint liability according to laws.

Section 4 Financial Assistance for the Acquisition of Shares in the Bank

Article 42 The Bank (including its branches and sub-branches) or its subsidiaries shall not offer any financial assistance at any time by any means to 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 due to purchasing the Bank's shares.

The Bank (including its branches and sub-branches) or its subsidiaries shall not offer any financial assistance at any time by any means in order to reduce or relieve the obligations of the aforesaid obligors.

The provisions of this article do not apply to the circumstances set out in Article 44 of the Articles of Association.

Article 43 Financial assistance referred to in the Articles of Association for these purposes shall include, without limitation, the following means:

- (I) financial assistance given by gifts;
- (II) financial assistance given by 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), indemnity (other than an indemnity in respect of the Bank's fault) or the release or waiver of any rights;

- (III) the provision of loans or the entrance into any agreement under which the obligations of the Bank are to be fulfilled before the obligations of another party, and a change in the parties to, or the assignment of rights arising under such loans or agreement;
- (IV) 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 chapter shall include the obligations of an obligor which have arisen by making an agreement or arrangement (regardless of whether the aforesaid agreement or arrangement is enforceable, or whether such obligations are assumed by the obligor individually or jointly with any other person) or any obligations that arise out of changes made in any other way to the obligor's financial condition.

Article 44 The acts listed below are not prohibited by Article 42 of the Articles of Association, subject to any prohibitions by the relevant laws, administrative regulations, rules or rules governing securities of the place where shares of the Bank are listed:

- (I) 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;
- (II) the lawful distribution of the Bank's assets in the form of dividends;
- (III) the distribution of dividends in the form of shares;
- (IV) the reduction of registered capital, repurchase of shares, and adjustment of shareholding structure, etc. in accordance with the Articles of Association;
- (V) the provision of a loan by the Bank within its scope of business and in the ordinary course of business (provided that this 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);
- (VI) provision of funds 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 this causes a reduction, the financial assistance is taken from the Bank's distributable profits).

Where the laws, administrative regulations, rules and rules governing securities of the place where shares of the Bank are listed have any other provisions in respect of the financial arrangement relating to the aforesaid share repurchase, such provisions shall prevail.

Chapter 4 Share Certificate and Shareholder Register

Article 45 Share certificate of the Bank shall be signed by the chairman of the Board. If the stock exchange where shares of the Bank are listed requires senior management personnel of the Bank to sign the share certificate, the share certificate shall also be signed by the President or other relevant senior management personnel. The share certificate shall take effect after being affixed, or affixed by way of printing, with the seal of the Bank. Affixing the seal of the Bank to the share certificate requires authorization of the Board. The signature of the chairman, President or other relevant senior management personnel of the Bank may also be printed on the share certificate.

Issuance or trading of the shares of the Bank in a non-paper form shall comply with other regulations of the securities regulatory authorities at the place where shares of the Bank are listed and the stock exchange where shares of the Bank are listed.

Article 46 The Bank shall establish a shareholder register, which is a sufficient proof for Shareholders' shareholding in the Bank and shall record the following matters or register Shareholders pursuant to the provisions of the laws, regulations, rules and the Hong Kong Listing Rules:

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

The shareholder register is a sufficient evidence of the Shareholders' shareholdings in the Bank unless there is evidence to the contrary.

Article 47 The Bank may keep overseas the register of holders of overseas listed foreign shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authorities of the State Council and the overseas securities regulatory authorities. The original of register of holders of H Shares of the Bank shall be kept in Hong Kong.

The Bank shall maintain a duplicate of the register of holders of overseas listed foreign shares at the Bank's domicile. The appointed overseas agency shall ensure the consistency between the original and the duplicate registers of holders of overseas listed foreign shares at all times. If there is any inconsistency between the original and the duplicate registers of holders of overseas listed foreign shares, the original version shall prevail.

Article 48 The Bank shall keep a complete shareholder register. The shareholder register shall include the following parts:

- (I) shareholder register kept at the domicile of the Bank, save as specified in items (II) and (III) herein;
- (II) register of holders of overseas listed foreign shares kept at the overseas stock exchange;
- (III) shareholder register that the Board decided to keep at other place for the purpose of listing of the Bank's shares.

Article 49 The respective parts of the shareholder register shall not overlap each other. In the event of transfer of shares registered in a specific part of the shareholder register, the said shares shall not be registered in any other part of the shareholder register in the duration of the registration of the said shares.

Any change or correction of any part of the shareholder register shall comply with the law of the location where the said part is kept.

Article 50 Change of the shareholder register resulting from transfer of shares shall not be registered within 30 days before convening of a Shareholders' general meeting or five days prior to the base date on which the Bank decides to distribute dividends.

If the securities regulatory authorities at the place where shares of the Bank are listed have special provisions, such provisions shall prevail.

Article 51 If any person objects to the shareholder register and asks to have his/her name (title) recorded in or deleted from the shareholder register, the said person may apply to the people's court with jurisdiction to correct the shareholder register.

Article 52 If any Shareholder in the shareholder register or any person requesting to have his/her name (title) recorded in the shareholder register has lost his/her share certificate (i.e. the "Original Share Certificate"), the said Shareholder or person may apply to the Bank to reissue new share certificate for the said shares (i.e. "the Relevant Shares").

Application for reissue of share certificate lost by holders of domestic shares shall be processed pursuant to the Company Law.

Application for reissue of share certificate lost by holders of overseas listed shares shall be processed pursuant to the laws, rules of the stock exchange or other relevant regulations of the place where the original of the register of holders of overseas listed foreign shares is kept.

Application for reissue of share certificate lost by holders of overseas listed foreign shares of the Bank shall meet the following requirements:

- (I) the applicant shall submit an application with the standard format designated by the Bank and attach a notarial deed or statutory statement. The contents of the notarial deed or statutory statement shall include the reason for application, information and evidence about how the share certificate is lost, and a statement that no other person may request to be registered as Shareholder in respect of the Relevant Shares.
- (II) before deciding to reissue new share certificate, the Bank has not received a statement that nobody other than the applicant requests to be registered as Shareholder for the said shares.
- (III) after deciding to reissue new share certificate to the applicant, the Bank shall publish announcements of reissue of new share certificate on the newspapers designated by the Board; the announcement period is 90 days, and the announcement shall be re-issued at least once every 30 days.
- (IV) before publishing the announcement of reissue of new share certificate, the Bank shall submit a copy of the to-be-published announcement to the stock exchange on which the Bank is listed, and may publish the announcement only after receiving a reply from the said stock exchange confirming that the said announcement has been displayed in the stock exchange. The announcement shall be displayed in the stock exchange for a period of 90 days.

If the application for reissuing new share certificate is not approved by the registered holder of the Relevant Shares, the Bank shall mail a copy of the to-be-published announcement to the said Shareholder.

- (V) if, after expiry of the 90-day period of announcement and display specified in items (III) and (IV) of this article, the Bank has not received any objection to reissue of share certificate from any person, the Bank may reissue new share certificate as requested by the applicant.
- (VI) when the Bank reissues new share certificate as specified herein, the Bank shall immediately deregister the Original Share Certificate and record such deregistration and reissue in the shareholder register.
- (VII) all expenses of the Bank for deregistering the Original Share Certificate and reissuing new share certificate shall be borne by the applicant. The Bank has the right to refuse to take any action before the applicant provides any reasonable guarantee.

In case the Bank issues warrants to unregistered holders, no new warrants may be issued in place of the lost ones unless the Bank confirms, beyond all reasonable doubts, the original warrants have been destroyed.

Article 53 After the Bank reissues new share certificate in accordance with the Articles of Association, the name (title) of the bona fide purchaser of the aforesaid new share certificate or the Shareholder (if he/she is a bona fide purchaser) later registered as owner of the said shares shall not be deleted from the shareholder register.

Article 54 The Bank shall have no obligation to compensate any person for any loss arising from deregistration of the Original Share Certificate or reissue of new share certificate, unless the said person can prove that the Bank has committed any fraud.

Chapter 5 Primary Organizations of the Party

Article 55 The Bank has established a CPC committee of Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as “CPC Committee of the Bank”) and a CPC discipline inspection committee of Weihai City Commercial Bank Co., Ltd. (hereinafter referred to as “Disciplinary Inspection Committee of the Bank”). The candidates for the secretary, deputy secretary, and member of the CPC Committee and secretary of the Discipline Inspection Commission of the Bank shall be reviewed and approved in accordance with the administrative authority of corporate leaders. The CPC Committee of the Bank establishes level by level primary party committees, general party branch committees and party branch committees in accordance with relevant regulations, establishes and improves primary party organizations and carries out party activities. The party organization of the Bank conducts general elections on a regular basis in accordance with the Interim Regulations on the Election of Primary Organizations of the Communist Party of China.

Article 56 The Bank has improved relevant rules and regulations to clarify the responsibilities of the CPC Committee of the Bank, Shareholders’ general meetings, Board of Directors, Board of Supervisors and senior management. The CPC Committee supports the Shareholders’ general meetings, Board of Directors, Board of Supervisors and senior management in exercising their functions and powers according to laws. The Bank has incorporated institutional setup, division of responsibilities, staffing, work tasks, and fund guarantee of its CPC Committee into the management system, and established a coordinated and effective corporate governance mechanism in which the aforesaid organs perform their respective duties within their terms of reference. Eligible party committee members may be appointed as members of the Board of Directors, Board of Supervisors and senior management through legal procedures, and eligible party members from the Board of Directors, Board of Supervisors and senior management of the Company may be appointed as members of the party committee pursuant to relevant requirements and procedures.

Article 57 The Bank has established a discussion and decision-making mechanism for its CPC Committee to make clear the scope of and procedures for CPC Committee’s decision-making and participation in decision on major issues. The study and discussion of the CPC Committee of the Bank is the prepositive procedure for the Board and senior management to make decisions on major issues, that is, major issues relating to business management shall not be decided on by the Board or senior management until studied and discussed by the CPC Committee.

Article 58 The CPC Committee of the Bank shall, upon full consultation, make scientific, democratic and lawful decisions on major issues by virtue of collective leadership, democratic centralism, individual consultations and decision by meetings.

Article 59 The CPC committee of the Bank shall perform duties according to the Constitution of the Communist Party of China and other regulations of the CPC: (I) to undertake to supervise the implementation of the guidelines and policies of the CPC and the State in the Bank, and implement the major strategic decisions of the Party Central Committee and the State Council, and relevant significant work arrangements of the CPC organization at a higher level; (II) to strengthen leadership and control of talent selection and appointment, manage the standards, procedures, investigation, recommendation and supervision, and insist on the principle of the CPC managing the cadres in combination with the Board of Directors selecting the managers according to laws and the managers exercising rights according to laws; (III) to study and discuss reform and development, significant matters concerning business management and major issues concerning immediate interests of the employees of the Bank, and propose opinions and suggestions, and support the Shareholders' general meetings, Board of Directors, Board of Supervisors and senior management in performing duties according to laws; and the employee representatives' meeting in carrying out work; (IV) to undertake the entity responsibility for comprehensively strengthening the CPC discipline; to provide leadership over the party's ideological, organizational, work style, spiritual civilization, corporate culture, and anti-corruption and clean government construction, and ideological work across the Bank; (V) to enhance construction of the primary party organizations and party forces of the Bank, give full play to the party branch's battle fortress role and the party members' exemplary and vanguard role, and unite with and lead the cadres and employees in actively devoting themselves to the Bank's reform, transformation and development; (VI) to deal with other relevant important matters within the terms of reference of the CPC committee.

Chapter 6 Shareholders and Shareholders' General Meetings

Section 1 Shareholders

Article 60 Shareholders of the Bank are persons lawfully holding shares of the Bank, with names (titles) recorded in shareholder register. Shareholders of the Bank shall meet the conditions for investment and shareholding in financial institutions as specified in relevant laws and regulations and rules.

To the extent permitted by laws, regulations and regulatory rules, where two or more persons are registered as joint holders of any shares, they shall be deemed as the common owners of the relevant shares subject to the following restrictions:

- (I) the Bank shall not register more than four persons as joint holders of any shares;
- (II) all joint holders of any shares shall be jointly and severally liable for the payment of all amounts payable for relevant shares;
- (III) if one of the joint holders dies, only the surviving joint holders shall be deemed by the Bank as owners of the relevant shares, but the Board shall have the right to, for the purpose of modifying the shareholder register, require the provision of a death certificate as it deems appropriate;

- (IV) in relation to the joint holders of any shares, only the joint holder listed first on the shareholder register shall have the right to take relevant share certificate from and receive notices of the Bank, and attend the Shareholders' general meetings of the Bank or exercise the full voting right of the relevant shares. Any notice served to the aforesaid person shall be deemed as having been served to all the joint holders of the relevant shares.

If the Bank pays any of the joint holders for the allocation or distribution of any dividend, bonus or capital return payable to such joint holders, such payment shall be deemed as having paid all of the joint holders of the relevant shares for the foregoing allocation or distribution. If any of the joint holders sends to the Bank a receipt of any dividend, bonus or capital return payable to the said joint holders, the said receipt shall be deemed as a valid receipt sent by the said joint holders to the Bank.

Article 61 A Shareholder shall enjoy rights and bear obligations according to the class and quantity of his/her shares. Holders of the same class shall enjoy the same rights and bear the same obligations.

Article 62 When the Bank convenes a Shareholders' general meeting, distributes dividends, undergoes liquidation and engages in other acts requiring the confirmation of Shareholders' identities, the Board or the convener of the Shareholders' general meeting shall determine the shareholding registration date, at the end of which the Shareholders in the register shall be Shareholders entitled to relevant interests.

Article 63 The holders of ordinary shares of the Bank shall enjoy the following rights:

- (I) to receive dividends and other kinds of distributions as determined by the number of shares held by them;
- (II) to attend or appoint a proxy to attend Shareholders' general meetings, and to exercise corresponding voting rights;
- (III) to supervise the business operations of the Bank, and to make suggestions or inquiries accordingly;
- (IV) to transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations and the Articles of Association;
- (V) to apply for obtaining relevant information in accordance with the laws, regulations, regulatory rules and the Articles of Association, including:
 - 1. obtaining a copy of the Articles of Association after paying the costs and expenses incurred;

2. having the right to inspect and photocopy, after paying reasonable expenses, the following documents:
 - (1) all parts of the shareholder register;
 - (2) the personal information of the Directors, Supervisors and senior management personnel of the Bank, including:
 - (a) current and former names and aliases;
 - (b) principal address (domicile);
 - (c) nationality;
 - (d) full-time and all other part-time occupations and positions;
 - (e) identification documents and their numbers.
 - (3) share capital of the Bank;
 - (4) reports on the aggregate par value, number, 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 fiscal year, as well as all the expenses paid by the Bank in relation to such repurchases;
 - (5) minutes of the Shareholders' general meetings;
 - (6) the latest audited financial statements, and the reports of the Board, auditors and the Board of Supervisors as announced by the Bank;
 - (7) the special resolutions of the Bank;
 - (8) a copy of the latest annual report and annual return already submitted to the State Administration for Industry and Commerce of PRC or other competent authorities for filing.

Except the documents set out in item (2) above, the Bank shall, according to the Hong Kong Listing Rules, keep the above documents in items (1) to (8) at the Hong Kong address of the Bank for the free inspection by the public and holders of overseas listed foreign shares. Documents set out in item (5) are for inspection by Shareholders only. Shareholders may have access to copies of the minutes of Shareholders' general meeting free of charge during the office hours of the Bank. If any Shareholder asks for copies of relevant meeting minutes, the Bank shall send out the said copies within seven days after receipt of reasonable expenses. The Bank may refuse to provide any of the aforesaid documents if the documents to be inspected and photocopied contain the trade secrets and sensitive information about the price of the Shares of the Bank.

- (VI) 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;
- (VII) 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);
- (VIII) to have other rights conferred in accordance with the laws, administrative regulations, departmental rules or the Articles of Association.

Save as otherwise provided by laws, regulations or the Articles of Association, if any person who directly or indirectly has interests exercises the rights attached to his/her shares in the Bank without disclosing such interests to the Bank, the Bank shall not freeze or otherwise damage any rights enjoyed by the said person based on his/her shares in the Bank for this reason.

Shareholders who shall seek approval from but fail to report to regulatory authorities shall not exercise such rights as the right to request convening the Shareholders' general meeting, voting right, right of nomination, proposal right and right of disposition. For any Shareholder who has made any false statement, abuses Shareholder's rights or has other acts that harm the interests of the Bank, the China Banking Regulatory Authority may restrict or prohibit any related party transactions between the Bank and him/her and restrict the quota of a commercial bank's equity held by him/her and equity pledge ratio as well as his/her rights including the right to request convening the Shareholders' general meeting, voting right, right of nomination, proposal right and right of disposition.

Article 64 If any Shareholder needs to access the relevant information as set out in the preceding article, the said Shareholder shall provide the Bank with written documents bearing evidence of the class and number of shares held by the said Shareholder, and the Bank shall provide the said information as required by the said Shareholder upon authentication of the said Shareholder.

If a Shareholder exercises the aforesaid right to know, he/she shall keep confidential the Bank's trade secrets and reasonably use the Bank's information in accordance with laws and regulations. Any Shareholder shall bear relevant legal consequences according to laws for any damage to the Bank or other parties arising from his/her violation of the confidentiality obligation.

Article 65 If any resolution of the Shareholders' general meeting or the Board of the Bank violates the laws or administrative regulations, the Shareholders shall have the right to request the people's court to invalidate the resolution.

If the convening procedure or voting method of the Shareholders' general meetings or Board meetings violates the laws, administrative regulations or the Articles of Association or the contents of any resolution run counter to the Articles of Association, the Shareholders may request the people's court to cancel the said procedure, method or resolution within 60 days after adoption of the resolution.

If any Shareholder institutes legal proceedings as per the preceding paragraph, the people's court may, upon request of the Bank, require the Shareholder to provide corresponding guarantees.

If the Bank has registered the changes in accordance with the resolution of the Shareholders' general meeting or the Board, after the people's court declares that the resolution is invalid or revokes the resolution, the Bank shall apply to the registration authority of the Bank for cancellation of the registration.

Article 66 If any Director or senior management personnel violates the laws, administrative regulations or the Articles of Association in fulfilling their duties in the Bank, thereby incurring any loss to the Bank, the Shareholder(s) severally or jointly holding more than 1% shares of the Bank for more than 180 days continuously shall have the right to submit a written request to the Board of Supervisors to institute legal proceedings to the people's court; if the Board of Supervisors violates the laws, administrative regulations or the Articles of Association in fulfilling its duties in the Bank, thereby incurring any loss to the Bank, the Shareholders shall have the right to request the Board in writing to institute legal proceedings to the people's court.

If the Board of Supervisors or the Board refuses to institute legal proceedings after receipt of the aforesaid written request from the Shareholders or does not institute legal proceedings within 30 days after receipt of the said request, or if the circumstance is urgent and any delay of legal proceedings may incur irreparable damage to the interests of the Bank, the Shareholders as specified in the preceding paragraph shall be entitled to directly institute legal proceedings to the people's court in their own names in the interests of the Bank.

If any other person infringes upon the legitimate rights and interests of the Bank, thereby causing any loss to the Bank, the Shareholders as specified in the first paragraph of this article may institute legal proceedings to the people's court pursuant to the preceding two paragraphs.

Article 67 If any Director or senior management personnel violates the laws, administrative regulations or the Articles of Association, thereby damaging the interests of the Shareholders, the Shareholders may institute legal proceedings to the people's court.

Article 68 The holders of ordinary shares of the Bank shall have the following obligations:

- (I) to abide by the laws, administrative regulations, departmental rules, regulatory rules and the Articles of Association;
- (II) to contribute to the share capital as determined by the number of shares subscribed by them and the prescribed method of capital contribution. Shareholders shall use their own funds from legal sources to make capital contribution to the Bank, rather than using entrusted funds, debt funds and other funds not owned by themselves, unless otherwise prescribed by laws and regulations or regulatory system;
- (III) not to withdraw their contributed share capital except in circumstances allowed by the laws and regulations;

- (IV) not to abuse Shareholder's right to harm the interests of the Bank or other Shareholders; not to abuse the independent status of legal person or Shareholder's limited liability to harm the interests of creditors of the Bank;

if any Shareholder of the Bank misuses his/her Shareholder's right, thereby causing any loss to the Bank or other Shareholders, the said Shareholder shall be liable for compensation according to laws;

if any Shareholder of the Bank abuses the independent status of legal person of the Bank or Shareholder's limited liability or evades debts, thereby seriously damaging the interests of the creditors of the Bank, the said Shareholder shall bear joint liability for the Bank's debts;

- (V) to protect the Bank's interests and reputation and support the Bank's legal operations;
- (VI) when the capital adequacy ratio of the Bank fails to meet legal requirements, the Shareholders shall support the measures proposed by the Board of Directors to raise the capital adequacy ratio; substantial Shareholders shall make long-term commitments to the Bank on contribution of additional capital in written form and supplement capital to the Bank if necessary as part of the capital plan of the Bank;
- (VII) to strictly follow the relevant provisions of the China Banking Regulatory Authority on payment risks of commercial banks in case of payment gaps or liquidity difficulties;
- (VIII) to comply with the regulatory requirements in relation to shareholding ratio and number of shareholding institutions, and not to authorize others or accept any authorization from others to hold the shares of the Bank;
- (IX) to truthfully provide the Bank with information including financial information, shareholding structure, sources of funds for share subscription, controlling Shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries, investment in other financial institutions, etc. according to the laws, regulations and regulatory provisions;
- (X) the relevant Shareholders shall inform the changes in controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries of the Shareholders to the Bank in writing in time according to the laws, regulations and regulatory provisions;
- (XI) to inform the following events of the Shareholders to the Bank in writing in time according to the laws, regulations and regulatory provisions: merger and division, being subject to measures including suspension of operation for rectification, designated custody, takeover or cancellation, or entering into dissolution, liquidation or bankruptcy procedure, or changes in their legal representatives, company names, places of operation, scope of operation and other material events;

- (XII) to inform the Bank in writing in time according to the laws, regulations and regulatory provisions if the shares of the Bank held by the Shareholders are involved in litigation or arbitration, subject to legal enforcement by judicial authorities, subject to pledge, or discharged from pledge;
- (XIII) Shareholders who transfer or pledge their shares of the Bank or conduct related transactions with the Bank shall comply with the laws, regulations and regulatory provisions, and shall not impair the interests of other Shareholders and the Bank;
- (XIV) Shareholders and their controlling shareholders and de facto controllers shall not to abuse the Shareholder's rights or use the related party relations to harm the legal interests of the Bank or any other Shareholders and stakeholders, and shall not interfere in the decision-making power and management power conferred to the Board and senior management pursuant to the Articles of Association, nor directly interfere beyond the Board and senior management in the operation and management of the Bank;
- (XV) in case of a risk event or a major violation on part of the Bank, the Shareholders shall cooperate with the regulatory authorities in investigation and risk treatment;
- (XVI) to assume other obligations required by the laws, administrative regulations and the Articles of Association.

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

Article 69 The controlling Shareholders and de facto controllers of the Bank shall not use their related party relationship to damage the interests of the Bank; otherwise, they shall make compensation for any loss incurred to the Bank.

The controlling Shareholders and de facto controllers of the Bank shall perform fiduciary duty to the Bank and other Shareholders of the Bank. The controlling Shareholders shall exercise contributors' rights in strict accordance with law, shall not damage the legitimate rights and interests of the Bank and general public Shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to damage the interests of the Bank and other Shareholders of the Bank.

The substantial Shareholders, controlling Shareholders and de facto controllers of the Bank shall not:

- (I) be listed as the target of joint punishment for dishonesty by relevant authorities;
- (II) be involved in serious evasion of bank debts;
- (III) provide false information or make untrue statements;

- (IV) bear heavy liability for the business failure of commercial banks or major violations of laws and regulations;
- (V) refuse or hinder the legal supervision of the China Banking Regulatory Authority;
- (VI) be investigated by financial regulatory authorities or relevant government authorities due to violation of laws and regulations, causing bad influence;
- (VII) be involved in other circumstances that may adversely affect the Bank's business management.

Article 70 Shareholders shall observe the following rules when they pledge the shares of the Bank:

- (I) If the Shareholders pledge their shares in the Bank to provide guarantees for themselves or others, they shall comply with the laws, regulations and the requirements of regulatory authorities, and shall submit a written report to the Board of the Bank in advance; and shall submit a written report to the Bank on the date on which the said pledge is executed. The Office of the Board shall be responsible for collecting, sorting out and reporting the information on pledge of the Bank's shares and other daily work.

If Shareholders serving as Directors or Supervisors of the Bank or Shareholders who directly or indirectly hold or control above 2% of the shares or voting rights of the Bank pledge the shares of the Bank, they shall make an application to the Board of the Bank for filing in advance to state basic information such as reason for pledge, number of shares, duration of the pledge and the pledgee. Filing shall not be made if the Board determines that it has material adverse effect on the stability of the Bank's shareholding, corporate governance, risk and control on related party transactions. The Director(s) appointed by a Shareholder proposing to pledge his/her shares shall abstain from voting at the meeting of the Board at which such proposal is considered.

- (II) Upon completion of shares pledge registration, Shareholders shall in a timely manner provide the Bank with relevant information regarding the pledge of shares in line with the Bank's risk management and information disclosure requirement.
- (III) Shareholders shall not repledge the Bank's share certificate if the outstanding balance of the loans they have borrowed from the Bank exceeds the audited net book value of the shares held by them in the previous year.
- (IV) When the shares pledged by a Shareholder reach or exceed 50% of its shares in the Bank, the voting rights of such Shareholder at the Shareholders' general meetings and the voting rights of Directors appointed by such Shareholder at Board meetings shall be restricted.

Article 71 The Bank shall not provide financing guarantee for debts of Shareholders and their related parties unless they provide counter-guarantee by bank deposits or treasury bonds.

Financing guarantee mentioned in the preceding paragraph refers to the guarantee provided by commercial banks for financing behaviors of Shareholders and their related entities.

Article 72 Credit offered by the Bank to Shareholders shall comply with laws, regulations and regulatory requirements. The balance of credit extended to a related party as Shareholder shall not be more than 10% of the Bank's net capital; the total balance of credit extended to group customers, to which a related corporate shareholder or other organization as Shareholder is subordinated, shall not be more than 15% of the Bank's net capital.

If substantial Shareholders fail to repay outstanding loans from the Bank when overdue, the voting rights of such Shareholders at the Shareholders' general meetings, as well as the voting rights of the Directors proposed or appointed by such Shareholders at Board meetings shall be subject to restrictions during the overdue period.

Shareholders, who fail to repay outstanding loans from the Bank when overdue, shall not exercise the voting rights and shall not be counted in the quorum attending the Shareholders' general meeting during the overdue period, and the Bank shall have the right to withhold the dividends receivable by such Shareholders to be used in priority to repay their loans from the Bank, and any assets to be distributed to such Shareholders in the Bank's liquidation process shall be used in priority to repay their loans from the Bank.

Article 73 Any entity or individual who purchases shares of the Bank shall complete relevant necessary approval formalities in accordance with relevant laws, regulations, rules and provisions of the regulatory authorities.

Substantial Shareholders of the Bank shall not transfer their shares within five years from the date of share acquisition.

Except for special circumstances in which the China Banking Regulatory Authority approve the adoption of risk disposal measures or imposes an order to transfer, judicial enforcement is involved, or shares are transferred between different entities controlled by the same investor.

Article 74 In addition to the obligations required under the laws, regulations, regulatory rules or the listing rules of the place where shares of the Bank are listed, when exercising their rights as a Shareholder, controlling Shareholders shall not exercise their voting rights to make any decision detrimental to the interests of all or some of the Shareholders in connection with the following issues:

- (I) relieving a Director or Supervisor of their responsibility to act in good faith and in the best interests of the Bank;

- (II) 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;
- (III) approving a Director or a Supervisor (for his/her own benefit 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 a Bank restructuring submitted to and adopted at the Shareholders' general meeting in accordance with the Articles of Association.

Section 2 General Provisions for Shareholders' General Meetings

Article 75 The Shareholders' general meeting shall be an organ of power of the Bank. It shall exercise the following functions and powers in accordance with the law:

- (I) to decide on the business policies and investment plans of the Bank;
- (II) to elect and replace Directors and Supervisors which are not appointed as employee representatives and to decide on the remuneration of the relevant Directors and Supervisors;
- (III) to consider and approve reports made by the Board;
- (IV) to consider and approve reports made by the Board of Supervisors;
- (V) to consider and approve the Bank's annual financial budget reports and final account reports;
- (VI) to consider and approve the Bank's profit distribution plans and loss recovery plans;
- (VII) to resolve on the increase or reduction in the Bank's registered capital;
- (VIII) to resolve on the issuance of bonds or the listing of the Bank;
- (IX) to resolve on the merger, division, dissolution, liquidation, or change of the form of organization of the Bank;
- (X) to amend the Articles of Association;
- (XI) to resolve on the engagement, dismissal or discontinuation of the appointment of the accounting firm by the Bank;
- (XII) to consider and approve the matters concerning guarantee as specified in Article 76;

- (XIII) to consider the purchase and disposal of fixed assets and intangible assets, external investment, acquisition and sale of assets, pledge of assets, entrusted wealth management, etc. involving an amount exceeding 30% (exclusive) of the Bank's latest audited net assets, as well as especially significant related party transactions, etc.;
- (XIV) to consider equity incentive plans;
- (XV) to consider and approve the rules of procedures for the Shareholders' general meeting, the Board of Directors and Board of Supervisors;
- (XVI) to pass a resolution in relation to the acquisition of the shares of the Bank in accordance with the requirements of the laws;
- (XVII) to consider proposals raised by the Shareholders who hold above 3% of the total voting shares of the Bank;
- (XVIII) to consider other issues which should be decided by the Shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules or the Articles of Association.

The aforesaid matters within the functions and powers of the Shareholders' general meeting shall be considered and decided by the Shareholders' general meeting. But, in necessary, reasonable and lawful circumstances, the Shareholders' general meeting may authorize the Board to make such decisions and such authorization shall be clear and specific in content.

With regard to authorization granted by the Shareholders' general meeting to the Board, if the matter should be approved by the Shareholders' general meeting via an ordinary resolution according to the Articles of Association, it shall be passed by votes representing a majority of the voting rights held by the Shareholders (including their proxies) present at the meeting; and if the matter should be approved by the Shareholders' general meeting via a special resolution according to the Articles of Association, it shall be passed by votes representing more than two-thirds of the voting rights held by the Shareholders (including their proxies) present at the meeting.

Article 76 In principle, the Bank does not provide any third party with any risk-taking guarantee other than normal business such as letter of guarantees. If necessary, such guarantee shall be considered and approved at the Shareholders' general meeting.

Article 77 Unless the Bank is in a crisis or any special circumstance, the Bank shall not enter into any contract with anyone other than a Director, Supervisor or senior management personnel to have all or significant part of the Bank's business in the care of such person, unless approved by the Shareholders at a Shareholders' general meeting by way of special resolution in advance.

Article 78 There are two types of Shareholders' general meetings: annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months from the end of the previous fiscal year. If the annual general meeting or the extraordinary general meeting needs to be postponed for special reasons, the Bank shall promptly report to the China Banking Regulatory Authority and explain the reasons for adjournment.

Article 79 The Bank shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following events:

- (I) the number of Directors is less than the quorum required by the Company Law or less than two-thirds of the number stipulated in the Articles of Association;
- (II) the outstanding loss of the Bank is at least one-third of the Bank's total paid-up share capital;
- (III) Shareholder(s) severally or jointly holding more than 10% shares of the Bank have requested to convene the meeting;
- (IV) the Board deems it necessary to convene the meeting;
- (V) the Board of Supervisors proposes to convene the meeting;
- (VI) above half of the independent Directors propose to convene the meeting;
- (VII) any other circumstances as stipulated by the laws, administrative regulations, departmental rules, or the Articles of Association.

In the case of item (II) above, the time limit for convening an extraordinary general meeting shall be calculated from the day when the Bank becomes aware of the occurrence of the event.

In the case of item (III) above, the number of shares held shall be calculated based on the date on which the Shareholders submit the written request.

Article 80 The venue of Shareholders' general meeting of the Bank is the domicile of the Bank or other place specified in the notice of Shareholders' general meeting. Shareholders' general meetings shall be held onsite at the venue.

The Bank may also, when conditions are ripe, provide network or any other means for its Shareholders to conveniently participate in Shareholders' general meetings. Shareholders participating in a Shareholders' general meeting by the aforementioned means shall be deemed to have attended such meeting.

Article 81 When holding a Shareholders' general meeting, the Bank shall engage lawyers to give legal opinions on the following issues:

- (I) whether the procedures of convening and holding the meeting comply with the laws, administrative regulations and the Articles of Association;
- (II) whether the qualifications of the attendees and the convener of the meeting are lawful and valid;
- (III) whether the voting procedure and results of the meeting are lawful and valid;
- (IV) legal opinions on other relevant issues upon request by the Bank.

Section 3 Convening of Shareholders' General Meetings

Article 82 An extraordinary general meeting may be held upon proposal by more than half of the independent Directors to the Board. For the proposal of independent Directors to convene an extraordinary general meeting, the Board shall, pursuant to laws, administrative regulations, departmental rules and the Articles of Association, give a written reply on whether or not it agrees to convene such an extraordinary general meeting within 10 days after receipt of the proposal of the independent Directors to convene such a meeting.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board; if the Board does not agree to convene the extraordinary general meeting, it shall give the reasons.

Article 83 The Board of Supervisors shall have the right to propose to the Board to convene an extraordinary general meeting, and shall put forward such proposal to the Board in writing. The Board shall, pursuant to laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene such an extraordinary general meeting within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the Board of Supervisors.

If the Board does not agree to convene the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the Board of Supervisors may convene and preside over the meeting by itself.

Article 84 Shareholder(s) severally or jointly holding more than 10% shares with voting rights at the meeting to be convened shall have the right to request the Board to convene an extraordinary general meeting or a class meeting, and shall follow the following procedure:

Shareholder(s) severally or jointly holding more than 10% shares with voting rights at the meeting to be convened shall propose to the Board in writing to convene the extraordinary general meeting or class meeting and specify the topics of the meeting. The aforesaid number of shares held shall be calculated based on the date on which the Shareholders submit the written request. The Board shall, pursuant to laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting or class meeting within 10 days after receipt of the request.

If the Board agrees to convene the extraordinary general meeting or class meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original request set forth in the notice shall be subject to approval by the relevant Shareholders.

If the Board does not agree to convene the extraordinary general meeting or class meeting or fails to give a written reply within 10 days after receipt of the request, the Shareholder(s) severally or jointly holding more than 10% shares with voting rights at the meeting to be convened shall have the right to request the Board of Supervisors to convene an extraordinary general meeting or class meeting, and shall put forward such request to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene the extraordinary general meeting or class meeting, it shall serve a notice of such meeting within five days after receipt of such request. Any change to the original proposal set forth in the notice shall be approved by the relevant Shareholders.

If the Board of Supervisors fails to serve the notice of Shareholders' general meeting within the prescribed period, it shall be deemed as failing to convene and preside over the Shareholders' general meeting, and the Shareholder(s) severally or jointly holding more than 10% shares of the Bank (such shares have voting rights at the meeting to be convened) for consecutively 90 days may convene and preside over the meeting by themselves.

Article 85 Where the Board of Supervisors or Shareholders decide to convene a Shareholders' general meeting by itself/themselves, it/they shall notify the Board in writing and file with the China Banking Regulatory Authority at the location of the Bank and the stock exchange where shares of the Bank are listed in accordance with relevant regulations.

Before the resolution is made at the Shareholders' general meeting, the shareholding of Shareholders who convene the meeting shall not be less than 10%.

The convening Shareholders shall, upon issuing a notice of Shareholders' general meeting and announcing the resolution thereof, submit the relevant documentation to the CSRC office at the location of the Bank and the stock exchange.

Article 86 With regard to the Shareholders' general meeting convened by the Board of Supervisors or Shareholders on its/their own initiative, the Board of Directors and its secretary shall offer cooperation. The Board shall provide a shareholder register as of the shareholding registration date.

Article 87 Expenses necessary for a Shareholders' general meeting convened by the Board of Supervisors or Shareholders by itself/themselves shall be borne by the Bank and deducted from the monies payable by the Bank to the defaulting Directors.

Section 4 Proposals and Notices of Shareholders' General Meetings

Article 88 The contents of the proposals shall fall within the functions and powers of the Shareholders' general meeting, shall have clear discussion topics and specific matters to be resolved, and shall comply with relevant requirements of laws, administrative regulations, departmental rules and the Articles of Association.

Article 89 Where the Bank convenes a Shareholders' general meeting, the Board, the Board of Supervisors and Shareholder(s) severally or jointly holding more than 3% shares of the Bank shall be entitled to make proposals to the Bank in writing.

Shareholder(s) severally or jointly holding more than 3% shares of the Bank may submit written interim proposals to the convener 10 days before a Shareholders' general meeting is convened. The convener shall serve a supplementary notice of Shareholders' general meeting within two days after receipt of the proposals and announce the contents of the interim proposals.

Save as specified in the preceding paragraph, the convener, after issuing the notice of the Shareholders' general meeting, shall neither revise the proposals stated in the notice of Shareholders' general meetings nor add new proposals.

Proposals not set out in the notice of Shareholders' general meeting or not complying with Article 88 of the Articles of Association shall not be voted on or resolved at the Shareholders' general meeting.

Article 90 When the Bank is to convene an annual general meeting, the conveners shall issue a notice, 20 workdays prior to the date of the meeting, to all Shareholders whose names appear on the shareholder register, stating the time and venue of the meeting and the matters to be considered at the meeting. A notice of extraordinary general meeting shall be served to all Shareholders 10 workdays or 15 days (whichever is earlier) prior to the date of the meeting.

If the securities regulatory authorities at the place where shares of the Bank are listed have provisions on a longer notice period for Shareholders' general meetings, such provisions shall apply.

Article 91 An extraordinary general meeting shall not resolve on matters not specified in the notice.

Article 92 The notice of a Shareholders' general meeting shall be made in writing and contain the following contents:

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

- (II) the matters and proposal to be discussed at the meeting;
- (III) a prominent statement that a Shareholder entitled to attend and vote at the Shareholders' general meeting is entitled to appoint one or more proxy/proxies to attend and vote on his/her behalf and such proxy need not be a Shareholder of the Bank;
- (IV) the shareholding registration date of Shareholders entitled to attend the Shareholders' general meeting;
- (V) 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 change in the structure of the Bank, 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 a proposed transaction shall be provided;
- (VI) if any of the Directors, Supervisors or senior management personnel 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 senior management member as Shareholders compared to other Shareholders of that same class, they shall explain this difference;
- (VII) the full text of any proposed special resolution to be voted on at the meeting;
- (VIII) the time and address for serving the power of attorney for the voting proxy for the meeting;
- (IX) the name and phone number of the contact person of the meeting;
- (X) other requirements stipulated by laws, regulations, regulatory rules and the Articles of Association.

Notices or supplementary notices of Shareholders' general meetings shall adequately and completely disclose the specific contents of all proposals. Where the opinions of an independent Director are required on the matters to be discussed, such opinions and reasons thereof shall be disclosed when the notices or supplementary notices of Shareholders' general meetings are served.

The interval between shareholding registration date and the date of the meeting shall not be more than seven workdays. The shareholding registration date shall not be changed once confirmed.

Article 93 Unless otherwise stipulated by laws, regulations, regulatory rules and the Articles of Association, the notice of a Shareholders' general meeting shall be delivered by hand or prepaid mail to the Shareholders (regardless of whether they have voting rights at the Shareholders' general meeting). The address of the recipients shall be the address registered in the shareholder register. For holders of Domestic Shares, the notice of a Shareholders' general meeting may be in the form of an announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers specified by the securities regulatory authorities of the State Council in accordance with Article 90 of the Articles of Association concerning notices of Shareholders' general meetings, and all holders of Domestic 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 laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange where shares of the Bank are listed and the requirements of 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 94 If the election of Directors or Supervisors is proposed to be discussed at a Shareholders' general meeting, the notice of such meeting shall adequately disclose the detailed information of the Director or Supervisor candidates, which information shall at least include:

- (I) personal particulars, including educational background, work experience, and part-time jobs;
- (II) whether there is any related party relation with the Bank or its controlling Shareholders and de facto controllers;
- (III) the amount of the Bank's shares held;
- (IV) whether they have been penalized or reprimanded by the China Banking Regulatory Authority and other related authorities;
- (V) information of the Directors or Supervisors appointed or re-designated that shall be disclosed according to the provisions of the Hong Kong Listing Rules.

Unless a Director or Supervisor is elected via the accumulative voting system, each candidate for Director or Supervisor shall be proposed via a single proposal.

Article 95 After the notice of Shareholders' general meeting is issued, the same meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In case of any postponement or cancellation of the meeting, the convener shall issue a written notice and give the reasons therefor at least two work days prior to the date on which the meeting is originally scheduled.

Section 5 Holding of Shareholders' General Meetings

Article 96 The Board of Directors of the Bank and other conveners shall take necessary measures to ensure the proper order of the Shareholders' general meeting. The Board and other conveners shall take measures to stop any act disturbing the Shareholders' general meeting, seeking trouble or infringing upon the legitimate rights and interests of Shareholders, and shall responsively report such act to relevant authorities for investigation and treatment.

Article 97 All the Shareholders in the shareholder register on the shareholding registration date or proxies thereof shall be entitled to attend the Shareholders' general meetings, and exercise voting rights pursuant to relevant laws, regulations and the Articles of Association.

Article 98 Any Shareholder entitled to attend and having voting rights at a Shareholders' general meeting may attend the meeting in person or appoint one or more persons (these persons need not be Shareholders) as proxies to attend and vote on their behalf. A proxy may exercise the following rights according to the authorization of the Shareholders:

- (I) the right of speech of the Shareholder at the Shareholders' general meeting;
- (II) the right to demand or join other Shareholders in demanding a poll;
- (III) the right to vote by hand 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 99 An individual Shareholder attending a meeting in person shall present his/her identity card or other valid certificate bearing evidence of his/her identity as well as relevant certificate of his/her shareholding in the Bank; a proxy attending a Shareholders' general meeting on behalf of an individual Shareholder shall present his/her valid identity card and power of attorney of the Shareholder.

For a corporate Shareholder, its legal representative or a proxy appointed thereby shall attend the meeting. The legal representative attending the meeting shall present his/her identity card and valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall present his/her identity card and the written power of attorney lawfully issued by the legal representative of the corporate Shareholder.

Article 100 The power of attorney issued by a Shareholder to appoint a proxy to attend a Shareholders' general meeting shall be in written form and specify:

- (I) the names of the authorized proxies and number of shares they represent;
- (II) whether they have the right to vote;
- (III) directive to vote for or against or abstain from voting on each and every issue considered in the agenda of the Shareholders' general meeting;

(IV) the date of issue and validity period of the power of attorney;

Where the signature of a proxy (Shareholder) is required, if the proxy is a corporate Shareholder, the legal representative of the proxy shall affix his/her signature and the company seal.

Any format of the power of attorney issued to a Shareholder by the Board of the Bank for appointing a proxy shall provide the Shareholder with the flexibility to instruct the proxy to vote for or against, and give directives on each of the resolutions to be decided at the meeting.

Such a power of attorney shall specify that in default of directives from the Shareholder, the proxy may vote as he/she thinks fit.

If the Shareholder is a Recognized Clearing House (or agent thereof), the said Shareholder may authorize one or more person(s) as it thinks fit to act on its behalf at any Shareholders' general meeting or class meeting; however, where more than one person are thus authorized, the power of attorney shall specify the numbers and classes of shares involved by the said persons thus authorized, and shall be signed by the persons authorized by the Recognized Clearing House. The person thus authorized may represent the Recognized Clearing House (or agent thereof) in exercising its rights at any meeting (without being required to present share certificate, certified power of attorney and/or further evidence of due authorization) as if that person is an individual Shareholder of the Bank.

Article 101 The power of attorney for voting shall be deposited at the domicile of the Bank or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours before the scheduled voting time. Where such a power of attorney is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the power of attorney for voting, be deposited at the domicile of the Bank or such other place as specified in the notice of meeting.

Where the principal is a corporate Shareholder, its legal representative or a person authorized by the Board or other decision-making body shall attend the Shareholders' general meeting of the Bank on its behalf.

Article 102 Where the principal has deceased, incapacitated to act, withdrawn the appointment or authorization to sign the power of attorney, or where the relevant shares have been transferred prior to the voting at the Shareholders' general meeting, a vote given by the proxy in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Bank prior to the commencement of the relevant meeting.

Article 103 The Bank shall be responsible for preparing an attendance register.

The attendance register shall state the names (or corporate names), identity card numbers and addresses of the attendees, the number of voting shares held or represented by them, names (or corporate names) of the principals and so on.

Article 104 The convener and the lawyer appointed by the Bank shall jointly verify the validity of the Shareholders' qualifications based on the shareholder register, and shall register the names of the Shareholders as well as the number of their voting shares. The registration for a meeting shall be completed before the presider of the meeting announces the number of attending Shareholders and proxies and the total number of their voting shares.

Article 105 When the Shareholders' general meeting is being convened, all the Directors, Supervisors and secretary of the Board of the Bank shall attend the meeting, and the President and other senior management personnel shall be present at the meeting without voting rights.

A Shareholders' general meeting convened by the Board of Directors shall be chaired and presided over by the chairman of the Board of Directors. In the event that the chairman is incapable of performing or is not performing his/her duties, the vice chairman (the vice chairman jointly elected by more than half of the Directors if there are two or more vice chairmen) shall chair and preside over the meeting. In the event that the vice chairman is incapable of performing or is not performing his/her duties, a Director jointly nominated by more than half of the Directors shall chair and preside over the meeting. If no chairman of the meeting is appointed, the attending Shareholders may elect a person to chair the meeting. If the Shareholders fail to elect the chairman of meeting for any reason, the Shareholder (including proxy thereof) holding the most voting shares thereat shall chair the meeting.

A Shareholders' general meeting convened by the Board of Supervisors on its own initiative shall be chaired and presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, a Supervisor jointly recommended by more than half of the Supervisors shall chair and preside over the meeting.

A Shareholders' general meeting convened by the Shareholders on their own initiative shall be chaired and presided over by a representative elected by the convener.

When a Shareholders' general meeting is held and the presider of the meeting violates relevant rules of procedure which makes it difficult for the Shareholders' general meeting to continue, the Shareholders in the Shareholders' general meeting may elect one person to act as the presider 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 106 The Bank shall formulate the Rules of Procedure for Shareholders' General Meetings defining in details the convening and voting procedure of Shareholders' general meetings, covering notification, registration, consideration of proposal, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, and the principle of authorization by the Shareholders' general meetings to the Board. The authorization principle shall be clear and specific in terms of contents. The Rules of Procedure for Shareholders' General Meetings shall be appendix to the Articles of Association and shall be formulated by the Board and approved at the Shareholders' general meeting.

Article 107 At an annual general meeting, the Board and the Board of Supervisors shall report to the Shareholders' general meeting about their work in the past year, and every independent Director shall also make his/her work report.

Article 108 Unless the trade secrets of the Bank are involved and cannot be disclosed at the Shareholders' general meeting, the Directors, Supervisors and senior management personnel shall make explanations in relation to the inquiries and suggestions made by Shareholders at Shareholders' general meetings.

Article 109 The presider of the meeting shall, prior to voting, declare the number of attending Shareholders and their proxies as well as the total number of their voting shares, and the number of attending Shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

Article 110 The Shareholders' general meetings shall have meeting minutes, which shall be in the charge of the secretary of the Board. The meeting minutes shall specify:

- (I) the time, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the presider of the meeting, and the Directors, Supervisors, President and other senior management personnel attending, or present without voting rights, at the meeting;
- (III) the number of attending Shareholders and their proxies, the total number of voting shares held by them and the proportion of these shares to the total number of shares of the Bank;
- (IV) the consideration process, key points of speeches and the voting result for each proposal;
- (V) inquiries or suggestions of the Shareholders, and the corresponding responses or explanations;
- (VI) the names of the lawyer, counting officer and scrutineer;
- (VII) other contents that shall be recorded in the meeting minutes in accordance with the Articles of Association.

Article 111 The convener shall ensure the meeting minutes are true, accurate and complete. The attending Directors and Supervisors, secretary of the Board, the convener or representative thereof and the presider of the meeting shall sign the meeting minutes. The meeting minutes, the signature list of Shareholders attending the meeting and the power of attorney for attendance by proxy, the valid information relating to the voting by other means shall be kept permanently as the Bank's files by the secretary of the Board.

The Board shall file the minutes and resolutions of Shareholders' general meetings and other documents with the China Banking Regulatory Authority.

Article 112 The convener shall ensure that a Shareholders' general meeting is held continuously until final resolutions are arrived at. If the Shareholders' general meeting is suspended or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary measures to resume the Shareholders' general meeting as soon as possible or directly terminate the Shareholders' general meeting and make a responsive announcement in accordance with laws, regulations and rules governing securities of the place where shares of the Bank are listed. Meanwhile, the convener shall report to the China Banking Regulatory Authority at the location of the Bank.

Section 6 Voting and Resolutions of Shareholders' General Meetings

Article 113 The resolutions of a Shareholders' general meeting shall either be classified as ordinary resolutions or special resolutions.

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

Special resolutions shall be approved by above two-thirds of voting rights held by the Shareholders (including their proxies) attending the meeting.

Article 114 The following matters shall be approved by an ordinary resolution at a Shareholders' general meeting:

- (I) work reports of the Board of Directors and the Board of Supervisors;
- (II) profit distribution plans and loss recovery plans proposed by the Board of Directors;
- (III) appointment, dismissal, remuneration and payment method of the members of the Board of Directors and members of the Board of Supervisors;
- (IV) the annual budget reports and final account reports, the balance sheet, statements of profits and other financial statements of the Bank;
- (V) the annual reports of the Bank;
- (VI) matters other than those required by the laws, administrative regulations or the Articles of Association to be approved by a special resolution.

Article 115 The following matters shall be approved by a special resolution at a Shareholders' general meeting:

- (I) an increase or reduction in the registered capital and the issuance of any class of shares, warrants and other similar securities of the Bank;
- (II) the issuance of bonds or listing of the Bank;
- (III) the division, merger, dissolution and liquidation, or change of the form of organization of the Bank;
- (IV) amendments to the Articles of Association;
- (V) the purchases or sales of major assets or guarantees in a year with the transaction amount exceeding 30% of the Bank's latest audited total assets;
- (VI) equity incentive plans;
- (VII) repurchase of the Bank's shares;
- (VIII) dismissal of independent Directors;
- (IX) other matters that are specified by laws, administrative regulations or the Articles of Association to be adopted by a special resolution and that, resolved by the Shareholders' general meeting by an ordinary resolution, may have a material effect on the Bank and should therefore be adopted by a special resolution.

Article 116 A Shareholder (including his/her proxy) shall exercise his/her voting rights based on the number of shares with voting rights he/she represents. Each share shall have one vote.

Shares held by the Bank have no voting rights and shall be excluded from the total number of voting shares represented by the Shareholders attending the Shareholders' general meeting. Pursuant to the laws, administrative regulations, rules governing securities of the place where shares of the Bank are listed, Hong Kong Listing Rules and the Articles of Association, if any Shareholder must abstain from voting on any resolution or is restricted to declaring only affirmative vote or only dissenting vote on any resolution, then any vote declared by the said Shareholder or proxy thereof against the aforesaid provision or restriction shall not be counted in the voting result.

The Board, independent Directors and qualified Shareholders may openly collect voting rights from Shareholders. They shall adequately disclose specific information including voting intents to the persons whose voting rights are collected when collecting voting rights from Shareholders. It is prohibited to collect voting rights from Shareholders with compensation or compensation in disguised form. The Company shall not set minimum shareholding percentage limit for collection of voting rights.

Article 117 When a related party transaction is considered at a Shareholders' general meeting, the related Shareholders shall not vote, and the voting shares represented by them shall not be counted in the total number of valid votes; the information relating to voting by non-related Shareholders shall be adequately disclosed for any resolution made at the Shareholders' general meeting.

Related Shareholders may choose proactive avoidance or be subject to any request for avoidance made by any other Shareholder or Shareholder representative attending the Shareholders' general meeting.

Article 118 The announcement of resolutions of a Shareholders' general meeting shall include:

- (I) the time, venue, form, the convener and the presider of the meeting and explanations about compliance with relevant laws, administrative regulations, departmental rules, other normative documents and the Articles of Association of the Bank;
- (II) the number of attending Shareholders (proxies thereof), the number of shares they hold (represent) and the proportion of these shares to the total number of voting shares of the Bank;
- (III) voting method and result of each proposal, name and shareholding percentage of the Shareholder if the proposal is made by the Shareholder and the proposal content, and explanations about abstention from voting of related Shareholders if related party transactions are involved;
- (IV) conclusive opinions of the legal opinions. The full text of the legal opinions shall be disclosed if the proposal is vetoed at the Shareholders' general meeting.

Article 119 List of Director or Supervisor candidates shall be submitted by way of proposal to the Shareholders' general meetings for voting. Resolutions in respect of the election of Directors or Supervisors may be passed by way of accumulative voting pursuant to the Articles of Association or resolution of the Shareholders' general meeting.

The accumulative voting system referred to in the preceding paragraph means that, in the election of Directors or Supervisors at the Shareholders' general meeting, each share shall be entitled to the number of votes equivalent to the number of Directors or Supervisors to be elected at the Shareholders' general meeting, and Shareholders may consolidate their votes for one or more Directors or Supervisors, i.e. the number of votes each Shareholder is entitled to shall be equal to the number of shares held by the Shareholder multiplied by the number of Directors to be elected, and Shareholders may cast all their votes either collectively in favour of one Director or Supervisor candidate or separately in favour of a number of Director or Supervisor candidates. As such, those who have got more votes shall be elected at the Shareholders' general meeting.

The Board shall provide Shareholders with bibliographical details and basic information about the Director or Supervisor candidates.

Article 120 The method and procedure for nominating of candidates for Directors and Supervisors required to be elected and replaced at the Shareholders' general meeting of the Bank are:

- (I) The Nomination and Remuneration Committee of the Board and the Shareholders severally or jointly holding more than 3% of the Bank's total shares with voting rights may propose candidates for non-independent Directors according to the number of non-independent Directors to be elected to the extent of the number specified by the Articles of Association; the nomination methods of independent Director candidates are set forth in Article 172 of the Articles of Association. The number of nominees shall comply with the Articles of Association.

The Board of Supervisors and the Shareholders severally or jointly holding more than 3% of the Bank's total shares with voting rights may propose candidates for Shareholder Supervisors according to the number of Supervisors to be elected to the extent of the number specified by the Articles of Association; the nomination methods of external Supervisors candidates are set forth in Article 253 of the Articles of Association. The number of nominees shall comply with the Articles of Association.

A Shareholder and his/her related party shall not nominate candidates for Directors and Supervisors to the Shareholders' general meeting at the same time; where a candidate for Director (Supervisor) nominated by a Shareholder and his/her related party has been approved to sit on the Board or the Board of Supervisors, the Shareholder shall not nominate any other candidate for Director (Supervisor) until the term of office of the Director (Supervisor) expires; and, generally, the number of candidates for Directors nominated by a Shareholder and his/her related party shall not exceed one-third of the number of members of the Board, except as otherwise prescribed by the State.

- (II) The Nomination and Remuneration Committee of the Board and the Nomination Committee of the Board of Supervisors shall make preliminary examination on the qualifications and conditions of the Director or Supervisor candidates, and submit the qualified candidates to Board or the Board of Supervisors for consideration. Upon approval by the Board or the Board of Supervisors, the list of Director or Supervisor candidates shall be submitted as a written proposal to the Shareholders' general meeting. The Board and the Board of Supervisors shall disclose to the Shareholders such information about the Director or Supervisory candidates as sufficient for the Shareholders in voting for the candidates.
- (III) The Director or Supervisor candidates shall prior to the Shareholders' general meeting provide written undertakings that they accept the nominations, that the information announced about them is true and adequate, and that they will diligently fulfill the duties as Director or Supervisor if elected.
- (IV) In the event of a temporary vacancy of Directors or Supervisors, the Nomination and Remuneration Committee of the Board, the Board of Supervisors or Shareholders qualified for nomination shall nominate the candidates and propose them to the Board or the Board of Supervisors – for consideration, and to the Shareholders' general meeting for election or replacement.

- (V) Under the accumulative voting system, independent Directors and other Board members shall be elected separately.
- (VI) Save under the accumulative voting system, the Shareholders' general meeting shall vote on the Director and Supervisor candidates separately.

If the shares with voting rights held by controlling Shareholders exceed 30% of the Bank's total shares, the Shareholders' general meeting shall apply the accumulative voting system in the election of Directors and Supervisors according to Article 119 of the Articles of Association.

Article 121 Save under the accumulative voting system, the Shareholders' general meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the Shareholders' general meeting is suspended or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the Shareholders' general meeting.

Article 122 No amendment shall be made to a proposal when it is considered at a Shareholders' general meeting; otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the relevant Shareholders' general meeting.

Article 123 The same voting right shall only select any one of the voting methods, namely voting on site, voting online or other voting methods. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

Article 124 Any vote of Shareholders at a Shareholders' general meeting must be taken by registered poll except where the presider of the meeting, based on the principle of honesty, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Article 125 If the matter required to be voted by ballot relates to election of the presider or suspension of meeting, voting by ballot shall be conducted immediately; in respect of other matters required to be voted by ballot, the presider of the meeting may decide the time of voting by ballot, and the meeting may proceed to consider other matters, and the voting results shall be deemed as resolutions passed at the said meeting.

Article 126 In voting, Shareholders (including proxies thereof) entitled to two or more votes need not cast all their votes in the same way of pros or cons.

Article 127 Before proposals are voted on at the Shareholders' general meeting, two Shareholder representatives shall be appointed to count, and monitor counting of, the votes. Where any Shareholder has interests in any matter considered, the said Shareholder or proxy thereof shall not participate in counting and monitoring of votes.

When proposals are voted on at the Shareholders' general meeting, the lawyer, Shareholder representative, Supervisor representative and the Bank's accounting firm appointed according to the Listing Rules, share registrar, or external accountant qualified as auditor shall be jointly responsible for the counting and monitoring of the votes as the scrutineer, and shall announce the voting results on the spot, which voting results shall be recorded in the meeting minutes.

Article 128 The presider of the meeting shall announce the voting information and result on each proposal and, according to the voting result, on whether such proposal is passed. His/her decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the meeting minutes.

Article 129 A Shareholder attending a Shareholders' general meeting shall express one of the following opinions on any proposal to be voted on: pro, con or abstention.

Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions".

Article 130 If the presider of the meeting has any doubt as to the result of a resolution which has been put to vote on at the Shareholders' general meeting, he/she may organize the counting of the votes. If the presider of the meeting has not counted the votes, any Shareholder who is present in person or by proxy and who objects to the result announced by the presider of the meeting may, immediately after the announcement of the voting result, demand that the votes be counted, and the presider of the meeting shall organize the counting of the votes immediately.

If votes are counted at a Shareholders' general meeting, the counting result shall be recorded in the meeting minutes. The meeting minutes shall be kept in the domicile of the Bank together with the signature list of Shareholders attending the meeting and the power of attorney for attendance by proxy.

Article 131 Where proposals regarding election of Directors or Supervisors were passed at the Shareholders' general meeting, the time the new Directors or Supervisors take office shall be the time when the proposals of relevant elections were passed at the Shareholders' general meeting, until the expiry of the term of the current Board. If their qualifications are subject to the approval from the China Banking Regulatory Authority according to related laws, regulations or rules, the time new Directors or Supervisors take office shall be the time when the China Banking Regulatory Authority approved.

Article 132 Where proposals regarding cash dividend, stock distribution or conversion of the capital reserve into share capital were passed at the Shareholders' general meeting, the Bank shall implement the specific plan within two months after conclusion of the Shareholders' general meeting.

Chapter 7 Special Procedures for Voting by Class Shareholders

Article 133 Holders of different classes of shares are class Shareholders.

Class Shareholders shall enjoy rights and assume obligations according to laws, administrative regulations and the Articles of Association. Class Shareholders of the Bank shall enjoy the same rights in any distribution of dividends or other forms of distributions. Based on actual needs, the Bank may have preference shares or other classes of shares according to governing laws upon approval by the approval authorities authorized by the State Council. The Bank shall, where appropriate, ensure preference Shareholders can obtain sufficient voting rights according to laws.

Article 134 If the Bank proposes to change or nullify certain rights of a certain class of Shareholders, this proposal should be passed by a special resolution at the Shareholders' general meeting and passed at the meeting convened according to Article 136 to Article 140 of the Articles of Association for the affected class Shareholders.

Article 135 The rights of a certain class of Shareholders shall be deemed to be changed or nullified in the following circumstances:

- (I) to increase or reduce in the quantity of the shares of that class, or increase or reduce the quantity of the shares of other class which enjoy the same or more voting rights, distribution rights or other privileges;
- (II) to convert part or whole of the shares of that class into other class(es), convert part or whole of the shares of other class(es) into that class, or grant such conversion rights;
- (III) to nullify or reduce the rights of that class of shares to receive payable dividends or cumulative dividends;
- (IV) to reduce or nullify the privileged rights of that class of shares to acquire dividends or obtain distribution of assets during liquidation of the Bank;
- (V) to increase, nullify or reduce the conversion, option, voting, transfer or pre-emptive right of that class of shares or the rights of such class of shares to obtain securities issued by the Bank;
- (VI) to nullify or reduce the rights of that class of shares to receive amounts payable by the Bank in a particular currency;
- (VII) to establish new class(es) of shares which enjoy the same or more voting rights, distribution rights or other privileges as compared with that class of shares;
- (VIII) to restrict the transfer or ownership of that class of shares, or increase the restrictions;
- (IX) to grant the share subscription options or share conversion options of that or another class of shares;

- (X) to increase the rights and privileges of other class(es) of shares;
- (XI) any restructuring scheme of the Bank that may result in the assumption of disproportionate responsibilities by different classes of Shareholders during the restructuring;
- (XII) to revise or nullify the provisions in this chapter.

Article 136 Where issues specified in items (II) to (VIII) and items (XI) to (XII) of Article 135 are involved, the affected class Shareholders, whether or not they are entitled to vote at the Shareholders' general meetings originally, shall have the right to vote at class meetings. However, Shareholders with conflicts of interests shall not be entitled to vote at such class meetings.

Shareholders with conflicts of interests as specified in the preceding paragraph refer to:

- (I) if the Bank has made a repurchase offer to all Shareholders in the same proportion in accordance with Article 30 of the Articles of Association or has repurchased its own shares through public transaction on a stock exchange, "Shareholders with conflicts of interests" shall mean the controlling Shareholders defined in Article 354 of the Articles of Association;
- (II) if the Bank has repurchased shares under an off-market agreement in accordance with Article 30 of the Articles of Association, "Shareholders with conflicts of interests" shall mean Shareholders who are connected with the aforementioned agreement;
- (III) 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 137 A resolution of a class meeting shall be adopted by above two-thirds of the voting shares represented by Shareholders of that class present at the meeting in accordance with Article 136.

Article 138 When convening a class meeting, the Bank shall issue a written notice of the meeting at the same time as that of a non-class meeting to be convened together, to all Shareholders in the relevant class whose names appear on the shareholder register, stating the matters to be considered at the meeting and the date and venue of the meeting.

The quorum of various class meetings (excluding adjournment thereof) convened to consider modifying the rights of any class of shares shall be at least one-third of the total shares of the said class already issued.

Article 139 The notice of a class meeting only needs to be delivered to the Shareholders entitled to vote at that meeting.

The procedures for convening a class meeting shall be the same as the procedures for the Shareholders' general meeting to the extent practical, and the provisions in the Articles of Association relating to the procedure to convene a Shareholders' general meeting shall apply to the class meeting.

Article 140 Apart from other classes of Shareholders, holders of Domestic Shares and overseas listed foreign shares are deemed to be Shareholders of different classes.

The special voting procedure for class Shareholders shall not apply for the following cases:

- (I) upon the approval by way of a special resolution passed by a Shareholders' general meeting, the Bank independently or simultaneously issues Domestic Shares and overseas listed foreign shares every 12 months, provided that the amount of each class of shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;
- (II) the Bank's plan on issuing Domestic Shares and overseas listed foreign shares at the time of incorporation, which is completed within 15 months upon the date of approval from the securities regulatory authorities of the State Council;
- (III) the relevant regulatory authorities such as the China Banking Regulatory Authority and the securities regulatory authorities of the State Council have given approval for unlisted shares held by the Shareholders of the Bank to be traded in overseas stock exchanges.

Article 141 Directors of the Bank are natural persons with the capacity for civil rights and capacity for civil conduct, and have no need to hold shares of the Bank. Directors shall have the expertise, working experience and qualities required for their performance of duties, good professional ethics, and qualifications which shall be approved by the China Banking Regulatory Authority.

Chapter 8 Board of Directors

Section 1 Directors

Article 142 Directors shall be elected or removed from office by Shareholders at a Shareholders' general meeting, and shall serve a term of office of three years.

A Director may serve consecutive terms if re-elected.

A written notice of the intention to nominate a candidate for Director and a notice in writing by that candidate indicating his/her acceptance of such nomination shall be given to the Bank seven days before the date of the Shareholders' general meeting.

The President or other senior management personnel may serve concurrently as Director. The number of Directors served by senior management personnel in the Board shall be not less than one-fourth but not more than one-third of the total members of the Board; meanwhile, the total number of Directors serving concurrently as the President or other senior management personnel and Directors served by employee representatives shall not be more than half of the total members of the Board of the Bank.

Members of the Board may comprise the Bank's employee representatives. The Bank's employee representatives in the Board shall be elected and dismissed democratically at the employee representatives' meeting, employees' meeting or in other forms.

Article 143 If any Director fails to attend Board meetings in person or by proxy for two consecutive times, the said Director shall be deemed incapable of performing his/her duties, and the Board shall suggest that the Shareholders' general meeting dismiss the said Director.

Article 144 A Director may resign prior to the expiry of his/her term of office, and shall submit a written resignation to the Board.

A Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a duly re-elected Director takes office, if the resignation of Directors within their terms of office results in the number of members of the Board being less than the quorum stipulated in the Company Law or two-thirds of the number stipulated in the Articles of Association.

Save as provided in the preceding paragraph and the provisions for resignation of independent Directors in Article 184 of the Articles of Association, the Director's resignation shall be effective when his/her resignation is served to the Board.

Upon the expiry of a Director's term of office, or the number of Directors being less than the quorum stipulated in the Company Law or two-thirds of the number stipulated in the Articles of Association, the Bank should initiate the procedure of electing a new Director and hold Shareholders' general meeting to proceed.

A Shareholders' general meeting may dismiss a non-independent Director within his/her term of office by an ordinary resolution provided that the relevant laws, regulations and regulatory rules are observed (however, the claim for compensation under any contract shall not be affected). The dismissal of an independent Director must be approved by two-thirds of votes of the Shareholders presenting at the meeting.

If a Director is dismissed by Shareholders' general meeting, has deceased, resigned for losing independence or otherwise failed to perform his/her duty, resulting in the number of Directors being less than the quorum stipulated in the Company Law or the quorum necessary for voting of the Board, the power of Board should be delegated to the Shareholders' general meeting until the number of the Directors meets the requirements.

Article 145 If resignation of a Director takes effect or if his/her term of office expires, the said Director shall go through all handover formalities with the Board. His/her honesty obligation to the Bank and its Shareholders shall not terminate automatically at the end of his/her term of office.

Article 146 Save as specified in the Articles of Association or legally authorized by the Board, no Director shall act on behalf of the Bank or the Board in his/her own name. If a Director acts in his/her own name but a third party may reasonably think that the said Director is acting on behalf of the Bank or the Board, the said Director shall make a prior statement of his/her standpoint and capacity.

Article 147 If any Director violates the laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his/her duties, thereby incurring any loss of the Bank, the said Director shall be liable for compensation.

Section 2 Board of Directors

Article 148 The Bank shall have a Board of Directors which is accountable to the Shareholders' general meeting.

Article 149 The Board shall be composed of fifteen Directors, including a chairman and a vice chairman at the option, of which the independent Directors shall be no less than one-third of the total number of Directors.

Article 150 The Board of Directors shall exercise the following functions and powers:

- (I) to convene Shareholders' general meetings and report its performance at the Shareholders' general meetings;
- (II) to implement resolutions of Shareholders' general meetings;
- (III) to decide on operational plans and investment plans of the Bank;
- (IV) to formulate annual financial budget reports and final account reports of the Bank;
- (V) to formulate profit distribution plan and loss recovery plan of the Bank;
- (VI) to formulate capital plans, and take the ultimate obligation for the management of capital or solvency;
- (VII) to formulate proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;
- (VIII) to formulate plans for major acquisition, purchase of the Bank's Shares or merger, division, dissolution, or change in corporate structure of the Bank;
- (IX) to decide on matters such as external investments, acquisition and sale of assets, pledge of assets, entrusted wealth management, related party transactions and data management of the Bank based on laws, regulations regulatory provisions and Articles of Association;
- (X) to decide on setup of internal management bodies of the Bank;
- (XI) to decide on setup, merger and cancellation of branches and sub-branches of the Bank;

- (XII) to appoint or dismiss the Bank's President and secretary of the Board as nominated by the chairman of the Board; to appoint or dismiss the Bank's senior management personnel such as vice President and chief financial officer as nominated by the President; to assess the performance of senior management members and to determine their remunerations, rewards and punishments, supervise senior management in performing their duties;
- (XIII) to formulate the basic management system of the Bank;
- (XIV) to formulate proposals for any amendment to the Articles of Association; to formulate the rules of procedures for the Shareholders' general meeting and the Board of Directors, and to consider and approve the working rules for the special committees under the Board of Directors;
- (XV) to take responsibility for the Bank's information disclosure, to formulate the Bank's information disclosure system and to manage the Bank's information disclosure; and to take the ultimate responsibility for ensuring the authenticity, accuracy, integrity and timeliness of the accounting and financial reports;
- (XVI) to make proposal at the Shareholders' general meeting for engagement, dismissal or non-renewal of an accounting firm providing regular legal audit services of financial reports for the Bank;
- (XVII) to listen to the work report of the President of the Bank and inspect his/her work;
- (XVIII) to review any significant capital expenditures, contracts and commitments that exceed the spending limits set by the Board for senior management;
- (XIX) to formulate a plan for the sale or transfer of all or most of the business or assets of the Bank;
- (XX) to formulate a development strategy and supervise its implementation, and to approve green credit strategies;
- (XXI) to protect the legal rights of financial consumers and other stakeholders, and to formulate strategies, policies and objectives for the protection of consumer's rights and interests, to urge the senior management of the whole Bank to effectively carry out and implement relevant work, to regularly listen to the senior management's special report on this work, and to supervise and evaluate the comprehensiveness, promptness and effectiveness of the Bank's consumer rights protection work and the performance of the senior management in this respect, with the relevant work as the important content of information disclosure;
- (XXII) to formulate the policies for tolerance of risks, risk management and internal control, and to take the ultimate responsibility to manage overall risks;

- (XXIII) to establish a communication mechanism with the Shareholders' general meeting, the CPC Committee and the Board of Supervisors on major issues to provide truthful information and reports;
- (XXIV) to regularly evaluate and improve the Bank's corporate governance to ensure that the corporate governance mechanism provides appropriate protection and equal rights for all Shareholders of the Bank;
- (XXV) to take the responsibility for managing Shareholders' affairs, and to establish the mechanism of identifying, inspecting and managing interest conflicts between Shareholders, especially substantial Shareholders and the Bank;
- (XXVI) to exercise the power to manage remuneration of the staff;
- (XXVII) to exercise any other functions and powers prescribed by the laws, administrative regulations, rules or the Articles of Association and authorized by the Shareholders' general meetings.

Article 151 The Board of the Bank shall make explanations to the Shareholders' general meeting in relation to the qualified audit opinions produced by certified public accountants on the financial reports of the Bank.

Article 152 The Board shall formulate the Rules of Procedure for Board Meetings to ensure the Board's implementation of resolutions of the Shareholders' general meeting, enhance the work efficiency, and ensure scientific decision making of the Board.

Article 153 The Board shall determine the powers for purchase and disposal of fixed assets and intangible assets, external investment, acquisition and sale of assets, pledge of assets, entrusted wealth management and related party transactions, establish stringent examination and decision making procedures, organize relevant specialists or professional personnel to review material investment projects, and report such investment projects and matters required to be reported to the Shareholders' general meeting according to the Articles of Association to the Shareholders' general meeting for approval.

The Bank's external investments are equity investments made by the Bank in other financial institutions; the Bank's acquisition and sale of assets refers to the Bank's acquisition and sale of equity assets; the Bank's pledge of assets refers to the Bank's external pledge of its fixed assets; and the Bank's entrusted wealth management refers to the Bank's entrusting other institutions to manage its own assets.

The purchase and disposal of fixed assets and intangible assets, external investment, acquisition and sale of assets, pledge of assets and entrusted wealth management involved in the daily operating activities shall be executed by the President based on the items and quotas in the annual budget approved. Unbudgeted items and budgeted but unspecified items shall be executed according to the following authorization:

As for the Bank's purchase and disposal of fixed assets and intangible assets, pledge of assets and entrusted wealth management, items not exceeding RMB50 million (inclusive) shall be approved by the President; items exceeding RMB50 million but not more than 30% (inclusive) of the latest audited net assets shall be approved by the Board; and items exceeding 30% (not inclusive) of the latest audited net assets of the Bank shall be approved by the Shareholders' general meeting.

Regarding the Bank's external investment and acquisition and sale of assets, items not exceeding RMB10 million (inclusive) shall be approved by the President; items exceeding RMB10 million but not more than 30% (inclusive) of the latest audited net assets shall be approved by the Board; and items exceeding 30% (not inclusive) of the latest audited net assets of the Bank shall be approved by the Shareholders' general meeting.

For the Company's 12-month consecutive purchase, sale or replacement of the same or related fixed assets in batches, the related amount shall be calculated cumulatively.

Article 154 For the disposal of any fixed assets by the Board, 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 four months immediately preceding such proposal for disposal exceeds 33% of the fixed assets value shown in the latest balance sheet reviewed at a Shareholders' general meeting, the Board shall not dispose of or approve the disposal of such fixed assets without the prior approval of the Shareholders' general meeting.

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.

Any breach of the first paragraph of this article shall not affect the validity of any transaction entered into by the Bank in disposing of fixed assets.

Article 155 Board meetings include periodic meetings and extraordinary meetings.

Periodic meetings of the Board shall be held at least four times every year, and shall be convened by the chairman of the Board. A written notice of the meeting shall be made to all the Directors and Supervisors 14 days before the date of the meeting, and the agenda and relevant meeting documents shall be delivered to all Directors three days before the meeting is held.

The Board shall notify the Supervisors to attend the Board meeting.

The decisions, resolutions and meeting minutes of the Board shall be reported to the China Banking Regulatory Authority for the record within 10 days after the conclusion of the meeting.

Article 156 The chairman of the Board shall convene and preside over an extraordinary Board meeting within 10 days in any of the following circumstances when it is:

- (I) proposed by Shareholders representing more than one-tenth of the voting rights;

- (II) jointly proposed by more than one-third of the Directors;
- (III) proposed by the Board of Supervisors;
- (IV) considered necessary by the chairman of the Board;
- (V) proposed by more than two of the independent Directors;
- (VI) proposed by the President;
- (VII) required by the regulatory authority.

Article 157 The Board shall serve the notices of Board meetings and extraordinary Board meetings by: announcement, mail (including email), fax and/or personal delivery;

The notice of extraordinary Board meetings shall be served to all Directors and Supervisors within five workdays before the date of convening the meeting.

Where an extraordinary Board meeting needs to be convened in emergency, the notice of the meeting may be sent by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.

Before serving the notice of a periodic Board meeting, the Office of the Board shall adequately consult with the Directors, and shall formulate a preliminary proposal for the meeting and then submit the same to the chairman of the Board for consideration. Before formulating a proposal, the chairman of the Board shall, where necessary, seek opinions of the President and other senior management personnel.

The contents of the proposal shall be within the functions and powers of the Board specified in the Articles of Association, and the proposal-related documents shall be submitted together with the proposal.

The Office of the Board shall submit to the chairman of the Board the aforesaid written proposal and related documents upon receipt of the same. Where the chairman of the Board deems the proposal not well-defined or specific or the related documents inadequate, the chairman of the Board may require the proposer to amend or supplement the proposal.

Article 158 The notice of Board meeting shall specify:

- (I) date and venue of the meeting;
- (II) form of the meeting;
- (III) reasons for holding the meeting and topics for discussion;
- (IV) the convener and the presider of the meeting, proposer of and written proposal for the extraordinary meeting;

- (V) requirements for the Directors to attend the meeting in person or by proxy;
- (VI) associate(s) and means of contact;
- (VII) date on which the notice is sent.

Article 159 Board meetings shall be held only if more than half of the Directors are present. Save as otherwise specified in Article 162 of the Articles of Association, resolutions made by the Board shall be passed by more than half of all Directors.

Resolutions of the Board shall be voted on as per “one person, one vote” system.

Directors shall attend Board meetings in person. If any Director cannot attend the meeting for any reason, he/she may authorize in writing another Director to act on his/her behalf. Where a Director appoints a representative to attend the meeting, he/she shall review the meeting documents in advance, form definite opinions, and appoint another Director in writing to attend the meeting on his/her behalf. The proxy who attends the meeting shall present the power of attorney sealed or signed by the principal which shall specify:

- (I) the names of the principal and proxy;
- (II) brief opinions of the principal on respective proposals;
- (III) the principal’s scope of authorization and instructions about voting intent in relation to respective proposals;
- (IV) signature of the principal, date, etc.

The Director attending the meeting as a proxy shall exercise the rights of Directors within the scope of authorization. Where any Director signs the regular reports by proxy, the said Director shall specify such authorization in the power of attorney.

The proxy Director shall present the written power of attorney to the presider of the meeting, and explain proxy attendance in the attendance book.

In principle, a Director shall accept no more than two proxies by other Directors who fail to attend the meeting in person. A non-related Director shall not appoint a related Director as his/her proxy to attend the meeting when a related party transaction is considered.

If a Director fails to attend a Board meeting in person or by proxy, the said Director shall be deemed as having waived his/her right to vote at the meeting.

Article 160 Where a Director or any of his/her close associates (as defined in the Hong Kong Listing Rules) has related party relationship with the enterprises involved in a resolution at a Board meeting or has material interests in the contracts, arrangements or any other proposed matters to be resolved, he/she shall not have the right to vote on the resolution, nor shall he/she exercise the voting right on behalf of other Directors or be counted in the quorum present at the meeting, save as otherwise specified by the laws, regulations, normative documents and relevant regulations of the securities regulatory authorities at the place where shares of the Bank are listed (including but not limited to the Articles of Association approved by the Hong Kong Stock Exchange). Such Board meeting may be convened if more than half of the non-related Directors attend the meeting. If the number of non-related Directors attending the meeting is less than three, the matter shall be submitted to the Shareholders' general meeting for consideration.

Article 161 Voting by onsite meetings and voting by written resolutions may be adopted at Board meetings.

Onsite meetings refer to meetings at which attendees are able to communicate and discuss in real time via on-site presence, video, telephone. Onsite meetings shall be recorded and taped. An onsite meeting convened by telephone conference or video conference shall ensure each attending Director can hear other Directors' speech clearly and can communicate with each other. Should any Directors not able to timely sign the meeting minutes during such meetings, such Director shall attend voting orally and complete the signature in writing as soon as possible. The oral vote by the Directors shall have equal effect as the written signature, provided subsequent written signatures shall comply with the oral votes at the meeting. In case of any inconformity between such written signature and the oral vote, the verbal voting shall prevail.

Written resolutions refer to a meeting method that proposals are served respectively to or passed around the Directors for consideration. If a Board meeting is convened by means of a written resolution, Directors and proxies thereof shall clearly write "agree", "object" or "waive" on the votes. If the number of the Directors signing in favour of a proposal satisfies the statutory quorum for adopting a resolution as stipulated in the Articles of Association, the said proposal shall become a resolution of the Board.

Article 162 The following matters considered at the Board meetings shall not be voted on by written resolutions and shall be passed by more than two-thirds of the Directors:

- (I) formulation of the proposals for increase or decrease of the Bank's registered capital and proposals for issue of bonds, or other securities and listing;
- (II) formulation of the proposals for any amendment to the Articles of Association;
- (III) formulation of the plans for merger, division, dissolution, or change in corporate form;
- (IV) capital replenishment plans;
- (V) formulation of the major investment and major asset disposal plans;
- (VI) appointment or dismissal of the senior management personnel;

- (VII) formulation of the remuneration plans;
- (VIII) profit distribution plans;
- (IX) major equity change and financial restructuring;
- (X) other matters which are stipulated by laws, administrative regulations, departmental rules, normative documents or the Articles of Association, and which are considered by more than half of all Directors to have a significant impact on the Bank and should be approved by more than two-thirds of the Board.

Article 163 The Board of Directors shall file resolutions for matters discussed at the meeting as minutes (minutes of Board meetings may be made as summary or resolutions or in other forms), which shall be signed by the attending Directors and secretary of the Board. Directors disagreeing with the meeting minutes may add a note to their signature.

Minutes of Board meetings shall be kept as archives of the Bank permanently.

Article 164 Attending Directors shall have the right to have an explanatory note made in the minutes regarding his/her speech at the meeting.

Opinions on the Bank's decisions provided by independent Directors shall be recorded in the minutes of Board meetings.

Directors shall sign and be responsible for the resolutions passed at Board meetings. If a resolution of the Board violates the applicable laws, administrative regulations or the Articles of Association or resolutions of the Shareholders' general meeting, and as a result of which the Bank sustains losses, Directors adopting the resolution shall be liable to compensate the Bank. However, if it can be proved that a Director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such Director shall be relieved from that liability.

Article 165 The minutes of a Board meeting shall specify:

- (I) the date, venue and form of the meeting;
- (II) names of the convener and presider;
- (III) sending of the notice of the meeting;
- (IV) names of the attending Directors and the Directors (proxies) attending the meeting on behalf of others;
- (V) agenda of the meeting;
- (VI) summaries of the speeches of Directors;
- (VII) voting method and result for each resolution (the voting result shall set out the numbers of pros, cons and abstentions).

Article 166 The Bank shall submit the due diligence report of the Board at least containing the following contents to the China Banking Regulatory Authority within four months after the end of each fiscal year:

- (I) the number of Board meetings convened;
- (II) evaluation report on the performance of Directors;
- (III) meeting documents and resolutions of the Board meetings signed by the Directors.

Section 3 Independent Directors

Article 167 Directors of the Bank include independent Directors. Independent Directors of the Bank are Directors who do not hold any positions in the Bank other than directorship and do not maintain with the Bank and its Shareholders, de facto controllers a connection which may possibly hamper their independent and objective judgments. Independent Directors shall fulfil the obligations of honesty and diligence to the Bank and all the Shareholders thereof.

Independent Directors shall, pursuant to the relevant laws, regulations and the Articles of Association, diligently perform their duties and protect the rights and interests of the Bank as a whole, the legal rights and interests of medium and small Shareholders and finance consumers, in particular the rights and interests of depositors and medium and small Shareholders.

Independent Directors shall perform their duties independently, without being affected by the Bank's Shareholders, de facto controllers, senior management and other entities or individuals having conflicts of interests with the Bank.

Independent Directors are entitled to proper remunerations based on the criteria formulated by the Board and reviewed and passed by the Shareholders' general meeting.

Article 168 Independent Directors shall be at least one-third of the total members of the Board, and at least one independent Director shall have appropriate professional qualifications as specified in the Hong Kong Listing Rules, or shall have professional specialty in audit or related financial management.

Article 169 Independent Directors shall have high professional competence and good reputation, and shall meet the following conditions:

- (I) having a bachelor's degree or above or a related professional title above medium level;
- (II) having more than five years' experience in legal, economic, banking and financial work or other work required for fulfilling duties as independent Director;
- (III) capable of reading, understanding and analysing the credit statistics and financial statements of commercial banks;

- (IV) familiar with the laws and regulations related to the operation and management of commercial banks;
- (V) other circumstances as stipulated by laws, administrative regulations and departmental rules.

Article 170 The following persons shall not serve as independent Directors of the Bank:

- (I) persons serving the Bank or enterprises held or actually controlled by the Bank and their immediate family members and major social connections (immediate family members shall include spouse, parents, children, grandparents and siblings; and major social connections shall include parents-in-law, sons/daughters-in-law, spouses of siblings, siblings of spouse, etc.), or persons serving the Bank or enterprises held or actually controlled by the Bank in the three years before taking up the office and their immediate family members;
- (II) Shareholders or persons and their immediate family members serving the shareholder entities which directly or indirectly hold more than 1% of the Bank's issued shares (immediate family members shall include spouse, parents, children, grandparents and siblings);
- (III) individual Shareholders in the top 10 Shareholders of the Bank and their immediate family members;
- (IV) employees of the enterprises that have failed to repay their borrowings from the Bank upon maturity;
- (V) de facto controllers of the Bank and persons serving its subsidiaries;
- (VI) persons serving institutions which provide financial, legal, consulting and other business connections for or have interest relationship with the Bank and its controlling Shareholders or their respective subsidiaries, including but not limited to all members of the project team of intermediaries, reviewing officers at all levels, persons signing the report, partners and persons-in-charge;
- (VII) persons serving as directors, supervisors or senior management personnel in the entities which have significant business transactions with the Bank and its controlling Shareholders or their respective subsidiaries, or persons serving as directors, supervisors or senior management personnel in the controlling shareholder entities of the entities having such business transactions;
- (VIII) persons falling under items (I) to (VII) within the preceding year;
- (IX) any other persons on whom the Bank can carry out control or exert significant influence by various means;
- (X) other persons who cannot serve as independent Directors under laws, administrative regulations and departmental rules.

No independent Director may be removed without any cause before expiry of his/her term of office.

Article 171 Except for the circumstances under Article 170 of the Articles of Association, a person shall not serve as independent Director of the Bank in any of the following circumstances when:

- (I) he/she was removed from office by his/her original entity due to failure to perform duties diligently;
- (II) he/she used to be a person in charge of high-risk financial institutions and there is no evidence that he/she was not responsible for the cancellation or loss of assets of such institutions;
- (III) he/she failed to attend the Board meetings for two consecutive times or failed to attend more than one-third of Board meetings in person during his/her term of office as an independent Director;
- (IV) he/she serves as an independent director in more than five domestic and overseas companies. He/she serves as an independent director in more than two commercial banks at the same time. He/she serves as an independent director in commercial banks which are related to each other and exists a conflict of interest (except the association caused by the Independent Director's part-time job);
- (V) other circumstances in which he/she shall not hold the position of independent director stipulated by laws, administrative regulations, departmental rules, normative documents or the Articles of Association.

Article 172 The Nomination and Remuneration Committee of the Board, or Shareholders severally or jointly holding more than 1% of the total voting shares of the Bank, and the Board of Supervisors can nominate candidates for independent Directors to the Board. Any Shareholder who has nominated a candidate for Director shall not nominate a candidate for independent Director. The qualifications of such candidate for Director shall be verified by the Nomination and Remuneration Committee of the Board and elected at a Shareholders' general meeting.

The qualifications of independent Directors shall be reported to and examined by the China Banking Regulatory Authority.

Article 173 Functionary of State organs shall not serve concurrently as independent Directors of the Bank.

Article 174 A Shareholder can only nominate a candidate for independent Director or external Supervisor and shall not nominate such candidates at the same time.

Article 175 The term of office of independent Directors at the Bank shall not be more than six years.

Article 176 An independent Director shall make a statement to the Board before taking up the office to ensure that he/she has adequate time and energy to perform his/her duties, and shall undertake to be diligent and responsible.

Article 177 An independent Director shall work for at least 15 workdays in the Bank every year.

An independent Director may appoint another independent Director to attend a Board meeting, but he/she shall attend at least two-thirds of the Board meetings in person every year.

Directors serving as persons in charge of the Audit Committee, Related Party Transactions Control Committee and Risk Management Committee shall work for at least 20 workdays in commercial banks every year.

Article 178 Evaluation report of independent Directors considered at the Shareholders' general meeting shall at least include the number of Board meetings attended by the independent Directors, primary information of each attendance at the Board meetings, objections raised by independent Directors, handling of the Board and other contents.

Article 179 The Board of Supervisors shall propose at a Shareholders' general meeting to dismiss an independent Director in any of the following circumstances:

- (I) the independent Director who does not resign from the position when he/she is no longer qualified to be an independent Director due to a change in his/her position;
- (II) the independent Director fails to attend the Board meetings for three consecutive times or attend less than two-thirds of the Board meetings in person in a year;
- (III) the independent Director works in the Bank for less than 15 workdays in a year;
- (IV) other circumstances provided by laws where an independent Director is no longer suitable for serving as independent Director.

Article 180 The proposal for dismissal of an independent Director made by the Board of Supervisors shall be passed by the votes of more than two-thirds of all Supervisors before submission to the Shareholders' general meeting for consideration. The independent Director may brief the Board of Supervisors on relevant information before the Board of Supervisors puts forward the proposal for dismissal, and may make relevant statements and explanations.

Where the Board of Supervisors proposes to remove an independent Director at the Shareholders' general meeting, it shall report to the China Banking Regulatory Authority and issue a written notice to the said independent Director one month before the date of the Shareholders' general meeting. The said independent Director has the right to make an oral or written statement before voting and to submit such statement to the China Banking Regulatory Authority five days before the date of the Shareholders' general meeting. The Shareholders' general meeting shall deliberate on the statement of the said independent Director according to laws before proceeding to a vote.

Article 181 An independent Director of the Bank is entitled to the following special powers:

- (I) to approve of material related party transactions and submit them to the Board for consideration; an independent Director may engage an intermediary to produce an independent financial advisor's report to serve as a basis for his/her judgment;
- (II) to propose to the Board for appointment or dismissal of accounting firm;
- (III) to request the Board to convene an extraordinary general meeting;
- (IV) to propose to convene a Board meeting;
- (V) to independently appoint external audit and consulting institutions;
- (VI) to openly collect voting rights from Shareholders before a Shareholders' general meeting is convened.

An independent Director shall seek the consent of more than half of all the independent Directors before exercising the above powers. Where the aforementioned proposals fail to be accepted or the said powers cannot be exercised normally, the Bank shall disclose the relevant details.

Article 182 An independent Director shall, in addition to fulfilling the aforesaid duties, provide the Board or Shareholders' general meeting with independent opinions on the following matters:

- (I) nomination, appointment and dismissal of Directors;
- (II) appointment or dismissal of senior management personnel;
- (III) remuneration of Directors and senior management personnel of the Bank;
- (IV) profit distribution plan;
- (V) matters that may bring material losses to the Bank;
- (VI) engagement or dismissal of the accounting firm that conducts the regular statutory audit of the Bank's financial reports;
- (VII) significant related party transactions;
- (VIII) other matters that may have a significant impact on the legitimate rights and interests of the Bank, medium and small shareholders and the financial consumers, matters which the independent Directors deem likely to damage the legitimate rights and interests of depositors, medium and small Shareholders and other stakeholders;

- (IX) other matters specified in the laws and regulations, regulatory requirement or the Articles of Association of the Bank.

An independent Director shall express one of the following types of opinions on the aforesaid matters: agreement; qualified opinion and reason therefor; objection and reason therefor; inability to express opinion and reason therefor.

If the relevant issue needs to be disclosed, the Bank shall announce the opinions of the independent Directors. If the independent Directors are of divergent views and cannot reach a consensus, the Board shall disclose the respective opinions of each of the independent Directors.

Article 183 To ensure that independent Directors can exercise their powers effectively, the Bank shall provide them with necessary conditions:

- (I) The Bank shall ensure that the independent Directors have the same right to know as other Directors; in respect of any issue to be decided by the Board, the Bank shall inform the independent Directors in advance before the mandatory deadline and provide adequate material; where any independent Director deems the material provided as inadequate, he/she may require supplementation. where two or more independent Directors are of the opinion that the material provided is insufficient or is of unclear argument, they may jointly make a written proposal to the Board to postpone the convening of the Board meeting or postpone consideration on relevant issue, and the Board shall adopt such a proposal; the Bank and the independent Directors shall keep the material provided by the Bank for at least 5 years;
- (II) The Bank shall provide the work conditions necessary for the independent Directors to fulfill their duties; the secretary of the Board shall actively provide assistance to independent Directors in fulfilling their duties, for example, briefing them on the situation and providing relevant material;
- (III) When the independent Directors are exercising their powers, relevant persons of the Bank shall actively cooperate and shall not refuse, hinder or conceal or interfere their independent exercise of powers;
- (IV) The expenses incurred from engaging intermediaries or required for exercise of powers by independent Directors shall be borne by the Bank;
- (V) The Bank shall provide appropriate allowances to independent Directors. The standard of allowances shall be formulated by the Board, considered and approved by the Shareholders' general meeting and disclosed in the annual reports of the Company. Other than that, independent Directors shall not obtain any other additional interests which are not disclosed from the Bank and its substantial Shareholders or other interested institutions and persons;
- (VI) The Bank can establish necessary liability insurance systems for independent Directors to reduce the possible risks arising from the normal duty performance of independent Directors.

Article 184 An independent Director may resign before his/her term of office expires.

In resigning his/her duties, an independent Director shall tender a resignation to the Board in writing and specify any matter which is related to his/her resignation or which he/she considers necessary to bring to the attention of the Shareholders and creditors.

If any independent Director resigns so that the number of independent Directors in the Board falls short of the quorum as specified in applicable laws, regulations or rules, resignation of the said independent Director shall not take effect until such vacancy is filled by a new independent Director. The independent Director shall continue to perform his duties, unless he resigns and is dismissed for loss of independence.

Article 185 The China Banking Regulatory Authority supervise the performance of duties by independent Directors. If an independent Director is in serious neglect of duty, the China Banking Regulatory Authority has the right to disqualify him/her as independent Director; a disqualified independent Director shall not serve as independent Director of the Bank again for the rest of his/her life.

If an independent Director is disqualified by the China Banking Regulatory Authority, he/she is relieved of his/her duties automatically from the date of disqualification. A new independent Director shall be elected responsively at the Shareholders' general meeting of the Bank.

Article 186 An independent Director is in serious neglect of duty if he/she:

- (I) leaks the secrets of the Bank and damages the legitimate interests of the Bank;
- (II) accepts improper benefits in the performance of duties, or uses the status as independent Director for private gains;
- (III) acquiesces in a Board resolution that violates the laws, regulations or the Articles of Association;
- (IV) fails to veto a related party transaction that brings material losses to the Bank;
- (V) commits other serious derelictions of duty as defined by the China Banking Regulatory Authority.

Section 4 Chairman of the Board

Article 187 The chairman and vice chairman of the Board of the Bank shall be elected and removed by more than half of all the Directors, their terms of office shall be three years, and are eligible for re-election.

Article 188 Persons serving as the chairman and vice chairman of the Board of the Bank shall meet the requirements of the China Banking Regulatory Authority and other relevant laws and regulations.

Article 189 The chairman of the Board and President of the Bank shall not be the same person.

The chairman of the Board of the Bank shall not be the legal representative or person in charge of the controlling Shareholders.

Article 190 The chairman of the Board shall exercise the following functions and powers:

- (I) to preside over Shareholders' general meetings and convene and preside over Board meetings;
- (II) to supervise and inspect the implementation of resolutions passed by the Board;
- (III) to sign registered share certificates, bonds and other marketable securities of the Bank;
- (IV) to sign important documents of the Board and other documents which should be signed by the legal representative of the Bank;
- (V) to exercise the functions and powers of the legal representative;
- (VI) in any emergent force majeure event such as serious natural disasters, to exercise the special right of disposal in respect of the business of the Bank in compliance with applicable laws and regulations and in the interests of the Bank, and to report to the Board and the Shareholders' general meeting of the Bank afterwards;
- (VII) to exercise other functions and powers conferred by the Board.

Article 191 The vice chairman of our Board shall assist the chairman in performing his/her duties. If the chairman is unable or fails to perform his/her duties, such duties shall be performed by the vice chairman. In the event that the vice chairman is unable or fails to perform his/her duties, a Director shall be elected jointly by more than a half of the Directors to perform such duties.

Section 5 Secretary of the Board

Article 192 The Board shall have a secretary, who is a senior management member of the Bank and shall be accountable to the Bank and the Board.

Article 193 The secretary of the Board shall have the job qualifications required by the regulatory rules.

The circumstances disqualifying a person as Director of the Bank in the Articles of Association shall apply to the secretary of the Board.

Article 194 The secretary of the Board shall be a natural person with requisite professional knowledge and experience, and is mainly responsible for:

- (I) addressing and coordinating the information disclosure of the Bank, organizing the formulation of information disclosure management system of the Bank, and urging the Bank and relevant information disclosure obligors to observe relevant provisions concerning information disclosure;
- (II) addressing investor relationship management, and coordinating the exchange of information between the Bank and the China Banking Regulatory Authority and other regulatory authorities of the State, investors, media, etc.;
- (III) organizing and arranging Board meetings and Shareholders' general meetings, attending Shareholders' general meetings, Board meetings, meetings of the Board of Supervisors and meetings of senior management personnel, and taking and signing Board meeting minutes;
- (IV) paying attention to media reports and actively verifying the authenticity of the reports;
- (V) organizing trainings concerning relevant laws, administrative regulations, departmental rules and relevant provisions for Directors, Supervisors and senior management personnel of the Bank, and assisting the said persons in understanding their duties in information disclosure;
- (VI) when learning that the Directors, Supervisors and senior management personnel of the Bank have violated laws, administrative regulations, departmental rules, other normative documents or the Articles of Association, or the Bank has made or may make a decision in violation of relevant regulations, reminding relevant persons and reporting to relevant regulatory authorities;
- (VII) addressing the equity management affairs of the Bank, and ensuring that the Bank's shareholder register is duly established and that the persons who have the right of access to the relevant records and documents of the Bank obtain the same in due time;

- (VIII) keeping the documents containing details of shareholdings in the Bank by the Bank's Directors, Supervisors, senior management personnel, controlling Shareholders and their directors, supervisors and senior management personnel, ensuring that the Bank has complete organizational documents and records, and disclosing changes in the shareholdings of the Bank's Directors, Supervisors and senior management personnel;
- (IX) ensuring that the Bank legally prepares and submits reports and documents as required by the competent authorities;
- (X) fulfilling other duties as required by laws, administrative regulations, departmental rules, regulating documents and the Articles of Association.

Article 195 A Director or other senior management personnel of the Bank may serve concurrently as secretary of the Board. However, a Supervisor of the Bank shall not serve concurrently as secretary of the Board. A certified public accountant of the accounting firm or a lawyer of the law firm engaged by the Bank shall not serve concurrently as secretary of the Board.

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

Article 196 The secretary of the Board of the Bank may serve concurrently as director of the Office of the Board. The secretary of the Board shall be appointed by the Board. The job qualifications of the secretary of the Board shall be examined by the China Banking Regulatory Authority.

Section 6 Special Committees under the Board

Article 197 The Board of the Bank establishes the Development and Strategy Committee, Related Party Transactions Control Committee, Risk Management Committee, Audit Committee, Nomination and Remuneration Committee and Consumer Rights Protection Committee. All members of the special committees shall be Directors with professional knowledge and working experience for fulfilling their duties and each of the special committees shall have at least three members. In the Audit Committee and Nomination and Remuneration Committee, independent Directors shall be the majority and the proportion of independent Directors in the Related Party Transactions Control Committee and Risk Management Committee shall, in principle, not be less than one-third. In the Related Party Transactions Control Committee, Audit Committee and Nomination and Remuneration Committee, independent Directors shall act as chairperson.

Members of the Audit Committee shall all be non-executive Directors, a majority of which shall be independent Directors. The members should have expertise and work experience in some aspect of finance, audit, accounting or law and at least one of the independent Director shall have appropriate professional qualifications as set out under relevant laws and regulations (including but not limited to the Hong Kong Listing Rules) or have appropriate accounting or related financial management expertise.

The person in charge of the Risk Management Committee should have the experience in judging and managing various types of risks.

The special committees under the Board shall provide professional advice to the Board or make decisions on professional matters as authorized by the Board.

Each of the relevant special committees should regularly communicate with the senior management and departments on the Bank's operation and risk status, and provide opinions and suggestions.

Article 198 The Development and Strategy Committee is mainly responsible for:

- (I) studying the long-term development strategies planning and material investment decisions of the Bank and providing suggestions;
- (II) studying and putting forward the Bank's development goals, development directions, development priorities, development measures and other development-related issues;
- (III) advising the Board on strategic issues in the Bank's development;
- (IV) studying other matters with significant impacts on the development of the Bank and providing suggestions;
- (V) examining the implementation of the aforesaid matters;
- (VI) fulfilling other duties as authorized by the Board.

Article 199 The Related Party Transactions Control Committee is mainly responsible for:

- (I) guiding the Bank to correctly implement the policies and regulations of the State regarding related party transactions;
- (II) formulating the policies, rules and management systems on related party transactions of the Bank;
- (III) confirming and announcing related parties of the Bank;
- (IV) reviewing major related party transactions in accordance with relevant regulations and submitting them to the Board for approval (transactions involving large loans shall be submitted to the Risk Management Committee for consideration before being submitted to the Board for approval);
- (V) regularly reporting to the Board and the Board of Supervisors on confirmed related parties and related party transactions;

- (VI) reporting issues about related party transactions to the people's government at all levels, the People's Bank of China and CBRC, and providing feasible opinions or suggestions;
- (VII) fulfilling other duties assigned by the Board regarding related party transactions.

Article 200 The Bank has strict management on related party transactions in accordance with relevant provisions of the China Banking Regulatory Commission. A related party transaction refers to any of the following matters involving transfer of resources or obligations between the Bank and a related party:

- (I) credit extension;
- (II) transfer of assets;
- (III) provision of services;
- (IV) other related party transactions as defined by the China Banking Regulatory Authority.

Article 201 The Bank will regulate its related party transactions with reference to its existing net capital and operating conditions and in accordance with relevant laws and regulations.

Article 202 The Risk Management Committee is mainly responsible for:

- (I) supervising the risk control by the senior management on liquidity risk, credit risk, market risk, operational risk, technology risk, etc.;
- (II) evaluating the Bank's risk profile on a regular basis;
- (III) offering suggestions on improving the risk management and internal control of the Bank;
- (IV) evaluating the Bank's capital adequacy on a regular basis;
- (V) reviewing large loans and extension of large loans;
- (VI) conducting research on the disposal of non-performing assets and the doubtful debts and bad debts of the Bank;
- (VII) conducting research on the fixed asset investments and disposal of non-performing assets of the Bank, and putting forward objective and fair feasibility plans and recommendations that suit the Bank's actual operating conditions;
- (VIII) providing suggestions, opinions and plans for the Bank's asset management, and supervising the implementation of relevant asset management plans;

(IX) studying other asset-related issues with significant impacts on the development of the Bank and providing suggestions;

(X) fulfilling other duties as authorized by the Board.

Article 203 The Audit Committee is mainly responsible for:

(I) formulating internal audit systems, mid – and long-term audit plans and annual audit work plans, etc., and submitting them to the Board for approval;

(II) reviewing the duty performance by the Bank’s chief audit officer and the person in charge of the audit department, and providing recommendations and opinions to the Board on their appointment and removal;

(III) listening to the work reports of the internal audit department of the Bank, guiding the internal audit work of the audit department, and evaluating and supervising the audit work;

(IV) examining the implementation of internal audit work and reporting the audit work to the Board;

(V) evaluating and resolving on internal audit procedure as authorized by the Board;

(VI) recommending independent external audit institutions (accounting firms) to the Board of the Bank; reviewing and supervising the audit of the Bank’s operation and management by external audit institutions and making recommendations for the renewal or removal of such external audit institutions;

(VII) putting forward the external audit plan of the year (including the scope, procedure and method of audit), and reviewing the opinions and suggestions of the external audit institution after completion of audit;

(VIII) coordinating the communication between internal auditors and external auditors;

(IX) auditing the financial information of the Bank and disclosure thereof;

(X) reviewing the internal control system of the Bank;

(XI) keeping abreast of major financial matters and changes in accounting policies of the Bank, and carrying out relevant work accordingly;

(XII) providing proposals to the Board on the staffing and composition of the audit institution according to the operating activities, asset size and shareholding structure of the Bank;

(XIII) fulfilling other duties as authorized by the Board.

Article 204 The Nomination and Remuneration Committee is mainly responsible for:

- (I) making recommendations to the Board on the scale and composition of the Board based on the operating activities, asset size and shareholding structure of the Bank;
- (II) studying the standards and procedures for selecting Directors and senior management personnel and making recommendations to the Board;
- (III) identifying qualified candidates for Directors and senior management personnel under the authorization of the Board, making preliminary assessments on their qualifications and conditions, and making recommendations;
- (IV) formulating remuneration plans based on the main scope, extent and importance of responsibilities of Directors and senior management personnel;
- (V) reviewing the duty performance of Directors and senior management personnel of the Bank and conducting annual performance evaluations for them;
- (VI) supervising the implementation of remuneration system for Directors and senior management personnel of the Bank;
- (VII) fulfilling other duties as authorized by the Board.

Article 205 The Consumer Rights Protection Committee is mainly responsible for:

- (I) formulating the strategies, policies and objectives for protecting the rights and interests of financial consumers of the Bank;
- (II) supervising and evaluating the comprehensiveness, timeliness and effectiveness of the Bank's efforts in protecting the rights of financial consumers and the duty performance of senior management;
- (III) making relevant proposals on consumer rights protection to the Board and regularly listening to relevant reports on consumer rights protection;
- (IV) supervising the external disclosure of information in relation to consumer rights protection;
- (V) fulfilling other duties as authorized by the Board.

Article 206 Each of the special committees may engage intermediaries to provide professional advice, at the expense of the Bank. Each special committee shall be accountable to the Board, and proposals of each special committee shall be submitted to the Board for examination and decision.

Section 7 Information Disclosure

Article 207 The Board is responsible for the information disclosure of the Bank. The Chairman and the President (the person in charge of the entity) should ensure that the information disclosed is true, accurate and complete, and undertake to assume corresponding legal liabilities for it.

Article 208 The Bank discloses information in the principle of authenticity, accuracy, completeness and comparability in compliance with laws and regulations, unified accounting system of the State and relevant regulations of the securities regulatory authorities at the place where shares of the Bank are listed. The information publicly disclosed by the Bank includes periodic reports, interim reports and other relevant material.

Article 209 The annual financial accounting reports disclosed by the Bank must be audited by an accounting firm with appropriate qualifications.

Article 210 The Bank discloses financial accounting reports, management of various types of risks, corporate governance, and major annual events in accordance with the Measures on Information Disclosure of Commercial Banks and relevant regulations of the securities regulatory authorities at the place where shares of the Bank are listed.

Article 211 The Bank needs not disclose non-critical items. However, if the omission or misreporting of a certain item or piece of information will change or affect the evaluation or judgment of the information user, the Bank will disclose the said item as a critical item.

Article 212 The specific contents and format of information disclosure by the Bank are determined in accordance with the relevant legal rules, normative documents and regulations of the securities regulatory authorities and the stock exchange at the place where shares of the Bank are listed. If the said laws, regulations and rules did not contain specific requirements in this regard, the Bank may adjust the contents to be disclosed according to the actual situation.

The annual reports of the Bank are disclosed within four months after the end of each fiscal year and are submitted to the China Banking Regulatory Commission before publication.

Article 213 The Bank ensures that the Shareholders and relevant stakeholders can have access to annual reports in a timely manner, and that the annual reports are placed at the main business premises of the Bank so that the public can easily and timely access them. The Office of the Board is the investor relations management department of the Bank, responsible for the daily work of investor relations management of the Bank. By means of disclosure of statutory information, official website, telephone consultation and road show, the Bank can communicate with the investors about the Bank's development strategies, various information about the operation, management, finance and operation process as well as other information about the Bank that the investors are interested in.

Chapter 9 Senior Management and Senior Management Personnel

Article 214 The senior management of the Bank consists of the President, vice President, chief financial officer and other senior management personnel appointed by the Board of the Bank. The senior management is accountable to the Board and subject to the supervision of the Board of Supervisors.

The Bank's senior management conducts operation and management activities in accordance with the Articles of Association and the authorization of the Board, to ensure that the Bank's operations are consistent with the development strategies, risk appetites and other policies as established and approved by the Board. The operation and management activities of the senior management within the scope of their functions and powers according to laws shall not be interfered.

The Bank practices a president accountability system led by the Board. The Bank has one president and four vice presidents.

The senior management personnel of the Bank should accept and pass the qualification review by the China Banking Regulatory Authority.

The President and vice Presidents of the Bank shall have the qualifications as those required for the chairman and vice chairman specified in Article 188 of the Articles of Association.

Article 215 If the Board of the Bank permits, a member of the Board may serve concurrently as the President of the Bank, but the President shall not serve concurrently as the chairman of the Board.

Article 216 The circumstances set out in the Articles of Association disqualifying a person as Director shall also apply to senior management personnel.

The provisions on the Directors' obligations of honesty and diligence in the Articles of Association shall also apply to senior management personnel.

Article 217 Staff members of the controlling Shareholders and de facto controllers of the Bank who serve positions other than Director shall not serve as senior management member of the Bank.

Article 218 Senior management personnel should, based on the business needs of the Bank, establish and improve the internal control mechanism mainly comprising internal rules and regulations, operational risk control system, credit approvals, etc. The President of the Bank does not serve as a member of the Credit Review Committee, but has the right to veto the credit decision approved by the Credit Review Committee.

Article 219 The President shall serve a term of three years and may serve consecutive terms upon reappointment.

Article 220 The President is accountable to the Board and organizes and carries out the business management activities of the Bank in accordance with laws, regulations, rules, the Articles of Association and the authorization of the Board.

The President shall perform the following functions and powers:

- (I) to propose to the Board to appoint or dismiss vice Presidents, chief financial officer and other senior management personnel of the Bank;
- (II) to appoint or dismiss persons in charge of the functional departments and branches of the Bank other than those to be engaged or dismissed by the Board;
- (III) to submit the annual business management plan and investment plan to the Board on behalf of the senior management personnel, and to organize the implementation upon approval by the Board;
- (IV) to authorize other senior management personnel and persons in charge of internal functional departments and branches to engage in operating activities;
- (V) to draft internal management institution setting plan of the Bank;
- (VI) to adopt emergency measures when any material emergency (such as a run on the Bank) arises and promptly report them to the China Banking Regulatory Authority, the Board of Directors and the Board of Supervisors;
- (VII) to draft the Bank's basic management system;
- (VIII) to formulate the Bank's specific regulations;
- (IX) to preside over the daily operation and management of the Bank, to organize the implementation of the resolutions of the Board, and to report the work to the Board;
- (X) other functions and rights that should be exercised by the President conferred by laws, regulations, rules and the Articles of Association.

The President shall attend Board meetings, and if he/she is not a Director, he/she shall not have any voting right at Board meetings.

Article 221 The President shall formulate working rules of the President, which shall be implemented upon approval by the Board.

Article 222 The working rules of the President shall specify:

- (I) the conditions and procedure for holding the President's meetings, and attendees;
- (II) specific duties and division of labor of the President and other senior management personnel;

(III) use of funds and assets of the Bank, authority to conclude important contracts, and the system to report to the Board and the Board of Supervisors;

(IV) other matters deemed necessary by the Board.

Article 223 The President may resign prior to the expiry of his/her term of office. The procedure and rules for resignation of the President shall be specified in the labor contract between the President and the Bank. The President, vice Presidents and chief financial officer must finish post-office-auditing before leaving office.

Article 224 The vice Presidents assist the President in his/her work. When the President cannot perform his/her duties, the vice Presidents shall in sequence act on behalf of the President.

The President should listen to the opinions of the trade union and the employee representatives' meeting before drawing up plans concerning the employees' wages, benefits, safe operations, labor insurance, etc. which represent their immediate interests.

Article 225 If any senior management member violates the laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his/her duties, thereby incurring economic losses to the Bank, the said senior management member shall be liable for compensation.

Chapter 10 Board of Supervisors

Section 1 Supervisors

Article 226 The Supervisors of the Bank shall be natural persons who are elected and removed democratically by the Shareholders' general meeting or employees.

The circumstances set out in the Articles of Association disqualifying a person as Director shall also apply to Supervisors.

Directors, the President and other senior management personnel shall not serve as Supervisors concurrently.

Article 227 The chairman of the Board of Supervisors shall work full time as such. The chairman of the Board of Supervisors shall have the qualifications in conformity with the requirements of the China Banking Regulatory Authority and other relevant laws and regulations.

Article 228 The Supervisors shall observe the laws, administrative regulations and the Articles of Association, shall fulfill the obligations of honesty and diligence to the Bank, and shall not abuse their official powers to accept bribes or other unlawful income or expropriate the Bank's property.

Article 229 Each term of office of the Supervisors shall be three years, and is renewable upon re-election when it expires. The external supervisors' cumulative tenure with the Bank shall not exceed six years.

Article 230 A Supervisor shall continue to perform his/her duties as a Supervisor in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected Supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if his/her resignation results in the number of Supervisors being less than the quorum.

Article 231 The Supervisors shall ensure the information disclosed by the Bank is true, accurate and complete.

Article 232 The Supervisors may attend Board meetings and may attend the meetings of the special committees, the meetings of the senior management, and have the right to make inquiries about or present suggestions on the resolutions of such meetings.

Article 233 Supervisors shall not use their related party relationship to the detriment of the interests of the Bank, and shall be liable for compensation for any loss incurred to the Bank.

Article 234 If a Supervisor violates the laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his/her duties to the Bank, thereby incurring any loss to the Bank, the said Supervisor shall be liable for compensation.

Article 235 The supervisory records of the Board of Supervisors and the results of financial inspections or other special inspections shall be important basis for evaluating the performance of Directors, managers and other senior management personnel.

Section 2 Board of Supervisors

Article 236 The Board of Supervisors is the supervisory body of the Bank which shall be accountable to the Shareholders' general meeting.

The Board of Supervisors of the Bank consists of nine Supervisors, including one chairman, the appointment and removal of whom shall be made with a resolution passed by above two-thirds of all members of the Board of Supervisors.

The chairman of the Board of Supervisors shall convene and preside over Board of Supervisors meetings; where the chairman of the Board of Supervisors cannot or does not fulfill the duty thereof, more than half of the Supervisors may jointly elect a Supervisor to convene and preside over Board of Supervisors meetings.

The Board of Supervisors shall comprise shareholder representatives (shareholder supervisor) and an appropriate proportion of employee representatives (employee supervisor) and external Supervisors of the Bank, which proportion shall not be lower than one-third of the total number of members of the Board of Supervisors. The employee representatives in the Board of Supervisors shall be elected democratically by the employees of the Bank at the employee representatives' meeting, employees' meeting or in other forms. Shareholder representatives shall be elected and removed at Shareholders' general meetings, and employee representatives shall be elected and removed democratically by the employees of the Bank.

Article 237 The Board of Supervisors shall exercise the following functions and powers:

- (I) to carry out review and give written review opinions on the regular reports on the Bank prepared by the Board of Directors; verify the financial information such as the financial report, business report and profit distribution proposal to be submitted by the Board to the Shareholders' general meetings and to appoint, in the name of the Bank, certified public accountants and practicing auditors to assist in the re-examination of such information should any doubt arise in respect thereof;
- (II) to examine our financial activities;
- (III) to supervise the behaviors of the Directors and senior management personnel in their performance of their duties in our Bank and to propose the removal of Directors and senior management personnel who have violated laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' general meetings;
- (IV) when the acts of the Directors and senior management personnel of the Bank are detrimental to its interests, to require the aforementioned persons to correct these acts;
- (V) to propose the convening of extraordinary general meeting and to convene and preside over Shareholders' general meeting when the Board fails to perform the duty of convening and presiding over Shareholders' general meetings according to the Company Law;
- (VI) to submit proposals to the Shareholders' general meetings;
- (VII) to bring actions against the Directors and senior management personnel in accordance with Article 151 of the Company Law;
- (VIII) to conduct investigation when noticing unusual operation condition of the Bank, and if necessary, to engage professional organs such as accounting firm and law firm for assistance, fee of which shall be undertaken by the Bank;
- (IX) to conduct post-office-auditing of Directors and senior management personnel as required and to guide the work of the internal audit department of the Bank;
- (X) to audit the Bank's business decisions, risk management and internal control;
- (XI) to question Directors, chairman and senior management personnel;
- (XII) to exercise any other functions and powers of the Board of Supervisors prescribed by the laws, regulations, and rules.

In addition to performing the aforesaid duties, the Board of Supervisors shall also pay special attention to the following matters:

- (I) to supervise the Board to establish sound business philosophy, values standards and formulate the development strategies in line with the Bank's actual situation;
- (II) to regularly evaluate the scientificity, rationality and robustness of the development strategies of the Bank, and form an evaluation report;
- (III) to supervise and inspect the Bank's operating decisions, risk management and internal control, and supervise the rectification;
- (IV) to supervise the election and appointment process of the Directors;
- (V) to supervise the implementation of the remuneration management systems of the Bank and the scientificity and rationality of the plans for senior management personnel;
- (VI) other matters specified in the laws and regulations, regulatory requirements and Articles of Association.

Article 238 All reasonable fees incurred for the employment of professionals such as lawyers, certified public accountants or practising auditors engaged by the Board of Supervisors in the exercise of its powers shall be borne by the Bank.

Article 239 The Board of Supervisors shall have a Supervision Committee and a Nomination Committee. The person-in-charge of the Supervision Committee and the Nomination Committee shall be the external Supervisors.

Article 240 The main duties of the Supervision Committee of the Board of Supervisors are:

- (I) to regularly report the supervision and inspection work to the Board of Supervisors and other work that the committee shall report to the Board of Supervisors;
- (II) to evaluate the annual audit report and submit the written opinions to the Board of Supervisors for deliberation;
- (III) to organize, coordinate and carry out special supervision and inspection of the financial position of the Bank;
- (IV) to organize the audit of audit project of the Board of Supervisors, produce judgment report on the truthfulness, completeness and accuracy of the report information after audit, and submit the report to the Board of Supervisors for consideration;
- (V) to formulate the annual work plan and work summary of the Supervision Committee and report them to the Board of Supervisors for deliberation;

- (VI) to supervise and review the loan concentration, asset-liability ratio, related party transactions, risk control and other prudential matters of the Bank, and report to the Board of Supervisors;
- (VII) to supervise the Board to establish sound business philosophy, values and principles and formulate development strategies in line with the Bank's actual situation; to regularly evaluate the scientificity, rationality and robustness of the development strategies formulated by the Board, and develop evaluation reports;
- (VIII) to supervise and examine the Bank's operating decisions, risk management and internal control, and supervise the rectification;
- (IX) to conduct post-office-auditing of Directors and senior management personnel;
- (X) to fulfill other duties as authorized by the Board of Supervisors.

Article 241 The principal duties of the Nomination Committee of the Board of Supervisors are:

- (I) to make recommendations to the Board of Supervisors on the size and composition of the Board of Supervisors;
- (II) to study the selection criteria and procedures for Supervisors and make recommendations to the Board of Supervisors;
- (III) to extensively search for qualified candidates for Supervisors;
- (IV) to conduct preliminary examination of the qualifications and conditions of candidates for Supervisors and make suggestions;
- (V) to work out the work plan and work summary of the committee and submit them to the Board of Supervisors for deliberation after being approved by the committee;
- (VI) to review the performance of the Bank's Supervisors, carry out year-end evaluation on them, and submit evaluation opinions;
- (VII) to supervise the selection and appointment procedures of Directors and independent Directors; to supervise the performance of the Board and senior management, and comprehensively evaluate the performance of Directors, Supervisors and senior management personnel;
- (VIII) to supervise the implementation of the remuneration management systems throughout the Bank and the scientificity and rationality of the remuneration plans for senior management personnel;
- (IX) to fulfill other duties as authorized by the Board of Supervisors.

Article 242 Meetings of the Board of Supervisors shall be held at least four times every year.

The resolution of the Board of Supervisors shall be adopted by more than two-thirds of all Supervisors by voting, except as otherwise provided by laws, administrative regulations, rules or relevant regulatory authorities.

Article 243 The Board of Supervisors shall formulate the Rules of Procedure for Meetings of the Board of Supervisors specifying the rules of procedure and voting procedure for Board of Supervisors meetings, to ensure the work efficiency and scientific decision making of the Board of Supervisors.

Article 244 The Board of Supervisors shall make minutes of the decisions on the matters discussed, which shall be signed by the attending Supervisors.

Any Supervisor shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of meetings of the Board of Supervisors shall be kept permanently as archives of the Bank.

Article 245 The chairman of the Board of Supervisors shall convene a meeting of the Board of Supervisors and shall deliver a written notice and related documents of the meeting to all Supervisors 10 days before the meeting.

In case of any of the following circumstances, a provisional meeting shall be held within 10 workdays, and all Supervisors and non-voting participants shall be notified 5 workdays in advance:

- (I) Any Supervisor proposes to hold such a meeting;
- (II) The Shareholders' general meeting or Board meeting has passed any resolution which runs counter to relevant laws, regulations, rules, provisions and requirements of the regulatory authority, the Articles of Association, resolutions of the Shareholders' general meeting of the Bank and any other relevant provisions;
- (III) Improper acts of the Directors and senior management personnel may possibly give rise to material damages to the Bank or bad impacts on the markets;
- (IV) The Shareholders lodge a legal action against the Bank, Directors, Supervisors or senior management personnel;
- (V) The Bank, Directors, Supervisors or senior management personnel are punished by the securities regulating authority or condemned in public by the stock exchange;
- (VI) The relevant regulatory authority requires holding such a meeting;
- (VII) If any other circumstance as specified in the Articles of Association occurs.

Notice of Board of Supervisors meetings shall be sent by mail (including E-mail), fax or hand.

The voting method of Board of Supervisors meetings shall refer to the provisions on the voting method of Board meetings in Article 161 of the Articles of Association.

Supervisors shall attend at least two-thirds of the onsite meetings of Board of Supervisors in person each year. If a supervisor cannot attend in person for any reason, he or she may entrust other supervisors in writing to attend on his/her behalf.

Article 246 The notice of a Board of Supervisors meeting shall specify:

- (I) date, venue and duration of the meeting;
- (II) reasons and topics for discussion; and
- (III) date on which the notice is sent.

The Office of the Board of Supervisors is set up under the Board of Supervisors as a daily office, which is responsible for the preparation of the meetings of the Board of Supervisors and the special committees under the Board of Supervisors and other daily affairs, including the specific implementation and supervision, the preparation of the meetings of the Board of Supervisors and the special committees under the Board of Supervisors, the preparation of documents and the minutes of the meeting.

Before sending the notice of regular meeting of the Board of Supervisors, the Office of the Board of Supervisors shall collect proposals from all the Supervisors.

Any proposal of any Supervisor for convening a provisional meeting of the Board of Supervisors shall be made in written form, affixed with the signature of the said Supervisor and submitted to the Office of the Board of Supervisors or directly to the chairman of the Board of Supervisors. A written proposal shall specify:

- (I) the name of the proposing Supervisor;
- (II) Reason for the proposal or objective particulars on which the proposal is based;
- (III) Time or duration, venue and form of the meeting proposed;
- (IV) Well-defined and specific proposal;
- (V) Means to contact the proposing Supervisor, date of proposal, etc.

The Office of the Board of Supervisors shall issue the notice of provisional meeting of the Board of Supervisors within 3 days after the Office or chairman of the Board of Supervisors receives the written proposal of the Supervisor.

Relevant resolutions made at the meeting of the Board of Supervisors shall be recorded in writing and kept by the secretary of the Board of the Bank as the Bank's files for a permanent period.

The Supervisors shall sign and be responsible for the resolutions passed at meetings of the Board of Supervisors. Where any resolution of the meeting of the Board of Supervisors runs counter to the laws, regulations, rules or the Articles of Association, thereby incurring losses to the Bank, the Supervisors participating in making the said resolution shall be liable for compensating the Bank. If any Supervisor raises an objection to the resolution and the said objection is recorded in the minutes, the said Supervisor may be exempt from any liability.

Article 247 The Board of Supervisors shall examine the profit distribution plan of the Bank and give its opinions on the compliance and rationality of the profit distribution plan.

Article 248 Supervisors of the Bank shall perform the following duties or obligations:

- (I) to attend Board meetings and be entitled to make inquiries about or present suggestions on the resolutions of Board meetings;
- (II) to attend the meetings of the Board of Supervisors on time, fully examine the matters resolved by the Board of Supervisors, express opinions independently, professionally and objectively, and vote independently on the basis of prudential judgment;
- (III) to assume responsibility for the resolutions of the Board of Supervisors;
- (IV) to actively participate in the training of the Bank and regulatory authorities, understand the rights and obligations of Supervisors, be familiar with relevant laws and regulations, and continue to have the expertise and capabilities required for their performance of duties;
- (V) to fulfill the obligations of honesty and diligence to the Bank, with due diligence and prudence, and to ensure sufficient time and energy to perform their duties;
- (VI) Supervisors shall actively participate in the supervision and inspection activities organized by the Board of Supervisors, have the right to conduct independent investigations and obtain evidence according to laws, and put forward questions and supervision opinions in a practical manner;
- (VII) to observe the laws and regulations, regulatory requirements and the Articles of Association.

Article 249 When the Board of Supervisors finds that the Board and senior management personnel violate laws, regulations, rules and the Articles of Association, it shall propose to punish the relevant personnel and promptly issue a notice of rectification within a time limit; the Board or senior management personnel shall carry out punishment or rectification in a timely manner and report the result in writing to the Board of Supervisors.

If the Board or other organizations refuses or delays the taking of disciplinary and rectification measures, the Board of Supervisors shall report to the China Banking Regulatory Authority and the Shareholders' general meeting.

Section 3 External Supervisor

Article 250 The Bank has external Supervisors.

External Supervisors refer to Supervisors who do not hold any positions other than Supervisors of the Bank and have no relationship with the Bank, its Shareholders or actual controllers that may affect their independent and objective judgment.

The external Supervisors shall pay special attention to the Bank's depositors and the Bank's overall interests when performing their duties.

The remunerations of external Supervisors shall be decided by reference to those of independent Directors.

The qualifications, procedures, rights and obligations, and working conditions of the external Supervisors shall conform to the provisions of the China Banking Regulatory Authority.

Article 251 The qualifications and conditions of external Supervisors of the Bank shall be subject to the qualifications and conditions of the independent Directors of the Bank as stipulated in the Articles of Association.

Article 252 Staff of state organs shall not concurrently serve as external Supervisors of the Bank. External Supervisors of the Bank shall not hold posts in more than two commercial banks at the same time, and shall not concurrently serve as external supervisors in financial institutions that may have conflicts of interest.

Article 253 The number of external Supervisors of the Bank shall comply with applicable laws. The external Supervisors of the Bank shall be nominated by the Board of Supervisors, Shareholders severally or jointly holding more than 1% voting shares of the Bank (the nomination procedure shall be conducted in accordance with the procedures for the nomination of independent Directors prescribed in the Articles of Association), and elected by the Shareholders' general meeting.

Article 254 Before taking office, external Supervisors shall make a statement to the Board of Supervisors to ensure that they have sufficient time and energy to perform their duties, and promise to be diligent and dutiful.

Article 255 Upon consensus, all external Supervisors shall have the right to propose in writing that the Board of Supervisors propose to the Board to convene an extraordinary general meeting.

Article 256 External Supervisors shall work for the Bank no less than 15 workdays every year.

External Supervisors may entrust other external Supervisors to attend meetings of the Board of Supervisors, but they shall attend at least two-thirds of the total meetings of the Board of Supervisors in person every year.

Article 257 The removal of external Supervisors by the Board of Supervisors and resignation of external Supervisors shall be subject to the provisions on independent Directors in the Articles of Association.

Article 258 The external Supervisors shall enjoy the rights of Supervisors, supervise the Board, the senior management and their members of the Bank, and organize and carry out the audit work within the scope of the functions and powers of the Board of Supervisors according to the resolutions of the Board of Supervisors.

Article 259 External Supervisors shall not disclose trade secrets related to the Bank except as provided by applicable laws.

Article 260 The Bank shall pay remuneration and allowances to external Supervisors.

Article 261 The expenses required for performance of the duties of external Supervisors shall be borne by the Bank.

Chapter 11 Qualifications and Duties of Directors, Supervisors, President and Other Senior Management Personnel

Article 262 No person shall hold the position of Director, Supervisor, or senior management personnel of the Bank in one of the following circumstances:

- (I) a person without or with limited capacity for civil conduct;
- (II) a person who has been penalized or sentenced due to corruption, bribery, embezzlement, appropriation of property or the disruption of the socialist market economy, and five years have not elapsed from which the punishment or deprivation of political rights for the crimes committed was carried out;
- (III) a 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 three years have not elapsed from which the liquidation of the companies or enterprises was completed;
- (IV) a 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 three years have not elapsed from which the business license of the company or enterprise was revoked, and a person who has been punished by relevant administrative authorities according to laws for serious personal liability or direct leadership liability for illegal or incompliant operating activities or heavy losses of the institution he/she has worked for;
- (V) a person or his/her spouse who owes relatively large amounts of due and outstanding debt, including but not limited to overdue loans from the financial institution; or a person who is engaging in high-risk investment obviously beyond his/her risk capacity in connection with his/her family property, and an individual or enterprise employee who has overdue loans from the Bank;

- (VI) a person who has been removed by other commercial banks or organizations due to failure to fulfill the obligation of honesty;
- (VII) a person who has been disqualified for life from being Director and senior management personnel or has been disqualified from being Director and senior management personnel for two times on a cumulative basis;
- (VIII) a person who has been punished by relevant regulatory authorities for three times on a cumulative basis;
- (IX) a person who has violated the principle of honesty for provision of false materials in fulfilling his/her work duties;
- (X) a person who has obvious conflicts of interest with the duties of the proposed position as Director or senior management personnel;
- (XI) a person who has acted in violation of social morality, causing bad influences;
- (XII) a person under investigation by judicial authorities for suspected violations of criminal law and the investigation is still ongoing;
- (XIII) a person judged by relevant competent authorities as having violated the provisions of securities laws and regulations, the violation involves fraudulent or dishonest acts, and less than five years have elapsed since the ruling;
- (XIV) a non-natural person;
- (XV) other circumstances as stipulated by the laws, administrative regulations or departmental rules.

Where any Director is elected or appointed in violation of the provisions in this article, the said election or appointment shall be invalid. Where any Director gets involved in any of the circumstances in this article during his/her term of office, the Board of Supervisors shall request the Shareholders' general meeting to remove him/her as Director.

Article 263 The validity of an act carried out by Directors and senior management personnel of the Bank on behalf of the Bank as against a bona fide third party shall not be affected by any incompliance in the appointment, election or qualification thereof.

Article 264 In exercising the functions and powers conferred by the Bank, Directors, Supervisors and senior management personnel of the Bank shall fulfil the following obligations to each Shareholder in addition to the obligations required by laws, regulations, regulatory rules or the listing rules of the stock exchange where shares of the Bank are listed, and the Articles of Association:

- (I) not to let the Bank operate beyond the business scope specified in its business license;
- (II) to sincerely act in the best interest of the Bank;

- (III) not to seize from the Bank any asset, including but not limited to opportunity favorable to the Bank;
- (IV) not to seize from any Shareholder any personal interests, including but not limited to dividend right and voting right, but excluding the restructuring of the Bank submitted to the Shareholders' general meeting for approval pursuant to the Articles of Association.

Article 265 In exercising rights or fulfilling obligations, the Directors, Supervisors and senior management personnel of the Bank have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances.

Article 266 Each of the Bank's Directors, Supervisors and senior management personnel shall perform his/her duties in accordance with fiduciary principle; and shall not put himself/herself in a position where his/her duty may conflict with his/her interest. This principle shall include (but not limited to) fulfilling the following obligations:

- (I) to act honestly in the best interest of the Bank;
- (II) to act within the scope of its powers and not to exceed such powers;
- (III) to exercise his/her proportional decision power in person without being subject to the manipulations of other persons, and not to transfer such power to other persons unless permitted by law or administrative regulation or approved by the Shareholders with full knowledge at the Shareholders' general meeting;
- (IV) to treat Shareholders of the same class with equality, and different classes with fairness;
- (V) not to enter into contracts or conduct transactions or make arrangements with the Bank unless otherwise provided by the Articles of Association or approved by the Shareholders with full knowledge at the Shareholders' general meeting;
- (VI) not to employ the Bank's assets in any way so as to pursue interests for himself/herself unless approved by the Shareholders with full knowledge at the Shareholders' general meeting;
- (VII) not to accept any bribery or other illegal income by using his/her powers and position, and seize the assets of the Bank in any manner, including but not limited to opportunities beneficial to the Bank;
- (VIII) not to accept commissions relating to the transactions of the Bank, without the approval of the Shareholders with full knowledge at the Shareholders' general meeting;
- (IX) to obey the Articles of Association, perform his/her duties honestly and faithfully, protect the Bank's interests, and not to pursue his/her personal gain by taking advantage of his/her powers and positions at the Bank;

- (X) not to compete with the Bank in any way unless approved by the Shareholders with full knowledge at the Shareholders' general meeting;
- (XI) not to misappropriate the funds of the Bank or lend the funds of the Bank to other persons, open accounts in his/her own or another individual's name for deposit of the Bank's assets, or use Bank's assets as security for the debts of the Shareholders of the Bank or other individuals;
- (XII) not to divulge the confidential information relating to the Bank received during his/her term of office, unless approved by the Shareholders with full knowledge at the Shareholders' general meeting; and not to use such information unless for the purpose of the Bank's interests; however, it is allowed to disclose such information to a court of law or other governing authorities under the following circumstances:
 - 1. as prescribed by law;
 - 2. as required for the purpose of public interest;
 - 3. as required for the purpose of such Director's, Supervisor's, senior management personnel's own interests.

Article 267 Directors shall observe laws, administrative regulations and the Articles of Association and shall assume the following duties of due diligence to the Bank, in addition to the provisions of Article 266 of the Articles of Association:

- (I) to cautiously, earnestly and diligently fulfill the rights conferred by the Bank to ensure that the business conduct of the Bank is in conformity with laws, administrative regulations, departmental rules and all economic policies of the State, and its business activities shall not go beyond the business scope as registered in its business license;
- (II) to timely become aware of the business and management situation of the Bank;
- (III) to sign written confirmations of the regular reports issued by the Bank and to ensure the information disclosed by the Bank is true, accurate and complete;
- (IV) to faithfully furnish related information and materials to the Board of Supervisors, and not to interfere with the Board of Supervisors or the Supervisors in exercising its/their powers;
- (V) to exercise personally the lawfully-conferred disposal concerning the management of the Bank without being subject to the manipulations of other persons, and not to transfer such discretion to other persons unless permitted by applicable law or approved by the Shareholders with full knowledge at the Shareholders' general meeting;
- (VI) to fulfill other duties of due diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Article 268 Directors shall observe laws, administrative regulations and the Articles of Association and shall assume the following duties of loyalty to the Bank, in addition to the provisions of Article 266 of the Articles of Association:

- (I) not to violate the Articles of Association or enter into contracts or conduct transactions with the Bank without approval of the Shareholders' general meeting;
- (II) not to, without approval of the Shareholders' general meeting, seek business opportunities which should have belonged to the Bank for himself/herself or others by using his/her powers and position, or run the same businesses as those of the Bank for himself/herself or for others;
- (III) not to take advantage of his/her connection with the Bank to harm interests of the Bank;
- (IV) other duties of loyalty as prescribed by laws, administrative regulations, departmental rules and the Articles of Association.

The proceeds obtained by a Director in violation of this Articles of Association shall belong to the Bank. Where the Bank suffers any losses thereby, the said Director shall be obliged to make compensations therefor.

Article 269 Directors, Supervisors and senior management personnel of the Bank shall not direct the following persons or organizations (hereinafter referred to as "Associates") to engage in activities prohibited for Directors, Supervisors and senior management personnel:

- (I) spouses or underage children of Directors, Supervisors or senior management personnel of the Bank;
- (II) trustors of Directors, Supervisors or senior management personnel of the Bank or of such persons as described in item (I) of this article;
- (III) partners of Directors, Supervisors or senior management personnel of the Bank or of such persons as described in item (I) or (II) of this article;
- (IV) company (companies) which a Director, Supervisor or senior management personnel of the Bank has de facto single control over or joint control over with such persons as described in item (I), (II) or (III) of this article or other Directors, Supervisors or senior management personnel of the Bank; and
- (V) Directors, Supervisors and senior management personnel of the company (companies) referred to by item (IV) of this article.

Article 270 The fiduciary duty of a Director, Supervisor and senior management personnel of the Bank may not necessarily cease upon the conclusion of his term, their obligations to keep confidential the business secrets of the Bank shall survive the conclusion of his/her term. The duration of the other obligations and duties shall be determined in accordance with the principle of fairness, taking into account of the lapse between the time when he/she leaves the office and the occurrence of the relevant event, and the situation and the circumstances and terms under which his/her relation with the Bank was ended.

Article 271 The Shareholders with full knowledge of the relevant circumstances may at the Shareholders' general meeting relieve a Director, Supervisor and senior management personnel of the Bank of his/her liability as a result of his/her violation of any specific duty, save as by Article 74 of the Articles of Association.

Article 272 A Director or any of his/her contacts (as defined in the Hong Kong Listing Rules), Supervisor and senior management personnel of the Bank who directly or indirectly has material interests in contracts, transactions, or arrangements that are being planned or have already been concluded by the Bank (save the contracts of employment between the Directors, Supervisors or senior management personnel and the Bank), shall, as soon as possible, disclose to the Board the nature and extent of his/her interests, regardless of whether or not the matters at hand require the approval of the Board.

Unless the interested Directors, Supervisors or senior management personnel of the Bank have made such disclosure to the Board as required by the preceding paragraph of this article, and the relevant matter has been approved by the Board at the Board's meeting where such Directors, Supervisors or other senior management personnel have not been counted as part of the quorum and voted thereat, the Bank shall be entitled to cancel such contracts, transactions, or arrangements, except as to any other party which is a bona fide party without knowledge of the violation of duties on the part of such Directors, Supervisors and senior management personnel.

Where the Associates of the Directors, Supervisors and senior management personnel of the Bank have interests in such contracts, transactions or arrangements, such Directors, Supervisors and senior management personnel shall also be deemed to be interested.

Article 273 If, prior to the Bank's initial consideration of such contracts, transactions, or arrangements referred to by the preceding article, a Director, Supervisor or senior management personnel of the Bank has delivered a written notice to the Board, which contains the statement that he has interests in the contracts, transactions, or arrangements to be concluded by the Bank in the future, such Director, Supervisor or senior management personnel shall be deemed to have made the disclosure stipulated by the preceding article in respect of the statement contained in the notice.

The Bank shall arrange appropriate insurance cover in respect of legal action against its Directors.

Article 274 The Bank shall not pay taxes in any form for its Directors, Supervisors and senior management personnel.

Article 275 The Bank shall not, directly or indirectly, provide any loan or loan guarantee to the Directors, Supervisors, President and other senior management personnel of the Bank and of its parent company, or any of their respective associates.

The preceding provision shall not apply in the following circumstance:

- (I) loans or loan guarantees provided by the Bank to its subsidiaries;

- (II) loans, loan guarantees or other funds provided by the Bank to the Directors, Supervisors, President and other senior management personnel of the Bank for the payment of the expenses incurred for the purpose of the Bank or for the performance of their duties and responsibilities for the Bank pursuant to their employment contracts which were adopted by the Shareholders' general meeting;
- (III) if the normal business activities of the Bank include provision of loans and loan guarantees, loans and loan guarantees provided by the Bank to the relevant Directors, Supervisors, President and other senior management personnel of the Bank and their connected persons, provided that the loans and loan guarantees are provided on normal commercial terms and conditions.

Article 276 If the Bank provides a loan in breach of the provisions above, regardless of the terms of the loan, the person who has received the loan or the borrower shall repay it immediately.

The Bank shall not be forced to execute the loan guarantee provided by it in violation of the first paragraph of Article 275 of the Articles of Association, except in the following circumstances:

- (I) The loan provider does not know that it has provided loans to the connected persons of the Directors, Supervisors and senior management personnel of the Bank;
- (II) The guarantee provided by the Bank has been sold by the loan provider lawfully to a goodwill buyer.

Article 277 The guarantee referred to in preceding articles of Chapter 11 of the Articles of Association include the act of the guarantor to undertake liability or provide property to ensure fulfilment of obligations by the obligor.

Article 278 If the Directors, Supervisors, or senior management personnel of the Bank fail to fulfill the obligations to the Bank, the Bank has the right to take the following measures in addition to the rights and remedial measures under the relevant laws, regulations and regulatory rules:

- (I) to require such Director, Supervisor or senior management personnel to compensate the Bank for the losses arising from their neglect of duty;
- (II) to cancel the contracts or transactions concluded between the Bank and such Director, Supervisor or senior management personnel, or between the Bank and a third person (if the third person knows or is supposed to know that the Director, Supervisor or senior management personnel representing the Bank has breached his duties to the Bank);
- (III) to require such Director, Supervisor or senior management personnel to surrender gains arising from breach of his duties;

- (IV) to recover monies, including but not limited to commissions received by such Director, Supervisor or senior management personnel that would have been received by the Bank;
- (V) to require such Director, Supervisor or senior management personnel to surrender interests earned or likely to be earned from monies that would have been paid to the Bank.

Article 279 The Bank shall enter into written contracts with the Directors and the Supervisors regarding remuneration which are subject to the prior approval from the Shareholders' general meeting. The aforesaid remunerations include:

- (I) remuneration for the Directors, Supervisors or senior management personnel of the Bank;
- (II) remuneration for the Directors, Supervisors or senior management personnel of the subsidiaries of the Bank;
- (III) remuneration for those providing other services for managing the Bank and its subsidiaries companies;
- (IV) compensation to the 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 280 The remuneration contracts between the Bank and its Directors or Supervisors shall stipulate that if the Bank is to be 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 mentioned in the preceding paragraph refers to one of the following circumstances:

- (I) a takeover offer made by any person to all Shareholders;
- (II) a takeover offer made by any person with the intent of making the offeror the controlling Shareholder.

If the Directors and Supervisors concerned fail to comply with this article, any funds received by them shall belong to the persons who have accepted the offer mentioned above by selling 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 12 Blame-taking Resignation System

Article 281 The Bank has established a blame-taking resignation system for its chairman, chairman of the Board of Supervisors, President, Directors (including independent Directors) and other senior management personnel (including but not limited to those approved by the regulatory authorities).

Article 282 The blame-taking resignation refers to the circumstance in which the chairman, chairman of the Board of Supervisors, President, Directors and senior management personnel who are no longer suitable to hold office and offer to resign from their posts because they have made serious mistakes in work and seriously neglected their duties, resulting in major losses or adverse effects, or they should assume great responsibility for major accidents.

Article 283 Under any of the following circumstances, any person who has caused significant loss or significant negative impact to the Bank shall resign:

- (I) seek gains for himself/herself or others by taking advantage of inside information;
- (II) accept bribery or other illegal income by using his/her powers and position, and seize the assets of the Bank;
- (III) seize or accept business opportunities which should have belonged to the Bank for himself/herself or others by using his/her powers and position;
- (IV) open in his/her own name or in others' names any bank account for the purpose of depositing any of the Bank's assets;
- (V) use the Bank's assets to provide guarantee for the Bank's Shareholders or others without approval;
- (VI) disclose confidential information relating to the Bank obtained during his/her tenure without the consent of the Shareholders' general meeting;
- (VII) whose bad words and deeds have caused significant negative impact on the image of the Bank;
- (VIII) have a major interest in the matters to be resolved, but have kept it secret and not abstained from voting;
- (IX) fail to perform the obligation of good faith and cause significant loss to the Bank's interests due to personal behavior;
- (X) principally responsible for the major case, significant loss of assets or serious accident involving serious consequences;
- (XI) principally responsible for other major decision-making mistakes resulting in major losses or adverse effects.

Article 284 Those who should resign but do not take the initiative to do so shall be ordered to resign. Those who refuse to resign shall be removed from their current posts.

Article 285 Procedures for the blame-taking resignation:

- (I) Filing an application. He/she shall submit a written resignation to the Board.
- (II) Making review and verification. The Nomination and Remuneration Committee of the Board shall verify the main reasons for applying for resignation, and carry out economic responsibility audit on the principal personnel.
- (III) Making a decision. The Board shall make a decision on whether to approve the blame-taking resignation of the applicant and report it to the Shareholders' general meeting.

Article 286 Those who take the blame and resign may be assigned to an appropriate post according to the actual situation.

Chapter 13 Financial Accounting System, Profit Distribution and Audit

Section 1 Financial Accounting System

Article 287 The Bank shall formulate its financial accounting system in accordance with relevant laws, administrative regulations, department rules and the provisions of the PRC accounting standards formulated by the competent financial authorities of the State Council.

Article 288 The Bank shall prepare a financial report at the end of each fiscal year and the same shall be reviewed and verified according to laws.

The Bank shall publish its financial report twice each fiscal year, i.e. publish the interim financial report within 60 days after the end of the first six months of each fiscal year and publish its annual financial report within 120 days after the end of each fiscal year, which shall be audited by an accounting firm according to laws. The above financial and accounting reports shall be prepared in accordance with relevant laws, administrative regulations and department regulations. If the securities regulatory authorities in the place where the securities of the Bank are listed have special provisions, such provisions shall prevail.

Article 289 The financial report prepared by the Bank in accordance with relevant laws, administrative regulations and regulatory documents issued by local government or competent authorities shall be submitted by the Board of Directors of the Bank to Shareholders at every annual general meeting.

Article 290 The financial report of the Bank shall be made available at the registered address of the Bank for inspection by Shareholders within 20 days prior to the holding of the annual general meeting. Each Shareholder of the Bank shall be entitled to obtain the financial report mentioned in Chapter 13 of these Articles of Association.

Unless otherwise specified herein, the Bank shall, at least 21 days before the date of the annual general meeting, deliver to each shareholder of H Shares by person or prepaid mail at the address registered in the register of shareholders of H Shares, such financial and accounting reports, together with reports of the Board of Directors report and the balance sheet, the income statement or the statement of revenues and expenditures or the financial summary report.

If the securities regulatory authority in the place where the Bank's securities are listed has other regulations, those regulations shall prevail.

Article 291 The financial statements of the Bank shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or those of the overseas place where the shares of the Bank are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the notes to financial statements. When the Bank distributes its profit after taxation, the lower of the profit after taxation as shown in the two financial statements shall be adopted.

Article 292 Any interim results or financial information published or disclosed by the Bank shall be prepared in accordance with PRC accounting standards and regulations, and also in accordance with international accounting standards or accounting standards of the overseas place where the shares of the Bank are listed.

Article 293 No books of account other than those provided by the laws shall be established by the Bank. The assets of the Bank shall not be deposited in account opened under the name of any individual.

Article 294 The Bank shall formulate profit distribution policies according to its own operating conditions, risk conditions, capital planning, market environment and other factors, take into account the overall interests of all Shareholders and the sustainable development of the Bank, and balance the relationship between cash dividends and capital replenishment.

When the Bank distributes the after-tax profits of the current year in accordance with the provisions of laws and regulations, it shall withdraw 10% as the Bank's statutory reserve fund. When the accumulated statutory reserve fund exceeds 50% of the Bank's registered capital, the Bank may cease to make such withdrawal.

If the statutory reserve fund of the Bank is not sufficient to cover the losses made in the previous year, the profits of the current year shall be used to cover such losses before a withdrawal to the statutory reserve fund is made in accordance with the provisions of the previous paragraph.

After the Bank draws the statutory reserve fund and general provision from the after-tax profits, it may, by a resolution made at the Shareholders' general meeting, draw a discretionary reserve fund from the after-tax profits.

The after-tax profits of the Bank, after covering the losses and withdrawing the reserve fund and general provision, shall be distributed to Shareholders in accordance with their proportion of shareholdings in the Bank.

Where the Shareholders' general meeting, in contravention of the requirements provided in the preceding paragraph, distributes profits to Shareholders before making up losses, making allocations to the statutory reserve fund and the general provision in accordance with the regulations, the Shareholders shall refund all profits distributed in contravention of such requirements to the Bank.

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

If the capital adequacy ratio of the Bank fails to meet the standards stipulated by applicable laws, no profits shall be distributed to investors.

Article 295 The reserve fund of the Bank may be used to make up the losses of the Bank, to expand the business of the Bank or to be converted into the capital of the Bank. However, the capital reserve shall not be used to make up the losses of the Bank.

When the statutory reserve fund is converted into capital, the amount remaining in such statutory reserve fund shall not be less than 25% of the registered capital of the Bank before conversion;

Article 296 The capital reserve shall include the following:

- (I) premium received in excess of the par value of the shares issued;
- (II) other revenue required by the competent financial department of the State Council to be so included.

Article 297 After the Shareholders' general meeting of the Bank determined the plan of profit distribution, the Board of Directors of the Bank shall complete distributing dividends (shares) within two months after the conclusion of Shareholders' general meeting.

Article 298 The Bank may distribute dividends in cash or shares.

Article 299 Subject to the relevant PRC laws, administrative regulations, rules and the Articles of Association, the Bank may exercise its power to forfeit unclaimed dividends. However, such power may not be exercised until the applicable limitation period expires.

Any amount paid up in advance of calls on any shares by the Bank may carry interest but shall not entitle the holder of the shares to participate in respect thereof in a dividend subsequently declared.

The Bank shall have the right to terminate the serving of dividend warrant to a shareholder of the H Shares by mail, only if the dividend warrant has not been withdrawn twice consecutively. If the dividend warrant has not been served to the addressee at the first time and is returned, the Bank may then exercise such power.

The Bank is entitled to sell the H Shares of those shareholders un-contactable in a manner deemed appropriate by the Board, subject to the following terms:

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

Article 300 The Bank shall appoint receiving agents for the Shareholders of overseas listed foreign shares. Receiving agents shall receive on behalf of relevant Shareholders dividends distributed and other payables by the Bank in respect of the overseas listed foreign shares. The receiving agent will keep these payments on behalf of the relevant shareholders pending payment to relevant shareholders.

The receiving agent appointed by the Bank shall comply with the laws and the requirements of the regulations of the stock exchange where the shares of the Bank are listed.

The Bank is the receiving agent appointed by H Shareholders and shall be a trust company registered in accordance with the Trustee Ordinance of Hong Kong.

Article 301 The Bank's benefits of the operating managers and employees and incentive funds shall be paid out as costs based on a certain percentage of total profit.

Section 2 Internal Audit

Article 302 The Bank shall implement an internal audit system and have ad-hoc audit staff, for carrying out internal audit and supervision on the financial matters and economic activities of the Bank. The Bank has a chief audit officer as the head of internal audit.

Article 303 The Bank's internal audit system and the duties of auditors shall be implemented after approval by the Board of Directors. The person in charge of audit is accountable to the Board of Directors, and regularly reports its work to the Board of Directors and the Audit Committee, and to the Board of Supervisors, President and senior management.

The internal audit department of the Bank shall implement vertical management and be directly led by the Board of Directors.

Internal audit work shall be independent of business management, risk-oriented, and ensure objectiveness and fairness.

Section 3 Appointment of Accounting Firm

Article 304 The Bank shall appoint an independent accounting firm in compliance with relevant national regulations to audit the annual financial reports and other financial reports of the Bank. The term of appointment of an accounting firm appointed by the Bank shall start from the closing of the annual general meeting and end at the closing of the next annual general meeting, and can be renewed. However, an accounting firm controlled by related parties shall not be hired by the Bank for audit.

Article 305 The accounting firm appointed by the Bank shall have the following rights:

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

Article 306 The Bank's appointment, dismissal or non-renewal of an accounting firm shall be decided by the Shareholders' general meeting and reported to the securities regulatory authority of the State Council for record. The Board of Directors shall not appoint an accounting firm before the decision of the Shareholders' general meeting.

Article 307 In the event of vacancy of accounting firm, the Board may appoint an accounting firm to fill the said vacancy before convening of a Shareholders' general meeting. During the said vacancy, if the Bank has any incumbent accounting firm, the said accounting firm may still fulfil its duties.

Article 308 The Shareholders' general meeting shall comply with the following provisions in passing a resolution to appoint a non-incumbent accounting firm to fill any vacancy, or to continue to appoint an accounting firm appointed by the Board to fill the vacancy, or to dismiss an incumbent accounting firm:

- (I) The proposal for appointment or dismissal shall, before the notice of a Shareholders' general meeting is sent, be served to the accounting firm to be appointed or whose service is to be terminated or who has terminated its service in the relevant fiscal year. Termination of service shall include dismissal, resignation or retirement.
- (II) If the accounting firm about to terminate service makes a written statement and requests the Bank to notify the Shareholders of the said statement, the Bank shall take the following actions unless the statement is received too late:

1. Describe in the notice issued for the resolution that the accounting firm about to terminate service has made a statement;
 2. Send to each Shareholder entitled to obtain the notice of the Shareholders' general meeting a copy of the statement as an attachment to the notice in the form specified in the Articles of Association.
- (III) If the Bank fails to send out the statement of the accounting firm as specified in (II) above, the relevant accounting firm may require that the said statement be read at the Shareholders' general meeting and may further lodge a complaint.
- (IV) The accounting firm about to terminate service has the right to attend the following meetings:
1. The Shareholders' general meeting at which its term of appointment expires;
 2. The Shareholders' general meeting for filling vacancy because of its termination of service;
 3. The Shareholders' general meeting held because of its voluntary resignation.

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

Article 309 The Bank shall undertake to provide the accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and shall not reject, conceal or misstate any information.

Article 310 The remunerations of the accounting firm or the method for determining the remunerations shall be subject to the decision of the Shareholders' general meeting. The remunerations of the accounting firm appointed by the Board shall be determined by the Board.

Article 311 The accounting firm appointed by the Bank shall also report the audit results of the Bank's financial and accounting reports to the Board of Directors and the Board of Supervisors.

Article 312 Regardless of the terms in the contract concluded between the accounting firm and the Bank, the Shareholders' general meeting may, through an ordinary resolution, dismiss the said accounting firm before expiry of the term thereof or no longer renew after the end of the term. In the event of any rights claimed by the accounting firm for dismissal or non-reappointment against the Bank, the said rights shall not be affected.

Article 313 The Bank shall notify the accounting firm 15 days in advance before the dismissal or non-reappointment of such accounting firm. When the Shareholders' general meeting of the Bank votes on the dismissal of the accounting firm, the accounting firm shall be allowed to state its opinions.

Article 314 Where the accounting firm put forward its resignation, it shall state to the Shareholders' general meeting whether the Bank has improper matters.

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

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

The Bank shall send a copy of the written notice mentioned above to relevant competent authorities within 14 days after receipt of the said notice. If the notice contains the statement mentioned in (II) herein, the Bank shall keep a copy of the said statement in the Bank for reference by the Shareholders. Save as otherwise provided in the Articles of Association, the Bank shall also send the aforesaid copy in (II) herein by pre-paid mail to each Shareholder entitled to receive the Bank's financial status report at the address as shown in the Shareholders' register; or during the above-mentioned period, the Bank shall publish such copy through the website of the stock exchange at the place where the Bank's shares are listed, or publish such copy in one or more newspapers specified by such stock exchange and by the Articles of Association in compliance with applicable laws, regulations, regulatory requirements and the Hong Kong Listing Rules.

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

Chapter 14 Democratic Management of Employees, and Labour and Personnel System

Article 315 The Bank establishes and improves the democratic management system for employees in accordance with the Company Law, the Trade Union Law of the People's Republic of China (《中華人民共和國工會法》) and other laws and regulations, with the trade union organization and the system of workers' congress as the core, actively listens to employees' opinions, and creates favorable conditions for employee representatives to participate in the governance of the Company in an orderly manner according to laws.

Article 316 The Bank complies with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other national and local laws and regulations on labour protection, establishes a labour and personnel system in accordance with the laws, handles matters such as participation in social insurance for employees in accordance with relevant state regulations, and safeguards the lawful rights and interests of employees.

Chapter 15 Notice and Announcement

Article 317 Except as otherwise provided in the Articles of Association, the Bank's notices (including but not limited to the notices of convening the meetings of general Shareholders, the Board of Directors and the Board of Supervisors) shall be issued in the following manner:

- (I) by personal delivery;
- (II) by mail (including email);
- (III) by fax;
- (IV) by announcement on the newspaper and other media;
- (V) by publishing on the website designated by the Bank and the Stock Exchange in accordance with laws, regulations, regulatory requirements, the listing rules of the place where the shares of the Bank are listed and the Articles of Association;
- (VI) by others means approved by the relevant regulatory authorities at the place where the shares of the Bank are listed or stipulated in the Articles of Association.

Where a notice of the Bank is served by announcement, the said notice shall be deemed as having been received by all relevant persons once it is announced.

Article 318 The date of service of the Bank's notice:

- (I) if the notice is sent by personal delivery, the recipient or its agent shall affix signature (or seal) to the return on service and the signing date shall be the date of service;
- (II) if the notice is sent by post, the fifth workday after handover to the post office shall be the date of service;
- (III) if the notice is sent by email, the sending date of email shall be the date of service;
- (IV) if the notice is sent by fax, the sending date of fax shall be the date of service;
- (V) if the notice is sent by announcement, the date of first announcement shall be the date of service.

Article 319 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolution(s) made at that meeting.

Article 320 The media designated by the securities regulatory rules of the place where the Bank's shares are listed, the media designated by the Bank and the Bank's website are media where the Bank publishes its announcements and other information to be disclosed.

Article 321 The Articles of Association do not prohibit any issuance of notice to Shareholders registered outside Hong Kong. Any requirement in the Hong Kong Listing Rules for the Bank to send, post, dispatch, issue, publish or otherwise make available any corporate communication may, to the extent permitted under all applicable laws and rules and the Articles of Association, be satisfied by the Bank sending or otherwise making available the corporate communication to the relevant holders of the Bank's securities using electronic means and any requirement in the Hong Kong Listing Rules that a corporate communication of the Bank must be in printed form may be satisfied as long as the Bank prepares corporate communication in electronic format.

Save as otherwise specified in the listing rules of the place where the shares of the Bank are listed, the corporate communication may be sent or otherwise made available by the Bank to relevant Shareholders using electronic means (including sending or otherwise making available the corporate communication to relevant Shareholders in electronic format) only where the Bank has previously received from the Shareholders an explicit and positive confirmation in writing that the holders wish to receive or otherwise obtain the communication of the Bank by the means and in the manner proposed by the Bank.

If the listing rules at the place where the Bank's shares are listed stipulates that the Bank shall send, post, dispatch, issue, announce or otherwise make available relevant documents of the Bank in English and Chinese, if the Bank has made appropriate arrangement to confirm whether the Shareholders hope to receive only the English version or the Chinese version, the Bank may (as per the intent stated by the Shareholders) send only the English version or the Chinese version to the related Shareholders within the range allowed by the applicable laws, regulations, and regulatory requirements.

Chapter 16 Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation

Section 1 Merger, Division, Capital Increase and Capital Reduction

Article 322 The Bank may be merged or divided according to laws with the approval of the China Banking Regulatory Authority.

The merger of the Bank can take two forms: absorption merger and new merger. Absorption merger means that a company absorbs other companies, and the absorbed company is dissolved. New merger means that two or more companies are merged to establish a new company, and the parties to the merger are dissolved.

Article 323 In respect of the merger or division of the Bank, the Board shall propose a plan and have it adopted following the procedure specified in the Articles of Association, and go through relevant examination and approval formalities pursuant to laws. Any Shareholder objecting to the merger or division of the Bank shall have the right to require the Bank or the Shareholders approving the merger or division of the Bank to purchase his shares at a fair price. Resolution on merger or division of the Bank shall be archived as document for reference by the Shareholders.

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

Article 324 In the event of merger of the Bank, the parties concerned shall conclude a merger agreement and prepare balance sheets and property inventories. The Bank shall notify creditors within 10 days from the date on which the resolution in favor of the merger is adopted, and shall publish announcements at least three times in the newspaper in 30 days. The creditors may require the Bank to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.

Article 325 The credits and debts of the merging parties during merger shall be inherited by the company subsisting after merger or by the newly established company.

Article 326 Where the Bank is divided, the properties shall be divided accordingly.

In the event of division of the Bank, the parties concerned shall conclude a division agreement and prepare balance sheets and property inventories. The Bank shall notify creditors within ten days from the date on which the resolution in favor of the division is adopted, and shall publish announcements at least three times in the newspaper in 30 days.

Article 327 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 328 The Bank shall prepare a balance sheet and a property inventory when the Bank reduces its registered capital.

The Bank shall notify the creditors within 10 days of adopting the resolution to reduce its registered capital and being approved by statutory approval authority and shall publish announcements at least three times in the newspaper within 30 days. Creditors shall, within 30 days of receiving a notice or within 90 days since the day of the first announcement for those who have not received a notice, be entitled to require the Bank to repay debts or provide corresponding guarantees.

The registered capital of the Bank after the capital reduction shall not be lower than the minimum of the legal requirement.

Article 329 Change in registered particulars arising from merger or division of the Bank shall be approved by the approval authority and registered with the company registration authority according to laws. If the Bank is dissolved, it shall be deregistered according to laws. If a new company is established, such establishment shall be registered according to laws.

If the Bank increases or decreases the registered capital, it shall handle the change registration with the company registration authority according to laws.

Section 2 Dissolution and Liquidation

Article 330 The Bank shall be dissolved and liquidated according to laws upon approval and consent by the China Banking Regulatory Authority in any of the following circumstances:

- (I) The operating period expires;
- (II) The general meeting has resolved to dissolve the Bank;
- (III) Merger or division of the Bank entails dissolution;
- (IV) When the business license is revoked, the Bank is ordered to be closed down or revoked due to its violation of laws or administrative regulations;
- (V) Where the operation and management of the Bank encounters 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 for dissolving the Bank if there are no other solutions;
- (VI) The Bank is declared insolvent according to laws because we are unable to pay debts as they fall due.

Article 331 In the event when the Bank is dissolved according to section (I), (II) and (V) of Article 330 of the Articles of Association, a liquidation committee shall be established within 15 days after the dissolution circumstance arises. Its members shall be selected by the Shareholders' general meeting by an ordinary resolution. Where the liquidation committee has not been established within the specified period, the creditor may apply to the People's Court for appointment of relevant persons to form a liquidation committee for liquidation.

In the event when the Bank is dissolved according to section (VI) of Article 330 of the Articles of Association, the People's Court shall form a liquidation committee comprising of Shareholders, relevant authorities and professionals in accordance with the law to proceed with the liquidation.

In the event when the Bank is dissolved according to section (IV) of Article 330 of the Articles of Association, the relevant competent authority shall form a liquidation committee comprising of shareholders, relevant authorities and professionals to proceed with the liquidation.

Article 332 If the Board decides to liquidate the Bank (save for liquidation when the Bank is declared bankrupt), a notice of the general meeting to be held therefor shall contain a statement that the Board has made thorough investigation on the conditions of the Bank and that the Bank may repay all the debts within 12 months after commencement of liquidation.

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

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

Article 333 After the establishment of the liquidation committee, the functions and powers of the Directors, Supervisors and senior management immediately ceased. During liquidation, the liquidation committee shall exercise the following functions and powers:

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

(VII) To represent the Bank in civil proceedings.

Article 334 The liquidation committee shall notify the creditors within 10 days after its establishment and shall publish announcements at least three times in a newspaper within 60 days.

The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days of the date of the announcement if the creditors have not received the notice.

When creditors submit their claims, they shall explain the relevant matters of the debt, and provide proof thereof. The liquidation committee shall register the debts.

During the period of declaration of claims, the liquidation committee shall not pay off the creditors.

Article 335 After the liquidation committee has examined and taken possession of the assets of the Bank and has prepared a balance sheet and property inventory, it shall formulate a liquidation proposal and submit such proposal to the general meeting or relevant competent authority for confirmation.

The remaining assets of the Bank after payment of liquidation expenses, employee wages, social insurance expense, statutory compensation, principal and interest on personal savings deposits and taxes, outstanding taxes and the Bank's debts respectively, shall be distributed to Shareholders according to the class and proportion of their shares.

The Bank shall subsist in the course of liquidation but shall not conduct any business operations unrelated to liquidation. The property of the Bank will not be distributed to Shareholders until it is paid off in accordance with the provisions of the preceding paragraph.

Article 336 In the event of liquidation due to the dissolution of the company, after the liquidation committee has liquidated the Bank's properties and prepared a balance sheet and a property inventory, if it believes that the Bank's properties are insufficient to repay our debts in full, it shall, upon approval of the China Banking Regulatory Authority, apply to the people's court for declaration of the bankruptcy of the Bank.

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

Article 337 After completion of liquidation of the Bank, the liquidation committee shall prepare a liquidation report, an income and expenditure statement and an account book in respect of the liquidation period and, after verification by a PRC certified public accountant, shall submit the same to the general meeting or relevant competent authority for confirmation.

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

Article 338 Members of the liquidation committee shall discharge their duties diligently and faithfully, and shall carry out the liquidation in accordance with the laws.

Members of the liquidation committee shall not abuse their official powers to accept bribes or other unlawful income, and not to expropriate the Bank's property;

If any members of the liquidation committee causes the Bank or any creditors to suffer any loss by reason of their willful default or gross negligence, the members shall be liable to pay compensation.

Article 339 Where the Bank is declared to be bankrupt in accordance with the law, it shall implement the bankruptcy liquidation in accordance with the laws in relation to bankruptcy of enterprises.

Article 340 Matters relating to the merger, division, dissolution, liquidation, bankruptcy and termination etc. of the Bank shall comply with the provisions of the Company Law, the Commercial Banking Law and the special requirements of the China Banking Regulatory Authority.

Article 341 In case a credit crisis has occurred or may possibly occur, which could seriously affect the interests of the depositors of the Bank, the China Banking Regulatory Authority shall take over the Bank in accordance with the law and take necessary measures to protect the interests of depositors and restore the normal operations capacity of commercial banks. Creditor-debtor relationships will not change after such a takeover.

Article 342 The takeover shall start from the day when the takeover decision is implemented.

From the day when the takeover starts, the takeover organization shall exercise the Bank's operation and management rights.

Article 343 The takeover shall cease in any of the following circumstances:

- (I) the term specified in the decision in relation to the takeover expires or the extension of the term of the takeover specified by the China Banking Regulatory Authority expires;
- (II) the Bank has restored normal operations capacity prior to expiry of the term of the takeover;
- (III) the Bank has been merged or declared bankrupt in accordance with the law prior to expiry of the term of the takeover.

Chapter 17 Amendment of Articles of Association

Article 344 The Bank shall amend the Articles of Association in any of the following circumstances:

- (I) After amendments are made to the Company Law, Commercial Bank Law or other relevant laws, administrative regulations, departmental regulations and related regulations, the Articles of Association run counter to the said amendments;
- (II) The conditions of the Bank have changed, and such change is inconsistent with the Articles of Association;
- (III) The general meeting has resolved to amend the Articles of Association.

Article 345 Any amendments to be made to the Articles of Association pursuant to a resolution of the Shareholders' general meeting shall be subject to the approval of the competent authorities; if the amendments to the Articles of Association involve the content of the Mandatory Provisions, such amendments shall take effect after being approved by the company approval department authorized by the State Council and the Securities Commission of the State Council; if registration matters are involved, the Bank shall apply for registration of the changes in accordance with the law.

Article 346 The Board shall amend the Articles of Association according to the resolutions on amending the same passed at a general meeting and the approval opinions of relevant competent authorities.

Article 347 Where the amendments to the Articles of Association involve matters requiring disclosure by applicable laws, relevant announcements shall be made as required.

Chapter 18 Settlement of Disputes

Article 348 The Bank shall settle disputes following the rules below:

- (I) If any disputes or claims in relation to the Bank's business, with respect to any rights or obligations under the Articles of Association, the Company Law or any other relevant laws and administrative regulations, arise between holders of overseas listed foreign shares and the Bank, between holders of overseas listed foreign shares and the Bank's Directors, Supervisors and senior management personnel, or between holders of overseas listed foreign shares and holders of domestic shares, the parties concerned shall submit such disputes or claims to arbitration.

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 and senior management personnel) 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.

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

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

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

- (III) Unless otherwise provided by the laws, regulations, or regulatory provisions, the laws of the PRC shall apply to the settlement of any disputes or claims described in item (I) above that are resolved by arbitration.

- (IV) The award of the arbitration organ shall be final and binding on all parties.

Chapter 19 Definitions

Article 349 The “China Banking Regulatory Authority” as mentioned in the Articles of Association refers to the China Banking and Insurance Regulatory Commission and its local offices, or other authoritative institutions that replace it to assume the supervisory functions of commercial banks in the future.

Article 350 The “applicable law” mentioned in the Articles of Association, for the purpose of any person, refers to all laws, regulations, rules, international treaties, international practices, and other normative documents promulgated by any government authority or regulatory authority, applied for, and bound on such person.

Article 351 The “board resolution” referred to in the Articles of Association refers to the Bank’s board resolutions or board meeting minutes or other documents of board meetings with the similar nature to board resolutions.

Article 352 “Share certificates” as mentioned in the Articles of Association refer to the equity certificates issued by the Bank to shareholders or other certificates that can prove shareholders hold shares of the Bank.

Article 353 “Credit granting” as mentioned in the Articles of Association means that the Bank provides direct financial support to its customers, or provides security with respect to potential damages and payment obligations incurred by the customers in relevant economic activities, including loans, loan commitments, acceptance, discounting, securities repurchase, trade financing, factoring, letters of credit, letters of guarantee, overdrafts, inter-bank lending, guarantees and other on-and off-balance sheet business.

Article 354 The “controlling shareholder” mentioned in the Articles of Association refers to the person who satisfies any of the following conditions:

1. the person may elect more than half of the Board of Directors when acting alone or in concert with others;
2. the person may exercise or control the exercise of more than 30% of the voting rights in the Bank when acting alone or in concert with others;
3. the person may hold more than 30% of the shares of the Bank when acting alone or in concert with others;
4. the person may de facto control the Bank in any other way when acting alone or in concert with others.

The “acting in concert” referred to in the preceding paragraphs refers to an act in which two or more shareholders privately agree by agreement (whether orally or in writing) to obtain the voting rights of the Bank in order to achieve the purpose of controlling the Bank.

Article 355 “Substantial shareholders” as mentioned in the Articles of Association refers to the shareholders who can directly, indirectly, or jointly hold or control more than 5% of the shares or voting rights of the Bank, or the shareholders who hold less than 5% of the total capital or total number of shares but have a significant impact upon the decision making and operation management of the Bank.

The “Significant impact” above shall include (but not limited to) nominating Directors, Supervisors or senior management of the Bank, to influence the Bank’s financial, operation and management decisions through agreements or other means, and other circumstances as identified by the China Banking Regulatory Authority.

Article 356 The “De facto controller” mentioned in the Articles of Association means a person who, though not a shareholder of the Bank, is able to exercise the de facto control over the actions of the Bank through investment relationships, agreements or other arrangements.

Article 357 “Associated relations” as mentioned in the Articles of Association refers to the relationship between the Bank’s controlling shareholders, de facto controllers, directors, supervisors, senior management and enterprises directly or indirectly controlled by it, and other relations that may cause interest transfer of the Bank. However, the state-controlled enterprises shall not have associated relations only because they are jointly controlled by the state.

Article 358 Unless otherwise specified, the “net capital” in the Articles of Association refers to the net capital at the end of the previous quarter.

Chapter 20 Supplementary Provisions

Article 359 The Board of Directors may formulate the rules of the Articles of Association in accordance with the provisions of the Articles of Association. The rules of the Articles of Association shall not conflict with the provisions of the Articles of Association.

Article 360 The Articles of Association shall be written in Chinese. Should there be any inconsistency between the Articles of Association written in another language or provided in other versions, the latest Chinese version approved by the China Banking Regulatory Authority and registered with the Administration for Industry and Commerce shall prevail.

Article 361 Unless otherwise specified, the terms “above”, “within”, and “below” in the Articles of Association shall include the figure; “lower than”, “beyond”, “less than”, “more than” and “exceed” shall exclude the figure.

Article 362 Matters uncovered in the Articles of Association shall be implemented in accordance with applicable laws.

Article 363 The Articles of Association shall be interpreted by the Board of Directors of the Bank.

Article 364 The appendices to the Articles of Association include the Rules of Procedure for the Shareholders’ General Meeting, the Rules of Procedure for Board Meetings and the Rules of Procedure for Meetings of the Board of Supervisors.

Article 365 The Articles of Association shall take effect from the date of listing of H Shares publicly issued by the Bank on the Hong Kong Stock Exchange for trading after being reviewed and approved by the Shareholders’ general meeting, approved by the China Banking Regulatory Authority and registered with the Administration for Industry and Commerce, and shall be the same when they are modified.