

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

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

## Chapter 1 General Provisions

**Article 1** For the purpose of establishing modern corporate systems, safeguarding the legitimate rights and interests of Jiangxi Bank Co., Ltd. (the “Bank”), its shareholders, creditors, and other stakeholders, and regulating the organization and activities of the Bank, preserving and increasing the value of state-owned assets, the Articles of Association (the “Articles”) are hereby formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Law of the People’s Republic of China on the State-Owned Assets of Enterprises, the Interim Regulation on the Supervision and Administration of State-owned Assets of Enterprises, the Guiding Opinions of the CPC Central Committee and the State Council on Deepening the Reform of State-owned Enterprises, the CPC Central Committee’s Certain Opinions on Upholding the Leadership by the Party and Strengthening the Party Construction Throughout the Deepening Reform of State-owned Enterprises, the Commercial Banking Law of the People’s Republic of China (the “Commercial Banking Law”), the Banking Supervision and Regulatory Law of the People’s Republic of China (the “Banking Supervision and Regulatory Law”), the Corporate Governance Guidelines for Banking and Insurance Institutions, the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) as well as other relevant laws, administrative regulations, and departmental rules and based on the actual condition of the Bank.

**Article 2** The Bank is established through the absorption and merger of Jingdezhen City Commercial Bank Co., Ltd. by former Nanchang Bank Co., Ltd. and alteration of the name.

Nanchang Bank Co., Ltd. was established on August 1, 1996 with the Approval on Nanchang Carrying out the Formation of Urban Cooperative Banks “Yinhan (1996) No.273” issued by the PBOC, and opened on December 31, 1997 with the Approval on the Opening of Nanchang Urban Commercial Banks “Y.F. (1997) No.526”, and registered with Jiangxi Administration for Industry and Commerce on February 18, 1998 with the name of “Nanchang City Commercial Bank Co., Ltd.” (南昌市商業銀行股份有限公司). On August 6, 2008, Nanchang City Commercial Bank Co., Ltd. changed its name to “Nanchang Bank Co., Ltd.” with the Approval of CBRC on the Alteration of Name of Nanchang City Commercial Bank” (Yin Jian Fu [2008] No.307) issued by the former China Banking Regulatory Commission (the “former CBRC”).

Jingdezhen City Commercial Bank Co., Ltd. was established based on the former Jingdezhen Urban Credit Union and with the Approval of CBRC on Establishing Jingdezhen City Commercial Bank (Yin Jian Fu [2010] No.298) issued by former CBRC on July 2, 2010 and the Approval of CBRC Jiangxi Office on the Opening of Jingdezhen City Commercial Bank (Gan Yin Jian Fu [2010] No.422) issued by former CBRC Jiangxi Office on December 29, 2010, and obtained the business license reissued by Jing De Zhen Administration for Industry and Commerce on January 14, 2011.

Nanchang Bank Co., Ltd. absorbed and merged Jingdezhen City Commercial Bank Co., Ltd. and changed its name to “Jiangxi Bank Co., Ltd.” with the Approval of CBRC on the absorption and merger of Jingdezhen City Commercial Bank by Nanchang Bank (Yin Jian Fu [2015] No. 658) issued by former CBRC on December 3, 2015 and the Approval of CBRC Jiangxi Office on the Alteration of Name of Nanchang Bank to Jiangxi Bank (Gan Yin Jian Fu [2015] No. 317) issued by former CBRC Jiangxi Office on December 11, 2015. The Bank currently holds the Business License with the unified social credit code of “913601007055009885” issued by Nanchang Market and Quality Supervision Administration.

**Article 3** The Chinese name of the Bank is 江西銀行股份有限公司, and the Chinese name in short is 江西銀行.

The English name of the Bank is JIANGXI BANK CO., LTD., and the English name in short is JIANGXI BANK.

**Article 4** The domicile of the Bank is No. 699 Financial Street, Honggutan District, Nanchang, Jiangxi Province; postal code: 330038; telephone number: 86-791-86775959; facsimile number: 86-791-86771100.

**Article 5** The Bank is a perpetually existing joint stock limited company.

**Article 6** The legal representative of the Bank shall be the chairman of its Board of Directors.

**Article 7** The registered capital of the Bank is RMB6,024,276,901.

The Bank shall divide all of its registered capital into shares of equal par value. Shareholders shall be accountable to the Bank to the extent of the shares held by them, and the Bank shall be accountable to its debts with all the assets.

**Article 8** The Bank adopts a tiered management system under a first-level legal person. Branches and subsidiary entities of the Bank shall not have the legal person qualification and shall carry out their operations in accordance with the laws within the powers delegated to them by the head office, which shall bear the civil liability of such branches and subsidiary entities. The head office exercises central leadership and administration over the major personnel appointment and removal, business policies, basic rules and regulations and external affairs of each branch and subsidiary entity. The financial system shall adopt unified auditing, unified transfer of capital and tiered management.

**Article 9** Adhering to the principles of safety, sufficient liquidity and efficiency, the Bank conducts separate accounting and operates independently with self-discipline and is solely responsible for any risks, profits and losses arising from its operation.

**Article 10** Based on the needs of its business development and subject to review and approval by the banking regulatory authorities, the Bank may establish, change or revoke branches such as subsidiary banks (subsidiary companies), branches (branch offices), sub-branches and representative offices inside and outside the PRC. Overseas branches of the Bank may engage in businesses permitted by decrees of the jurisdiction in which such branches are located.

According to the needs of its business development, the Bank may invest in corporate institutions including other limited liability companies and joint stock limited companies according to the requirements of laws and shall assume responsibilities to the investees to the extent of its capital contribution or shares subscribed for.

**Article 11** According to the needs of its business development or internal management, the Bank may establish, change or revoke its special committees and other internal management organizations.

In accordance with the Company Law and the “Constitution of the Communist Party of China”, the Bank shall establish the committee of Communist Party of China and the Committee for Discipline Inspection to carry out CPC activities. Party Organizations is an organic composition of the corporate governance structure of the Bank. The Party organization of the Bank shall focus on production and operation and give full play to the role of stronghold. The Party organization of the Bank insists on simultaneous planning of Party construction and production operations, simultaneous establishment of Party Organizations and working organs, simultaneous allocation of person-in charge of the Party Organizations and staff for Party affairs as well as simultaneous proceeding of work, makes clear the duties and manner of work of the Party Organizations in respect of decision-making, implementation and supervision, to realize docking between systems, between mechanisms, between regimes and between work, and to promote the Party Organizations to play a core political role in an organized, institutionalized and concrete way. Researches and discussions of the Bank’s Party Committee is the prepositive procedure before the Board of Directors and the management making major decisions.

**Article 12** The senior management member referred to in these Articles shall mean the presidents, secretary to the Board of Directors, vice presidents, finance chief and other personnel as designated by the Board of Directors or prescribed by the banking regulatory authorities.

The chairman and vice chairman of the Board of Directors, independent directors, other members of the Board of Directors and president, secretary to the Board of Directors, vice presidents and other personnel whose qualifications are subject to the approval of the banking regulatory authorities shall obtain the qualifications before their tenure.

**Article 13** The Bank implements PRC laws and regulations and is under the management, supervision and audit of the banking regulatory authorities and other relevant competent government authorities in accordance with the laws. The lawful rights and interests and all the legitimate operating activities of the Bank are under protection of laws and shall not be interfered with or infringed upon by any administrative organs, other social organizations or individuals in breach of the laws.

**Article 14** As from the date when these Articles come into force and effect, they shall constitute a legally binding document regulating the structure and acts of the Bank and the relationship of rights and obligations between the Bank and its shareholders and among its shareholders, and shall be legally binding on the Bank, its shareholders, directors, supervisors and members of senior management. The aforementioned personnel can enforce their rights on matters relating to the Bank in accordance with the Articles.

Pursuant to these Articles, the shareholders may initiate legal proceedings against other shareholders, the Bank and its directors, supervisors and senior management. The Bank may initiate legal proceedings against its shareholders, directors, supervisors and senior management.

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

## Chapter 2 Objectives and Scope of Business

**Article 15** The objectives of the Bank are: to provide quality and efficient financial services, to create good returns for all shareholders and to promote economic development and social progress by maintaining stable operation, standardized administration and distinctive characteristics, staying pioneering and innovative, being market-oriented, taking efficiency as the goal, and being based on the market position of “serving the local economy, small and medium enterprises and urban residents”.

**Article 16** The business scope of the Bank 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) Acting as the issuing agent, payment agent and underwriter of government bonds;
- (VI) Trading government bonds;
- (VII) Issuing and trading 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 agents and acting as insurance agents;
- (XIII) Providing safe deposit box service;
- (XIV) Engaging in fund sales;
- (XV) Handling entrusted deposits and loans for working capital of local financial credit;
- (XVI) Other businesses approved by the banking regulatory authorities and other relevant government departments in charge.

**Article 17** Based on the needs of its business development, and subject to the approval from the banking regulatory authorities or other relevant government departments in charge, the Bank may adjust its scope of business in accordance with the law.

## Chapter 3 Shares

### Section 1 Share Issue

**Article 18** Shares of the Bank shall be in the form of share certificates. Share certificates issued by the Bank are the evidence of shares held by shareholders. All of the share certificates issued by the Bank shall have a par value of RMB1 each.

The Bank shall have ordinary shares at all times. Based on its needs and upon approval by the approval authorities authorized by the State Council, the Bank may create other classes of shares such as preference shares according to the requirements of applicable laws. If appropriate, preference shareholders shall be entitled to sufficient voting rights.

**Article 19** The Bank shall adopt the principles of fairness and impartiality when issuing shares, and each share of the same class shall have the same rights.

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

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

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

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

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

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

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

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



**Article 22** Subject to the relevant laws, administrative regulations and departmental regulations, shareholders of the Bank may have their unlisted shares listed and traded on overseas stock exchanges with approval from the relevant regulatory authorities, such as the banking regulatory authority and the securities regulatory authority under the State Council. The listing and trading of the aforementioned shares on overseas stock exchanges shall comply with the regulatory procedures, regulations and requirements of overseas securities markets. The listing and trading of the shares above on overseas stock exchanges are not subject to voting by separate class meetings.

**Article 23** Promoters of the Bank include employees of the original Nanchang Urban Credit Cooperatives (原南昌市城市信用合作社聯社) and 39 urban credit cooperatives and new shareholders as promoters. The number of shares subscribed for was 249,272,300 shares. The contribution was made in December 1997, and the way of contribution was in the form of net assets or currency.

**Article 24** As approved by the approval department authorized by the State Council, the Bank may issue a total of 6,024,276,901 ordinary shares.

The Bank's share capital consists of: 6,024,276,901 ordinary shares, among which 4,678,776,901 shares are domestic shares, representing 77.67% of the total number of shares of the Bank; and 1,345,500,000 shares are H Shares, representing 22.33% of the total number of shares of the Bank.

**Article 25** Subject to approval of the Bank's plan to issue overseas-listed shares and domestic shares by the securities regulatory authority under the State Council, the Board of the Bank may implement arrangements regarding the issuance of the shares respectively.

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

**Article 26** In the event that there are overseas-listed shares and domestic shares included in the total number of shares stated in the said plan, such shares shall be fully subscribed for at their respective offerings. If these shares cannot be fully subscribed for due to special circumstances, such shares may be issued in separate tranches subject to the approval by the securities regulatory authority under the State Council.

## **Section 2 Increase and Reduction of Share Capital and Share Repurchase**

**Article 27** According to the needs of operation and development, after the shareholders' general meeting has made its resolution and the approval has been obtained from relevant national competent authorities, the Bank may increase its registered capital in the following ways by law:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) placing shares to existing shareholders;
- (IV) allotting bonus shares to existing shareholders;
- (V) transferring capital reserve to increased capital;
- (VI) other means as permitted by the laws, regulations, relevant national competent authorities and the securities regulatory authority in the place where its shares are listed.

**Article 28** According to the needs of operation and development, after the shareholders' general meeting has made its resolution and the approval has been obtained from relevant national competent authorities, the Bank can reduce the registered capital by law.

The Bank shall prepare a balance sheet and a property inventory when reducing the registered capital.

The Bank shall notify its creditors within 10 days from the date on which the resolution for the reduction of registered capital has been passed at the shareholders' general meeting and shall publish a notice in a newspaper at least three times within 30 days thereof. The creditors who have received such notice shall, within 30 days thereafter, and those creditors who have not received such notice shall, within 45 days from the date on which the notice is published, be entitled to require the Bank to repay the debt or to provide appropriate alternative guarantees for the debt.

The registered capital of the Bank after the reduction of capital shall not fall below the minimum amount required by relevant laws.

**Article 29** The Bank may repurchase its issued Shares in any of the following circumstances:

- (I) reducing the registered capital of the Bank;
- (II) merging with other companies holding Shares in the Bank;
- (III) for use in employee stock ownership plan or as equity incentive;
- (IV) any requests for the Bank to repurchase Shares from the Shareholders who voted against the resolutions adopted at a general meeting to merge or divide the Bank;
- (V) using such shares for conversion of the convertible corporate bonds issued by the Bank;
- (VI) as the Bank considers necessary to safeguard the Company's value and shareholders' rights and interests;
- (VII) other circumstance as required by the laws and regulations.

The Bank may not trade its own Shares except in the circumstances stated in the preceding article.

**Article 30** Purchase of the shares of the Bank for the reasons provided in the above-said items (I) and (II) shall be permitted by resolution at the shareholders' general meeting. The Bank's repurchase of its shares due to the circumstances specified in items (III), (V) and (VI) in the first paragraph of the preceding article is, pursuant to the provisions of the Articles or the authorization of a general meeting, subject to the resolution of a Board meeting attended by more than two-thirds of the Directors.

Shares repurchased by the Bank in accordance with the provision in item (I) in the first paragraph of the preceding article shall be cancelled within 10 days from the date of repurchase, and shares repurchased by the Bank in accordance with the provision in the above-said items (II) and (IV) shall be transferred or cancelled within 6 months. Where shares are repurchased by the Bank in accordance with items (III), (V) and (VI), the total number of shares held by the Bank shall not exceed 10% of its total shares in issue, and the shares so repurchased shall be transferred or cancelled within 3 years.

Where the Bank repurchases its shares, it shall perform the obligation to disclose information in accordance with the requirements of the Securities Law of the People's Republic of China and the securities regulatory authority in the place where its shares are listed. Where the Bank repurchases its shares due to the circumstances specified in items (III), (V) and (VI) in the first paragraph of the preceding article, it shall do so through public and centralized transactions.

Where laws, regulations and the securities regulatory authority in the place where the Bank's shares are listed have other provisions on the relevant matters involved in the aforesaid share repurchase, such provisions shall prevail.

**Article 31** The Bank may conduct the repurchase in one of the following manners:

- (I) to repurchase shares through open trading on a stock exchange;
- (II) to make an offer of repurchase to all of its shareholders in the same proportion;
- (III) to repurchase shares through an off-market agreement instead of on the stock exchange;
- (IV) other means as permitted by the laws, regulations, and relevant governmental competent authorities.

In respect of the cancellation of repurchased shares, the aggregate par value of the shares so canceled shall be deducted from the registered capital of the Bank, and the Bank shall cancel such portion of shares and apply for relevant registration of changes in registered capital within the period of time as provided by the laws and regulations.

**Article 32** Prior approval shall be obtained from a shareholders' general meeting in respect of any share repurchase by the Bank through an off-market agreement instead of on a stock exchange in accordance with the provisions of the Articles. After the shareholders' general meeting has given its approval in the same way, the Bank may rescind or alter the contracts entered into in the said manner or waive the rights under such contracts.

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

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

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

**Article 33** Unless the Bank is in liquidation, the Bank shall comply with the following requirements in respect of its repurchase of any of its issued and outstanding shares:

- (I) where the Bank repurchases its shares at par value, the payments shall be subtracted from the book balance of the distributable profits of the Bank or from the proceeds from the issuance of new shares for the repurchase;

(II) where the Bank repurchases its shares at a premium, the payment up to the par value shall be made from the book balance of the distributable profits of the Bank or from the proceeds from the issuance of new shares for the repurchase; payment of the portion in excess of the par value shall be made as follows:

1. if the shares repurchased are issued at par value, the payment shall be made from the book balance of the distributable profits of the Bank;
2. if the shares repurchased are issued at a premium, the payment shall be made from the book balance of the distributable profits of the Bank or from the proceeds from the issuance of new shares for the repurchase; however, the amount deducted from the proceeds from the issuance of new 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 premium account (or the capital reserve account) of the Bank during the repurchase (including the premium of the issuance of new shares);

(III) The Bank shall make the following payments from the distributable profits of the Bank:

1. the payments for any acquisition of the rights to repurchase the shares of the Bank;
2. the payments for variation of any contract for the repurchase of its shares;
3. the payments for being released from its obligations under repurchase contract.

(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.

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

**Article 34** If the Bank increases its registered capital, reduces its registered capital, or repurchases its shares, it shall comply with related laws and regulations such as the Company Law (《公司法》), the Commercial Banking Law (《商業銀行法》) and Measures for the Supervision and Management of the Banking Industry (《銀行業監督管理法》), regulations of the securities regulatory authority in the place where its shares are listed and the procedures stipulated by provisions of the Articles.

### Section 3 Transfer and Pledge of Shares

**Article 35** Unless otherwise specified by the laws, administrative regulations, the regulations of the securities regulatory authorities in the places where the shares of the Bank are listed and the Articles, the fully paid shares of the Bank may be transferred legally and freely without any lien attached.

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

The Bank shall comply with the relevant regulations of the banking regulatory and administrative authorities and other regulatory authorities in transferring its shares.

**Article 36** All fully paid overseas-listed foreign shares (H Shares) listed on the Hong Kong Stock Exchange may be freely transferred in accordance with the Articles; however, unless the following conditions are met, the Board of Directors may refuse to recognize any transfer documents without any reason:

- (I) Transfer documents and other documents related to or affecting the title of any shares should be registered, and all fees as stipulated in the Hong Kong Listing Rules should be paid to the Bank, which shall not exceed the maximum fees required in the Hong Kong Listing Rules from time to time;
- (II) Transfer documents are only in relation to overseas-listed foreign shares listed on the Hong Kong Stock Exchange (H shares);
- (III) Stamp duty (as stipulated by Hong Kong law) in respect of the transfer documents has been duly paid;
- (IV) Relevant share certificate(s) and any other evidence which the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares should be provided;
- (V) Where the shares are intended to be transferred to joint holders, the number of such joint shareholders is not more than four;
- (VI) The shares are free and clear of any lien of the Bank.

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

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

All the instruments of transfer must be kept at the legal address of the Bank or other addresses designated by the Board of Directors.

**Article 38** Shares issued prior to the Bank's public offering shall not be transferable within one year from the date on which the Bank's shares are listed on the stock exchange.

Directors, supervisors and senior management of the Bank shall inform the Bank about their holdings of the shares in the Bank and any changes in their shareholding. During their terms of office, the shares transferred each year shall not exceed 25% of the total number of shares of the Bank held by them. Such shares of the Bank held shall not be transferable within one year from the date on which the Bank's shares are listed. The aforementioned persons shall not transfer shares of the Bank held by them within half a year after they cease to be employed.

If the securities regulatory authorities in the place where the shares of the Bank are listed have other provisions regarding the restrictions on transfers of overseas-listed shares, those provisions shall prevail.

The Bank shall not accept its Shares as security under a pledge. In case of providing guarantees for themselves or others with their Shares in the Bank, the shareholders shall strictly comply with the requirements of laws, regulations and banking regulatory authorities and give a prior notice to the Board of Directors of the Bank. In case of shareholders of the Bank, especially substantial shareholders, who transfer the shares of the Bank, the shareholders shall give a prior notice to the Board of Directors and complete transfer procedures in accordance with the requirements of relevant laws, regulations, regulatory authorities and the Articles of Association. The office of the Board of Directors shall be responsible for the daily work regarding the collection, sortation, submission and registration of information relating to share transfer and pledge.

**Article 39** The Shares of the Bank shall be gifted and inherited subject to completing relevant procedures by law.

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

**Article 40** The Bank or any of its branches and its subsidiaries shall not offer any financial assistance at any time by any means to purchasers or prospective purchasers of the Shares of the Bank for their actions of purchasing and prospectively purchasing the shares of the Bank. The said purchasers of the Shares of the Bank shall include the persons who have directly or indirectly assumed obligations as a result of the purchase of the Shares of the Bank.

The Bank or any of its branches and its subsidiaries shall not offer any financial assistance at any time and by any means in order to reduce or relieve the obligations of the aforesaid obligors arising from purchasing or prospectively purchasing of the Shares of the Bank.

This Article shall not be applicable to the circumstances described in Article 42 in this Chapter.



**Article 41** The financial assistance referred to in this Chapter shall include but not limited to the following means:

- (I) Gifts;
- (II) Guarantees (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 neglect or default) or the release or waiver of rights;
- (III) Financial assistance given by way of a loan or any other agreement under which the obligations of the Bank are to be fulfilled at a time when the obligations of another party remains unfulfilled; or by way of the novation of the parties of the loan or agreement, or the assignment of rights arising under such a loan or agreement;
- (IV) Any other form of financial assistance given by the Bank when the Bank is insolvent or has no net assets, or when its net assets would be reduced to a material extent.

The obligations referred to in the Articles 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 position.

**Article 42** The acts listed below shall not be prohibited by Article 40 in this Chapter, save for the prohibitions by the relevant laws and regulations:

- (I) The financial assistance provided by the Bank is in good faith for the benefit of the Bank and the main purpose of the financial assistance is not for the acquisition of Shares in the Bank, or the financial assistance is an incidental part of an overall plan of the Bank;
- (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;
- (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 there causes a reduction, the financial assistance is taken from the Bank's distributable profits).

## Chapter 4 Share Certificates and Register of Shareholders

**Article 43** Share certificates of the Bank shall be in registered form. Share certificates of the Bank must specify the following details:

- (I) The name of the Bank;
- (II) The incorporation date of the Bank;
- (III) The class, par value and number of shares that each share certificate represents;
- (IV) The name of the shareholder;
- (V) The serial number of the share certificates;
- (VI) Other matters that must be specified according to the requirements of the securities regulatory authorities in the place where the Shares of the Bank are listed;
- (VII) Other matters that must be specified according to the Company Law and other laws and regulations.

The overseas-listed foreign shares of the Bank may be in the form of foreign depository receipts or in other derivative forms of shares in accordance with the laws and the securities registration and depository practices prevailing in the jurisdiction the shares of the Bank are listed in.

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

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

When dematerialized shares of the Bank are issued and traded, the applicable provisions of the securities regulatory authorities in the place where the shares of the Bank are listed shall be followed.



**Article 45** The Bank shall establish a register of shareholders, stating the following matters, or conduct the registration of shareholders pursuant to the provisions of the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

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

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

**Article 46** Pursuant to the understandings or agreements reached between the securities regulatory authorities under the State Council and overseas securities regulatory authorities, the Bank may keep its registers of shareholders of overseas-listed shares outside the PRC and appoint an overseas agent to manage these registers. The original of the register of shareholders of the Bank's H shares shall be kept in Hong Kong and shall be available for inspection by the shareholders.

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

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

**Article 47** The Bank shall keep a complete register of shareholders. The register of shareholders shall comprise the following parts:

- (I) The register kept at the Bank's domicile, apart from those mentioned under items (II) and (III) of this Article;
- (II) The register of shareholders of the overseas-listed shares of the Bank kept at the location of the stock exchange on which the shares are listed;
- (III) Any other register of shareholders kept at such other places as the Board of Directors deems necessary for the purpose of listing the shares of the Bank.

**Article 48** The various parts of the register of shareholders shall not overlap with each other. The transfer of shares registered in a certain part of the register of shareholders shall not be registered in any other part of the register during the continuance of the registration of such shares.

Any changes or corrections of any part of the register of shareholders shall be effected in accordance with the laws of the locality in which that part of the register of shareholders is kept.

**Article 49** Where laws and regulations, securities regulatory authorities of the place where the Bank's shares are listed and the listing rules of the place where the Bank's shares are listed stipulate otherwise on the period of closure of the register of shareholders prior to the date of a shareholders' general meeting or the base date set by the Bank for the purpose of distribution of dividends, such provisions shall prevail.

The period of closure of the register of members as aforesaid shall not exceed 30 days in total in a year, but such period shall be extended for another 30 days upon approval by the shareholders' general meeting. If the Bank receives an application for inspection of the register of shareholders during the period of closure of the register of members, it shall issue to the applicant a certificate signed by the company secretary stating the period for which, and by whose authority, it is closed.

**Article 50** Where the Bank convenes a shareholders' general meeting, distributes dividends, undergoes liquidation or engages in any other act requiring the confirmation of shareholding, the Board of Directors or the convener of the shareholders' general meeting shall stipulate a date for shareholding registration. After the trading hours have ended on the shareholding registration date, the shareholders who are recorded in the register of shareholders shall be the shareholders who are entitled to relevant rights and interests.

**Article 51** Anyone objecting to the register of shareholders, either requesting to register his/her/its name (description) in the register of shareholders or to remove his/her/its name (description) from the register of shareholders, shall have the right to apply to the court having the appropriate jurisdiction in order to rectify the register.

**Article 52** If the share certificates (i.e. the "Original Share Certificates") of any shareholders registered in the register of shareholders or any person who requests to register his/her/its name (description) in the register of shareholders are lost, these shareholders or persons may apply to the Bank for replacement share certificates in respect of such shares (i.e. the "Relevant Shares").

If a holder of domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the Company Law.

If a holder of overseas-listed shares loses his share certificates and applies for their replacements, it may be dealt with in accordance with the relevant laws of the place where the original register of shareholders of overseas-listed shares is maintained, the rules of relevant securities regulatory authorities at the location where the shares of the Bank are listed or other relevant regulations.

If a holder of the Bank's H shares loses his share certificates and applies for their replacement, the issue of replacement share certificates shall comply with the following requirements:

- (I) Applicants shall submit an application via a standard form designated by the Bank alongside a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the reason the applicant is making the application, the circumstances in which the share certificate(s) was/were lost with supporting evidence, and a declaration that no other persons can request to be registered as a shareholder in respect of the Relevant Shares.
- (II) The Bank has received no declarations from anyone other than the applicant requesting registration as a shareholder over such shares before the Bank decides to issue replacement share certificates.

- (III) The Bank shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers as designated by the Board. The announcement shall be made at least once every thirty days for a period of ninety days.
- (IV) The Bank shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which the Bank's shares are listed a copy of the announcement to be published. The Bank may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety days.

In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the relevant shares, the Bank shall send by post to such registered shareholder a copy of the announcement to be published.

- (V) If, upon expiration of the ninety-day period of announcement and exhibition as stipulated in (III) and (IV) of this Article, the Bank has not received from any person any objection regarding the issue of replacement share certificate, the Bank may issue a replacement share certificate to the applicant according to the application.
- (VI) Where the Bank issues a replacement share certificate under this Article, it shall forthwith cancel the original share certificate and enter the cancellation and issue in the register of shareholders accordingly.
- (VII) All the relevant expenses relating to the cancellation of an original share certificate and the issue of a replacement share certificate by the Bank shall be borne by the applicant. The Bank is entitled to refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

If the Bank is authorized to issue warrant to the bearer, no new warrant shall be issued to replace the original one that has been lost, unless the Bank is satisfied without reasonable doubt that the original warrant has been destroyed.

**Article 53** Where the Bank issues a replacement share certificate pursuant to the Articles, the name (description) of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he/she/it is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 54** The Bank shall not be liable for any loss suffered by any person by reason of the cancellation of the original share certificates or the issuance of the replacement share certificates, unless the claimant proves that the Bank has acted fraudulently.

## Chapter 5 Party Committee

**Article 55** The CPC Committee of Jiangxi Bank Co., Ltd. (hereinafter referred to as the “Party Committee”). There shall be one Secretary of the Party Committee, and the number of deputy secretaries and other members of the Party Committee shall be approved and set by the Party organization at higher levels. We adhered to and improved the leadership system of “two-way entry and cross appointment”. Eligible members of the Party Committee’s leading groups may be elected to the Board, the board of supervisors, and the senior management through legal procedures. Eligible Party members of the Board, the board of supervisors, and the senior management shall be elected to the Party Committee in accordance with relevant regulations and procedures. The Secretary of the Party Committee and the chairman are generally held by the same person, and the president who is a party member generally serves as the deputy secretary. At the same time, the supervisor commission for discipline inspection shall appoint a discipline inspection and supervision team to the Bank.

**Article 56** The Party Committee of the Bank plays a leading role in guiding the direction, managing the overall situation, and promoting implementation in terms of political direction, leadership, basic system, major decisions, and Party building, and assumes the responsibility of strict Party management and governance. We perform the following duties in accordance with the “Constitution of the Communist Party of China” and other intra-party regulations:

- (I) Guarantee and supervise the implementation of the Party and state policies in the Bank, and implement major strategic decisions of the CPC Central Committee and the State Council, as well as relevant important work arrangements of Party organizations at higher levels.
- (II) Adapt to the requirements of modern enterprise systems and the needs of market competition, lead and oversee the selection and employment of personnel, manage standards, procedures, inspections, recommendations, and supervision, and adhere to the principle of “the Party governing cadres, the Board selecting managers in accordance with the laws, and the managers exercising power to promote or demote staff in accordance with the law” to build a team consists of high-quality cadres and talents.
- (III) Study and discuss the Bank’s reform and development, major operation and management matters, and major matters involving the vital interests of employees, and put forward opinions and suggestions; support the Bank’s establishment and improvement of its corporate governance structure, and support the shareholders’ general meeting, the Board of Directors, the Board of Supervisors, and the senior management to exercise their official powers in accordance with the law.
- (IV) Study and deploy the Party building of the Bank, continuously strengthen the building of Party organizations at the primary level and the team of Party members, give full play to the role of the Party branches as fighting fortresses and the vanguard and exemplary role of Party members, and unite and lead the employees to actively participate in the reform, transformation and development of the Bank.

- (V) Assume the principal responsibility of comprehensively and strictly governing the Party, lead the Bank's ideological and political work, spiritual civilization, enterprise cultural construction, as well as trade unions, the Communist Youth League and other mass organizations, and support the employee representatives' meeting in carrying out the work. Opinions of employees shall be listened to in making major decisions, and major issues concerning the immediate interests of the employees shall be reviewed by the employee representatives' meeting or the staff congress, so as to ensure that the employees' representatives participate in the company's governance in an orderly manner according to the law. Assume the main responsibility for the integrity administration of the Party, and support the resident discipline inspection and supervision team in performing their supervisory duties.
- (VI) Other relevant important matters within the scope of functions and responsibilities of the Party Committee.

**Article 57** The Bank adheres to the organic unity of strengthening the Party's leadership and improving corporate governance. The Party Committee has a statutory status in the corporate governance structure. It conducts pre-research on major business management matters, focuses on the fundamental, directional, long-term and overall situation related to the Bank's development, formulates rules of procedure and lists of powers and responsibilities of the Party Committee, and clarifies the scope, organization, procedures, and disciplines of discussion, as well as implementation and supervision of decision-making matters of the Party Committee.

- (I) The scope of discussion of the Party Committee, according to its duties and authority, includes: the work of the Party studied and decided collectively by the Party Committee, the major operation and management studied and discussed collectively by the Party Committee, and the report on important matters listened to by the Party Committee.
- (II) The Bank regards the study and discussion of Party organizations as the pre-procedure for the Board, the board of supervisors and the senior management to make decisions on major issues, and formulates the list of pre-requisite matters. Major operation and management matters submitted to the Board, the board of supervisors, and the senior management for decision-making shall first be studied and discussed by the Party Committee. Generally, proposals for major operation and management matters shall be studied and formulated by the management, and where necessary, may also be formulated by special committees under the Board on the basis of full investigation and research, scientific demonstration, and risk assessment.
- (III) The main form of Party Committee discussion is the Party Committee meeting. The opinions given by the Party Committee on major business and management matters after study and discussion shall be submitted to the Board for decision or implemented by the senior management according to their respective duties and authority. Leading members of the Party Committee and other Party members appointed to the Board and the senior management shall consciously accept the leadership of the Party Committee, resolutely implement the intention of the Party Committee's decision, and fully express the opinions of the Party Committee, ensuring that the will of the Party Committee is reflected and implemented in the final decision making when the Board propose deliberations and the senior management make decisions. The progress of implementation of major operation and management matters discussed and researched by the Party Committee in advance shall be reported to the Party Committee in a timely manner as needed.



(IV) Strengthen the leadership of the Party Committee over supervision and the political supervision with intra-party supervision as the leading role, and support investors' supervision, auditors' supervision, employees' democratic supervision, and public opinion supervision in giving full play to their role to ensure that all types of supervisions are well coordinated, and form a mechanism for exercising power that ensures sound decision-making, firm enforcement, and effective supervision.

**Article 58** Implementation of the Bank's major decisions and arrangements. The Party organization of the Bank shall play a leading role in complying with various rules and regulations of the Bank, conduct promotion, motivation and explanation of the implementation of the Bank's major decisions, getting all the Party members united, nurturing shared understanding on the Bank's strategic targets and major decisions and fostering concerted actions in realizing these targets and major decisions, thus facilitating the reform and development of the Bank.

**Article 59** The Party Committee shall establish a supervision system for the implementation of the Bank's major decisions and conduct supervision and inspection. Where the Bank does not conform with the Party's theories, principles and policies, or it fails to implement the decisions and arrangements of the CPC Central Committee or fulfill the requirements of the national and Party organizations at higher levels, or it is not conducive to promoting high-quality development, enhancing competitive strength, or maintaining and increasing the value of state-owned capital, or maintaining the social public interests and lawful rights and interests of the workers, the Party shall have the right to demand rectification, and shall have the right to report to the Party organizations at higher levels if it fails to get rectification.

**Article 60** The Bank insists on simultaneous planning of Party construction and production operations, simultaneous establishment of Party Organizations and working organs, simultaneous allocation of person-in charge of the Party Organizations and staff for Party affairs as well as simultaneous proceeding of work, to realize docking between systems, between mechanisms, between regimes and between work, and to give full play to the leadership role of the Party Committee to ensure that the leadership of the Party and the construction of the Party are fully reflected and effectively strengthened in the operation and management.

**Article 61** The Bank provides necessary conditions for the Party organizations to carry out activities. The Organization Department under the Party Committee, the Publicity Department under the Party Committee, the Office of the Party Committee, the Integrity Office of the Party, the Inspection Office of the Party Committee shall be set up based on actual needs, and the institution concerned may work together with a management department with similar functions of the Bank. The management of leading personnel and the construction of Party organizations at the primary level are generally under the unified responsibility of the same department, and those belonging to two departments shall be under the respective responsibility of the same leading group members.

**Article 62** A certain proportion of full-time and part-time Party affairs staff shall be allocated in accordance with the number of employees and the actual needs of the Bank. Select secretaries for the Party organizations from the best and take the position of secretaries of the Party organizations at the primary level as an important step for training and selecting cadres. Pay attention to the selection of Party members who are familiar with operation and management, have good political quality, decent style of work, and prestige among the workers and the masses to take charge of the Party building, and take Party affairs as an important platform for cultivating versatile talents. Strictly implement the policy of "equal class of position with equal treatment", and promote two-way communication among Party affairs staff and other management personnel.

**Article 63** Guarantee the work funds of the Party organizations and lean toward organizations at the primary level by incorporating management fees, Party membership dues retention and other channels. The part included in administrative expenses shall be arranged in accordance with 1% of the total salary of the employees of the Bank in the previous year, and included in the annual budget. Integrate and utilize all kinds of resources, and make good use of the Party organization's activity venues.

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

### **Section 1 Shareholders**

**Article 64** A shareholder of the Bank shall be a natural person, a legal person or any other social organization that lawfully holds shares in the Bank and whose name (description) is entered in the register of shareholders of the Bank. Shareholders of the Bank shall comply with the requirements of being shareholders stipulated by the banking regulatory authorities and other relevant regulatory authorities.

**Article 65** The shareholders shall enjoy rights and assume obligations according to the class and amount of shares held. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations in respect of each share of such class held.

**Article 66** Where more than two persons are registered as the joint holders of any of the shares, they shall be deemed as the joint owners of such shares, provided that they are subject to the following constraints:

- (I) The Bank shall not register more than four persons as the joint holders of any share;
- (II) All the joint holders of any share shall be jointly and severally liable for payment of all amounts due from such shares;
- (III) If one of the joint shareholders is deceased, only the surviving persons among the joint shareholders shall be regarded as the owners of relevant shares of the Bank, provided that the Board of Directors shall have the right to require the surviving persons to provide a certificate of death in a manner deemed appropriate by the Board of Directors for the purpose of altering the register of shareholders;
- (IV) For joint shareholders of any share, only the joint shareholder whose name stands first on the register of shareholders shall be entitled to receive the certificate of relevant shares and notice from the Bank, to attend the shareholders' general meeting of the Bank or to exercise all the voting rights attached to the relevant shares. Any notice which has been served to the aforesaid person shall be deemed to have been served to all of the joint shareholders of relevant shares.

If the Bank pays distribution or allotment such as dividend, bonus or return on capital that should be paid to the joint shareholders to any shareholder among the joint shareholders, the payment shall be regarded to have paid the aforesaid distribution or allotment to all the joint shareholders of relevant shares. Any receipt issued to the Bank by one of the joint shareholders for any dividend, bonus or return on capital payable to such joint shareholders shall be deemed as a valid receipt that has been issued by all the joint shareholders to the Bank.

**Article 67** Holders of the shares of the Bank shall enjoy the following rights:

- (I) To receive dividends and other kinds of distributions according to the number of shares held by them;
- (II) To request, convene, preside over, attend in person or appoint a proxy to attend the shareholders' general meeting, and to give speeches at the shareholders' general meeting and exercise their voting rights according to the number of shares held by them (unless individual shareholders shall waive their voting rights in respect of certain matters in accordance with laws and regulations, securities regulatory authorities in the place where the shares of the Company are listed, and the listing rules of the place where the shares of the Company are listed);
- (III) To supervise the operation of the Bank, and to make suggestions or enquiries accordingly;
- (IV) To transfer, bestow or pledge shares held by them in accordance with the laws and regulations, relevant regulations of the securities regulatory authorities in the Bank's listing place and the Articles;
- (V) To obtain relevant information in accordance with the laws and regulations, relevant regulations of the securities regulatory authorities in the Bank's listing place and the Articles and the Articles, including:
  - 1. to obtain a copy of the Articles after paying the costs and expenses incurred;
  - 2. have the right to inspect, free of charge, and to inspect and photocopy, after paying a reasonable fee, during the office hours of the Bank, the following documents:
    - (1) all parts of the register of shareholders;
    - (2) the personal information of the directors, supervisors, president and other senior management member of the Bank, including:
      - (a) past and present names and alias;
      - (b) main address (domicile);
      - (c) nationality;
      - (d) professional job and other part-time occupation, position;
      - (e) identification document and its number.
    - (3) status of the Bank's share capital;
    - (4) reports on the aggregate par value, number of shares, and highest and lowest prices of each class of shares in relation to any repurchase by the Bank of its own shares since the last financial year, as well as all the expenses paid by the Bank in relation to such repurchase;



- (5) minutes of the shareholders' general meeting;
- (6) the latest audited financial statements, directors' reports, auditors' report and report of the Bank's Board of Supervisors;
- (7) a copy of the latest annual report already submitted to the State Administration for Industry and Commerce of the PRC or other competent bodies; and
- (8) special resolutions of the Bank.

The documents, except for the item (2) above shall be maintained at the Hong Kong address of the Bank in accordance with the Hong Kong Listing Rules and available for inspection by both the public and shareholders of H Shares, whereas item (5) will only be available for inspection by the shareholders. The Bank may refuse to provide any of the aforementioned documents if the documents to be inspected or photocopied involve the Bank's trade secrets and price-sensitive information.

- (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 repurchase their shares (for shareholders who disagree with the resolutions adopted at a shareholders' general meeting of the Bank in relation to the merger or division of the Bank);
- (VIII) Shareholders holding, individually or jointly, more than three percent of the Bank's shares carrying voting rights are entitled to propose to the shareholders' general meeting matters for deliberation and submit inquiries to the shareholders' general meeting;
- (IX) To have other rights under the laws and regulations, Hong Kong Listing Rules and the Articles.

If any person holding an interest in the shares either directly or indirectly does not disclose his/her/its rights to the Bank, the Bank shall not compromise the rights of such persons obtained based on share capital of the Bank by freezing it or in any other manner only on this ground.

**Article 68** Where a shareholder requests to inspect and read or obtain the relevant information as set forth in the preceding Article, this shareholder shall provide the Bank with written documents evidencing the class and number of shares held by this shareholder in the Bank and the Bank shall provide the above-said information in accordance with the law at the request of such shareholder upon verification of the shareholder's identity.

Shareholders shall fulfill their confidentiality obligation to the Bank while exercising the aforesaid right to know and use the information of the Bank in a reasonable manner. Shareholders who violate the obligation of confidentiality and thereby cause damage to the Bank shall be liable for compensation.

**Article 69** If a resolution of a shareholders' general meeting or the Board of Directors of the Bank violates the laws and administrative regulations, a shareholder shall have the right to request a people's court to determine the resolution as invalid.

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

If shareholders file lawsuits in accordance with the aforesaid term, the Bank may apply to the people's court to request the shareholders to provide corresponding guarantees.

If the Bank has registered the change in accordance with resolution of the shareholders' general meeting and the Board of Directors' meeting, and the people's court declares such resolution be void or rescinded, the Bank shall apply to the Bank's registration authority for rescission of such registration of change.

**Article 70** If any director and senior management member has violated the laws, administrative regulations or provisions of the Articles in performing their duties in the Bank and therefore has caused loss to the Bank, shareholders who have individually or jointly held more than 1% of the shares in the Bank for more than one hundred and eighty (180) consecutive days may make a written request to the Board of Supervisors to initiate legal proceedings at the people's court. If the Board of Supervisors has violated laws, administrative regulations or provisions of the Articles in performing its duties and therefore has caused loss to the Bank, the aforesaid shareholders may make a written request to the Board of Directors to initiate legal proceedings at the people's court.

If the Board of Supervisors or the Board of Directors rejects to initiate legal proceedings or fails to initiate legal proceedings within thirty (30) days after receiving the request, or the situation is so urgent that the Bank's interests will suffer irremediable harm if legal proceedings are not initiated immediately, the shareholders specified in the preceding paragraph shall have the right to directly initiate legal proceedings at a people's court in their own names for the benefit of the Bank.

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

**Article 71** If any director or senior management member has violated the laws, administrative regulations or provisions of the Articles and has therefore impaired the interests of the shareholders, the shareholders may initiate legal proceedings at a people's court.

**Article 72** Shareholders of the Bank shall have the following obligations:

- (I) To abide by the laws and regulations, regulatory requirements and the Articles;
- (II) To contribute to the share capital as determined by the number of shares subscribed for by them and the method of capital contribution. To contribute by legitimate source of self-owned funds but not by entrusted funds, debt funds and other non-self-owned funds, unless otherwise required by laws and regulations or regulatory systems;

- (III) To comply with the regulatory requirements on shareholding and the number of shareholding institutions and no authorisation for, or acceptance of authorisation from, any other person to hold shares of the Company;
- (IV) Not to withdraw their contributed share capital except in circumstances allowed by the laws and regulations;
- (V) To comply with the resolutions of the shareholders' general meeting;
- (VI) The Bank has established a mechanism for major risk prevention and major risk loss absorption, and shareholders shall support the reasonable capital plans formulated by the Board of Directors, and in the case that the capital adequacy ratio is lower than the legal requirements, shall support the measures of increasing the capital adequacy ratio which shall be proposed by the Board of Directors, including the development of reasonable capital supplement plans, the increase in core capital and so on; Substantial shareholders shall replenish the Bank with capital when necessary and make long-term commitments of the capital supplement to the Bank in writing and those commitments shall become a part of the capital planning of the Bank. Shareholders who fail to fulfill the commitments shall be restricted from their rights; Substantial shareholders shall not hinder the replenishment of capital by other shareholders or the entry of new qualified shareholders;
- (VII) To fulfill their obligations of integrity to the Bank in accordance with the laws and ensure that the shareholders' qualification information submitted by them is true, complete and effective. Substantial shareholders shall disclose the information of related parties truthfully, accurately and completely to the Board of Directors, and undertake to report any change of association relationship to the Bank in a timely manner whenever it occurs;
- (VIII) To inform the Bank truthfully of their financial information, shareholding structure, source of capital contribution, controlling shareholder, or the actual controller, related parties, persons acting in concert, ultimate beneficiaries and investment in other financial institutions;
- (IX) The Bank shall be notified in writing in a timely manner if the following circumstances occur:
  - (1) the controlling shareholders, actual controllers, related parties, persons acting in concert, or ultimate beneficiaries of the shareholder have changed;
  - (2) the merger or division of Shareholders has taken place, and the shareholders were ordered to suspend business for rectification, appointed trusteeship, take-over or revocation;
  - (3) where a shareholder enters the procedures of dissolution, liquidation, or bankruptcy, or if his/her legal representative(s), company name, business site, business scope and other major matters have been changed, the relevant shareholder shall inform the Bank of the changes in writing in a timely manner; and
  - (4) if the shares of the Bank held by the shareholder are involved in litigation, arbitration, legal compulsory measures taken by judicial authorities, pledged or released, the shareholder shall timely inform the Bank in writing of the relevant situation in accordance with laws and regulations and regulatory provisions;

- (X) Shareholders being directors or supervisors of the Bank, or directly or indirectly, jointly holding or controlling more than 2% of the Shares or voting rights of the Bank, when pledging the Shares of the Bank, shall in advance apply for approval and filing with the Board of Directors of the Bank to provide the information including the reasons for pledge, equity amount, term of pledge and pledger. The shareholder's application shall not be kept in archives if the Board of Directors identifies that the pledge will have a material adverse impact on the stability of the Bank's shareholding structure, corporate governance, control on risk and related (connected) transactions. Directors nominated by the shareholders who intend to pledge their equity in the Bank shall abstain from voting when the Board of Directors considers any matter relating to filing;
- (XI) After the completion of the registration of equity pledge, the Shareholders shall provide the Bank with the information on equity pledge in a timely manner as required by the Bank for risk management and information disclosure;
- (XII) Shareholders who transfer or pledge their shares in the Bank or conduct related party transactions with the Bank shall comply with laws, regulations and regulatory requirements, and shall not prejudice the interests of other shareholders and the Bank;
- (XIII) If the possibility that we will encounter liquidity squeeze arises, all shareholders that have taken out loans from the Bank shall repay the loans that are due immediately and undue loans shall be prepaid;
- (XIV) Except for the obligations as required by the laws and administrative regulations, when exercising voting rights, the shareholders shall not make resolutions that harm the legitimate interests of other shareholders;
- (XV) The Bank's shareholders and their controlling shareholders and de facto controllers shall not abuse their rights as shareholders or take advantage of related relationships to prejudice the legitimate rights and interests of the Bank or other shareholders and stakeholders; not to abuse the Bank's status as an independent legal entity and the limited liability of shareholders to harm the interests of the Bank's creditors. If a shareholder of the Bank abuses his/her/its rights and causes loss to the Bank or other shareholders, he/she/it will be held liable for compensation in accordance with the laws. If a shareholder abuses the Bank's status as an independent legal entity and the limited liability of shareholders and evades the repayment of debts, resulting in material damage to the interests of the Bank's creditors, that shareholder will be jointly and severally liable for the debts of the Bank;
- (XVI) The controlling shareholders and de facto controllers of the Bank owe a fiduciary duty to the Bank and its other shareholders, and they shall not exploit their related relationship to harm the legitimate interests of the Bank and other shareholders;
- (XVII) The substantial shareholders of the Bank shall not transfer their shares within five years from the closing date; the transfer of shares on maturity and the qualifications for shareholders as transferees shall obtain the approval of banking regulatory authorities;

- (XVIII) The shareholders and its controlling shareholders, de facto controllers of the Bank shall not impose inappropriate pressure to the Bank for meeting targets or intervene in the Bank's daily business operation. They shall exercise their rights as capital contributors strictly in compliance with the laws, regulations and the Articles. They shall not seek inappropriate interests, intervene in the decision-making rights and management rights of the Board of Directors and senior management under the Articles of the Bank, bypass the Board of Directors and senior management to directly intervene in the operations and management of the Bank, and damage the interests of the Bank and the legitimate rights and interests of other stakeholders;
- (XIX) The application for change of shareholder holding over 5% of total capital or share capital shall get prior confirmation of the Board of Directors of the Bank, and then be reported to the banking regulatory authorities for approval. In case the investor intends to hold or accumulate more than 5% of the total capital or shares of the Bank for the first time individually or jointly with the related parties thereof and persons acting in concert, such matter shall be reported to the banking regulatory authority for approval after deliberation by the Board of Directors of the Bank. In case the investor holds more than 1% but less than 5% of the total capital or shares of the Bank individually or jointly with the related parties thereof and persons acting in concert, they shall report to the banking regulatory authority within 10 working days after acquiring such equity.
- (XX) The substantial shareholders of the Bank shall notify equity management department of the Bank and submit it to the Board of Directors for filing within five working days after any of the following events occurs:
1. material matters such as transfer of shares of the Bank, change of de facto controller, name, legal representative, business scope, registered capital, domicile or contact information;
  2. merger, split, or imposition of regulatory measures such as suspension of business for rectification, appointment of trustee, takeover or revocation, or entering into dissolution, bankruptcy or liquidation procedures;
  3. subject to administrative penalties or criminal liabilities due to material breach of laws and regulations;
  4. other circumstances that may result in transfer of the shares of the Bank they held, or that may affect the operations of the Bank.

If shareholders fail to fulfill their obligations to notify such events and lead to consequences, they shall bear liabilities accordingly.

- (XXI) Shareholders who fail to apply to the regulatory authority for approval or fail to report to the regulatory authority, despite being required to do so, are not permitted to exercise the right to request convening of a shareholders' general meeting, right of voting, right of nomination, right of submitting proposals and right of disposal, etc.;

(XXII) For a shareholder that violates commitment, makes any false statement, abuses shareholders' rights or otherwise harms the interests of the Bank, the banking regulatory authorities or its local offices may restrict or prohibit related party transactions between the Bank and the shareholder, restrict his/her limit of equity held in the Bank and equity pledge ratio, etc., and restrict his/her right to request convening of a shareholders' general meeting, right of voting, right of nomination, right of submitting proposals and right of disposal, etc.. The commitments made by the major shareholders of corporate legal entities shall be subject to necessary internal approval procedures such as the Board or the shareholders' general meeting in accordance with laws and regulations, regulatory requirements and the Articles of Association. The performance of major shareholders' commitments shall be determined by the Board. Measures taken against shareholders who violate their commitments shall be proposed by the Board and implemented after being deliberated and approved by the shareholders' general meeting, and the relevant shareholders or shareholders' representatives shall abstain from voting.

(XXIII) In case of a risk event or a major violation by the Bank, the shareholders shall cooperate with the regulatory authorities in investigation and risk disposal;

(XXIV) Other obligations as required by the laws, regulations and the Articles.

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

**Article 73** Shareholders shall nominate a candidate to become a director and a supervisor strictly according to the process required by laws, regulations and the Articles. The same shareholder and his/her connected person shall not nominate a candidate for a director and another candidate for a supervisor at the same time; if the candidate for a director (supervisor) nominated by the same shareholder and his/her/its connected person has already served as a director (supervisor), the shareholder shall not nominate the candidate for another supervisor (director) prior to the expiry of the term of office or the replacement of such person.

In principle, the number of directors or supervisors nominated by the same shareholder and his/her connected person shall not exceed one-third of the total number of members of the Board of Directors or the Board of Supervisors, unless otherwise stipulated by the laws and regulations. In principle, the same shareholder and his/her/its connected person shall nominate only one candidate for independent director or external supervisor and shall not nominate candidates for both independent director and external supervisor. If a waiver is required due to a special shareholding structure, an application setting out the reasons shall be made to the banking regulatory authority.

**Article 74** Shareholders are forbidden from making shares of the Bank held by them pledged if their outstanding borrowing due to the Bank exceeds the value of the audited net equity held by them in the Bank in the previous year or shares of the Bank held by them are within the restriction period of transfer.

If Shareholders (substantial shareholders in particular) fail to repay the loans granted by the Bank when due, or when the number of shares pledged by them reaches or exceeds fifty percent of the total shares in the Bank held by them, the voting rights of such Shareholders at Shareholders' general meetings and the voting rights of the Directors appointed by such Shareholders at meetings of the Board shall be correspondingly terminated until the relevant circumstances come to an end. During the period when Shareholders (substantial shareholders in particular) fail to repay the loans granted by the Bank when overdue, the Bank shall have the right to take priority to apply the dividends and bonuses receivable by such Shareholders, and the property distributed to them at the time of liquidation of the Bank, to repay their loans borrowed from the Bank.



**Article 75** The terms of credit provided to its shareholders shall not be more favorable than those provided to other borrowers if the loans concerned are in the same category.

The credit balance granted to a related party by the Bank shall not exceed 10% of the Bank's net capital at the end of the last quarter, the aggregate credit balance granted to a related corporate or unincorporated organisation by the Bank shall not exceed 15% of the Bank's net capital at the end of the last quarter, and the credit balance granted to all related parties by the Bank shall not exceed 50% of the Bank's net capital at the end of the last quarter.

When calculating the balance of credit, the amount of security deposit provided by and bank certificates of deposit and treasury bonds pledged by the connected party upon the granting of credit may be deducted.

The Bank shall comply with relevant regulations on inter-bank business when carrying out inter-bank business with related parties. The inter-bank business carried out between the Bank and domestic and overseas related party banks may not be subject to the proportions listed in Paragraph 2 of this Article and the Standards for Material Related Transactions in Article 344 of the Articles of Association.

**Article 76** The Bank shall not provide any financing guarantee for the debts of any shareholder and their related units, except that the shareholder provides a counter-guarantee based on bank certificates of deposit of the Bank or treasury bonds.

“Financing guarantee” above shall refer to the guarantee the Bank provide for the acts of financing of shareholders and their related units.

**Article 77** Except for the obligations as required by laws, administrative regulations or the listing rules of the stock exchange in the place where the shares of the Bank are listed, while exercising their rights as shareholders, the controlling shareholders of the Bank shall not make any decision affecting the benefits of all the shareholders or part of the shareholders as a result of exercising voting rights in respect of the following matters:

- (I) Exempting any director or supervisor from the responsibility to act in good faith for the best interest of the Bank;
- (II) Approving any director or supervisor (for the benefit of himself or others) to deprive the Bank of its properties in any form, including (but not limited to) the opportunities that are favorable to the Bank;
- (III) Approving any director or supervisor (for the benefit of himself or others) to deprive other shareholders of their individual interests, including (but not limited to) any distribution rights or voting rights, but excluding the reorganization of the Bank which is submitted to the shareholders' general meeting for approval in accordance with the Articles.

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

**Article 78** The shareholders' general meeting comprises all shareholders of the Bank. The shareholders' general meeting is the organ of supreme power of the Bank and shall exercise its powers according to the laws, regulations and the Articles.

**Article 79** The shareholders' general meetings shall exercise the following powers:

- (I) Deciding on the business policies and investment plans of the Bank;
- (II) Electing and replacing directors and supervisors not appointed from staff representatives, and deciding on matters concerning directors' and supervisors' remuneration;
- (III) Examining and approving reports of the Board of Directors;
- (IV) Examining and approving reports of the Board of Supervisors, listening to the Report of the Board of Supervisors on the Directors' and Supervisors' Performance Assessment;
- (V) Examining and approving the Bank's annual financial budget and final account proposals;
- (VI) Examining the significant asset disposal matters involving an amount of more than 30% of the latest audited total assets of the Bank for 12 consecutive months (including but not limited to selling, purchase, write-off, mortgage and non-operating guarantee);
- (VII) Examining and approving the Bank's plans for profit distribution and loss make-up;
- (VIII) Adopting resolutions concerning the increase or reduction of the registered capital and the repurchase of the Bank's Shares;
- (IX) Adopting resolutions concerning the issuance of bonds or other securities and listing of the Bank;
- (X) Adopting resolutions on merger, division, dissolution, liquidation or changing of corporate form of the Bank;
- (XI) Examining and approving the Articles, the Rules of Procedure of the Shareholders' General Meeting, the Rules of Procedure of Meetings of the Board of Directors and the Rules of Procedure of Meetings of the Board of Supervisors and its amendments;
- (XII) Examining and approving the stock incentive plans;
- (XIII) Adopting resolutions on the purchase of the Bank's shares in accordance with laws;
- (XIV) Adopting resolutions on the engagement, dismissal or discontinuation of the appointment of the Bank's accounting firm and the remuneration of the Bank's accounting firm;
- (XV) Examining the resolutions proposed by shareholders with more than 3% of the Shares carrying voting rights of the Bank;
- (XVI) Examining and approving matters in relation to the change in use of raised funds;
- (XVII) Examining others matters which shall be decided by the shareholders' general meeting as required by the laws and regulations, listing rules of the stock exchange in the place where the shares of the Bank are listed or the Articles;



**Article 80** For the matters falling within the shareholders' general meeting's scope of authority, if it is necessary, reasonable and legal, the decision making of these issues can be delegated to the Board of Directors by the shareholders' general meeting, and the authorization given shall be specific and clear.

If the Articles require that matters to be delegated to the Board of Directors are to be adopted by the shareholders' general meeting by way of ordinary resolutions, such resolutions shall be approved by more than half of the voting rights of the shareholders attending the shareholders' general meeting. If the Articles require that matters to be delegated to the Board of Directors are to be adopted by the shareholders' general meeting by way of special resolutions, such resolutions shall be approved by over two-thirds of the voting rights of the shareholders attending the shareholders' general meeting.

**Article 81** The Bank shall formulate the rules of procedure regarding the shareholders' general meeting, which are drafted by the Board of Directors and approved by the shareholders' general meeting. The rules of procedure regarding the shareholders' general meeting specify the convening and voting procedures, including notification, registration, and consideration of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meetings and signature and announcement.

**Article 82** General meetings consist of annual general meetings and extraordinary general meetings. Annual general meeting shall be held once every financial year and shall be held within six months from the end of the previous financial year. Where such meetings are required to be adjourned for any special reasons, it shall report to the banking regulatory authority and provide reasons of postponement in time.

**Article 83** The Bank shall hold an extraordinary meeting within two months of the date of the occurrence of any of the following events:

- (I) The number of directors is less than the number required by the Company Law or two-thirds of the number required by the Articles;
- (II) The outstanding losses of the Bank has reached one third of the total amount of the paid-in share capital of the Bank;
- (III) The shareholders who individually or jointly hold more than 10% of the shares carrying voting rights of the Bank have requested in writing to convene extraordinary general meetings, the number of shares shall be calculated as of the date when shareholders put forward the written request;
- (IV) When the Board deems it necessary to convene such a meeting;
- (V) When the Board of Supervisors proposes to convene such a meeting;
- (VI) When above half and not less than two independent Directors or the only two independent Directors unanimously agree on the proposal of convening;
- (VII) When above half of the external supervisors or the only two external supervisors unanimously agree on the proposal of convening;
- (VIII) Other circumstances as provided in the laws and regulations or the Articles.

**Article 84** The venue for the Bank to convene a shareholders' general meeting shall be at the Bank's domicile or other places specified in the notice of the shareholders' general meeting.

An assembly room will be set up for the shareholders' general meeting and the meeting will be held in the form of live meeting. The Bank may also provide the network or other means for the convenience of minority shareholders to attend the shareholders' general meeting when it is ready. Shareholders attending the shareholders' general meeting through the aforesaid means shall be considered as present.

**Article 85** The Bank shall engage lawyers to issue legal opinions in respect of the following issues when a shareholders' general meeting is held:

- (I) Whether the taking place of and the procedures for the shareholders' meeting is in compliance with the laws and regulations and the Articles;
- (II) Whether the qualification of the person attending the shareholders' meeting and the person convening the shareholders' meeting are legal and valid;
- (III) Whether the voting procedure, consequence and contents of the meeting are legal and valid;
- (IV) Other matters concerning the legal opinions as required by the Bank.

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

**Article 86** The shareholders' general meeting shall be convened by the Board of Directors.

If the Board of Directors is unable or fails to perform its duty in convening a shareholders' general meeting, the Board of Supervisors shall promptly convene the meeting. If the Board of Supervisors does not convene the meeting, the shareholders who individually or jointly hold more than 10% of the Bank's shares for over ninety (90) consecutive days may convene such a meeting on their own initiative.

**Article 87** More than half of the independent Directors (subject to the unanimously agree where only two independent Directors exist) shall have the right to propose to the Board of Directors to convene an extraordinary general meeting. In respect of such proposal, the Board of Directors shall, in accordance with the laws, regulations and the Articles, make a written response as to whether or not it agrees to convene the extraordinary general meeting within ten (10) days of receiving the proposal.

If the Board of Directors agrees to convene the extraordinary general meeting, a notice convening such a meeting shall be issued within five (5) days after the resolution of the Board of Directors is passed.

If the Board of Directors does not agree to convene the extraordinary general meeting, it shall give an explanation.

**Article 88** The Board of Supervisors or more than half of the external supervisors (subject to the unanimously agree where only two external supervisors exist) shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall make its motions to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, regulations and the Articles, make a written response as to whether or not it agrees to convene the extraordinary general meeting within ten (10) days of receiving the proposal.

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

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

**Article 89** The Shareholders who individually or jointly hold more than 10% of the Bank's shares for over ninety (90) consecutive days (hereinafter referred to as "Requesting Shareholders") shall have the right to request the Board of Directors to convene the extraordinary general meeting and add resolutions to a meeting agenda, and shall propose their motions to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, regulations and the Articles, make a written response as to whether or not it agrees to convene the extraordinary general meeting within ten (10) days of receiving the proposal.

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

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

If the Board of Supervisors agrees to convene the extraordinary general meeting, a notice for convening the general meeting shall be issued within five (5) days of receiving the proposal. If the original proposal contained in the notice is changed, approval of the Requesting Shareholders shall be sought.

If the Board of Supervisors fails to give the notice of the general meeting within the specified time limit, it shall be deemed to have failed to convene the general meeting, and Requesting Shareholders shall have the right to convene such meetings by themselves.

The shareholding proportion of the Requesting Shareholders before the resolution of the shareholders' general meeting shall not be under 10%.

**Article 90** If the Board of Supervisors or Shareholders decide to convene the general meeting by themselves, the Board of Directors shall be informed in writing, and at the same time, it shall be filed with the competent securities regulatory authorities, banking regulatory authorities and the stock exchange where the Bank's shares are listed.

The Requesting Shareholders shall submit the relevant evidentiary materials to the relevant regulatory authority when issuing the notice and the resolution of the general meeting.

**Article 91** If the Board of Supervisors or Shareholders convene the general meeting by themselves, the Board of Supervisors or Requesting Shareholders as conveners shall not add any new proposal or change the proposals, or the Board of Supervisors or Requesting Shareholders should go through the procedure regarding proposing the convening of the extraordinary shareholders' general meeting to the Board of Directors again.

The venue for the Board of Supervisors or Shareholders to convene a shareholders' general meeting by themselves shall be at the Bank's domicile.

**Article 92** With respect to a shareholders' general meeting convened by the Board of Supervisors or Shareholders, the Board of Directors and the secretary to the Board of Directors shall cooperate. The Board of Directors shall offer the register of Shareholders as at the shareholding registration date.

If the Board of Directors fails to offer the register of Shareholders, the conveners may apply to the securities registration and clearing institution for such register with the relevant announcement regarding the notice of convening a shareholders' general meeting. The register of Shareholders offered to the conveners shall only be used for the shareholders' general meeting and shall not be used for other purposes.

**Article 93** Necessary costs arising out of a shareholders' general meeting convened by the Board of Supervisors or the Shareholders on their own shall be borne by the Bank and shall be deducted from the funds due to directors who have not carried out their duties from the Bank.

#### **Section 4 Proposals and Notices of Shareholders' General Meetings**

**Article 94** The proposal shall be within the scope of authority of the shareholders' general meeting, each substantially separate issue shall constitute a separate proposal, and such proposal shall have definite topics for consideration and specific items to be decided by resolution in accordance with the related requirements of the laws, regulations and the Articles. The proposal shall be submitted to the convener in writing.

**Article 95** When the Bank convenes shareholders' general meetings, the Board of Directors, the Board of Supervisors and the shareholders who individually or jointly hold more than 3% of the shares of the Bank carrying voting rights (hereinafter referred to as "Proposing Shareholders"), shall be entitled to submit their proposals.

Proposing Shareholders may submit provisional proposals to the convener in writing ten (10) days prior to the date of the shareholders' general meeting. For proposals with content and form that conform to the provisions of the Articles, the conveners shall issue a supplemental notice setting out the content of the provisional proposals within two days of receiving the proposals. Regulations as otherwise stipulated by the listing rules of the stock exchange in the place where the shares are listed shall also be observed.

Except for the circumstances provided in the above-said paragraph, the convener shall not amend the proposals set out in or add any new proposal to the original notice of the general meeting after the notice is issued.

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

**Article 96** Conveners shall act in the best interests of the Bank and the shareholders and shall examine the proposals of shareholders' general meetings in accordance with the Articles.

The convener shall give explanations and reasons at the shareholders' general meeting if he/she/it decide not to include a shareholder's proposals on the agenda of the shareholders' general meeting.

If the Proposing Shareholders dispute the decision of not putting his/her/its proposals by the Board on the agenda of a shareholders' general meeting, he/she/it may require the Bank to convene an extraordinary general meeting according to the related procedures in the Articles.

**Article 97** When the Bank is to convene a shareholders' general meeting, a written notice at least 20 days in advance for an annual general meeting or a written notice at least 15 days for an extraordinary general meeting shall be dispatched to all the Shareholders whose names appear on the register of Shareholders, stating the matters to be considered at the meeting and the date and venue of the meeting. Where laws and regulations, securities regulatory authorities of the place where the Company's shares are listed and the listing rules of the place where the Company's shares are listed have other provisions, such provisions shall prevail.

**Article 98** Notice of the shareholders' general meeting shall meet the following requirements:

- (I) be made in writing;
- (II) specify the time, venue, deadline and meeting form;
- (III) contain the matters and proposals to be considered at the meeting, and state the matters to be discussed at the meeting;
- (IV) provide all the 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 any proposal relating to 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;
- (V) if any of the Directors, Supervisors, President or other senior management member has 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 the Director, Supervisor, President or other senior management member as Shareholders compared to other Shareholders of the same class, they shall explain this difference;

- (VI) contain the full text of any proposed special resolution to be voted on at the meeting;
- (VII) a prominent statement stating that a Shareholder entitled to attend and vote at the meeting, is entitled to appoint over one proxy to attend and vote on his/her/its behalf, and such proxy need not to be a Shareholder of the Bank;
- (VIII) specify the time and address for lodging the proxy forms of the relevant meeting;
- (IX) specify the shareholding registration date of the Shareholders who are entitled to attend the meeting;
- (X) specify the name and phone number of the contact person of the meeting;
- (XI) other requirements stipulated in the laws, regulations and the Articles.

**Article 99** If the elections of Directors and Supervisors are intended to be discussed at the shareholders' general meeting, the shareholders' general meeting notice shall fully disclose the details of the candidates for the role of Directors and Supervisors, and shall at least include the following particulars:

- (I) personal particulars such as education level, working experience and any part-time work undertaken;
- (II) whether there is any related party relationship with the Bank or with the controlling shareholders and de facto controllers of the Bank;
- (III) disclosure of their shareholding in the Bank;
- (IV) whether they are penalized by any banking regulatory authority, securities regulatory authority and other relevant authorities;
- (V) information in relation to the new appointment or re-designation of Directors or Supervisors to be disclosed as required by the Hong Kong Listing Rules.

Each candidate for director or supervisor should be put forward in a single proposal.

**Article 100** The notice of the general meeting shall be served on shareholders (whether or not such shareholder is entitled to vote at the general meeting) by personal delivery or by pre-paid mail. The address of the recipient shall be the registered address as shown in the register of members. For holders of domestic shares, the notice of the shareholders' general meeting may be published by way of an announcement.

The announcement mentioned in the preceding paragraph shall be published in newspapers or the Bank's website specified by the laws and regulations or relevant domestic regulatory authorities at least 20 days prior to an annual general meeting or at least 15 days prior to an extraordinary general meeting. Once the announcement has been made, all the holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.



Subject to the laws and regulations, listing rules of the stock exchange in the place where the shares of the Bank are listed, the Articles and the regulations of the relevant regulatory authorities, the Bank may also send the notice of the shareholders' general meeting to the holders of H shares through the websites of the Bank and the Hong Kong Stock Exchange.

**Article 101** The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at such meeting.

**Article 102** Once the notice of shareholders' general meeting is issued, the meeting shall not be postponed or cancelled without proper reasons, and proposals contained in the notice shall not be withdrawn. In the event of any postponement or cancellation, the convener shall issue a notice in writing to Shareholders and state the reasons at least three working days before the original meeting date and announce the date of reconvening the meeting after the postponement.

### **Section 5 Holding of a Shareholders' General Meeting**

**Article 103** The Board of Directors and other conveners shall take necessary measures to maintain order at the shareholders' general meeting. Behavior such as disruption of the meeting, provocation of trouble and infringement on the legitimate rights and interests of shareholders shall be prevented and promptly reported to relevant authorities for investigation.

**Article 104** All shareholders whose names appear on the register of shareholders 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. Shareholders may attend a shareholders' general meeting in person or appoint proxies to attend and vote on their behalf.

Any shareholder entitled to attend and having voting rights at a shareholders' general meeting shall be entitled to 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 powers at a shareholders' general meeting:

- (I) the same right of speech as the shareholder at the meeting;
- (II) have authority to demand or join other shareholders in demanding a poll;
- (III) have 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 105** Shareholders shall appoint their proxies in writing. The power of attorney shall be executed by appointing shareholders or an attorney duly authorised by them in writing. Where the appointing shareholder is a legal person, the power of attorney shall be executed under its common seal or under the hand of its director or an attorney duly authorised in writing, a proxy attending a shareholders' general meeting shall be deemed as a corporate shareholder attending the shareholders' general meeting in person.

**Article 106** If an individual shareholder attends the meeting in person, he/she shall produce his/her own identification document. If a proxy is appointed to attend the meeting, the proxy shall produce his/her own identification document and power of attorney.

A corporate (or other social organization) shareholder shall attend the meeting through its legal representative (or person in charge) or proxies authorized by the legal representative (or person in charge). If a legal representative (or person in charge) attends the meeting, he/she shall produce his/her own identification document or valid documents showing that he/she qualifies to serve as legal representative (or person in charge). If a proxy attends the meeting, he/she shall produce his/her own identification document or written power of attorney granted by the legal representative (or person in charge) of the corporate (or other social organization) shareholder according to laws.

**Article 107** The power of attorney used by shareholders to appoint proxies to attend the shareholders' general meeting shall contain the following information:

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

**Article 108** The power of attorney shall specify that the proxy shall have the right to vote at his/her discretion where the Shareholder makes no specific instruction.

**Article 109** The power of attorney shall be placed at the Bank's domicile or at any other place designated in the notice of a shareholders' general meeting, and at least twenty-four (24) hours prior to either the convening of the relevant meeting in which the resolutions are to be voted on or the designated voting time.

If the power of attorney is signed by a person authorized by the appointing shareholder instead of the appointing shareholder himself/herself, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the proxy form, be placed at the Bank's domicile or any other place designated in the notice of the meeting.

Where the appointing shareholder is a legal person, its legal representative or a person authorized by the Board of Directors or other decision making body shall attend the shareholders' general meeting of the Bank as representative.

**Article 110** If the shareholder is a recognized clearing house or its agent as defined in relevant ordinances formulated by Hong Kong from time to time, such a shareholder is entitled to appoint one or more persons it deems suitable to act as its proxy in the shareholders' general meeting or class shareholders' general meeting, meeting of creditors (if applied). If more than one person is appointed as proxies, the power of attorney shall clearly state the number and the class of shares represented by each of the proxies. The power of attorney shall be signed by the respective proxies appointed by the recognized clearing house, and the proxies so appointed may represent the recognized clearing house (or its agent) in exercising the statutory rights (including the right to speak and vote) equal to that of other shareholders at any meeting (without being required to present share certificate, certified statement of proxy and/or further evidence of due authorization) as if that person is an individual shareholder of the Bank.

**Article 111** If the appointing shareholder has passed away, lost his/her ability to act, withdrawn the authorization, revoked the authorization to sign the power of attorney or transferred all of his/her shares prior to voting at a shareholders' general meeting, as long as the Bank has not received any notice regarding these matters before the commencement of the relevant meeting, the vote cast by the proxy in accordance with the power of attorney shall remain valid.

**Article 112** The attendance records of the meeting shall be prepared by the Bank. The records shall, amongst other matters, contain the names (or corporate names) of the attendees, their identity card numbers, their residential addresses, the number of voting shares held or represented by them, and the names (or corporate names) of the proxies.

**Article 113** The convener and the lawyers appointed by the Bank shall verify the legitimacy of shareholders' qualifications based on the records available from the register of shareholders of the Bank, and further shall record the names (or corporate names) of shareholders and the number of voting shares held by them. The registration process for the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares represented by them.

**Article 114** When a shareholders' general meeting is being convened, the Bank's directors, supervisors and the secretary to the Board of Directors shall attend the meeting. The president and other senior management personnel of the Bank shall observe the meeting.

**Article 115** The shareholders' general meetings shall be presided over by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his/her duties, the deputy chairman of the Board of Directors shall preside over the meeting. If the deputy chairman is unable or fails to perform his/her duties, a director elected by above half of the directors shall preside over the meeting.

In the event that no such designation or election is made according to the preceding paragraph, a shareholder as elected from the attending shareholders may preside over the meeting. If, for any reason, the attending shareholders fail to elect one to be the chairman, the attending shareholder (or his/her proxy) who holds the most voting shares shall preside over the meeting.

A shareholders' general meeting convened by the Board of Supervisors shall be presided over by the chairman of the Board of Supervisors. When the chairman of the Board of Supervisors is unable or fails to perform his or her duty, a Supervisor jointly elected by more than half of the Supervisors shall preside over the meeting.

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

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

**Article 116** At the annual shareholders' general meeting, the Board of Directors and the Board of Supervisors shall both report to the shareholders on the work they have undertaken over the past year.

**Article 117** Unless confidential trade secrets of the Bank are involved which shall not be divulged, the directors, supervisors and senior management personnel shall respond and give explanation to recommendations or queries from shareholders at the shareholders' general meeting.

**Article 118** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting and the total number of voting shares represented by them, but the figures recorded in the attendance records will prevail.

**Article 119** Minutes shall be recorded for the shareholders' general meeting, and the secretary to the Board of Directors shall be in charge of recording the minutes. The minutes shall contain the following information:

- (I) The time, venue, and agenda of the meeting, as well as the name (or corporate name) of the convener;
- (II) The names of the chairman of the meeting, and the directors, supervisors, president and other senior management personnel who attend or observe the meeting;
- (III) The number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the percentage of these shares to the total number of shares of the Bank;
- (IV) The consideration process for each resolution, key points of speeches made and voting result;
- (V) Details of the queries or recommendations of the shareholders, and the corresponding responses or explanations;
- (VI) The name of the lawyer, vote counter and scrutineer; and
- (VII) Any other matters required by the provisions of the Articles to be recorded in the minutes.

If the Board of Supervisors or shareholders hold an extraordinary shareholders' general meeting on their own initiative pursuant to the Articles, the minutes shall also record the process of convening and holding the extraordinary shareholders' general meeting.

If the matters to be voted on at a shareholders' general meeting involve a related (connected) transaction, the minutes shall record relevant information on abstention from voting of related (connected) shareholders.

**Article 120** The convener shall ensure that the minutes are truthful, accurate and complete. The attending directors, supervisors, secretary to the Board of Directors, convener or their representatives and the chairman of the meeting shall sign on the minutes. The minutes, list of signatures by shareholders in attendance, powers of attorney, and valid information regarding alternative voting methods shall be kept as the Bank's files. The meeting minutes shall be kept permanently.

**Article 121** The convener shall ensure that the shareholders' general meeting does not end until a final resolution is made. If the shareholders' general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary action to resume the shareholders' general meeting as soon as possible or directly terminate the shareholders' general meeting and make a responsive announcement.

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

**Article 122** Each share held by shareholders (or their proxies) attending the shareholders' general meeting shall correspond to one voting right, unless their voting rights are terminated or restricted under laws, regulations and the Articles.

The shares held by the Bank have no voting rights and that part of the shareholding is not counted towards the total number of shares with voting rights held by shareholders attending the meeting. If any governing laws and regulations and the listing rules of the locality in which the Bank's shares are listed require that any shareholder shall abstain from voting on a certain matter or limit any shareholder to cast affirmative or negative votes on a certain matter, any votes cast by the shareholder or his/her proxy in violation of the aforesaid requirements or restrictions shall not be included in the voting results.

**Article 123** The resolutions of a shareholders' general meeting shall either be classified as ordinary resolutions or special resolutions.

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

**Article 124** The following matters shall be resolved by way of an ordinary resolution:

- (I) the business policies and investment plans of the Bank;
- (II) the appointment and dismissal of directors and supervisors who are not employees' representatives, and the remunerations of directors and supervisors;
- (III) the work reports of the Board of Directors;
- (IV) the work reports of the Board of Supervisors;
- (V) the annual financial budgets and final accounting plans of the Bank;
- (VI) the profits distribution proposals and loss recovery plans of the Bank;
- (VII) the balance sheets, income statements and other financial statements of the Bank;
- (VIII) matters other than those required by laws and regulations, the regulatory rules of the place where the Bank's shares are listed or the Articles to be resolved by a special resolution.

**Article 125** The following matters shall be resolved by way of a special resolution:

- (I) an increase or reduction of the registered capital of the Bank;
- (II) the division, merger, dissolution, liquidation, voluntary liquidation or any other change in the corporate form of the Bank;
- (III) the issuance of bonds or other securities and listing;
- (IV) amendments to the Articles;
- (V) repurchase of the Bank's shares;
- (VI) major asset disposal;
- (VII) share incentives plans; and
- (VIII) remove an independent director;
- (IX) any other matter as required by the laws, regulations, regulatory rules of the place where the Bank's shares are listed or more than two-thirds of the voting rights held by shareholders present at the meeting regulated by the Articles, and confirmed by an ordinary resolution at the shareholders' general meeting that it may have material impact on the Bank and shall therefore be approved by a special resolution.

**Article 126** When a shareholders' general meeting examines related (connected) transactions, the related (connected) shareholders and its associates (defined in the Hong Kong Listing Rules) shall not participate in voting and the number of shares with voting rights represented by them shall not be counted in the total number of valid votes; the resolutions of the shareholders' general meeting shall fully disclose the voting by unrelated (unconnected) shareholders.

Related (connected) shareholders may abstain from voting themselves or upon the request by other shareholders (or their proxies) or representatives of shareholders attending the shareholders' general meeting.

**Article 127** The list of candidates for directors and supervisors shall be submitted to the shareholders' general meeting as a proposal for voting.

**Article 128** All proposals shall be voted one by one at the shareholders' general meeting; in the event of several proposals for the same matter, 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 a resolution cannot be made for special reasons including force majeure, the shareholders' general meeting shall not put off the proposals or refuse to vote on the proposals.

**Article 129** 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 shareholders' general meeting.

**Article 130** Any vote of shareholders at a shareholders' general meeting shall be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Any vote by a show of hands or poll shall be conducted in an open manner.



**Article 131** If the shareholders' general meeting is held simultaneously on site, over the network or otherwise, the same voting right can only be exercised in only one form: onsite, over the network, or otherwise. In the event that the same voting rights have been exercised twice, the result of the first vote shall prevail.

**Article 132** A voting by poll that is demanded for matters concerning the election of chairman or termination of the meeting shall be conducted immediately; for other matters, the chairman of the meeting shall decide when to conduct voting by poll and the meeting can continue to discuss other matters. The voting results shall still be deemed as a resolution adopted at such meeting.

**Article 133** On a poll taken at a meeting, a shareholder (including his/her proxies) entitled to above two (2) votes need not cast all the votes towards the same stance.

**Article 134** Before voting on a proposal at the shareholders' general meeting, two representatives of shareholders and one representative of supervisor shall be elected to participate in vote counting and scrutinizing. Where any shareholder has interests in any matter considered, the said shareholder or proxy thereof shall not participate in vote counting and scrutinizing.

When proposals are voted on at the shareholders' general meeting, the Bank's accountant, share registrar or qualified external accountant shall be appointed as the scrutineer of vote counting to be responsible for vote counting and scrutinizing together with lawyers, representative of shareholders and representatives of supervisors and shall announce the voting result on the spot. The voting results shall be recorded in the meeting minutes. Shareholders or their proxies voting through the internet or otherwise shall have the right to check their own votes cast through the relevant voting system.

**Article 135** The chairman of the meeting shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result.

Prior to the formal public announcement of the voting result, the Bank, vote counter and scrutineer, the major shareholders and other related parties involved in the voting shall have the obligation to keep the voting result confidential.

**Article 136** Shareholders who are present at the shareholders' general meeting shall adopt one of the following stances when a proposal is put forward for voting: for, against or abstention.

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

**Article 137** The chairman of the meeting shall be responsible for determining whether a resolution has been passed at the shareholders' general meeting. His/her decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.

**Article 138** If the chairman of the meeting has any doubt as to the voting result of any resolution, he/she may have the votes recounted. If the chairman does not recount the votes, and the shareholders or their proxies who have attended the meeting have doubts as to the outcome announced by the chairman, they may request a vote recount immediately after the announcement of the voting result, and the chairman shall have the votes recounted immediately.

If the votes are counted at a shareholders' general meeting, the counting process and result shall be recorded into the minutes.

**Article 139** Shareholders may have access to copies of the meeting minutes 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 (7) days after receipt of reasonable expenses.

**Article 140** The resolutions of the shareholders' general meeting shall be announced in a prompt manner according to relevant laws, regulations, departmental rules, normative documents, the securities regulatory authorities of the locality in which the Bank's shares are listed or the Articles, and the announcement shall state the number of shareholders and shareholders' proxies attending the meeting, the total number of voting shares held by them and the percentage of these shares to the total number of voting shares of the Bank, the form of voting, the voting result of each proposal and the detailed content of each resolution passed.

**Article 141** Where a proposal has not been passed or the resolutions of the preceding shareholders' general meeting have been changed at the current shareholders' general meeting, special mention shall be made in the announcement of the resolutions of the shareholders' general meeting.

**Article 142** Where a proposal on cash dividends, bonus shares or increase of share capital by way of transfer from capital reserves is passed at a shareholders' general meeting, the Bank shall implement the specific scheme within two (2) months after conclusion of the shareholders' general meeting.

**Article 143** 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, president or other senior management personnel to have all or significant part of the Bank's business in the care of such person, unless otherwise approved by the shareholders at a shareholders' general meeting by way of special resolution.

## **Chapter 7 Special Procedures for Voting by a Certain Class of Shareholders**

**Article 144** Shareholders who hold different classes of shares are classified as "class shareholders".

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

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

**Article 145** 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 separate meeting convened according to Articles 147 to 151 for the related class of shareholders.

**Article 146** 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 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 as the shares of that class;

- (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 privileged allotment rights 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 and ownership of that class of shares, or to increase restrictions;
- (IX) To grant the share subscription options or share conversion options of that or another class of shares;
- (X) To increase the rights or 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 restructuring; and
- (XII) To revise or nullify the provisions in the Articles.

**Article 147** The shareholders of a class of share that are affected, whether they originally have voting rights at former shareholders' general meeting, shall be entitled to vote on the matters concerning items (II) to (VIII), (XI) to (XII) of Article 146 at the meeting for such class of shareholders, but shareholders with conflicts of interests therein shall have no voting rights at the meeting for such class of shareholders.

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

- (I) If the Bank has made a repurchase tender offer to all shareholders in the same proportion in accordance with Article 31 of the Articles 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 344 of the Articles;
- (II) If the Bank has repurchased shares under an off-market agreement in accordance with Article 31 of the Articles, "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 148** A resolution of the meeting for a certain class of shareholders 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 147.

**Article 149** When convening a meeting for a certain class of shareholders, the Bank shall issue a written notice, with reference to the requirement on the notice period for convening a general meeting set out in the Articles, to all shareholders in the relevant class whose names appear on the register of shareholders, stating the matters to be considered at the meeting and the date and venue of the meeting.

**Article 150** The notice of a meeting for a certain class of shareholders only needs to be delivered to the shareholders entitled to vote at that meeting.

The procedures for convening a meeting for a certain class of shareholder shall be the same as the procedures for the shareholders’ general meeting to the extent practical, and the provisions in the Articles relating to the procedure to convene a shareholders’ general meeting shall apply to the meeting for class shareholders.

**Article 151** Apart from other classes of shareholders, the 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/or overseas listed foreign shares every twelve (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 fifteen (15) months upon the date of approval from the securities regulatory authorities under the State Council;
- (III) The relevant regulatory authorities such as banking regulatory authorities and the securities regulatory authorities under the State Council have given approval for unlisted shares held by the holders of domestic shares of the Bank to be converted into overseas listed shares and be traded on overseas stock exchanges.

## Chapter 8 Board of Directors

### Section 1 Directors

**Article 152** Directors of the Bank shall be a natural person and is not required to hold any shares of the Bank. A director of the Bank shall meet the following basic conditions:

- (I) having full capacity for civil conduct;
- (II) having a good record on abiding by laws and regulations;
- (III) having good moral characters and reputations;
- (IV) having relevant knowledge, experience and ability required for a director of the Bank;
- (V) having a good record of economic or financial practices;
- (VI) having stable personal and family finances;
- (VII) having the independence required for a director of the Bank;
- (VIII) being faithful and diligent to the Bank;
- (IX) meeting other requirements stipulated by laws and regulations and the Articles.

**Article 153** In any of the following circumstances, he/she shall be deemed as failing to satisfy the requirements specified by items (II), (III) and (V) of Article 152 of the Articles, and shall not serve as director of the Bank.

- (I) having a record of intentional or gross negligence crime;
- (II) having any bad conduct that seriously goes against social morality and causes adverse effect;
- (III) bearing personal liabilities or direct leadership liabilities for any illegal or rule-breaking business activity or any heavy loss of a previous employer, in a serious case;
- (IV) being or having once been a director or senior management personnel of an institution which has been taken over, cancelled or declared bankrupt or whose business license has been revoked, unless there is proof that the person assumes no personal liability for that;
- (V) violating professional ethics or code of conduct or seriously neglecting duties, which has caused any major loss or adverse impact;
- (VI) instigating or participating in his/her employer's resistance to any legal supervision or case investigation;
- (VII) having been disqualified for life for the office of director or senior management personnel, or having received punishments from regulatory authorities or other financial administrative departments for cumulatively twice or more;
- (VIII) being licensed a qualification by illegitimate means when failing to satisfy any of the qualification requirements prescribed by the Articles.

**Article 154** In any of the following circumstances, he/she shall be deemed as failing to satisfy the requirements specified by items (VI) and (VII) of Article 152 of the Articles, and shall not serve as director of the Bank:

- (I) Either the person or the spouse thereof has any relatively large amount of overdue debt, including but not limited to any overdue loan owed to the Bank as of applying for the qualification;
- (II) The cumulative total of shares held by the person and the near relatives thereof accounts for 5% or more of the total shares of the Bank, and the total amount of credit obtained from the Bank obviously exceeds the net value of equities held in the Bank;
- (III) The cumulative total of shares held by the person and the entity in which the person holds controlling shares accounts for 5% or more of the total shares of the Bank, and the total amount of credit obtained from the Bank obviously exceeds the net value of equities held in the Bank;
- (IV) Either the person or the spouse thereof holds an office in an entity holding 5% or more of shares of the Bank, and the total amount of credit obtained by the entity from the Bank obviously exceeds the net value of its equities held in the Bank, unless there is proof that the credit granted has nothing to do with the person or the spouse thereof;
- (V) Any other circumstance under which an office held by the person has an obvious conflict of interest with the office held or to be held in the Bank or obviously has distracted or will distract the person in terms of the time or energy for performing duties in the Bank.

**Article 155** In any of the circumstances specified by Article 146 of the Company Law and Article 27 of the Commercial Banking Law or other circumstances disqualifying him/her as director of any commercial bank according to laws and regulations, he/she shall not serve as director of the Bank.

**Article 156** Any election or appointment of directors in violation of the provisions of Articles 153 to 154 of the Articles shall be invalid. Where any director gets involved in any of the aforesaid circumstances during his/her term of office, the Bank shall remove him/her as director.

**Article 157** Directors shall be elected by the shareholders' general meeting and each office term of directors shall be three (3) years. The office term of directors shall be renewable by re-election and reappointment upon expiration of their terms. Before the expiry of any director's term of office, the shareholders' general meeting shall not dismiss the director without any reason.

The minimum period for giving the Bank a written notice of intent to nominate a candidate to become a director and the candidate's consent to such nomination shall be at least seven (7) days. The period for submitting the aforesaid notice shall be calculated from the Bank's issue of the notice of election meeting and end no later than seven (7) days (or earlier) before convening of the meeting.

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



After any director is elected at the shareholders' general meeting, the Bank shall report his/her qualification to the banking regulatory authorities for approval. The term of office of a director shall be calculated from the date on which banking regulatory authorities approve his/her qualification, until the expiration of the term of office of the Board of Directors.

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

Any person elected as director by the shareholders' general meeting to fill a temporary vacancy or add the quota of Board of Directors shall serve until the expiration of the term of the Board of Directors, at which time the said person may seek re-election.

**Article 158** Directors shall observe laws and regulations and the Articles, and fulfil the following obligations of loyalty:

- (I) not to abuse their official powers to accept bribes or other unlawful income, and not to expropriate the Bank's property;
- (II) not to embezzle monies of the Bank;
- (III) not to open in their own names or in others' names any bank account for the purpose of depositing any of the Bank's assets or monies;
- (IV) not to lend monies of the Bank to other persons or provide guarantee for other persons with the property of the Bank counter to the Articles or without the consent of the shareholders' general meeting or the Board of Directors;
- (V) not to conclude any contract or conduct any transaction with the Bank counter to the Articles or without the consent of the shareholders' general meeting;
- (VI) without the consent of the shareholders' general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Bank, or conduct for themselves or others any businesses similar to those of the Bank;
- (VII) not to take as their own any commission for any transaction with the Bank;
- (VIII) not to disclose any secret of the Bank;
- (IX) disclose the information of related parties truthfully, accurately and completely to the Board of Directors, and undertake to report any change of association relationship and acting in concert relationship to the Board of Directors in a timely manner whenever it occurs, not to use their connected relations to damage the interests of the Bank;
- (X) other obligations of loyalty prescribed by laws and regulations and the Articles.

Earnings obtained by directors in violation of the provisions herein shall belong to the Bank, and such shareholders shall be liable for compensation for any loss incurred to the Bank.

**Article 159** Directors shall observe laws and regulations and the Articles, and fulfil the following obligations of diligence:

- (I) to exercise the rights conferred by the Bank with due discretion, care and diligence, fulfill the obligations of honesty and diligence to the Bank, perform duties with due diligence, and ensure sufficient time and energy performing duties to ensure the business operations of the Bank comply with laws and regulations and state economic policies, not beyond the business scope specified in the business license of the Bank;
- (II) to continuously pay attention to the operation and management status of the Bank, and have the right to require the senior management to provide relevant materials reflecting the operation and management status of the Bank in a comprehensive, timely and accurate manner or to give explanations on relevant issues;
- (III) to be accountable to the Bank and all shareholders when performing their duties, to keep informed of the business operations and management of the Bank;
- (IV) to practice high standards of professional ethics and consider the legitimate rights and interests of stakeholders;
- (V) to participate in meetings of the Board of Directors on time, fully review the matters considered by the Board of Directors, express opinions in an independent, professional and objective manner, and vote independently on the basis of prudent judgments;
- (VI) to take responsibility for the resolutions of the Board of Directors;
- (VII) to supervise the implementation of the resolutions of the Shareholders' general meeting and the Board of Directors by the senior management;
- (VIII) 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;
- (IX) to honestly provide the Board of Supervisors with relevant information, and not prevent the Board of Supervisors or supervisors from exercising their functions and powers;
- (X) to keep informed of and following the situation of the Bank and to provide opinions and suggestions for affairs of the Bank through the Board of Directors and its special committees;
- (XI) to exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws and regulations or with the informed consent of shareholders given at a shareholders' general meeting, not to transfer the exercise of their discretion to others;
- (XII) Actively participate in trainings organized by the Bank and regulatory authorities to learn about rights and obligations of directors, be familiar with relevant laws and regulations and regulatory requirements, and continuously expertise and capabilities;
- (XIII) to fulfil other obligations of diligence stipulated by laws and regulations, provisions of the securities regulatory authorities of the place where the Bank's shares are listed and the Articles.

**Article 160** The method and procedure for nominating directors are:

- (I) The Remuneration and Nomination Committee of the Board of Directors can nominate candidates for Non-independent directors according to the number of directors to be elected to the extent of the number specified by the Articles; shareholders individually or jointly holding above 3% of the Bank's total shares in issue with voting rights can also nominate candidates for Non-independent directors to the Board of Directors. Directors shall be elected at the shareholders' general meeting of the Bank. Employee directors shall be elected and removed by the employees through the democratic process.
- (II) See Article 171 of the Articles for the rights of nomination of independent directors.
- (III) Directors shall be elected at the shareholders' general meeting of the Bank and the number of approval votes for elected directors shall exceed half of the total voting rights represented by the shareholders present at the shareholders' general meeting.
- (IV) The Remuneration and Nomination Committee of the Board of Directors shall conduct preliminary verification on the qualification and conditions of appointment of the candidates for directors (the verification on the qualification of the candidates for independent directors shall focus on independence, expertise, experience, ability, and so on), and propose the qualified candidates to the Board of Directors for consideration. The Board of Directors shall propose the candidates for directors to the shareholders' general meeting by way of written proposal after they are considered and approved by the Board of Directors. The Remuneration and Nomination Committee of the Board of Directors or other institutions authorized by the Board of Directors shall be responsible for specific issues of director election.
- (V) The candidates for directors shall, before the convening of the shareholders' general meeting, make written undertakings, expressing their consent to their nomination, confirming the truthfulness and completeness of the publicly disclosed personal information and undertaking that they will duly perform their duties upon being elected.
- (VI) The Board of Directors shall, before the convening of the shareholders' general meeting, disclose the detailed information on the candidates for directors to the shareholders of the Bank in accordance with laws and regulations and the Articles, so as to ensure that the shareholders will have sufficient knowledge on the candidates when casting their votes.
- (VII) Each candidate for director shall be voted for on a separate basis at the shareholders' general meeting.
- (VIII) When an additional director is temporarily nominated, the Remuneration and Nomination Committee of the Board of Directors or the shareholders satisfying the conditions for making such nomination shall propose a candidate to the Board of Directors for consideration. The shareholders' general meeting elects or replaces the director.

**Article 161** If a director fails to attend meetings of the Board of Directors, either in person or by authorizing another director on his/her behalf, for two consecutive meetings, or attends less than two thirds of the meetings of the Board of Directors in person in a year, he/she shall be deemed as failing to perform his/her duties. The Board of Directors shall propose at the shareholders' general meeting to replace him/her.

**Article 162** A director may resign before the term of office expires. He/she shall submit a written resignation to the Board of Directors.

Where the resignation of a director influences the normal operation of the Bank or causes the number of directors of the Bank's Board of Directors to fall below the statutory minimum quorum or less than two-thirds of the number specified in the Articles, the director shall continue to perform the duties in accordance with laws and regulations and the provisions of the Articles before the newly appointed director assumes his/her office. Directors who are undergoing significant risk disposal shall not resign without the approval of the regulatory authorities.

Save as the aforesaid, the resignation of a director shall take effect upon the delivery of the written resignation to the Board of Directors.

The powers of the Board of Directors shall be exercised by the Shareholders' general meeting until the number of directors meets the requirements when the membership of the Board is lower than the minimum number specified in the Company Law or the minimum number required for voting by the Board of Directors due to the dismissal by the Shareholders' general meeting or death of directors, resignation of independent directors due to the loss of independence, or other circumstances where they cannot perform their duties as directors.

**Article 163** When a director's resignation takes effect or his/her term of office expires, the director shall complete all transfer procedures with the Board of Directors. But his/her obligations of loyalty towards the Bank and the shareholders do not necessarily cease after the effect of his/her resignation or termination of his/her term of office. The confidential obligations in respect of any commercial secrets of the Bank shall survive after termination of his/her term of office until such secrets become known to the public. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances under which the relationship between the director and the Bank was terminated.

**Article 164** Save as specified in the Articles or properly authorized by the Board of Directors, no director shall act on behalf of the Bank or the Board of Directors in his/her personal name. If a director acts in his/her own name but a third party may reasonably think the said director is acting on behalf of the Bank or the Board of Directors, the said director shall make a prior statement of his/her standpoint and capacity.

**Article 165** If directors personally have any direct or indirect correlations in any contract, transaction or arrangement already concluded or under planning with the Bank, they shall responsibly disclose the nature and extent of the said correlations to the Board of Directors regardless whether the relevant matters are subject to approval by the Board of Directors in normal circumstances. The office of the Board of Directors shall inform other members of the Board of Directors of relevant related (connected) transactions.

**Article 166** Directors shall be entitled to know various business operations and financial position of the Bank according to law and to supervise duty performance of other directors and senior management personnel.

The Bank shall take measures to guarantee the directors' right to know and ensure the truthfulness and completeness of the information provided. The Bank shall, in accordance with the Articles, inform all directors of any matter to be decided by the Board of Directors and provide relevant information, take measures to guarantee the directors' right to attend meetings of the Board of Directors, and provide necessary working conditions for directors to fulfil their duties. When directors exercise their functions and powers, relevant staff of the Bank shall actively work with them, and shall not refuse to do so, hinder them, conceal information from them or interfere with their exercise of functions and powers.

**Article 167** A director shall be liable for compensation regarding any losses sustained by the Bank arising from the violation of the laws and regulations or the Articles by the director in discharging his/her duties.

## **Section 2 Independent Directors**

**Article 168** Independent directors of the Bank are directors who do not hold any positions in the Bank other than as director and do not maintain with the Bank, its shareholders and effective controllers a connection which may possibly hamper their independent and objective judgments to the Bank's affairs.

**Article 169** An independent director shall possess high professional quality and good reputation and at the same time meet the following requirements:

- (I) Being qualified to serve as a director of the Bank pursuant to laws, regulations, provisions of the regulatory authority of the locality in which the Bank's shares are listed and the Articles;
- (II) Performing duties independently without being influenced by the Bank's major shareholders, effective controllers, senior management and other units or persons having interest relations with the Bank;
- (III) Having a bachelor degree or above, or senior vocational titles of relevant professions or above;
- (IV) Having above five (5) years' experience in law, economics, finance, accounting or other work experience in favour of performing the duties of an independent director;
- (V) Being familiar with the operation and management of a commercial bank and relevant laws and regulations;
- (VI) Being able to use credit reports, statistical statements and financial statements of commercial banks to make judgement on management and risk situation of the financial institutions;
- (VII) Understanding the corporate governance structure, the Articles of Association and the duties and responsibilities of the Board of the Bank;
- (VIII) Making a statement to the Board of Directors before taking office to ensure that he/she has sufficient time and energy to effectively perform duties and undertake that he/she will observe the obligation of honesty and be diligent;
- (IX) Independent directors shall perform their duties faithfully, independently and diligently, and earnestly safeguard the legitimate rights and interests of the Bank, financial consumers and minority shareholders;

- (X) Keeping the Bank's secrets in addition to reporting relevant information to the regulatory authorities pursuant to the requirements.
- (XI) Being an expert in legal, economic and accounting issues, and in compliance with the requirements of relevant laws and regulations.

**Article 170** Apart from those who cannot serve as directors of the Bank, the following persons shall not act as independent directors of the Bank:

- (I) A person and his/her close relatives jointly hold more than 1% of shares of the Bank;
- (II) A person or his/her close relatives hold positions in the shareholder entity which holds more than 1% of shares of the Bank;
- (III) A person or his/her close relatives hold positions in the Bank or in enterprises under the control or de facto control of the Bank;
- (IV) A person or his/her close relatives have worked for the Bank or one institution controlled or actually controlled by the Bank in the three years prior to assumption of independent Director;
- (V) A person or his/her close relatives who hold positions in enterprises which fail to repay the loans to the Bank in due time;
- (VI) The enterprises in which a person or his/her close relatives hold positions have business connections or debtor-creditor relationship with the Bank in such aspects as legal, accounting, auditing and management consulting and guarantee cooperation, thereby affecting the independence of their performance of duties;
- (VII) A person or his/her close relatives may be controlled or materially influenced by the Bank's major shareholders or senior management, thereby affecting the independence of their performance of duties;
- (VIII) A person who works in a government agency;
- (IX) Any other person who is not permitted to serve as independent director of a commercial bank by laws, regulations, banking regulatory authorities, regulatory authority at the place where the Bank's shares are listed and other regulatory authorities.

**Article 171** The Remuneration and Nomination Committee of the Board of Directors, the Board of Supervisors and shareholders individually or jointly holding over 1% of the Bank's shares with voting rights may nominate candidates for independent directors to the Board of Directors. The independent directors shall be elected by the general meeting. A non-independent shareholder who has already nominated a candidate for director and his/her related parties shall not nominate any candidate for independent director. The term of office of independent directors is the same as that of other directors.

**Article 172** An independent director may serve a consecutive term upon re-election. An independent director shall serve a cumulative term of at most six years in the Bank. An independent director shall ensure sufficient time and energy to perform duties in an effective manner, where a natural person concurrently serves as an independent director in five domestic and overseas enterprises and serves as an independent director in a banking and insurance institution, the relevant institution shall not have a related party relationship and there is no conflict of interest, and shall not serve as an independent director in more than two commercial banks at the same time.



The independent directors shall work at least 15 working days per year in the Bank. Directors in charge of the Audit Committee, Related Party Transactions Control Committee and Risk Management Committee shall work at least 20 working days per year in the Bank.

**Article 173** An independent director may resign before his/her term of office expires. The shareholders' general meeting may authorize the Board of Directors to decide whether or not to approve an independent director's resignation. Before the shareholders' general meeting or the Board of Directors approves an independent director's resignation, the said independent director shall continue to perform his/her duties.

An independent director shall submit a written resignation to the Board of Directors and submit a written statement to the most recent general meeting to specify any circumstances related to the resignation or any fact that he/she believes necessary to draw the attention of the shareholders and creditors.

If the resignation of an independent director causes the proportion of independent directors in the Board of Directors to less than one third, the resignation of the independent director shall not become effective until the successor fills up the vacancy, except for resignation and removal due to loss of independence.

**Article 174** An independent director may authorize another independent director to attend the meeting of the Board of Directors on his/her behalf. But, he/she shall attend at least two thirds of the meetings of the Board of Directors in person every year.

**Article 175** Independent directors shall give objective, fair and independent opinions on the matters discussed by the shareholders' general meeting or Board of Directors of the Bank. Especially, they shall give opinions to the Board of Directors or shareholders' general meeting in relation to the following matters:

- (I) Material related (connected) transactions;
- (II) Nomination, appointment and dismissal of directors and appointment and removal of senior management;
- (III) Remunerations of directors and senior management personnel;
- (IV) Profit distribution plans;
- (V) Appointment or dismissal of accounting firm that provides regular statutory audit on financial reports of the Bank;
- (VI) Other matters that may materially affect the legitimate rights and interests of the Bank, depositors, minority shareholders, financial consumers and other stakeholders;
- (VII) Other matters stipulated by laws, regulations, listing rules of the stock exchange at the place where the Bank's shares are listed or the Articles.

**Article 176** Independent directors shall express one of the following types of opinions on the matters set out in the preceding article: agreement; qualified opinion and reason therefor; objection and reason therefor; inability to express opinion and reason therefor.

In addition to the duties and powers granted to independent directors by the Company Law, other relevant laws and regulations and the Articles, independent directors shall also have the following duties and powers:

- (I) To propose to the Board of Directors to convene an extraordinary shareholders' general meeting;
- (II) To propose to convene a meeting of the Board of Directors;
- (III) To independently appoint an external auditing organ and advisory organ to audit and advise on specific matters of the Bank;
- (IV) To propose to the Board of Directors to appoint or remove an accounting firm.

Any independent director who cannot exercise the aforesaid duties and powers normally may report to the banking regulatory authorities.

**Article 177** To ensure the effective performance of duties by independent directors, the Bank shall provide the following necessary conditions for independent directors:

- (I) The Bank shall ensure that independent directors have the same information right as other directors, to provide the independent directors with the necessary information to participate in decision-making in a timely and complete manner;
- (II) The Bank shall provide necessary working conditions for independent directors to perform duties;
- (III) When the independent directors exercise their duties, the secretary to the Board of Directors and other relevant personnel of the Bank shall cooperate positively;
- (IV) The reasonable expenses incurred from engaging intermediary institutions and reasonable expenses required for duty performance by independent directors shall be borne by the Bank.

**Article 178** Independent directors shall have committed a serious dereliction of duty in any of the following circumstances:

- (I) Divulgence of the trade secrets of the Bank and impairment of the legitimate interests of the Bank;
- (II) Acceptance of illicit benefits in the performance of their duties, or the seeking of private benefits by taking advantage of the capacity of an independent director;
- (III) Failure to raise an opposing opinion despite being fully aware that a resolution of the Board of Directors violates the laws, administrative regulations or the Articles;
- (IV) Failure to exercise the veto power in respect of related (connected) transactions which have caused material losses to the Bank;
- (V) Other serious dereliction as prescribed by the banking regulatory authorities.

If an independent director has been disqualified by the banking regulatory authority due to serious dereliction of duty, he/she shall be automatically dismissed from the position from the date when he/she is disqualified, and shall not serve as an independent director in the Bank for the remaining time of his/her life. The Bank shall elect additional new independent directors at the shareholders' general meeting in a timely manner;

**Article 179** The Board of Directors and the Board of Supervisors may propose to the shareholders' general meeting to remove an independent director in any of the following circumstances:

- (I) Gross neglect of duty;
- (II) Be unqualified for an independent director and fail to submit a resignation in person;
- (III) Failing to attend meetings of the Board of Directors in person for three consecutive times;
- (IV) Other circumstances where an independent director of the Bank is no longer fit for the position according to the provisions of laws, regulations, listing rules of the stock exchange at the place where the Bank's shares are listed or the Articles.

**Article 180** The Board of Directors or Board of Supervisors which proposes to the shareholders' general meeting to remove an independent director shall send a written notice to the independent director one month before the shareholders' general meeting. An independent director may express opinions in oral or written form before voting and submit such opinions to the banking regulatory authority five days before the shareholders' general meeting. The shareholders' general meeting shall not start voting until the independent director's opinions are considered.

**Article 181** The Bank pays remunerations and allowances to independent directors. The payment standards shall be set by the Board of Directors and considered and approved by the shareholders' general meeting.

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

**Article 182** The Bank shall have a Board of Directors, comprising executive directors and non-executive directors (including independent directors). The Board of Directors shall be accountable to the shareholders' general meeting.

Executive directors refer to directors who, in addition to serving as directors, also assume the responsibilities of senior management of the Bank.

Non-executive directors refer to directors who do not hold any position in the Bank other than that of directors and do not assume the responsibilities of senior management.

**Article 183** The Board of Directors of the Bank shall be composed of eleven (11) to fifteen (15) directors. In particular, the number of independent directors shall be at least three and at least one third of the total number of directors. Moreover, there shall be at least one person who has appropriate professional qualifications, or appropriate accounting or relevant financial management expertise.

The number of Directors who are also president or other senior management and Directors being representatives of the employees shall not exceed 50% of the total number of Directors of the Bank.

**Article 184** The Board of Directors of the Bank shall have one (1) chairman and one (1) vice chairman. The chairman and vice chairmen shall be directors and shall be elected and removed by more than half of all the directors.

The chairman and president of the Bank shall be different persons.

**Article 185** The chairman shall not be the legal representative or main person in charge of the controlling shareholder. When the chairman leaves office, the competent authorities shall engage an external auditor recognized by the banking regulatory authority to conduct off-office auditing.

**Article 186** The vice chairman shall assist the chairman in his/her work. If the chairman is unable or fails to perform his duties, such duties shall be performed by the vice chairman. If the vice chairman is unable or fails to perform his duties, a director shall be elected jointly by more than half of the directors to perform such duties.

**Article 187** The rules of procedure of meetings of the Board of Directors shall be formulated by the Board of Directors and approved by the shareholders' general meeting.

**Article 188** The Board of Directors shall be accountable to the shareholders' general meeting and bear ultimate responsibility for operation, management and equity management of the Bank. The Board of Directors shall exercise the following functions and powers:

- (I) Convening shareholders' general meetings and reporting its performance at the shareholders' general meetings;
- (II) Implementing resolutions of the shareholders' general meetings;

- (III) Deciding on the operational plans and investment plans of the Bank;
- (IV) Working out annual financial budget plans, and final account plans of the Bank;
- (V) Working out profit distribution plans and loss recovery plans of the Bank;
- (VI) Deciding on the establishment of the internal management departments, tier-one branches and specialized institutions of the Bank;
- (VII) Formulating proposals for increases in or reductions of registered share capital, issuance of bonds or other securities and listing plans;
- (VIII) Formulating proposals for material acquisitions, purchase of the Bank's shares, merger, division, dissolution and change of corporate form of the Bank;
- (IX) Appointing or dismissing senior management personnel, and deciding on their remuneration, rewards and punishments, and supervising the performance of duties by senior management in accordance with regulatory provisions;
- (X) Considering and approving the Bank's external investment, asset purchase, asset disposal and write-off, asset mortgage, related transactions, data management, and external donations in accordance with laws and regulations, regulatory provisions and the Articles of Association of the Bank;
- (XI) Formulating the development strategies of the Bank, and supervising the implementation of the strategies;
- (XII) Formulating the capital planning of the Bank, and assuming the ultimate responsibility for capital or solvency management;
- (XIII) Formulating the risk tolerance, risk management and internal control policies of the Bank, and assuming the ultimate responsibility for overall risk management of the Bank;
- (XIV) Being responsible for the disclosure of information of the Bank, and bearing ultimate responsibility for the authenticity, accuracy, completeness and timeliness of the Bank's accounting and financial report;
- (XV) Regularly evaluating and improving the corporate governance;
- (XVI) Establishing the basic management system of the Bank; formulating proposals for any amendment to the Articles, formulating the rules of procedures for shareholders' general meetings and rules of procedures of meetings of the Board of Directors, and examining and approving the rules for the work of the special committee of the Board of Directors;
- (XVII) Proposing to the shareholders' general meeting the appointment or dismissal of the accounting firm that conducts regular statutory audit of the Bank's financial reports;
- (XVIII) Safeguarding the legitimate rights and interests of financial consumers and other stakeholders;

- (XIX) Establishing the identification, investigation and management mechanism for conflicts of interest between the Bank and shareholders especially substantial shareholders;
- (XX) Taking responsibility for the management of shareholders' affairs;
- (XXI) Listening to the work report of senior management personnel and examining their work, supervising and ensuring the senior management personnel's effective performance of management duties;
- (XXII) Listening to the senior management's opinions on the supervision of the regulatory authorities, management suggestions put forward by the external auditors, etc.;
- (XXIII) Evaluating the duty performance of directors and senior management personnel;
- (XXIV) Exercising any other functions and powers prescribed by the laws, regulations, listing rules of the stock exchange at the place where the Bank's shares are listed or the Articles and authorized by the shareholders' general meeting.

The Board shall make decisions for the above-mentioned matters. For those within the decision-making scope of "Three Importance and One Greatness" matters of the Bank, the Board shall take advice and suggestions from the Party committee of the Bank in advance.

The duties and powers of the Board of Directors shall be collectively exercised by the Board of Directors. In principle, the duties and powers of the Board of Directors stipulated in the Company Law shall not be delegated to the chairman, directors, other institutions or individuals. If it is indeed necessary to authorize certain specific decision-making matters, it shall be carried out in accordance with the law by means of resolutions of the Board of Directors. Authorization shall be granted on a case-by-case basis, and the duties and powers of the Board of Directors shall not be generally or permanently delegated to other institutions or individuals for exercise.

**Article 189** The Board of Directors of the Bank shall explain at a shareholders' general meeting the nonstandard audit opinions issued by certified public accountants in respect of the Bank's financial report.

**Article 190** For the disposal of any fixed assets by the Board of Directors, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within four (4) months immediately preceding such proposal for disposal exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed at a shareholders' general meeting, the Board of Directors shall not dispose of or approve the disposal of such fixed assets without the 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 requirements set out in the preceding paragraph of this article shall not affect the validity of any transaction entered into by the Bank in disposing of fixed assets.



**Article 191** The chairman shall perform the following duties and powers:

- (I) To preside over shareholders' general meetings, and convene and preside over the meetings of the Board of Directors;
- (II) To supervise and examine the execution of resolutions of the Board of Directors;
- (III) To sign material documents of the Board of Directors and other documents which shall be signed by the legal representative of the Bank;
- (IV) To exercise other duties and powers of a legal representative;
- (V) To nominate the secretary of the Board of Directors;
- (VI) In the event of an occurrence of any severe natural disaster or any other force majeure event, to exercise his special power of disposition in relation to the Bank's affairs in the Bank's interests and in compliance with the relevant legal provisions, and subsequently report such disposition to the Board of Directors and the shareholders' general meeting;
- (VII) To exercise other duties and powers conferred by the Board of Directors.

**Article 192** If the Board of Directors removes the president from his/her office, it shall inform the Board of Supervisors in time and make a written explanation to the Board of Supervisors.

**Article 193** The Board of Directors shall accept supervision of the Board of Supervisors and shall not obstruct or hinder the inspection or auditing activities conducted by the Board of Supervisors within the scope of its duties and powers.

**Article 194** The meetings of the Board of Directors shall be divided into regular meeting of the Board of Directors and interim meeting of the Board of Directors. The Board of Directors shall hold at least four (4) regular meetings each year, which shall be convened by the Chairman and notified to all the directors and supervisors fourteen (14) days prior to the meeting.

**Article 195** The chairman shall convene and preside over an interim meeting of the Board of Directors within ten (10) days in any of the following circumstances:

- (I) It is proposed by the shareholders representing more than one tenth of voting rights;
- (II) It is deemed necessary by the chairman;
- (III) It is proposed by more than one third of the directors;
- (IV) It is proposed by the Board of Supervisors;
- (V) It is proposed by more than two independent directors;
- (VI) It is proposed by the president of the Bank;
- (VII) It is required by the regulatory authority;
- (VIII) Other circumstances stipulated by laws, regulations and the Articles.

**Article 196** If the Board of Directors holds an interim meeting of the Board of Directors, it shall serve a written notice by direct delivery, fax, email or other means five days in advance. If the notice is not served by direct delivery, telephone confirmation and relevant records shall be made.

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

**Article 197** The notice of meetings of the Board of Directors shall contain the following contents:

- (I) The date and place of the meeting;
- (II) The duration of the meeting;
- (III) The reason for holding the meeting and topics for discussion;
- (IV) The date of issuance of the meeting notice.

**Article 198** The meetings of the Board of Directors shall only be held when more than half of the directors attend the meeting. Save as otherwise specified in the Articles, resolutions made by the Board of Directors shall be approved by more than half of the directors.

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

Voting at the meetings of the Board of Directors may be conducted by means of meetings (including video meetings, telephone meetings) or circulation of written resolution.

**Article 199** If any director has connection with the enterprise involved in the resolution made at a meeting of the Board of Directors, the said director shall not vote on the said resolution for himself or on behalf of other director. The meeting of the Board of Directors may be held when more than half of the non-connected directors attend the meeting. The resolution made at the meeting of the Board of Directors shall be passed by more than half of the non-connected directors. If the number of non-related (connected) directors without material interests attending the meeting of the Board of Directors is less than three (3), the matter shall be submitted to the shareholders’ general meeting for consideration. Resolutions of material related party transactions shall be passed by more than two-thirds of non-connected directors. If the laws, administrative regulations, departmental rules, relevant regulatory authorities, the listing rules of the stock exchange at the place where the Bank’s shares are listed and the Articles have other provisions, such provisions shall prevail.

No director shall vote on the resolution of the Board of Directors regarding the contract or arrangement or any other suggestion where the director or any of his close associates (as defined under the Hong Kong Listing Rules) has material interests; when determining whether a quorum for the meeting is attained, such director shall not be counted as part of the quorum, save as otherwise stipulated (including but not limited to other special provisions of the Articles as approved by the SEHK) by laws, regulations, normative documents and provisions of the securities regulatory authority at the place where the Bank’s shares are listed.

If a substantial shareholder (as defined under the Hong Kong Listing Rules) or a director has a conflict of interest in a matter to be considered by the meeting of the Board of Directors which the Board of Directors has determined to be material, the matter shall be dealt with through the convention of a meeting of the Board of Directors (other than a vote by circulation of a written resolution). Independent non-executive directors who and whose close associates have no material interest in the transaction shall be present at such meeting of the Board of Directors.

**Article 200** The bank shall record the on-site meetings of the board of directors by means of audio recording and video recording. If a meeting of the Board of Directors is held via telephone or video, the Bank shall ensure that the directors present at the meeting can hear clearly the speeches by other directors and can communicate with each other. If any director is unable to sign on the meeting minutes in real time, a verbal vote shall be used and the written signature shall be affixed as soon as possible. The verbal vote by a director shall have the same effect as the written signature, provided that there is no discrepancy between the opinions expressed by such director in completing the written signature subsequently and the opinions orally expressed by him during the meeting. If there is any inconsistency between the opinions expressed by such director in completing the written signature and the opinions orally expressed, the opinions orally expressed shall prevail.

**Article 201** Directors shall attend meetings of the Board of Directors in person. If a director cannot attend the meeting due to certain reasons, he/she may appoint another director in writing to attend on behalf. The power of attorney shall state the name of the proxy, the relevant matters, the scope of authorization and the validity period, and shall be signed by the appointer or a chop shall be affixed. A director attending a meeting on another director's behalf shall exercise the director's rights within the scope of authorization. The appointer appoints other directors to attend the meeting of the Board of Directors on his/her behalf, and the appointer shall independently bear legal responsibilities for the decisions made by the him/her within the scope of authorization.

When a director authorizes other director or is authorized to attend the meeting of the Board of Directors, the following principles shall be followed:

- (I) When considering connected transactions, the non-connected directors shall not authorize the connected directors to attend the meeting, while the connected directors shall not accept the authorization of the non-connected directors either;
- (II) The independent directors shall not authorize the non-independent directors to attend the meeting, while the non-independent directors shall not accept the authorization of the independent directors either;
- (III) The directors shall not fully authorize other directors to attend the meeting without giving their voting intentions on the proposal, while the relevant directors shall not accept the full authorization or the unclearly defined authorization;
- (IV) One director shall not accept the authorizations of more than two directors while a director cannot authorize a director who has been authorized by other two directors to attend the meeting.

If a director fails to attend a meeting of the Board of Directors and does not appoint a proxy to act on his behalf, the said director shall be deemed as having waived his right to vote at the meeting.

**Article 202** The Board of Directors shall file resolutions as minutes, which shall be signed by the attending directors and the recorder. Directors dissenting from the meeting minutes shall attach an explanation at the time of signing. Minutes of the meetings of the Board of Directors shall be kept as bank documents for a perpetual period.

**Article 203** Minutes of meetings of the Board of Directors shall include the following:

- (I) the date and place of the meeting and name of the convener;
- (II) the names of directors attending the meeting and the names of directors (proxies) appointed by others to attend the meeting of the Board of Directors;
- (III) the agenda of the meeting;
- (IV) main points of directors' speeches, including any concerns raised by Directors or dissenting views expressed;
- (V) the method and results of the voting for each resolution (the voting results shall state the numbers of votes in the affirmative, negative, or in abstention).

**Article 204** When the Board of Directors considers the following matters, approval of more than two thirds of the directors by voting shall be obtained and circulation of written resolution shall not be adopted:

- (I) profit distribution plan;
- (II) remuneration proposals;
- (III) major investments;
- (IV) major asset disposal plans;
- (V) appointment or dismissal of senior management personnel;
- (VI) proposals for capital supplement;
- (VII) other circumstances where the circulation of written resolution is not permitted under the laws and regulations and the regulatory rules of the place where the Bank's shares are listed.

**Article 205** Resolutions of the Board of Directors that run counter to laws and administrative regulations shall be void.

If the convening procedure and voting method of the meeting of the Board of Directors run counter to the laws, administrative regulations or the Articles, or if the content of any resolution runs counter to the Articles, the shareholders may request the people's court to cancel the said procedure, method or resolution within sixty (60) days after adoption of the resolution.

If any shareholder institutes legal proceedings as per the preceding paragraph, the Bank may request the people's court to require the shareholder to provide relevant guarantee.

If the Bank has registered the change according to the resolution of the Board of Directors, the Bank shall apply to the company registration authority for revoking the registration after the people's court declares the resolution as void or revokes the resolution.

**Article 206** The directors shall be responsible for the resolutions of the Board of Directors. If any resolution of the Board of Directors runs counter to the laws, regulations, the Articles or resolution of the shareholders' general meeting, thereby incurring serious losses to the Bank, the directors adopting the said resolution shall be liable for compensation to the Bank. However, if a director has been proved as having expressed dissenting opinions on the resolution during the voting and such opinions are recorded in the meeting minutes, he may be exempt from liability. Any director who has received a notice but fails to attend the meeting in person or by proxy without justifiable reasons shall not be exempt from liability.

#### **Section 4 Secretary to the Board of Directors**

**Article 207** The Bank shall have a secretary to the Board of Directors and an office of the Board of Directors. The secretary to the Board shall be nominated by the chairman, appointed and dismissed by the Board of Directors and shall be accountable to the Board of Directors. The secretary to the Board shall be in charge of the office of the Board of Directors.

**Article 208** The secretary to the Board of Directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board of Directors. The qualifications of the secretary to the Board of Directors shall be reviewed by the banking regulatory authority. The provisions herein in relation to the conditions prohibiting a person from acting as a director of the Bank shall be applicable to the secretary to the Board of Directors.

**Article 209** Supervisors of the Bank and certified public accountants of the accounting firm or lawyers of the law firm engaged by the Bank shall not serve concurrently as secretary to the Board of Directors of the Bank.

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

**Article 210** The main duties of the secretary to the Board of Directors of the Bank shall include:

- (I) to assist the chairman in dealing with daily work of the Board of Directors;
- (II) to be responsible for managing and dealing with matters concerning information disclosure of the Bank;
- (III) to coordinate the relationship between the Bank and its investors, to receive visits of the investors, to answer questions raised by the investors, and to provide the investors with information disclosed by the Bank;
- (IV) to make preparations for shareholders' general meetings and meetings of the Board of Directors following the legal procedure, and to prepare and submit the relevant documents and information of the meetings;
- (V) to attend meetings of the Board of Directors and record and sign the minutes of the meetings;
- (VI) to ensure that the Bank has complete organizational documents and records;
- (VII) to ensure that the Bank legally prepares and submits reports and documents as required by the competent authorities;
- (VIII) to be responsible for confidentiality issues relating to information disclosure of the Bank and to urge the Bank to work out relevant confidentiality regulations;
- (IX) to ensure that the shareholders' register of the Bank is properly set up, and to be responsible for keeping shareholders' register, register of directors, supervisors and senior management personnel, data about shareholdings of controlling shareholders, directors, supervisors and senior management personnel, and documents and minutes of shareholders' general meetings and meetings of the Board of Directors;
- (X) to ensure that people entitled to obtain the Bank's relevant records and documents can receive such records and documents in a timely manner, and help the directors, supervisors and other senior management personnel learn about laws and regulations on information disclosure and the contents of the Articles on their legal responsibilities;
- (XI) other duties stipulated by laws, regulations, listing rules of the stock exchange at the place where the Bank's shares are listed and the Articles.

**Article 211** The Bank shall provide convenience to the secretary to the Board of Directors in its performance of duties, and the directors, supervisors, other senior management personnel and relevant staff shall support and cooperate with the secretary to the Board of Directors in its work. To perform its duties, the secretary to the Board of Directors shall have the right to learn about the Bank's financial and operating conditions, attend relevant meetings involving information disclosure, consult all documents involving information disclosure and require relevant departments and persons of the Bank to provide relevant information in time.



## **Section 5 Special Committees under the Board of Directors**

**Article 212** The Board of Directors of the Bank shall set up Strategic Development and Digital Transformation Committee, Risk Management Committee, Related Party Transactions Control Committee, Audit Committee, Remuneration and Nomination Committee, Compliance Management and Consumer Rights Protection Committee. The Board of Directors may establish other special committees and adjust the existing special committees when necessary. All special committees shall comprise directors, who shall have professional knowledge or working experience appropriate to the duties of the special committees, and each committee shall have at least three (3) members.

In principle, the proportion of independent directors in the Related Party Transactions Control Committee and the Risk Management Committee shall not be less than one-third, the majority of members of the Remuneration and Nomination Committee and the Audit Committee shall be independent directors, and the Related Party Transactions Control Committee, the Remuneration and Nomination Committee and the Audit Committee shall be headed by independent directors. Directors nominated by the controlling shareholders shall not serve as members of the Related Party Transactions Control Committee and the Remuneration and Nomination Committee. All members of the Audit Committee shall be non-executive directors, with at least one member having the appropriate qualifications as specified in the Hong Kong Listing Rules or an independent director having the appropriate financial, auditing, accounting or legal expertise and working experience or relevant financial management expertise.

**Article 213** The composition, duties and rights of each special committee shall be in line with the working rules of each special committee of the Board of Directors of the Bank.

## **Chapter 9 Senior Management Personnel**

**Article 214** The Bank shall have one president, several vice presidents and one financial chief. The president shall be appointed or dismissed by the Board of Directors. The vice presidents and other senior management personnel shall be nominated by the president and appointed or dismissed by the Board of Directors.

The senior management is responsible to the Board and is subject to the supervision of the board of supervisors, and shall, in accordance with the requirements of the Board and the board of supervisors, timely, accurately and completely report the operation and management of the Bank and provide relevant materials.

The senior management shall carry out operation and management in accordance with the Articles of Association and the authorization of the Board, and shall actively implement the resolutions of the shareholders' general meeting and the resolutions of the Board.

The operation and management of the senior management within the scope of their duties and powers in accordance with the law shall not be unduly interfered by shareholders or the Board.

The term of "senior management personnel" referred to in the Articles shall mean the Bank's president, Secretary to the Board of Directors, vice president, financial chief and other personnel as determined by the Board of Directors or the banking regulatory authorities.

The president shall serve a term of three years and may serve consecutive terms upon reappointment.

**Article 215** The circumstances set out in Article 153 to Article 155 of the Articles disqualifying a person as director shall also apply to senior management personnel.

The provisions on directors' obligations of honesty under Article 158 of the Articles and provisions on directors' obligations of diligence under Article 159 shall also apply to senior management personnel.

**Article 216** Members of staff of the controlling shareholders and de facto controllers of the Bank who serve positions other than directors shall not serve as senior management personnel of the Bank.

**Article 217** The president shall be accountable to the Board of Directors, carry out various resolutions of the Board of Directors and be responsible for the business operations and administrative management of the Bank. The vice presidents shall assist the president in performing his/her duties.

**Article 218** The president shall perform the following duties and powers:

- (I) to manage the business operations of the Bank and organise to execute the resolutions of the Board of Directors;
- (II) to submit business plans and investment proposals of the Bank to the Board of Directors on behalf of the senior management and to organize the implementation thereof upon approval by the Board of Directors;
- (III) to authorise other members of the senior management, persons in charge of the Bank's functional departments and branches to engage in operating and management activities;
- (IV) to draft the Bank's basic management system;
- (V) to formulate the Bank's specific regulations;
- (VI) to formulate plans for the establishment of internal management entities, tier-1 branches and franchisees;
- (VII) to propose to the Board of Directors to appoint or dismiss the vice president, financial chief and other senior management personnel of the Bank;
- (VIII) 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 shareholders' general meeting or Board of Directors; and determine their salaries, benefits and reward or punishment;
- (IX) to propose to convene a provisional meeting of the Board of Directors;
- (X) to undertake the implementation responsibility of the comprehensive risk management and implementing the relevant resolutions of the Board of Directors; to establish a management structure based on comprehensive risk management, define risk management responsibilities among the functional departments, business departments and other departments of comprehensive risk management, and develop a coordinated checks-and-balances mechanism among departments;
- (XI) to formulate systematic systems, procedures and methods based on the acceptable risk level as determined by the Board of Directors and adopt the corresponding risk control measures; establish and improve the internal structure and institutions, ensure the effective implementation of various internal control functions; conduct supervision and assessment of the adequacy and effectiveness of internal control systems;

- (XII) to formulate clear execution and inquiry mechanisms for the effective communication and implementation of risk management strategies, risk appetites and limits; to formulate risk management policies and procedures and conduct periodic evaluations; to evaluate the profile of comprehensive risk and various important risks management at the same time and report to the Board; to monitor breaches of risk appetite and limits or violations of risk management policies and procedures, and take corresponding measures based on the Board's authorization;
- (XIII) to implement each of consolidated management policies approved by the Board, establish the relevant system of consolidated management of the banking group, establish and improve the organizational structures of consolidated management, comprehensive risk management framework and internal risk isolation system, to ensure the effective implementation of various functions of consolidated management, and monitor and evaluate the comprehensiveness and effectiveness of consolidated management system of the banking group;
- (XIV) to formulate the implementation measures of the Bank's data quality management and organize the implementation thereof; to establish the data quality management mechanism and management information system, and implement the said mechanism and procedure; to be responsible for the truthfulness of Bank's statistical data and information;
- (XV) when the Board of Directors interferes in operational management in violation of regulations, to raise an objection to the Board of Supervisors and report to the banking regulatory authorities;
- (XVI) to adopt emergency measures when any material emergency (such as a run on the Bank) arises and promptly report them to the banking regulatory authorities, the Board of Directors and the Board of Supervisors;
- (XVII) to establish an information reporting system to the Board and its special committees, the Board of Supervisors and its special committees, to specify the types, content, time and means of report information, to make sure that Directors, Supervisors can get various accurate information in a timely manner;
- (XVIII) to take the liquidity risk responsibilities such as establishing, regularly assessing and monitoring the implementation of strategies, policies and procedures on liquidity risk appetite and liquidity risk management; to determine the management organizational structure on liquidity risk, identify the responsibilities for various departments; fully understand and regularly assess the liquidity risk level and its management status, understand material changes in liquidity risk in time and report regularly to the Board;
- (XIX) to make and organize the implementation of capital management rules and regulations; make and organize the implementation of capital planning and capital adequacy ratio management planning; to make and organize the implementation of internal capital adequacy assessment process, specify the duties of relevant departments, and establish capital management duties such as sound assessment framework as well as flows and management rules;
- (XX) to exercise other duties and powers stipulated to be exercised by the president by laws, regulations, the Articles, shareholders' general meeting and the Board of Directors.

When exercising the abovementioned powers, the president shall seek advice from the Party committee before making decisions on matters that fall into scope of “Three Importance and One Greatness” of the Bank.

In exercising functions and powers, the president of the Bank shall fulfil the obligation of honesty and diligence in accordance with laws, administrative regulations and the Articles of Association.

**Article 219** The president, who is not a director, shall be present at Board meetings but shall not have any voting right at the meetings.

**Article 220** The president shall formulate Terms of Reference of the President, which shall come into effect upon approval by the Board of Directors. The Terms of Reference of the President shall include the following:

- (I) Conditions and procedures for convening a presidential meeting and the participating personnel;
- (II) Specific duties and division of work of the president, vice presidents and other senior management personnel;
- (III) Use of the Bank’s funds and assets, authority for entering into material contracts and the system of reporting to the Board of Directors and the Board of Supervisors;
- (IV) Other matters which are deemed necessary by the Board of Directors.

**Article 221** According to the operational needs of the Bank, the senior management shall establish a sound internal control mechanism comprising internal rules and regulations system, operating risk control system, credit approval system; effectively identify, measure, monitor and control various risks exposed to the Bank, etc.

**Article 222** The senior management shall establish a regular reporting system to timely, accurately and fully report to the Board of Directors on the operating performance, important contracts, financial status, risk status and operating prospects of the Bank.

**Article 223** The senior management shall accept the supervision of the Board of Supervisors, timely inform the Board of Supervisors of the business performance, important contracts, financial status, risk status and business prospects of the Bank, and actively cooperate in the inspection, audit and other activities conducted by the Board of Supervisors within its terms of reference.

**Article 224** The president, the vice president and other senior management may resign before the expiry of term of office, subject to the completion of resign audit. The specific procedure and measures for resignation of the president and other senior management personnel shall be as specified in the employment contract signed between them and the Bank.

**Article 225** The senior management personnel shall indemnify the Bank for any losses incurred to the Bank resulting from their violation of the laws, regulations or the Articles when performing their duties.

## Chapter 10 Board of Supervisors

### Section 1 Supervisors

**Article 226** The Board of Supervisors of the Bank comprises employee representative supervisors, external supervisors elected by the shareholders' general meeting and shareholder representative supervisors. The proportion of employee representative supervisors and external supervisors shall not be less than one third.

**Article 227** The circumstances set out in Article 153 to Article 155 of the Articles disqualifying a person as director shall also apply to supervisors.

Directors, the president and other senior management personnel shall not serve as supervisors concurrently.

Avoidance system shall be adopted for the supervisors of the Bank. Namely, a person shall not serve as supervisor of the Bank if his/her close relative is director, president or other senior management personnel of the Bank.

**Article 228** Supervisors shall comply with laws, regulations and the Articles, fulfil the obligations of honesty and diligence to the Bank, perform their duties conscientiously and prudently, and ensure sufficient time and commitment to perform their duties. Supervisors shall not use their powers to accept bribes or other illegal income and shall not infringe the Bank's property.

**Article 229** Nomination and election procedure for shareholder representative supervisors and external supervisors: shareholder representative supervisors shall be nominated by the Board of Supervisors or shareholder(s) individually or jointly holding more than 3% of the total number of the Bank's voting shares; external supervisors shall be nominated by the Board of Supervisors or shareholder(s) individually or jointly holding more than 1% of the total number of the Bank's voting shares. Shareholder representative supervisors and external supervisors shall be elected, removed or replaced by the shareholders' general meeting. The shareholders and their related parties that have already nominated directors shall not nominate supervisors, but that otherwise prescribed by the State shall prevail.

**Article 230** Employee representative supervisors shall be nominated by the Board of Supervisors and the labor union of the Bank, and shall be elected, removed and replaced by employee representative meeting or other democratic procedures of the Bank.

**Article 231** The term of supervisor shall be three years, and is renewable upon re-election. The cumulative term of external supervisors shall not exceed six (6) years, and external supervisors shall not serve as an external supervisor in more than two commercial banks at the same time, or serve concurrently as external supervisor in a financial institution which may have interest conflict with the Bank. The supervisor's term of office shall be calculated from the date on which he/she takes up the office until the term of office of the current Board of Supervisors expires. An external supervisor, before his/her term of office expires, shall not be dismissed by the shareholders' general meeting or employees representatives' meeting without any reason.

**Article 232** Supervisors shall attend the meeting of the Board of Supervisors in person. Supervisor shall fully review the resolutions of the Board of Supervisors, express opinions independently, professionally and objectively, and vote independently on the basis of prudent judgment. If a supervisor cannot attend the meeting due to certain reasons, he/she may appoint another supervisor in writing to attend on his/her behalf, but a Supervisor shall not be appointed by more than two Supervisors in a meeting of the Board of Supervisors. The power of attorney shall state the name of the proxy, the relevant matters, scope of authorization and validity period and shall be signed by the appointer or a chop shall be affixed.

The supervisors are liable for the resolutions passed at the meeting of the Board of Supervisors.

**Article 233** Any supervisor shall, in person, attend at least two-thirds of the meetings of the Board of Supervisors each year.

If a supervisor fails to attend the said meetings consecutively for two times and fails to appoint other supervisor(s) to attend such meetings on his/her behalf, or fails to attend at least two thirds of such meetings in person in a year, he/she shall be deemed as failure on his/her part to perform his/her duties. The Board of Supervisors shall propose to the shareholders' general meetings or staff representative meeting to remove such supervisor.

Each shareholder representative supervisor shall work for the Bank for not less than fifteen (15) working days each year.

Staff representative supervisors shall have the right to participate in the formulation of rules and systems concerning their vital interests and should actively supervise the implementation of these systems.

**Article 234** A supervisor may resign during his/her term of office.

When a supervisor intends to resign, he/she shall submit a written resignation to the Board of Supervisors. The resignation of a supervisor shall become effective when the written resignation is served upon the Board of Supervisors.

If the term of office of a supervisor expires but re-election is not made responsively or if any supervisor resigns during his/her term of office so that the membership of the Board of Supervisors falls short of the quorum, the said supervisor shall continue fulfilling the duties as supervisor pursuant to relevant laws, regulations and the Articles until a new supervisor is elected.

In the event that a supervisor resigns or is removed which results in the number of members or the proportion of the supervisors of the Bank falling below the minimum number or proportion as required by the relevant laws, administrative regulations and these Articles, the Bank shall convene a shareholders' general meeting or employees representatives' general meeting as soon as possible to elect a new supervisor.

**Article 235** Supervisors may be present at meetings of the Board of Directors and make inquiries or proposals in respect of the resolutions of the Board of Directors. However, they are not entitled to any voting rights.

Supervisors present at the meetings of the Board of Directors shall report the details of the meeting to the Board of Supervisors.

The Board of Supervisors, when it deems necessary, may invite supervisors to be present at the meetings of the senior management.



**Article 236** Supervisors shall, as required, participate in trainings organized by the Bank and regulatory authorities, so as to understand the rights and obligations of supervisors, and be familiar with relevant laws and regulations. Supervisors shall actively participate in the supervision and inspection organized by the board of supervisors, have the right to conduct independent investigations and evidence collection in accordance with the law, and raise questions and supervisory opinions based on facts.

**Article 237** Supervisors shall truthfully, accurately and completely disclose to the board of supervisors the situation of related parties and the acting-in-concert relationship, and promise to report to the board of supervisors in a timely manner when the related relationship changes. Supervisors shall not jeopardize interests of the Bank by taking advantage of their related party status, and the supervisors shall indemnify the Bank for any losses incurred to the Bank therefrom.

Supervisors shall indemnify the Bank for any losses incurred to the Bank resulting from their violation of the laws, regulations or the Articles when performing their duties.

## **Section 2 External Supervisors**

**Article 238** External supervisors of the Bank refer to supervisors who do not hold any position in the Bank other than as supervisor and who do not have any relation with the Bank, major shareholders or de facto controller that may affect their independent and objective judgement.

**Article 239** Relevant provisions about independent directors in the Articles shall also apply to external supervisors in terms of qualifications, election, replacement and resignation. A person who is a civil servant shall not concurrently serve as external supervisor of the Bank.

**Article 240** Before taking office, external supervisors shall promise the Board of Supervisors that they have enough time and energy to perform and will diligently perform their duties.

**Article 241** External supervisors shall independently perform their duties according to law, without being affected by the Bank's shareholders or other units or individuals having interest relations with the Bank. External supervisors shall not concurrently work for other financial institutions that may have interest conflicts with the Bank.

**Article 242** Each external supervisor shall work for the Bank for at least fifteen (15) working days each year. An external supervisor may appoint another external supervisor to attend meetings of the Board of Supervisors on his/her behalf but shall attend at least two thirds of the meetings of the Board of Supervisors in person each year.

If an external supervisor attends less than two thirds of the meetings of the Board of Supervisors in person in a year or fails to attend the said meetings in person or by proxy consecutively for two times, the Board of Supervisors shall propose to the shareholders' general meeting to remove the said supervisor.

**Article 243** External supervisors shall be entitled to the rights conferred to supervisors, shall supervise the work of the Board of Directors and senior management personnel, and shall organise to carry out activities within the terms of reference of the Board of Supervisors according to the resolutions of the Board of Supervisors.

**Article 244** External supervisors shall have committed a serious dereliction of duty in any of the following circumstances:

- (I) Divulgence of the trade secrets of the Bank and impairment of the legitimate interests of the Bank;
- (II) Acceptance of illicit benefits in the performance of their duties;
- (III) The seeking of private benefits by taking advantage of the capacity of an external supervisor;
- (IV) The failure to spot any abnormalities or the failure to report any abnormalities during supervision inspection, thereby causing great losses to the Bank;
- (V) Other serious dereliction as prescribed by banking regulatory authorities.

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

- (I) Serious dereliction of duty specified in the preceding paragraph;
- (II) Failure to resign from the position when he/she is no longer qualified to be an external supervisor;
- (III) Other circumstances provided by the laws and regulations or the listing rules of the stock exchange where the Bank's shares are listed or these Articles where an external supervisor is not allowed or suitable to continue holding such position.

An external supervisor who is dismissed by general meeting for committing a serious failure in performing his duties shall not serve as external supervisors of the Bank for the remaining time of their life.

The removal of external supervisors by the Board of Supervisors and resignations of external supervisors shall be conducted in accordance with the requirements in respect of the independent directors in these Articles.

**Article 245** The remuneration and allowance standard for external supervisors shall be determined with reference to the remuneration and allowance standard for independent directors and reported to the shareholders' general meeting for approval.

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

**Article 246** The Bank shall have a Board of Supervisors. Board of Supervisors is the supervisory organization of the Bank and is accountable and report to the shareholders' general meeting.

**Article 247** The Board of Supervisors shall comprise nine (9) supervisors.

**Article 248** The Board of Supervisors has one chairman, there can be vice chairmen.

The election of the chairman and vice chairman of the Board of Supervisors shall be approved by more than two-thirds (inclusive) of the members of the Board of Supervisors.

The chairman of the Board of Supervisors shall possess professional knowledge and working experience in at least one professional area, e.g. accounting, audit, finance or law, etc. If the chairman of the Board of Supervisors is unable to or fails to carry out his/her duties, a supervisor elected by above half of the supervisors shall act on his/her behalf.

**Article 249** The chairman of the Board of Supervisors shall exercise the following functions and powers:

- (I) to convene and preside over meetings of the Board of Supervisors;
- (II) to organize fulfillment of the duties of the Board of Supervisors;
- (III) to review and execute the reports, resolutions and other important documents of the Board of Supervisors;
- (IV) to report, on behalf of the Board of Supervisors, to the shareholders' general meeting on his/her work;
- (V) to help supervisors conduct work efficiently, and lead the Board of Supervisors in an effective manner;
- (VI) to ensure supervisors are able to obtain accurate, timely and clear information;
- (VII) to lead the formulation of each proposals and reports that the Board of Supervisors shall submit to shareholders' general meetings;
- (VIII) to exercise other functions and powers stipulated by laws, regulations and the Articles.

**Article 250** The Board of Supervisors shall have an office as its daily working organ to be responsible for the implementation of supervision work, the preparation of the meetings of the Board of Supervisors and the special committees of the Board of Supervisors, and the preparation of documents and the minutes of the meeting.

**Article 251** The Board of Supervisors shall exercise the following functions and power:

- (I) to examine the regular reports of the Bank prepared by the Board of Directors and provide written opinions thereon;
- (II) to examine the financial position of the Bank, examine and approve the Bank's plans for profit distribution and make comments on its compliance and reasonability;
- (III) to supervise the compliance of the engagement, dismissal and reappointment of external auditing organ, as well as the fairness of terms of appointment and remuneration and the independence and effectiveness of external audit work;
- (IV) to take charge of the comprehensive evaluation of the performance of the Board of Directors, Board of Supervisors, senior management and its members, and report the final evaluation results to the banking regulatory authorities and notify the shareholders' general meetings;
- (V) to inquire directors and senior management personnel;

- (VI) to require directors and senior management personnel to rectify their acts that harm the Bank's interest, and propose dismissal or bring a lawsuit against directors and senior management personnel who have violated laws and regulations, the Articles or the resolutions of shareholders' general meetings;
- (VII) to supervise the performance of duties concerning information disclosure of the Board of Directors and senior management personnel; to pay attention to the Bank's information disclosure, and if problems like violation of laws and rules are found, to investigate and put forward treatment proposals and report relevant information to the banking regulatory authorities in time;
- (VIII) to supervise and require for rectification regarding the Bank's risk management and internal control; to supervise the Board of Directors and senior management in improving the internal control system; to supervise the Board and senior management in material financial decisions and the implementation thereof and in their performance of case prevention; to supervise the Board, senior management and their members in performing the duties of internal control;
- (IX) to examine financial information such as financial reports, business reports and profit distribution plans as proposed by the Board of Directors to the shareholders' general meeting, and if there are any queries, to engage any certified public accountant or practicing auditor in the name of the Bank to assist in the examination;
- (X) if there are any unusual circumstances in the Bank's operations, to conduct investigation, and if necessary, to engage such professionals as accounting firms and law firms to assist in the work, at the expenses of the Bank;
- (XI) to make proposals to the shareholders' general meeting;
- (XII) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over the extraordinary shareholders' general meetings when the Board of Directors fails to perform the duty of convening and presiding over the shareholders' general meetings;
- (XIII) to propose to convene a provisional meeting of the Board of Directors;
- (XIV) to supervise the formulation and implementation of the business development strategies of the Bank; to supervise the adoption by the Board of Directors of prudent business philosophy and value standards and formulate development strategies in line with the actual situations of the Bank; to regularly evaluate the scientificity, reasonability and effectiveness of development strategies and form evaluation reports;
- (XV) to supervise the construction and effectiveness of the Bank's consolidated management mechanism; to supervise the duty performance of the Board of Directors and senior management in relation to consolidated management and make comprehensive evaluation based on such performance; to urge the Board of Directors to supervise the governance and operational management of the Bank and its subsidiary companies, and to urge them to make rectifications;

- (XVI) to oversee the comprehensive risk management by supervising and examining the Board's and senior management members' performance of their respective risk management responsibilities and requiring for rectification thereupon, and include their findings in the work reports of the Board of Supervisors;
- (XVII) to regularly communicate with the banking regulatory authorities about relevant information of the Bank;
- (XVIII) to instruct the internal audit department of the Bank to independently perform the auditing and supervision function, implement the business management and work evaluation of the internal audit department, and have the right to request relevant information from the Board of Directors and senior management in connection with the audit;
- (XIX) to train supervisors regularly so as to enhance their ability of execution of duty;
- (XX) to supervise over the procedure for election of directors;
- (XXI) to supervise the scientificity and rationality of the Bank's remuneration management systems and policies and the remuneration proposals for the senior management members, and to urge prompt rectification;
- (XXII) to oversee and evaluate the performance of duties by the Board and senior management in their capital management, and at least once annually to report such performance of duties to the shareholders' general meeting;
- (XXIII) to exercise other functions and power as stipulated by laws and regulations or the Articles and granted by the shareholders' general meeting. The Board of Supervisors shall have its own independent expense budget.

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

**Article 252** The Board of Supervisors shall formulate the rules of procedures of the Board of Supervisors and the said rules of procedures shall be implemented after being approved at the shareholders' general meetings to ensure the work efficiency and scientific decision-making of the Board of Supervisors.

**Article 253** The mode of discussion for the Board of Supervisors is the meetings of the Board of Supervisors. Meetings of the Board of Supervisors include regular meeting of the Board of Supervisors and extraordinary meeting of the Board of Supervisors.

The method of convening and voting at the meetings of the Board of Supervisors may be the same as that of the meetings of the Board of Directors.

**Article 254** Regular meetings of the Board of Supervisors shall be convened at least four times each year and be convened by the chairman of the Board of Supervisors. Extraordinary meetings may be convened upon proposal by the Supervisors. Notice of the regular meetings of the Board of Supervisors shall be served in writing to all of the supervisors by the Board of Supervisors ten (10) days in advance.

**Article 255** The notice of meeting of the Board of Supervisors shall specify:

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

**Article 256** In any of the following circumstances, the chairman of the Board of Supervisors shall convene and preside over a meeting of the Board of Supervisors within 10 days:

- (I) deemed necessary by the chairman of the Board of Supervisors;
- (II) proposed by more than one third of the supervisors jointly;
- (III) proposed by all external supervisors.

Extraordinary meeting of the Board of Supervisors may be held and pass resolutions by means of communications in writing.

**Article 257** Any resolutions made by the Board of Supervisors shall be approved by more than two thirds (inclusive) of the members of the Board of Supervisors.

The Board of Supervisors shall file resolutions as minutes, which shall be signed by the attending supervisors.

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

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

**Article 258** The Board of Supervisors shall establish a nomination committee and a supervision committee and other special committees can also be established as needed. The special committees shall consist of supervisors and each shall have at least 3 members.

**Article 259** The Board of Supervisors establish a nomination committee, which is responsible for: drafting the election procedures and standards for supervisors; conducting preliminary examination in relation to the qualifications of candidates for supervisors; offering proposals to the Board of Supervisors; supervising the procedure for election of directors; comprehensively evaluating the duty performance of the Board of Directors, Board of Supervisors, senior management and their members and reporting to the Board of Supervisors; and supervising over the scientificity and reasonability of the remuneration management system and policies of the Bank as well as the remuneration plan for senior management members.

The nomination committee shall be headed by external supervisors.



**Article 260** The Board of Supervisors establishes a supervision committee, which is responsible for formulating supervisory plans for financial activities of the Bank and carrying out relevant examinations, supervising the Board of Directors to establish prudent business philosophy and value standards and formulating development strategies in line with the actual situations of the Bank; and supervising and examining the Bank's operation decisions, risk management and internal control.

The supervision committee shall be headed by external supervisors.

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

**Article 261** The qualifications of directors, supervisors and senior management personnel of the Bank shall comply with the provisions of the laws, administrative regulations, departmental rules, relevant institutions and the Articles. The qualifications of directors and senior management personnel shall be examined by the banking regulatory authorities in accordance with the aforesaid provisions.

**Article 262** In any of the following circumstances, a person shall not serve as director, supervisor and senior management personnel of the Bank:

- (I) A person without or with limited capacity for civil conduct;
- (II) A person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist market-oriented economic order, or who has been deprived of his political rights due to his crimes;
- (III) A person who has been a former Director, factory Director or manager of a company or an enterprise that has entered into insolvent liquidation due to poor management, and who was personally liable for the insolvency of such company or enterprise;
- (IV) A person who has been a legal representative of a company or an enterprise which has had its business license revoked and has been ordered to close down by law due to violations of such law and who was personally liable;
- (V) A person with relatively large amounts of due and outstanding debt;
- (VI) A person under investigation by judicial authorities for suspected violations of criminal law and the investigation is still ongoing;
- (VII) A person banned from holding leadership positions as stipulated by the laws and administrative regulations;
- (VIII) A non-natural person;
- (IX) A person judged by competent authorities as having violated the provisions of securities laws and regulations, the violation involves fraudulent or dishonest acts, and less than five (5) years have elapsed since the ruling;
- (X) Other persons who are prohibited from holding leadership positions as provided by laws and regulations and the Articles;

- (XI) A person who has been determined by banking regulatory authorities to be banned from holding the position of Director, Supervisor, President or other senior management personnel of banking financial institutions.

Where any director, supervisor and senior management personnel is elected or appointed counter to the provisions in this Article, the said election, appointment or engagement shall be invalid. The Bank shall dismiss any director, supervisor and senior management member who is found to be a person as specified under the provisions of this Article.

**Article 263** The validity of any act by a director and senior management personnel made on behalf of the Bank towards a third party acting in good faith shall not be affected by any non-compliance in regulations of that person's position, election procedure or qualifications.

**Article 264** In exercising the functions and powers conferred by the Bank, the directors, supervisors and senior management personnel shall fulfil the following obligations to each shareholder in addition to the obligations required by laws, administrative regulations, relevant regulatory authorities, the Listing Rules of the stock exchange on which the Bank's shares are listed, and the Articles:

- (I) To ensure that the Bank does not operate beyond the scope of business stipulated in its business license;
- (II) To act in good faith and in the best interests of the Bank;
- (III) Not to deprive the Bank of its assets in any way, including but not limited to depriving the Bank of any advantageous business opportunities;
- (IV) Not to deprive the shareholders of any personal rights and interests, including but not limited to the right to distribute and the right to vote, but excluding the submission of the Bank's restructuring proposals passed on the shareholders' general meeting in accordance with the Articles.

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

- (I) To act in good faith and in the best interests of the Bank;
- (II) To exercise powers within the scope of their authority and they shall not exceed their scope of authority;
- (III) To exercise the discretion conferred on them in person and be free from the influence of others; and not to transfer their discretion for others to exercise in the absence of the laws and administrative regulations providing to the contrary or without the informed consent of shareholders through a shareholders' general meeting;

- (IV) To treat shareholders of the same class in the same way, and to fairly deal with shareholders belonging to different classes; to guarantee shareholders', especially minority shareholders' rights to be aware of major matters of the Company and participate in decision-making and supervision;
- (V) Not to enter into any contract, transaction or arrangement with the Bank except if otherwise prescribed by the Articles or if there is informed consent of shareholders through a shareholders' general meeting;
- (VI) Not to use any assets of the Bank to seek personal advantages in any way without the informed consent of shareholders through a shareholders' general meeting;
- (VII) Not to accept bribes or other forms of illegal income by taking advantage of their authority, nor to embezzle the assets of the Bank in any way, such assets including but not limited to any business opportunities that are advantageous to the Bank;
- (VIII) Not to accept any commission related to transactions of the Bank without the informed consent of the shareholders through a shareholders' general meeting;
- (IX) To comply with the Articles, perform their duties faithfully and safeguard the interests of the Bank, and not to take advantage of their position and authority at the Bank to seek personal gain;
- (X) Not to engage in any form of competition with the Bank without the informed consent of the shareholders through a shareholders' general meeting;
- (XI) Not to misappropriate the funds of the Bank or lend the funds of the Bank to others, not to put any assets of the Bank under an account opened in their own names or in the name of others, not to use the Bank's assets as security for the debts of the shareholders of the Bank or others' personal debts;
- (XII) Not to divulge any confidential information involving the Bank and obtained by them during their term of office without the informed consent of the shareholders through a shareholders' general meeting; and not to use such information except it is in the interests of the Bank; however the information may be disclosed to the court or other relevant government departments if the disclosure is:
  - 1. in accordance with the law;
  - 2. in the public interest;
  - 3. required for the own interests of directors, supervisors and senior management personnel.

**Article 267** The directors, supervisors and senior management personnel of the Bank shall not direct the following persons or institutions (hereinafter referred to as “connected persons”) to take any acts which the directors, supervisors and senior management personnel are themselves prohibited from taking:

- (I) The spouse or underage children of the directors, supervisors and senior management personnel of the Bank;
- (II) A trustee of any of the directors, supervisors, and senior management personnel of the Bank or a trustee of the persons referred to in item (I) of this Article;
- (III) A partner of the directors, supervisors and senior management personnel of the Bank or a partner of the persons referred to in items (I) and (II) of this Article;
- (IV) A company which is under the de facto individual control of the directors, supervisors and senior management personnel of the Bank, or a company which is under the de facto joint control of the persons referred to in items (I), (II) and (III) of this Article or with other directors, supervisors and senior management personnel of the Bank;
- (V) The directors, supervisors and senior management personnel of the companies under control referred to in item (IV) of this Article.

**Article 268** The fiduciary duties owed by the directors, supervisors and senior management personnel of the Bank shall not necessarily be terminated at the end of their term of office, and their obligation to keep the trade secrets of the Bank confidential shall remain valid after their term of office expires. The duration of other obligations shall be determined by what is fair, and will depend on the length of time between the date on which the directors leave their positions and the relevant event involving the obligations as well as the circumstances and conditions in which their relationship with the Bank terminated.

**Article 269** The shareholders may make an informed decision at the shareholders’ general meeting to dismiss any director, supervisor and senior management personnel of the Bank who has violated any specific obligations, unless the circumstances specified in Article 77 apply.

**Article 270** The directors, supervisors and senior management personnel of the Bank having any direct or indirect material conflict of interests in any executed or proposed contracts, transactions or arrangements (except the employment contracts between the Bank and its directors, supervisors and senior management personnel), regardless of whether such matters are usually subject to the approval or consent of the Board of Directors, shall disclose the nature and extent of the conflicts of interests to the Board of Directors as soon as possible.

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

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

**Article 271** Before the Bank considers entering into relevant contracts, transactions or arrangements for the first time, if the interested directors, supervisors and senior management personnel of the Bank have provided a written notice to the Board of Directors stating that they have a conflict of interests in the contracts, transactions or arrangements which would be entered into by the Bank in the future for the reasons set out in the notice, then the director, supervisor and senior management personnel concerned shall be deemed to have made the disclosure as required in the preceding Article of this chapter to the extent as set out in the notice. The Bank shall make an appropriate insurance arrangement against legal actions that directors may be exposed to.

**Article 272** The Bank shall not in any way pay taxes for the directors, supervisors and senior management personnel of the Bank.

**Article 273** The Bank shall not, directly or indirectly, provide any loan or loan guarantee to the directors, supervisors and senior management personnel of the Bank and of its parent company, nor shall the Bank provide the same to their connected persons.

The preceding paragraph shall not apply in the following circumstances:

- (I) Loans or loan guarantees provided by the Bank to its subsidiary banks (subsidiary companies);
- (II) Loans, loan guarantees or other funds provided by the Bank to the directors, supervisors or senior management personnel of the Bank pursuant to their employment contracts which were approved by the shareholders' general meeting, so that the foregoing persons can make payments in the interests of the Bank or for the expenses incurred in performing their duties and responsibilities in the Bank;
- (III) Loans and loan guarantees provided by the Bank to the relevant directors, supervisors and 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 274** If the Bank provides a loan in breach of the provisions of the preceding Article, regardless of the terms of the loan, the person who has received the loan shall repay it immediately.

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

- (I) Where a loan has been provided to the Bank or its parent company's directors, supervisors, and senior management personnel and the provider of the loan is unaware of the violation; and
- (II) The security guaranteed by the Bank has been sold legally by the loan provider to a purchaser acting in good faith.

**Article 275** The “guarantee” referred to in the preceding paragraph of this chapter includes acts whereby the guarantor undertakes liabilities or provides assets to ensure that the obligor performs its obligations.

**Article 276** When the directors, supervisors and senior management personnel of the Bank are in breach of the obligations owed towards the Bank, aside from the various rights and remedies provided by the laws and administrative regulations, the Bank shall have the right to take the following measures:

- (I) To require the directors, supervisors and senior management personnel concerned to compensate the Bank for the losses caused by their dereliction of duties;
- (II) To rescind any concluded contracts or transactions between the Bank and the directors, supervisors and senior management personnel concerned, and the contracts or transactions concluded between the Bank and third parties (when the third parties know or should have known that the directors, supervisors and senior management personnel of the Bank are in breach of their obligations);
- (III) To require the directors, supervisors and senior management personnel concerned to hand over any benefits which have been obtained from their breach of obligations;
- (IV) To recover funds which should have been received by the Bank, including but not limited to commission from the directors, supervisors and senior management personnel concerned; and
- (V) To request the directors, supervisors and senior management personnel concerned to repay the interest which is or may be accrued from the funds which should have been received by the Bank.

**Article 277** 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 matters relating to remuneration 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 subsidiary banks (subsidiary companies) of the Bank;
- (III) Remuneration for those providing other services for managing the Bank and its subsidiary banks (subsidiary companies); and
- (IV) Compensation to directors or supervisors for loss of their office or upon retirement.

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



**Article 278** The remuneration contracts between the Bank and its directors or supervisors shall stipulate that if the Bank is acquired, the directors and supervisors of the Bank shall, subject to prior approval from the shareholders' general meeting, be entitled to compensation or other funds for loss of their positions or upon retirement. The "acquisition of the Bank" previously mentioned refers to one of the following circumstances:

- (I) A takeover offer made by any person to all shareholders; or
- (II) A takeover offer made by any person with the intent of becoming the controlling shareholder. The definition of a controlling shareholder is the same as that in Article 344 of the Articles.

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

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

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

**Article 279** The Bank shall formulate its financial accounting system in accordance with laws, administrative regulations and the provisions of financial authority of the State Council.

**Article 280** The financial year of the Bank shall be the Gregorian calendar year, i.e. from January 1 to December 31 every year. The Bank shall prepare financial reports at the end of each financial year, which reports shall be subject to legal examination and verification. The Board of Directors shall submit financial reports prepared by the Bank as required by any laws, administrative regulations or normative documents promulgated by the local government and competent department to the shareholders at every annual shareholders' general meeting.

**Article 281** The Bank shall deposit its financial reports in the Bank for inspection by the shareholders 20 days before the convening of the annual shareholders' general meeting. Each shareholder of the Bank is entitled to obtain financial reports mentioned in this Chapter.

Except as otherwise provided in the Articles, the Bank shall send the aforesaid reports or report of the Board of Directors along with the balance sheet and loss and profit statement or income and expenditure statement to each shareholder of overseas listed foreign shares by pre-paid post at least twenty-one (21) days prior to the convening of the annual shareholders' general meeting, and the address on the register of shareholders shall be the address of the recipient. Where the securities regulatory authorities of the locality in which the Bank's shares are listed provide otherwise, such provisions shall prevail.

**Article 282** The Bank shall prepare its financial statements in accordance with PRC accounting standards and regulations; as well as in accordance with international accounting standards or the accounting standards required by securities regulatory authorities of the locality in which the Bank's shares are listed. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. When distributing the after-tax profits for the relevant accounting year, the Bank shall adopt the one with the lower after-tax profits out of the aforesaid two financial statements.

**Article 283** The interim results or financial information to be published or disclosed by the Bank shall be prepared in accordance with PRC accounting standards and regulations, as well as in accordance with international accounting standards or the accounting standards required by securities regulatory authorities of the locality in which the Bank's shares are listed.

**Article 284** The Bank shall announce its financial report twice in each financial year, namely to publish an interim financial report within sixty (60) days after the end of the first six (6) months of each financial year, and to publish an annual financial report within 120 days after the end of each financial year.

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

**Article 285** The Bank shall not establish accounting books other than the statutory accounting books. No assets of the Bank may be kept in any account opened in the name of any individuals.

**Article 286** The capital reserve shall include the following funds:

- (I) Premium obtained from the issue of shares in excess of the par value; and
- (II) Other revenue to be included in the capital reserve as required by the financial authority of the State Council.

**Article 287** The Bank shall make 10% contributions of the profit to its statutory reserve when distributing its after-tax profit of a year. The Bank may distribute its after-tax profit after making 10% contributions of the profit to the statutory reserve until the balance of the statutory reserve reaches above 50% of the registered capital of the Bank.

If the statutory reserve is not sufficient to make up the accumulative losses, profit of the year shall be used to make up the losses before making any contribution to the statutory reserve according to the preceding paragraph.

After making contributions to statutory reserve from the after-tax profits, the Bank may set aside discretionary reserve funds from after-tax profits upon approval of the shareholders' general meeting.

After making up of any losses and contribution to reserves, the remaining after-tax profit may be distributed to shareholders in proportion to their respective shareholdings. The Bank may distribute interim dividends to shareholders upon the approval by resolutions of the shareholders' general meeting or extraordinary general meeting.

In case that the shareholders' general meeting approves to distribute any profit to any shareholder before making up the losses and making contributions to the statutory reserve as required by the preceding paragraph, the shareholder must return profits so distributed to the Bank.

Shares held by the Bank are not entitled to any profit distribution.

**Article 288** The Bank shall not distribute dividends before making up the losses and making contributions to the statutory reserve.

The reserves contributed by the Bank may be used to make up the losses of the Bank, expand the business of the Bank, or increase the capital of the Bank.

If the Bank converts the reserves into the capital by a resolution of the shareholders' general meeting, the Bank shall distribute new shares as per the existing equity structure or increase the par value per share. When the statutory reserve is converted into the capital, the amount remaining in such reserve shall not be less than 25% of the registered capital.

**Article 289** As audited, the Bank shall not distribute cash dividends to shareholders when capital adequacy ratio as at the end of the year is less than 10.5% or the NPL ratio is more than 5% in accordance with the relevant requirements of banking regulatory authorities. Profit for the year shall be transferred to incremental capital directly or used as retaining various risk funds through transmission and distribution upon deliberation at the shareholders' general meeting.

**Article 290** The Bank may distribute dividends in the form of cash or share, and shall deduct and pay taxes payable by the shareholders pursuant to relevant laws and regulations.

**Article 291** After the profit distribution plan is adopted at the shareholders' general meeting, the Board of Directors shall finishing distributing dividends (or shares) within two month after the conclusion of the general meeting.

**Article 292** The Board of the Bank shall comprehensively consider factors such as the Bank's industrial characteristics, developmental stage, its own business model, profitability, and whether there are major capital expenditure arrangements, and propose differentiated cash dividend policies base on differentiated situations and the procedures as specified in the Bank's Articles of Association.

**Article 293** The Bank shall withdraw provision for loan losses according to laws and regulations, and write off bad debts and losses from bad debts as per the relevant regulations.

**Article 294** The Bank shall distribute its after-tax profit in the following order:

- (I) to make up for the loss of the previous year;
- (II) to make 10% contributions of the profit to the statutory reserve;
- (III) to withdraw general provision;
- (IV) to set aside discretionary reserve funds; and
- (V) to pay dividends to shareholders.

**Article 295** Payments made in advance of calls on any shares by the Bank shall carry interest. However, holders of shares shall not have any right to receive dividends declared thereafter in relation to any such payment made in advance.

**Article 296** For dividends not claimed by anyone, the Bank may exercise the right to retrieve such unclaimed dividend under the pre-condition of abiding by relevant PRC laws, administrative regulations and departmental rules, but the right shall only be exercised after the expiration of the applicable limitation period.

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

**Article 297** The Bank has the right to sell the shares of the shareholders of overseas listed shares through the methods the Board of Directors deems appropriate, but shall be subject to the following conditions:

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

**Article 298** The Bank shall appoint a recipient agent for shareholders of overseas listed foreign shares. The recipient agent shall collect on behalf of the shareholders concerned the dividends distributed and other funds payable by the Bank in respect of the overseas listed foreign shares.

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

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

## **Section 2 Internal Audit**

**Article 299** The Bank shall establish an internal audit system with professional audit personnel to undertake internal auditing and supervision of the Bank's financial income and expenditures and economic activities.

**Article 300** The Bank shall establish an independent and vertical internal audit management system and a corresponding internal audit reporting system. The internal audit system and the duties of the audit personnel shall be implemented upon approval by the Board of Directors. The head of audit shall be responsible to and shall report to the Board of Directors.

The internal audit department shall report audit work regularly to the Board of Directors, the Audit Committee and Board of Supervisors, submit reports of audit projects in a timely manner and informs the senior management.

The Board of Directors shall be responsible for the engagement and dismissal of the head of the audit department.

### **Section 3 Engagement of Accounting Firms**

**Article 301** The Bank shall engage independent accounting firms that comply with the relevant State regulations, to audit annual financial reports and to review other financial reports of the Bank.

The term of the accounting firm engaged by the Bank shall commence when the current annual general meeting finishes and end when next annual general meeting concludes.

**Article 302** The Bank warrants that the Bank will provide the engaged accounting firm with true and complete accounting documents, accounting books, financial reports and other accounting information; the Bank shall not refuse to provide, and shall not conceal or falsify such documents.

**Article 303** An accounting firm engaged by the Bank shall have the following rights:

- (I) To inspect the accounting books, records or documents of the Bank at any time, and to require the directors, the president or other senior management personnel of the Bank to provide relevant information and explanations;
- (II) To require the Bank to adopt all reasonable measures to obtain from its subsidiary banks (subsidiaries) such information and explanations as required by the accounting firm for performance of its duties;
- (III) To attend the shareholders' general meeting to obtain the notice of shareholders' general meeting that any shareholder is entitled to or other information in relation to the meeting, and to speak at the shareholders' general meeting on matters involving its duties as the accounting firm of the Bank.

**Article 304** If a vacancy of the position of accounting firm arises, the Board of Directors may appoint an accounting firm to fill such vacancy before the holding of a shareholders' general meeting. However, if there are other accounting firms engaged by the Bank while such vacancy still exists, such accounting firms shall continue to serve.

**Article 305** The shareholders' general meeting may, by way of an ordinary resolution, dismiss an accounting firm, prior to the expiration of the term of office of the accounting firm, regardless of the terms and conditions of the contract between the accounting firm and the Bank. If the accounting firm concerned has the right to make a claim against the Bank due to its dismissal, such right shall not be affected.

**Article 306** The remuneration of the accounting firm or the ways to determine the remuneration of the accounting firm shall be determined by the shareholders' general meeting. The remuneration of the accounting firm engaged by the Board of Directors shall be decided by the Board of Directors.

**Article 307** The engagement, dismissal or non-engagement of an accounting firm shall be decided upon by the shareholders' general meeting, and reported to the securities regulatory authority under the State Council for filing.

**Article 308** If the shareholders' general meeting passes a resolution to engage an accounting firm other than the incumbent one to fill up any vacancy of the post, or to renew the engagement of an accounting firm engaged by the Board of Directors to fill up the vacancy, or to dismiss an accounting firm before the expiration of its term of office, the following provisions shall be satisfied:

- (I) before sending out notice of a shareholders' general meeting, the proposal on engagement or dismissal of an accounting firm shall be sent to the accounting firm to be engaged, to leave its post, or that has left its post in the relevant financial year. Leaving the post includes dismissal, resignation from the post and leaving the post after the expiration of the term of office.
- (II) if the accounting firm that is about to leave its post makes a written statement, and requests the Bank to inform the shareholders of its statement, the Bank shall, unless the time of receiving the written statement is too late, adopt the following measures:
  1. state in the notice sent out for the purpose of a resolution that the accounting firm to leave its post has made a statement;
  2. send a copy of the statement in the form of an attachment to the notice to shareholders in the manner stipulated by the Articles of the Bank.
- (III) if the statement of the relevant accounting firm is not sent by the Bank in accordance with the above provisions in subsection (2) above, the accounting firm concerned may request that the statement be read out at the shareholders' general meeting and make further appeal.
- (IV) an accounting firm which is leaving its post shall be entitled to attend the following meetings:
  1. shareholders' general meeting at which its term of office shall expire;
  2. shareholders' general meeting at which the vacancy due to its dismissal is to be filled up;
  3. shareholders' general meeting convened due to its resignation from its post.

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

**Article 309** When the Bank dismisses or does not renew the engagement of an accounting firm, it shall give fifteen (15) days advance notice to the accounting firm. When voting on dismissal of an accounting firm at the shareholders' general meeting, such accounting firm shall be permitted to present its views at the meeting.

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



**Article 310** An accounting firm may resign its office by depositing at the Bank's registered address a written resignation notice. Any such notice shall become effective on the date when it is deposited at the Bank's registered address or on such later date as may be specified in the notice. Such notice shall contain the followings:

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

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

If the accounting firm's notice of resignation contains any statement referred to in the above item (II), the accounting firm may request that the Board of Directors convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances in connection with its resignation.

### **Chapter 13 Democratic Management of Employees and the Personnel System**

**Article 311** The Bank shall, in accordance with the provisions of the law, improve the democratic management system with the employee representatives' meeting as the basic form, explore effective ways for employees to participate in management, promote the openness of corporate affairs and business operations, and protect employees' rights to know, to participate, to express, and to supervise, so as to protect the legitimate rights and interests of employees. The opinions of employees shall be listened to in major decisions, and major issues involving the vital interests of employees shall be reviewed by the employee representatives' meeting or the staff congress. Adhere to and improve the systems for employee directors and employee supervisors, and safeguard the rights and interests of employee representatives to participate in corporate governance in an orderly manner.

**Article 312** Employees of the Bank shall organize trade unions in accordance with the Trade Union Law of the People's Republic of China, carry out trade union activities, and safeguard the legitimate rights and interests of employees. The Bank shall provide trade unions with necessary conditions for their activities.

**Article 313** The Bank shall protect the legitimate rights and interests of employees, sign labor contracts with employees in accordance with the law, participate in social insurance, and strengthen labor protection, so as to realize production safety. The Bank shall adopt various forms to strengthen the vocational education and on-the-job trainings for its employees, so as to improve the quality of the employees.

**Article 314** The Bank shall abide by the state laws and administrative regulations on labor protection and production safety, implement relevant state policies, and protect the legitimate rights and interests of workers. Formulate labor, personnel and wage systems in accordance with state laws, administrative regulations and policies concerning labor and personnel, and the needs of production and operation.

## **Chapter 14 Mergers, Division, Dissolution and Liquidation**

### **Section 1 Mergers or Division**

**Article 315** The merger action taken by the Bank may be in two forms, merger by absorption or merger by new establishment.

**Article 316** For a merger or division of the Bank, the Board of Directors shall put forward a proposal, and the formalities for approval shall be handled in accordance with the law after the proposal has complied with the procedures specified in the Articles. The shareholders who oppose the Bank's merger or division plans have the right to ask the Bank or the shareholders who approve the merger or division plans to purchase their shares at a fair price. The contents of the resolution on the merger or division of the Bank shall be made into special document, which shall be available for inspection by shareholders.

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

**Article 317** Merger or division of the Bank shall follow the procedures below:

- (I) The Board formulates proposals for merger or division;
- (II) A shareholders' general meeting passes a resolution in accordance with the Articles;
- (III) The parties concerned conclude the contract for merger or division;
- (IV) The parties concerned go through the examination and approval formalities according to law;
- (V) The Bank handles such matters as credits and debts relating to merger or division; and
- (VI) The Bank registers its establishment, dissolution or change.

**Article 318** For a merger of the Bank, the parties to the merger shall sign a merger agreement, and shall prepare a balance sheet and assets list. The Bank shall inform creditors within ten (10) days from the date on which the resolution in favor of the merger is adopted, and shall publish an announcement within thirty (30) days in newspapers. The creditors shall within thirty (30) days of the day on which a notice is received, and, in the case where no notice is received, within forty-five (45) days, request that the Bank repays its debts or provide a corresponding guarantee for repayment.

**Article 319** After the merger of the Bank, the entity surviving the merger or the new entity established after the merger shall assume the claims and debts of the parties to the merger.

**Article 320** Where the Bank proceeds into a division, its assets shall be divided accordingly.

Where there is a division of the Bank, a division agreement shall be signed in respect of the division by each of the division parties and a balance sheet and assets list shall be prepared. The Bank shall inform the creditors within ten days from the date on which the division resolution is adopted, and shall publish an announcement at least three times within thirty days in newspapers.

**Article 321** 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 322** Where a merger or division of the Bank involves any changes to registered matters, an application for modification of registration shall be made to the registration authority of the company in accordance with the law; if the Bank is dissolved, the registration of cancellation shall be carried out in accordance with the law; if a new company is established, the registration of establishment shall be carried out in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 323** The Bank shall be dissolved according to laws in any of the following circumstances:

- (I) The operation term expires;
- (II) The shareholders' general meeting has resolved to dissolve the Bank;
- (III) The dissolution is necessary as a result of a merger or division of the Bank;
- (IV) The Bank is declared bankrupt due to its failure to repay debts due;
- (V) If the business license of the Bank is revoked or if it is ordered to close down its business or if its business license is cancelled in accordance with the laws;
- (VI) Where the operation and management of the Bank falls into serious difficulties and its continued existence would cause material losses to shareholders, the shareholders holding above 10% of the total voting rights of the Bank may apply to the people's court to dissolve the Bank if there are no other solutions.

The dissolution of the Bank shall be submitted to the banking regulatory authorities for approval.

In the event of existing or potential credit crisis within the Bank, which may materially impact the rights and interest of depositors and other customers, the banking regulatory authorities may take over, or procure the restructuring of the Bank in accordance with the laws. The takeover and restructuring shall be implemented pursuant to the relevant laws and requirements of the State Council.

**Article 324** Where the Bank is dissolved pursuant to items (I), (II) and (VI) above, a liquidation committee shall be set up according to law within fifteen days upon approval of the banking regulatory authorities. Members of the liquidation committee shall be selected at the shareholders' general meeting by way of ordinary resolution.

Where the Bank is dissolved pursuant to item (IV) above, a People's Court shall organize the banking regulatory authorities, the shareholders, relevant authorities and relevant professionals to form a liquidation committee according to the laws and regulations to proceed with the liquidation.

Where the Bank is dissolved pursuant to item (V) above, the banking regulatory authorities shall organize the shareholders, relevant authorities and relevant professionals to form a liquidation committee to proceed with the liquidation.

The Bank shall apply to the banking regulatory authorities where a dissolution is needed by reason of its merger, division or events of dissolution required in the Articles occurred, together with reasons for dissolution as well as payments of principals and interest of deposits and other settlement plans of debts, and shall dissolve upon the approval by banking regulatory authorities.

**Article 325** The liquidation committee shall exercise the following duties and powers during the period of liquidation:

- (I) to liquidate the assets of the Bank and prepare a balance sheet and assets list;
- (II) to inform creditors by notices or public announcements;
- (III) to deal with any unsettled business of the Bank that relates to the liquidation;
- (IV) to pay off any outstanding taxes and any taxes arising in the course of liquidation;
- (V) to clear up claims and debts;
- (VI) to handle the Bank's remaining assets after paying off all debts;
- (VII) to participate in civil litigation on behalf of the Bank.

**Article 326** The liquidation committee shall, within ten days of its establishment, notify the creditors and shall, within sixty days of its establishment, publish an announcement at least three times in the newspapers. The liquidation committee shall, within ten days of its establishment, notify the creditors and shall, within sixty days of its establishment, publish an announcement in the newspapers. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice.

In claiming its rights, the creditor shall provide details about its creditor's rights and the supporting documents. The liquidation committee shall register the creditor's rights.

During the claim of creditor's rights, the liquidation committee shall not settle the creditor.

**Article 327** After liquidation of the Bank's assets and the preparation of a balance sheet and assets list, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders' general meeting or to the relevant competent authorities for confirmation.

**Article 328** Where the Bank's assets are sufficient for the settlement of its debts, they shall be liquidated in the following order:

- (I) to pay the liquidation costs;
- (II) To pay employees' salary, social insurance and statutory compensation;
- (III) To pay principal and interest of personal savings deposits;
- (IV) To pay outstanding taxes;
- (V) To pay other debts of the Bank.

Before liquidation as specified in the preceding paragraph, the assets of the Bank shall not be distributed to shareholders. The Bank's remaining assets after repayment as specified in the preceding paragraph shall be distributed to the shareholders as per the types of their shares and their shareholding ratio. During the liquidation, the Bank shall not conduct any new business activities.

**Article 329** After liquidation of the Bank's assets and the preparation of a balance sheet and assets list, if the liquidation committee considers the assets of the Bank to be insufficient for the settlement of its debts, the liquidation committee shall apply to the people's court for a declaration of bankruptcy.

After the Bank is declared bankrupt by the people's court, the liquidation committee shall hand over its liquidation work to the people's court.

**Article 330** Following the completion of liquidation, the liquidation committee shall prepare a liquidation report, income and expenditure statement and financial books of accounts in respect of the liquidation period, and upon verification by a PRC certified public accountant, submit the same to the shareholders' general meeting, the banking regulatory authorities or people's court for confirmation. The liquidation committee shall submit the documents mentioned above to the company registration authority, apply for cancellation of the company's registration and make an announcement of the closure of the Bank within thirty days after the confirmation of the shareholders' general meeting, the banking regulatory authorities or people's court.

**Article 331** Members of the liquidation committee shall faithfully perform their duties and perform the liquidation obligations in accordance with the law.

Members of the liquidation committee shall not accept any bribes or other illegal income by abusing their authority and shall not misappropriate the assets of the Bank.

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

**Article 332** If the Board of Directors decides that the Bank shall be liquidated (except for liquidation resulting from the Bank's declaration of bankruptcy), it shall state in the notice of shareholders' general meeting convened for such purpose that the Board of Directors have conducted a comprehensive investigation into the situation of the Bank and believes that the Bank is able to pay off all its debts within twelve months following the commencement of the liquidation. After the shareholders' general meeting adopts a resolution in favour of the liquidation, the functions and powers of the Board of Directors shall be terminated immediately. The liquidation committee shall follow the instructions of the shareholders' general meeting and shall report to the shareholders' general meeting on the income and expenditure of the liquidation committee, the business of the Bank and the process of the liquidation, and shall make a final report to the shareholders' general meeting at the end of the liquidation.

## **Chapter 15 Amendment to the Articles**

**Article 333** The Bank may amend the Articles as needed in accordance with relevant laws, regulations and policies of the state.

**Article 334** The Bank shall amend the Articles if any of the following circumstances occur:

- (I) If, after the Company Law or other relevant laws and administrative regulations are amended, any term contained in the Articles becomes inconsistent with the provisions of the amended laws and administrative regulations;
- (II) If a change in the Bank's circumstances results in inconsistency with the Articles;
- (III) If the shareholders' general meeting adopts a resolution to amend the Articles.

**Article 335** The Articles shall be amended as per the following procedures:

- (I) The Board of Directors proposes amendments to the Articles;
- (II) The amendment proposal shall be submitted to the shareholders' general meeting for voting;
- (III) Any amendment approved by the shareholders' general meeting to the Articles shall be submitted to the competent authorities for approval where necessary; should such amendment involve registration of the Bank, the involved change shall be registered pursuant to law;
- (IV) The Board of Directors shall amend the Articles according to the resolution on amending the same passed at a shareholders' general meeting and the approval opinions of the competent authorities.



## Chapter 16 Notice and Announcement

**Article 336** Unless otherwise stipulated in the Articles, the notice of the Bank may be issued in the following manner:

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

**Article 337** Any notice of the Bank given by announcement shall be deemed to be received by all relevant persons once such announcement is published.

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

**Article 338** If the notice of the Bank is sent by personal delivery, the recipient shall affix signature (or seal) to the return on service and the signing date shall be the date of service; if sent by post, the third working day after handover to the post office shall be the date of service; if sent by facsimile and email, the sending date shall be the date of service; if sent by announcement, the date of first announcement shall be the date of service.

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

**Article 339** The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at such meeting.

**Article 340** The Bank shall disclose periodic reports, interim reports and other relevant information according to laws. The Bank's information shall be disclosed through the Bank's website and the media (if any) designated by the Bank, and may also be published in other public media, but such publication shall not be made earlier than the time of disclosure on the Bank's website and other media designated by the Bank, save as otherwise stipulated by laws, regulations, regulatory authorities and the Articles.

**Article 341** If the securities regulatory authority at the location where the Bank's shares are listed stipulates that the Bank shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Bank in English and Chinese, if the Bank has 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 and regulations and pursuant to the applicable laws and regulations.

**Article 342** The Bank shall issue announcements and disclose information to the holders of domestic shares through the newspapers or website of the Bank for information disclosure designated by laws, administrative regulations or relevant domestic supervisory authorities. If the Bank is required to issue announcements to the holders of H shares according to the Articles, the relevant announcements shall also be published by means specified in Hong Kong Listing Rules.

## **Chapter 17 Dispute Resolution**

**Article 343** The Bank shall abide by the following rules for dispute resolution:

- (I) If any disputes or claims in relation to the Bank's business, with respect to any rights or obligations under the Articles, 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, president or other senior management personnel of the Bank, 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, president or other senior management personnel of the Bank) that have a cause of action based on the same grounds or the persons whose participation is necessary for the resolution of such disputes or claims, shall comply with the arbitration.

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 choose for the arbitration to be arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant submits a dispute or claim to arbitration, the other party must carry out the arbitration at the arbitration institution selected by the claimant.

If a claimant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (III) Unless otherwise provided by the laws, administrative regulations, departmental rules or normative documents, the laws of the PRC shall apply to the settlement of any disputes or claims of rights that are resolved by arbitration pursuant to item (I) above.

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

## Chapter 18 Miscellaneous

### Article 344 Definitions

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

The term “acting in concert” mentioned above means two or over two shareholders who, by way of agreement (whether verbal or written), cooperation or related party relationships or other lawful means, enlarge the proportion of the shares in the Bank which are under their control or consolidate their control over the Bank, so that when exercising the voting rights, the same expression of opinions will be adopted (including joint proposal of motions, joint nomination of directors, entrustment of the exercise of voting rights which do not state voting intention and other such situations).

- (II) De facto controller means a person who, though not a shareholder of the Bank, is able to get the de facto control of the Bank through investment relationships, agreement or other arrangements.
- (III) Substantial shareholders means the shareholder 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 number of shares but have a significant impact upon the operation management of the Bank.

“significant impact” above shall include (but not limited to) the right to nominate directors, supervisors or senior management personnel 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 banking regulatory authorities.

- (IV) Immediate relatives refer to spouses, parents, children, brothers and sisters, grandparents, material grandparents, grandchildren and material grandchildren.
- (V) Related party relationship means the relation between the controlling shareholder, de facto controller, directors, supervisors, members of the senior management of the Bank and the enterprises under their direct or indirect control, and any other relationships that may lead to the transfer of interest of the Bank, provided however that there should be no related party relationship between state-controlled enterprises solely because they are under the common control of the state.

(VI) A material related party transaction refers to a transaction in which the amount of a single transaction between the Bank and a single related party reaches more than 1% of the Bank's net capital at the end of the previous quarter, or cumulatively reaches more than 5% of the Bank's net capital at the end of the previous quarter. After the cumulative transaction amount between the Bank and a single related party reaches the standard in the preceding paragraph, the subsequent related party transactions shall be re-identified as major related party transactions each time the cumulative amount reaches more than 1% of the net capital at the end of the previous quarter.

The connected transactions defined in the Hong Kong Listing Rules shall be subject to the provisions and requirements in relation to Hong Kong laws and rules.

(VII) Laws and regulations refer to the laws, regulations, rules and normative documents of the People's Republic of China (for the purpose of the Articles, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and the Taiwan Region as an integral part of the territory of the People's Republic of China), and regulatory requirements of the securities regulatory authorities at the location where the Bank's shares are listed, including amendments made thereto from time to time.

(VIII) Banking regulatory authorities refer to China Banking and Insurance Regulatory Commission or its local offices.

(IX) The meaning of the "accounting firm" mentioned in the Articles is the same as that of "auditors" as referred to in the Hong Kong Listing Rules.

(X) Unless otherwise specified or different explanations should be made depending on the context, the day refers to the natural day, the working day refers to all days except Saturdays, Sundays and Chinese legal holidays; if the last day of the period stipulated in the Articles is not a working day, no extension shall be made.

**Article 345** The Board of Directors may formulate the by-laws in accordance with the Articles. The by-laws shall not conflict with the Articles.

**Article 346** The Articles shall be executed in Chinese. Where the Articles in any other language or version disagree with the Articles in Chinese, the Chinese version of the Articles latest approved and registered by the banking regulatory authorities shall prevail.

**Article 347** All "over", "under", "within", "no less than", "not exceeding", "at least" in the Articles include the relevant figure itself; "no more than", "lower than", "less than", "except", "exceed" do not include the relevant figure itself.

**Article 348** After consideration and approval by the shareholders' general meeting, the Articles shall become effective from the date of approval by the banking regulatory authorities.

**Article 349** The Board of Directors of the Bank shall be responsible for the interpretation of the Articles.