

**Articles of Association of Guangzhou Rural Commercial Bank Co., Ltd.**

(Amended in 2023)

## CHAPTER 1 GENERAL PROVISIONS

### Article 1

For the purpose of protecting the legitimate rights and interests of Guangzhou Rural Commercial Bank Co., Ltd. (hereinafter referred to as the “Bank”), its shareholders and creditors, and of regulating the structure and acts of the Bank, the Articles of Association of the Bank (hereinafter referred to as the “Articles”) are hereby formulated in accordance with the Constitution of the Communist Party of China, the Working Rules of Primary-level Party Organizations of State-owned Enterprises (for trial implementation), the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Commercial Bank Law of the People’s Republic of China (hereinafter referred to as the “Commercial Bank Law”), the Banking Supervisory and Administrative Law of the People’s Republic of China (hereinafter referred to as the “Banking Supervisory and Administrative Law”), the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), “the State Council Guiding Opinions on the Experimental Development of Preference Shares”, “The Trial Administrative Measures on Preference Shares”, “the Guiding Opinions on Commercial Banks Offering Preferred Shares to Replenish Tier 1 Capital (2019 Revision)”, “Corporate Governance Guidelines for Banking and Insurance Institutions”, “the Interim Measures for Equity Management of Commercial Banks” as well as other relevant laws and regulations, departmental rules and regulatory documents.

### Article 2

The Bank is a joint stock limited company incorporated in accordance with the Company Law, the Commercial Bank Law and other relevant laws and regulations.

The Bank was established on December 9, 2009 by a way of promotion with the “Approval Regarding the Opening of Guangzhou Rural Commercial Bank Co., Ltd.” (Yin Jian Fu No. [2009]484) issued by the China Banking Regulatory Commission. On December 9, 2009, the Bank has been registered with the Administration for Industry and Commerce of Guangzhou Municipality and obtained a business license. The unified social credit code of the Bank is 914401017083429628.

On December 9, 2009, the promoters of the Bank include 727 legal persons such as Guangzhou Finance Holdings Group Co., Ltd. (廣州金融控股集團有限公司) and 28,936 natural persons.

**Article 3** Chinese name in full of the Bank: 廣州農村商業銀行股份有限公司

Chinese name in short of the Bank: 廣州農村商業銀行

English name in full of the Bank: Guangzhou Rural Commercial Bank Co., Ltd.

English name in short of the Bank: GRCB

**Article 4** Domicile of the Bank: No.9 Yingri Road, Huangpu District, Guangzhou City

Postal code: 510663

Telephone number: 020 – 22389298

Facsimile number: 020 – 22389266

**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 (the “Board of Directors”).

**Article 7** The Bank is an independent corporate legal person and is entitled to all the legal person properties contributed by shareholder investors. The Bank shall have civil rights and separately assume civil liabilities for all its legal person properties in accordance with the laws. The properties, lawful rights and interests and the legally-compliant operations of the Bank are under protection of the relevant PRC laws and regulations and shall not be infringed upon or interfered with by any entities or individuals in breach of the laws.

Shareholders of the Bank shall be entitled to various rights including receipt of the returns on assets, participation in major decisions and selection of managers in accordance with the laws. They shall be accountable to the Bank to the extent of their subscribed shares.

**Article 8** As from the date when the Articles of Association come into force and effect, they shall constitute a legally binding document regulating the structure and acts of the Bank and the rights and obligations between the Bank and its shareholders and among its shareholders.

**Article 9** In accordance with the relevant regulations of the Constitution of the Communist Party of China, the Working Rules of Primary-level Party Organizations of State-owned Enterprises (for trial implementation) and the Company Law, establish the Committee of the Communist Party of China of Guangzhou Rural Commercial Bank Co., Ltd. (hereinafter the “Party Committee of the Bank”). The Party Committee of the Bank has established Party Committee Office, Party-Mass Relationship Work Department, Party Committee Organization Department, Party Committee Propaganda Department and other working organizations equipped with a certain number of full-time staff to deal with Party affairs and guarantee the working expense.

In accordance with the requirements for the reform of the discipline inspection and supervision system of municipal financial enterprises, the Municipal Commission for Discipline Inspection has dispatched a discipline inspection and supervision team to Guangzhou Rural Commercial Bank to perform its supervisory responsibilities on the Bank. In accordance with the Party constitution and the decision of the Party Committee of the Bank, special discipline inspectors are dispatched to all operating institutions of the Bank to perform the functions of supervision within the Party.

In accordance with the relevant provisions of the Constitution of the Communist Youth League of China and the Working Rules of Primary-level Party Organizations of State-Owned Enterprises of the Communist Youth League of China (for trial implementation)”, the Committee of the Communist Youth League of China of the Guangzhou Rural Commercial Bank Co., Ltd. was established, equipped with the cadres as required, guaranteed funding for the work of the League organization, and carried out a variety of Youth League activities.

**Article 10** The Articles of Association shall be legally binding on the Bank, its shareholders, directors, supervisors, and members of senior management. The aforementioned personnel are entitled to make claims on matters relating to the Bank in accordance with the Articles.

Pursuant to the Articles of Association, the shareholders may initiate legal proceedings against other shareholders, the directors, supervisors, presidents, other senior management of the Bank and the Bank itself. The Bank may initiate legal proceedings against the shareholders, directors, supervisors, presidents and other senior management of the Bank.

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

#### **Article 11**

The senior management referred to in the Articles of Association shall mean the personnel who work at the head office of the Bank within the scope of the qualification supervision system for senior management of banking insurance institutions, including but not limited to the presidents, vice presidents, assistants to presidents, secretary to the Board of Directors, business directors, general legal advisors, officer responsible for auditing and other personnel as designated by the Board of Directors or recognized by the regulatory authority.

The chairman and vice chairman of the Board of Directors, directors, presidents and vice presidents, assistants to presidents, secretary to the Board of Directors and other personnel whose qualifications are subject to the approval of relevant regulatory departments including the banking regulatory authority of the State Council shall have the qualifications as required by such regulatory departments. Their qualifications shall be approved by or filed with such regulatory departments.

#### **Article 12**

The Bank may invest in other limited liability companies and joint stock limited companies in accordance with laws and shall assume responsibilities for any such invested enterprises to the extent of its capital contribution.

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, comprehensive planning, basic rules and regulations and external affairs of branches and subsidiary entities. The financial system of branches and subsidiary entities shall adopt unified auditing, unified transfer of capital and tiered management.

**Article 13** The Bank implements relevant PRC laws and regulations and adheres to the financial principles and policies of the Chinese government. The Bank is under the supervision and management of the banking regulatory authority of the State Council in accordance with the laws.

## **CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS**

**Article 14** The business objectives of the Bank are: to provide premium financial services for urban and rural residents and the economic development; actively support “Sannong” economy and the development of small and micro enterprises; and strive for maximum economic benefits for all shareholders.

**Article 15** Adhering to the principles of “safety, sufficient liquidity and efficiency”, the Bank operates independently with self-discipline and is solely responsible for any risks, profits and losses arising from its operation.

**Article 16** The operation and management of the Bank shall comply with laws and regulations, including the Commercial Bank Law and the relevant administrative regulations issued by the banking regulatory authority of the State Council.

**Article 17** Based on the economic development in Guangzhou, the shareholders’ general meeting shall determine the proportion of loans to farmers when extending additional loans and shall file with the banking regulatory authority of the State Council.

**Article 18** Upon approval by the banking regulatory authority of the State Council and other regulatory authorities, and through registration pursuant to the laws, the business scope of the Bank includes:

- (I) taking deposits from the public (including domestic and foreign currency);
- (II) extending short-term, medium-term and long-term loans (including domestic and foreign currency);
- (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, trading and issuing financial bonds;
  - (VII) interbank placements (including domestic and foreign currency);
  - (VIII) bank cards (including debit cards and credit cards) business;
  - (IX) collecting and making payment as agents and acting as insurance agents;
  - (X) providing deposit box service;
  - (XI) foreign currency remittance and foreign currency exchange;
  - (XII) foreign exchange purchases and sales against Renminbi;
  - (XIII) foreign credit investigations, advisory and attestation service;
  - (XIV) securities investment fund custodian and insurance asset custodian;
  - (XV) wealth management business;
  - (XVI) sales of securities investment funds;
  - (XVII) electronic banking business;
  - (XVIII) credit asset securitization business;
- other businesses approved by the banking regulatory authority of the State Council and other relevant regulatory authorities.

## CHAPTER 3 SHARES AND REGISTERED CAPITAL

### Section 1 Issuance of Shares

**Article 19** The shares of the Bank shall be in the form of stocks. The Bank shall have ordinary shares at all times. The Bank may issue other classes of shares such as preference shares according to its needs and upon the approval from the applicable authorities of the State Council. In the Articles of Association, preference shares refer to the other classes of shares governed separately under the Company Law as compared to the ordinary shares governed by the general provisions. Holders of preference shares shall participate in the distribution of profits and residual assets of the Bank in priority to ordinary shareholders, but their rights in respect of participating in decision making and management of the Bank are restricted.

A share certificate issued by the Bank is a certificate certifying the ownership of shares in the Bank by its shareholders.

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

**Article 20** The issuance of shares in the Bank shall be conducted in a fair and equitable manner. The same class of shares must carry equal rights.

Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual).

**Article 21** All the ordinary shares issued by the Bank shall have a par value of RMB1 each.

**Article 22** The Bank may issue shares to investors both within and outside the PRC upon approval from the banking regulatory authority of the State Council or the competent securities regulatory authorities of the State Council.



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

### **Article 23**

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

Overseas listed foreign shares issued by the Bank and listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) are referred to as H shares. H shares refer to the ordinary shares listed on the Hong Kong Stock Exchange with par value denominated in RMB and subscribed for and traded in Hong Kong dollars.

For the purposes of the preceding paragraph, the term “Foreign currencies” refers to the lawful currencies of other countries or regions other than RMB, which are recognised by the State Administration of Foreign Exchange for payment of share subscription to the Bank.

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

### **Article 24**

The domestic shares issued by the Bank shall be held in central custody at the China Securities Depository and Clearing Corporation Limited. The H shares (only ordinary shares) of the Bank shall be held in custody mainly at the authorised depository companies under the Hong Kong Securities Clearing Company Limited and may also be held by the shareholders under individual names.

**Article 25** The shareholding proportion of a single natural person, the aggregate shareholding proportion of natural persons who are employees and the aggregate shareholding proportion of each single domestic non-financial institution and their connected parties shall comply with the laws, regulations and regulatory requirements.

Substantial shareholders and financial products shall invest in and hold the shares of the Bank in accordance with the Interim Measures for the Equity Management of Commercial Banks and relevant requirements of the banking regulatory authority of the State Council on shareholders' responsibilities and information disclosure.

**Article 26** As approved by the approval department authorized by the State Council, the Bank may issue a total of 11,451,268,539.00 ordinary shares. Upon its establishment, the Bank issued 6,873,418,539.00 ordinary shares to its promoters, of which 4,023,418,539.00 shares were subscribed for by the members of the former Guangzhou Rural Credit Cooperative by way of share exchange, and 2,850,000,000.00 shares were subscribed for by the promoters in monetary capital.

The Bank issued 2,125,335,000.00 overseas listed foreign shares (H shares) upon approval by the approval departments as authorized by the State Council.

The Bank's ordinary share capital consists of 11,451,268,539.00 ordinary shares, among which 9,325,933,539.00 are domestic shares, representing 81.44% of the total issuable ordinary shares of the Bank; and 2,125,335,000.00 H shares, representing 18.56% of the total issuable ordinary shares of the Bank.

The Bank issued 71,500,000 overseas preference shares.

**Article 27** Subject to approval of the Bank's plan to issue overseas listed foreign shares and domestic shares by the securities regulatory authority of the State Council, the Board of Directors may implement arrangements regarding the issuance of the shares respectively.

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

**Article 28** In the event that there are overseas listed foreign 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 due to special circumstances, such shares may be issued in separate tranches subject to the approval by the securities regulatory authority of the State Council.

**Article 29** The registered capital of the Bank is RMB11,451,268,539.00, which is equal to its paid-up capital.

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

**Article 30** Based on the requirements for operation and development and in accordance with laws and regulations and the Articles, after the shareholders' general meeting has made its resolution and the approval has been obtained from the banking regulatory authorities of the State Council, the Bank may increase its registered capital in the following ways:

- (1) offering new shares to non-specific investors;
- (2) issuing new shares to specific investors;
- (3) allotting new shares to existing shareholders;
- (4) distributing new shares to existing shareholders;
- (5) converting capital reserve into share capital;
- (6) any other methods approved by the laws, administrative regulations and relevant departments.

Upon approval according to the provisions of the Articles of Association, the Bank shall increase its capital by issuing new shares in accordance with such procedures as provided for in the relevant PRC laws, regulations and regulatory provisions.

**Article 31** The Bank may reduce its registered capital upon the approval of the banking regulatory authority of the State Council. Any reduction of registered capital of the Bank shall be handled in compliance with the procedures as stipulated by the Company Law, the Commercial Bank Law and other relevant laws, regulations and provisions of the Articles of Association.

**Article 32** When the Bank reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

**Article 33** 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 and shall publish a notice in a newspaper within thirty days thereof. The creditors who have received such notice shall, within thirty days thereafter, and those creditors who have not received such notice shall, within forty-five days from the date on which the notice is first 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 34** the Bank may, subject to the approval of the relevant regulatory authorities of the State Council through the procedures as set out in the Articles of Association, repurchase its issued and outstanding Shares for the purpose of:

- (1) cancelling Shares for reducing the registered capital of the Bank;
- (2) merging with other companies holding Shares in the Bank;
- (3) granting Shares to employees of the Bank as a reward;
- (4) 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;
- (5) any such other circumstances as permitted by the laws and administrative regulations.

Where the laws, administrative regulations, departmental rules, the Articles of Association or the preference shares issuance plan of the Bank in relation to the repurchase of preference shares by the Bank provides otherwise, such provisions shall prevail.

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

**Article 35**

Purchase of the shares of the Bank for the sake of the reasons provided in Article 34 (1) to (3) shall be permitted by resolution at the shareholders' general meeting. Shares repurchased by the Bank in accordance with the provision in (1) of Article 34 shall be cancelled within ten days from the date of repurchase, and shares repurchased by the Bank in accordance with the provision in (2) and (4) of Article 34 shall be transferred or cancelled within six months.

The number of shares in the Bank to be purchased under the circumstance set out in Article 34 (3) shall not exceed five percent of total issued shares of the Bank. The purchase of such shares shall be funded using after-tax profits of the Bank and the shares so purchased shall be transferred to the employees within one year.

**Article 36**

With the approval of competent state authorities for repurchasing its shares, the Bank may conduct the repurchase in one of the following manners:

- (1) to make an offer of repurchase to all of its shareholders in the same proportion;
- (2) to repurchase shares through open trading on a stock exchange;
- (3) to repurchase through an off-market agreement outside of the stock exchange;
- (4) by other means as permitted by the laws, administrative regulations, and relevant competent authorities.

After its own shares have been repurchased according to the law, the Bank shall cancel such portion of shares and apply to the original registration authorities for registration of changes in registered capital after canceling the shares within the period of time as provided for in the laws, regulations and regulatory provisions. The aggregate par value of the shares so canceled shall be deducted from the registered capital of the Bank.

**Article 37**

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

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

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

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

### **Article 38**

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:

- (1) 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 of a new issuance of shares for that purpose;
- (2) where the Bank repurchases its shares at a premium, payments up to the par value shall be made from the book balance of the distributable profits of the Bank or from the proceeds of a new issuance of shares for that purpose; payment of the portion in excess of the par value shall be made as follows:
  - (i) if the shares repurchased are issued at par value, payment shall be made from the book balance of the distributable profits of the Bank;
  - (ii) if the shares repurchased are issued at a premium, payment shall be made from the book balance of the distributable profits of the Bank or from the proceeds of a new issuance of shares for that purpose; however, the amount deducted from the proceeds of the new issuance of shares shall not exceed the aggregate amount of the premium received by the Bank from the issuance of the shares so repurchased, nor shall it exceed the amount in the premium account (or the capital reserve account) of the Bank during the repurchase (including the premium of issuance of new shares);

- (3) The Bank shall make the following payments from the distributable profits of the Bank:
- (i) the payments for any acquisition of the rights to repurchase the shares of the Bank;
  - (ii) the payments for any variation of any contracts to repurchase the shares of the Bank;
  - (iii) the payments for the release from the obligations of the Bank under any repurchase contracts.
- (4) After the aggregate par value of the shares canceled is deducted from the registered capital of the Bank according to the relevant regulations, the amount deducted from the distributable profits used for the repurchase of the shares at par value shall be credited to the premium account or the capital reserve account of the Bank.

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

#### **Article 39**

Except as otherwise provided for in the laws, regulations and the requirement of the securities regulatory authority in the place where the shares of the Bank are listed, fully paid shares of the Bank may be transferred freely and shall be free from any liens.

Any transfer of the shares of the Bank shall be registered with the share registry authorized by the Bank.

Any transfer of the shares of the Bank shall comply with the relevant regulations of the relevant regulators, including the banking regulatory authority of the State Council.

#### **Article 40**

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

- (1) documents related to or affecting the title or the transfer of the title of any shares have been registered, and the Bank has been paid all fees as stipulated in the Hong Kong Listing Rules, which shall not exceed the maximum fees required in the Hong Kong Listing Rules as may be amended from time to time;



- (2) the transfer documents are only in relation to H Shares;
- (3) the stamp duties required by the laws of Hong Kong to be payable for the transfer documents have been paid;
- (4) the relevant share certificate(s) and any other evidence which the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) where the shares are intended to be transferred to joint holders, the number of such joint holders is no more than four;
- (6) the shares are free and clear of any liens of the Bank.

If the Board of Directors refuses to register the share transfer, the Bank shall issue a notice of refusal to the transferor and the transferee within two months since the date of application for share transfer.

#### **Article 41**

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

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

#### **Article 42**

The shares held by the shareholders of the Bank shall not be withdrawn, but may be transferred, inherited and gifted in accordance with the relevant management rules of the Bank.



The shareholding qualification and percentage of the holders (transferee) of the transferred shares of the Bank shall comply with the requirements on the investment in rural commercial banks of the banking regulatory authorities of the State Council, and the total shares held by them and the percentage and manner of their shareholding must comply with the relevant provisions of the Articles of Association.

Shareholders intending to transfer their equities besides stock exchange shall report to the Board of Directors or the equity management institution for approval beforehand, and the approval matters shall be approved by the regulatory authorities before formalizing with the transferee. The matter should be reported to the regulatory authorities in accordance with relevant requirements.

**Article 43**

The Bank shall not allow its shares to become pledged.

- (1) If shareholders use their equity interests in the Bank to provide guarantees for themselves or others, they shall strictly comply with the requirements of laws, regulations and regulatory authorities and give a prior notice to the Board of Directors. The Office of the Board of Directors or other departments designated by the Board of Directors shall be responsible for the daily collection, preparation and reporting of information regarding the equity pledge of the Bank;

Where a shareholder who is director or supervisor of the Bank, or directly, indirectly or jointly holds or controls no less than two percent of the shares or voting rights of the Bank pledges his/her shares of the Bank, he/she shall make filing to the Board of Directors in advance, which shall state the basic information of the pledge, including the reasons for the pledge, the number of shares involved, the term of pledge and the particulars of the pledge. Where the Board of Directors considers the pledge to have material adverse impact on the stability of the control of the Bank over its shareholdings, corporate governance, risks and related-party transactions, no filing shall be made. Directors nominated by a shareholder who proposes to pledge his/her shares of the Bank shall abstain from voting at the Board of Directors meeting at which such proposal is considered;

- (2) Upon the completion of registration of the pledge of equity interests, the shareholders involved shall provide the Bank with the relevant information in relation to the pledge of equity interests in a timely manner, so as to facilitate the risk management and information disclosure compliance of the Bank;
- (3) Shareholders shall not pledge the shares of the Bank if the outstanding balance of the loans they have borrowed from the Bank exceeds the audited net equity value held by them in the Bank in the previous year;
- (4) Where a shareholder pledges fifty percent or more of his/her equity interests in the Bank, the voting rights of such shareholder at the shareholders' general meetings and the directors appointed by him/her at the meeting of the Board of Directors shall be subject to restrictions.

#### **Article 44**

The transfer of Shares of the Bank held by the promoter shall comply with the laws, regulations and regulatory requirements. Substantial shareholders shall not transfer the shares held by them within five years from the date of acquisition of equity interests.

Directors, supervisors and senior management of the Bank shall declare to the Bank their shareholdings in the Bank (including preference shares) and any changes in such shareholdings. The aforesaid personnel shall not transfer the shares held in the Bank during their tenure and within six months upon the termination of their employment, and shall not pledge the shares held in the Bank during their tenure.

If the laws, regulations and rules of the securities regulatory authorities of the place where the shares of the Bank are listed provide otherwise, such laws, regulations and rules shall prevail.

#### **Article 45**

Investors, together with their related parties and persons acting in concert, who intend to hold for the first time or increase by in aggregate, severally or jointly, more than five percent of total capital or total share capital of the Bank, shall report to the banking regulatory authorities of the State Council or its local offices for approval. Investors, together with their related parties and persons acting in concert, who hold, severally or jointly, more than one percent but less than five percent of total capital or total shares of the Bank, shall report to the banking regulatory authorities under the State Council or its local offices within ten working days after obtaining their equities.

In the event that a shareholder holds more than five percent of the outstanding shares of the Bank without prior consent of the banking regulatory authority of the State Council, such shareholder shall rectify his/her actions within the prescribed period and shall not exercise shareholder's right attached to such invalid shares before rectification.

#### **CHAPTER 4 FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES IN THE BANK**

**Article 46** The Bank (including our branches and sub-branches) or the subsidiaries shall not offer any financial assistance at any time by any means to purchasers or prospective purchasers of the shares of the Bank. The purchasers of the shares of the Bank as mentioned above 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 (including our branches and sub-branches) or the 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 persons.

This Article does not apply to the circumstances set out in Article 48 of the Chapter.

**Article 47** The financial assistance stated in the Chapter shall include, but not be limited to:

- (1) gifts;
- (2) 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), compensations (other than compensation given for acts where the Bank is at fault) or the release or waiver of any rights;
- (3) the provision of loans or the entering into of any agreement under which the obligations of the Bank are to be fulfilled before the obligations of another party, and a change in the parties to, or the novation of, or the assignment of rights arising under such loans or agreement;

- (4) any other form of financial assistance given by the Bank when the Bank is insolvent, has no net assets, or when the net assets of the Bank would be reduced to a material extent as a result of such financial assistance.

The obligations referred to in the Chapter shall include the obligations of an obligator which have arisen by entering into a contract or making of an arrangement (regardless of whether such contract or arrangement is enforceable, or whether such obligations are assumed by the obligator individually or jointly with any other person) or any obligations that arise out of any changes made in any other way to the obligator's financial condition.

**Article 48**

The acts listed below shall not be prohibited by Article 46 of the Chapter:

- (1) the financial assistance provided by the Bank is genuinely for the interests of the Bank and the main purpose of the financial assistance is not to purchase shares of the Bank, or the financial assistance is an incidental part of the Bank's overall plans;
- (2) any lawful distribution of the assets of the Bank in the form of dividends;
- (3) distribution of dividends in the form of shares;
- (4) reduction of registered capital, repurchase of shares, shareholding restructuring, etc., in accordance with the Chapter;
- (5) provision of loans by the Bank within its scope of business and in the ordinary course of business (provided that the provision does not lead to a reduction in the net assets of the Bank or that if this causes a reduction, the financial assistance is taken from the distributable profits of the Bank);
- (6) provision of any funds by the Bank for an employee stock ownership plan (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 distributable profits of the Bank).

## CHAPTER 5 SHARES CERTIFICATE AND SHARE REGISTER

**Article 49** Share certificates of the Bank shall be in registered form. Share certificates of the Bank must specify the following details:

- (1) the name of the Bank;
- (2) the incorporation date of the Bank;
- (3) the class, par value and number of shares that each share certificate represents;
- (4) the serial number of the share certificates;
- (5) other matters that must be specified according to the Company Law and the requirements of the securities regulatory authorities and the stock exchange of the place where the shares of the Bank are listed;
- (6) 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;
- (7) 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.

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.

**Article 50** The share certificates of the Bank shall be signed by the Chairman of the Board of Directors. Where the stock exchange in the jurisdiction in which the shares of the Bank are listed requires the senior management of the Bank to sign the share certificates, the share certificates shall be signed by the president or other relevant members of senior management. The share certificates shall become effective after a seal of the Bank is affixed or imprinted thereon. The affixation and imprint of the Bank’s seal on the share certificates shall be subject to the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors, the president or other relevant members of senior management of the Bank on the share certificates can be provided in printed form.

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

**Article 51**

The Bank shall maintain register of members to state the following matters:

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

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

**Article 52**

Pursuant to an understanding and agreement reached between the securities regulatory authority and overseas securities regulatory authority, the Bank may keep its register of members of overseas listed foreign shares outside the PRC and appoint an overseas agent to manage these registers. The original of its H share (only ordinary shares) register shall be kept in Hong Kong.

The Bank shall keep at its domicile duplicates of the register of members of overseas listed foreign 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 register of members of overseas listed foreign shares, the originals shall prevail.

**Article 53** The Bank shall keep a complete register of members and make it available for inspection by its shareholders.

The register of members shall comprise the following parts:

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

**Article 54** The various parts of the register of members shall not overlap with one another. The transfer of shares registered in a certain part of the register of members 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 members shall be effected in accordance with the laws of the place in which that part of the register of members is kept.

**Article 55** If the laws, administrative regulations, departmental rules, normative documents, the requirements of the stock exchange where securities of the Bank are listed and the relevant regulatory authorities have provisions regarding the book closure period of share transfer registration before the Shareholders' general meeting or the base date on which the Bank decides to distribute dividends (including but not limited to section 632 of the Hong Kong Companies Ordinance, etc.), the provisions shall prevail.

**Article 56** When the Bank convenes a shareholders' general meeting to distribute dividends, undergo liquidation or engage in any other act requiring the confirmation of shareholders' identities, the Board of Directors or the convener of the shareholders' general meeting shall stipulate a date for shareholding registration. The shareholders whose names appear on the register of members at the close of shareholding registration date shall be entitled to the relevant rights.



**Article 57**

Anyone objecting to the register of members, and either requests that his/her name (description) be registered in the register of members or that his/her name (description) be removed from the register of members shall have the right to apply to the people's court having the appropriate jurisdiction in order to rectify the register of members.

**Article 58**

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

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

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

If the share certificates held by holders of overseas listed foreign shares are lost, the replacement application shall comply with the following requirements:

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



- (3) If the Bank decides to issue the replacement share certificates to the applicant, an announcement of its intention to issue the certificates shall be published in a newspaper designated by the Board of Directors. The period for such announcement shall be ninety days and the announcement shall be published at least once every thirty days during this period.
- (4) Prior to the publication of the aforesaid announcement, the Bank shall submit a copy of the proposed announcement to the stock exchange on which its shares are listed, and shall publish the announcement after obtaining the stock exchange's confirmation that the announcement has been displayed at the stock exchange. The announcement shall be displayed at the stock exchange for ninety days.

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

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

#### **Article 59**

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

**Article 60** The Bank shall not assume any compensatory obligations towards persons who may suffer loss from the Bank's cancellation of the lost Original Share Certificates or the issuance of replacement share certificates, unless such persons can prove fraud on the part of the Bank. Where warrants are issued to bearer, no replacement warrant shall be issued to replace the one that has been lost unless the Bank is satisfied beyond reasonable doubt that the original warrant has been destroyed.

## **CHAPTER 6 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS**

### **Section 1 Shareholders**

**Article 61** A shareholder of the Bank is a person who lawfully holds shares of the Bank and whose name (description) is recorded in the register of members. A shareholder of the Bank shall be qualified for share subscription as required by the banking regulatory authority of the State Council.

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

To the extent permitted by the laws, regulations and regulatory requirements, where two or more persons are registered as the joint holders of any shares, they shall be deemed as the joint owners of such share, provided that they are subject to the following constraints:

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

- (4) as far as all joint shareholders of any shares are concerned, only the joint shareholder whose name appears first on the register of members has the right to receive the share certificate of the relevant shares and notices of the Bank; and any notice served on such a shareholder shall be treated as having been served on all the other joint shareholders of those shares.

Any joint shareholder may sign the proxy form. The vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholders and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint shareholding.

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

## **Article 62**

A common shareholder of the Bank shall enjoy the following rights:

- (1) to receive dividends and other kinds of distributions as determined by the number of shares held by them;
- (2) to request for convention, convene, preside over, attend in person or by a proxy general meeting, speak at the shareholders' general meeting and exercise voting rights based on the number of the shares held by him/her in accordance with the law (unless individual shareholders are required to abstain from voting to approve the matter under consideration in accordance with applicable Rules Governing the Listing of Securities as amended from time to time);
- (3) to supervise the business operation of the Bank, and to make suggestions and enquires accordingly;
- (4) to transfer, bestow or pledge shares held by him/her in accordance with the laws, regulations, regulatory provisions and the provisions of the Articles of Association;

- (5) to obtain relevant information in accordance with the laws, regulations, regulatory provisions and the provisions of the Articles of Association, including:
  - 1) to obtain a copy of the Articles of Association after its cost has been paid;
  - 2) to inspect and copy the following documents after a reasonable fee has been paid:
    - (i) all parts of the register of members;
    - (ii) the personal information of directors, supervisors, and senior management of the Bank, including:
      - (1) present and former names and alias;
      - (2) main address (domicile);
      - (3) nationality;
      - (4) professional job and other part-time occupation and position;
      - (5) identification documents and its number.
    - (iii) status of the share capital of the Bank;
    - (iv) reports on the aggregate par value, number of shares, and highest and lowest prices of each class of shares in relation to any repurchase by the Bank of its own shares since the last financial year, as well as all the expense paid by the Bank in relation to such repurchases;
    - (v) minutes of the general meetings;
    - (vi) the latest audited financial statements and the reports of the Board of Directors, auditors and the Board of Supervisors;

- (vii) special resolutions;
- (viii) the copy of the latest corporate annual report submitted to the administrative authorities for industry and commerce or other competent authorities for filing;
- (ix) counterfoil of bonds, minutes of the meetings of the Board of Directors, and minutes of the meetings of the Board of Supervisors, and financial and accounting reports of the Bank;

Except for the documents mentioned in item (2) above, the Bank shall maintain all documents set out in items (1) to (8) above at its domicile in Hong Kong according to the Hong Kong Listing Rules to make them available for free inspection by the public and shareholders of its overseas listed shares. Documents mentioned in item (5) shall only be available for the shareholders with voting rights at relevant shareholder's general meetings.

Copies of minutes of the shareholders' meetings are available for shareholders' inspection free of charge during working hours of the Bank. Upon request of any shareholder obtaining the copies of the relevant meeting minutes, the Bank shall dispatch the relevant copies within seven days after receipt of a reasonable fee.

- (6) to participate in the distribution of the remaining assets of the Bank based on the number of shares held in the event of the dissolution or liquidation of the Bank;
- (7) to request the Bank to repurchase shares from such shareholders who voted against the resolutions adopted at a general meeting to merge or divide the Bank;
- (8) to have other rights conferred in accordance with the laws, administrative regulations and the Articles of Association.

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, the voting right, right of nomination, right of submitting proposals, and right of disposition, etc.;

For a shareholder that makes any false statement, abuses shareholders' rights or otherwise damages the interests of a commercial bank, the banking regulatory authority of the State Council or its local offices may restrict or prohibit connected transactions between the commercial bank and the shareholder, restrict the limit of equity held in the commercial bank, and equity pledge ratio, etc., and restrict its right to request convening of a shareholders' general meeting, the voting right, right of nomination, right of submitting proposals, and right of disposition, etc.;

If any person who has direct or indirect interest of the Bank does not disclose such interest to the Bank and exercises the rights of shares, the Bank shall not damage his/her rights based on shares of the Bank in freezing or other ways.

### **Article 63**

Where a shareholder requests the inspection of or access to the relevant information as set forth in Article 62(5), such shareholder shall provide the Bank with written documents evidencing the class and number of shares held by such shareholder in the Bank and the Bank shall provide the above information at the request of such shareholder upon verification of the shareholder's identity.

Shareholders shall fulfil 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 64**

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

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

**Article 65**

If any director or member of senior management has violated the laws, administrative regulations or provisions of the Articles of Association in performing their duties in the Bank and therefore has caused loss to the Bank, shareholders who have individually or jointly held more than one percent or more shares in the Bank for no less than one hundred and eighty consecutive days may make a written request to the Board of Supervisors to initiate legal proceedings at the people's court. If any supervisor has violated laws, administrative regulations or provisions of the Articles of Association 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 a people's court.

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

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

**Article 66**

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

**Article 67**

A shareholder of the Bank shall have the following obligations (where the Articles of Association provide otherwise in relation to the obligations of holders of preference shares, such provisions shall prevail):

- (1) to abide by the laws, administrative regulations, regulatory requirements and the Articles of Association;



- (2) to pay the share capital as determined by the number of shares subscribed for and by the prescribed method of capital contribution; to use self-owned funds with legal sources to invest in the share capital of the Bank instead of non-self-owned funds such as entrusted funds, debt funds, etc., unless otherwise provided by laws, regulations or regulatory systems;
- (3) not to return the shares to the Bank except for the purpose of abiding the requirements of the laws, regulations or regulatory provisions;
- (4) to maintain the interests and reputation of the Bank and support the Bank to carry out various business activities according to the laws;
- (5) shareholders (especially substantial shareholders and their controlling shareholders), and de facto controller not to injure the legitimate interest of the Bank, its shareholders and stakeholders by abusing its rights as a shareholder or using related relationships, and otherwise shall bear the liability for compensation for losses caused to the Bank, its shareholders and stakeholders in accordance with the laws; not to injure the interests of the creditors by abusing the independence status of the corporate juridical person and limited liabilities of shareholders of the Bank, where the Bank's shareholders abuse the independent status of the corporate juridical person or limited liabilities of shareholders to avoid debts, or cause a serious damage to the interests of the Bank's creditors, they shall be jointly and severally liable for the Bank's debts;
- (6) shareholders, especially the substantial shareholders should exercise their rights as capital contributors in strict accordance with laws, regulations and these Articles of Association and shall not seek improper benefits; shareholders (especially substantial shareholders) and their controlling shareholders, and de facto controller shall not interference with the decision-making power and the rights of management enjoyed by the Board of Directors and the senior management under these Articles of Association, and interference with the Bank's operation management directly without the approval of the Board of Directors and the senior management;



- (7) in the case of the capital adequacy ratio is lower than the legal requirements or the lowest standard as required by the banking regulatory and administrative authorities under the State Council, shall support the measures of increasing the capital adequacy ratio which shall be proposed by the Board of Directors. Shareholders, especially the substantial shareholders, shall support any reasonable capital planning made by the Board of Directors of the Bank so as to make the capital of the Bank meet the regulatory requirements on an ongoing basis. When the capital of the Bank fails to meet any regulatory requirements, a capital replenishment plan shall be made to meet the regulatory requirements on capital adequacy ratio within specified period of time and to replenish capital by way of adding core capital. Substantial shareholders shall not prevent other shareholders from replenishing the capital of the Bank or new qualified shareholders from entering into the Bank. Substantial shareholders shall make a long-term commitment to the Bank in writing in respect of making any capital replenishment to the Bank when necessary, which shall act as a part of the Bank's capital planning;
- (8) to comply with the regulatory requirements on shareholding ratio and the number of shareholding institutions, and not to entrust or accept entrustment by others to hold shares of the Bank;
- (9) to truthfully inform the Bank of financial information, shareholding structure, source of capital for equity investment, controlling shareholders, de facto controller, related parties, persons acting in concert, ultimate beneficiaries, investment in other financial institutions and other information in accordance with laws, regulations and regulatory requirements;
- (10) where there are any changes to the controlling shareholders, de facto controller, related parties, persons acting in concert and ultimate beneficiaries of shareholders, the relevant shareholders shall promptly notify the Bank of the changes in writing in accordance with laws, regulations and regulatory provisions;

- (11) where shareholders conduct mergers or divisions, are ordered to suspend business for rectification, be under designated custody, taken over, subject to revoke, etc., or enter in the process of dissolution, liquidation, bankruptcy procedures, or changes occur to their legal representative, company name, business location, business scope, and other major matters, they shall promptly notify the Bank of the relevant information in writing in accordance with laws, regulations and regulatory requirements;
- (12) where the shares of the Bank held by the shareholders are involved in litigation, arbitration, legal enforcement measures taken by judiciary authorities, pledges or release of pledges, shareholders shall promptly notify the Bank of the relevant information in writing in accordance with laws, regulations and regulatory requirements;
- (13) where a shareholder transfers, pledges its shares in the Bank, or conducts related transactions with the Bank, it shall abide by laws, regulations and regulatory requirements, without causing damage to the interests of other shareholders and the Bank;
- (14) where the Bank experiences a major risk incident or commits a serious violation of regulations and is subsequently subject to risk disposal or takeover or other measures by the CBIRC or its dispatched institutions, shareholders shall cooperate with the regulatory authorities in conducting investigation and risk disposal, strictly implement relevant regulatory measures and requirements, take the initiative to maintain the stable operations of the Bank, and assume the responsibilities and obligations of shareholder in accordance with the law; Where the Bank experiences a major risk incident, the Bank will adopt appropriate loss absorption and risk mitigation mechanisms in accordance with relevant laws and regulations and the recovery and disposal plan formulated by the Bank, and the shareholders shall actively support it;
- (15) shareholders shall perform the fiduciary duty to the Bank according to law and ensure shareholders' qualification data provided are true, complete and valid; substantial shareholders shall report to the Board of Directors the information of their related parties in a true, accurate and complete manner, and undertake that they will report to the Board of Directors any change of the related party relationship in a timely manner;

- (16) shareholders shall make a service commitment in writing to the Bank in support of agriculture and small businesses;
- (17) other obligations of the shareholders as required by the laws, regulations, regulatory provisions and the Articles of Association.

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

**Article 68**

A shareholder must notify the Board of Directors before pledging shares as collateral for himself or others.

**Article 69**

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

- (1) Controlling shareholders shall nominate candidates for directors and supervisors of the Bank in strict compliance with applicable laws, regulations as well as the conditions and procedures stipulated in the Articles of Association. Controlling shareholders shall have no rights to approve any resolutions on the election of members of shareholders' meetings and any appointment of members of the Board of Directors, or appoint or remove any members of the senior management of the Bank without approval at the shareholders' general meeting and the Board of Directors;
- (2) Controlling shareholders shall not directly or indirectly interfere with the decision-making or lawful operating activities of the Bank, and shall not impair the rights and interests of the Bank and other shareholders;
- (3) Controlling shareholders and the Bank shall be independent of each other in respect of staff, asset, finance, institutions and business and shall have separate accounting and assumption of liabilities and risks;

- (4) Members of the Bank shall be independent of Controlling Shareholders. No senior management of the Bank shall hold any position at any entity of the Controlling Shareholders other than the post of directorship;
- (5) Any assets contributed by a Controlling Shareholder in the Bank shall be independent and in its entirety, and with ownership unencumbered. The Controlling Shareholder shall not use or dispose of the assets of the Bank, or interfere with the operation and management of such assets of the Bank;
- (6) Controlling shareholders shall respect the financial independence of the Bank and shall not interfere with the financial and accounting activities of the Bank;
- (7) The Board of Directors, the Board of Supervisors and other internal institutions of the Bank shall separately operate. Controlling shareholders and their subordinate institutions shall not make any plans or instructions with regard to the businesses of the Bank, or affect its independent business management in any manner.

In addition to the obligations required under the laws, regulations, regulatory provisions or the listing rules of the place where the Bank's securities are listed, when exercising his rights as a shareholder, a Controlling Shareholder shall not exercise his voting rights and make decisions on the following issues which are detrimental to the interests of all or some of the shareholders:

- (1) Relieving a director or a supervisor of his responsibility to act in good faith and in the best interests of the Bank;
- (2) Approving a director or a supervisor (for his/her own or for the benefit of others) in depriving the Bank of its assets in any form, including but not limited to any business opportunities advantageous to the Bank;
- (3) Approving a director or a supervisor (for his/her own or for the benefit of others) in depriving other shareholder of their personal interests, including but not limited to any distribution rights and voting rights, unless the deprivation is made pursuant to the restructuring of the Bank submitted to and adopted at the general meeting in accordance with the Articles of Association.

## Article 70

The shareholding, governance, trading, responsibilities and obligations of major shareholders of the Bank shall be carried out in accordance with Measures for the Supervision of the Behavior of Major Shareholders of Banking Insurance Institutions (Trial).

- (1) major shareholders shall be adequately aware of the nature, risk characteristics and prudent operation rules of the banking industry, as well as the rights and duties of major shareholders, proactively maintain a sound operation of the Bank and a stable financial market, protect consumers' rights and interests, and support the Bank to better serve the real economy and prevent and control financial risks;
- (2) major shareholders shall strengthen the capital binding, maintain an appropriate level of leverage, scientifically lay out the investments in the Bank to ensure that the behavior of investments commensurate with its own capital scale, capability of capital contribution on an ongoing basis, and management level, and the amount of investments in the Bank meets relevant regulatory requirements;
- (3) when major shareholders acquired equity interests and submitted to CBIRC and its dispatched institutions for consideration and approval, they shall explicit the capital source, cooperate positively with CBIRC and its dispatched institutions as well as the Bank in examining the capital source;
- (4) major shareholders shall explicit their shareholding structure in each level up to the de facto controller and ultimate beneficiary, as well as their related relationship or concerted action with other shareholders, so as to ensure that the shareholding relationship is true and transparent, and illegal acts such as concealing the de facto controller, concealing related relationship, shareholding on behalf of others and private agreements are strictly prohibited;
- (5) no direct or indirect cross-shareholding is allowed between major shareholders and the Bank, except as otherwise provided by the State Council;

- (6) major shareholders shall not provide guarantee in favour of debts of other than themselves and their related parties by their equities in the Bank, hold equities in the Bank on behalf of others or through illegal related-party shareholding, or disguise transfer of equity by means of equity pledge. Major shareholders shall inform the Bank any pledge or release of pledge of their equity and allow the Bank to disclose such information in the annual report of the Bank;
- (7) major shareholders shall focus on long-term investments and value investments, and shall not aim at the purpose of speculative cashing out; shall safeguard the relative stability of the Bank's shareholding structures, and shall not transfer or transfer in any disguised form their equity interests in the Bank within the period of restricted transfer of equity, except as otherwise transfer in accordance with judicial rulings, administrative transfers, or orders from the CBIRC and its dispatched institutions;
- (8) major shareholders shall perform their duties and responsibilities diligently in accordance with laws and regulations, regulatory requirements and the Articles of Association, participate in corporate governance lawfully and effectively, and be strictly prohibited from the abuse of shareholder's rights; support the Bank in establishing an independent, sound and well-balanced corporate governance structure, and encourage and support the Bank to organically integrate the leadership of the Party with corporate governance;
- (9) major shareholders shall properly exercise their shareholder's rights under corporate governance procedures, safeguard the independent operation of the Bank, and be prohibited from improperly interfering with or restricting the Bank in any of the following ways, except as otherwise provided by laws and regulations or recognized by the CBIRC: establishing pre-approval procedures for the resolutions of general meetings and board meetings; interfering with the normal procedures for the selection and appointment of staffs of the Bank, or directly appointing and removing staffs of the Bank without approval at the shareholders' general meeting and the Board of Directors; interfering with the Bank's performance appraisal of directors, supervisors and other staff; interfering with the Bank's normal operational and decision-making

process; interfering with the Bank's financial and accounting activities such as financial accounting, capital deployment, asset management and expense management; ordering any operational plans or instructions to the Bank; requesting the Bank to grant loans or provide guarantees; interfering with the Bank's independent operation by other means;

- (10) major shareholders may appoint proxies to attend general meetings, but proxies shall not be the shareholders themselves, or their related parties, persons acting in concert, nominated directors and supervisors. Major shareholders shall not accept the appointment of proxies from unrelated parties or persons acting in concert to attend general meetings;
- (11) if the major shareholders are institutional investors such as equity investment fund, disclosure shall be made to the ultimate beneficiaries of their equities and the Bank regarding their corporate governance and voting policies with respect to the Bank, including the relevant procedures for the determination of the use of voting rights;
- (12) major shareholders shall exercise the right to nominate Directors of the Bank in a prudent manner and ensure that nominees meet the relevant regulatory requirements. Major shareholders are encouraged to elect and appoint the candidates to be nominated as Directors through a market-based approach to continuously improve the professional standards of Directors. The Directors nominated by major shareholders shall perform their duties independently based on their professional judgments, treat all shareholders impartially, make independent, professional and objective decisions in the best interests of the Bank as a whole, and hold accountable for their decisions in accordance with the laws, and shall not compromise the legitimate interests of the Bank and other stakeholders; Major shareholders shall reinforce their supervision of the performance of the Directors and supervisors nominated by them in accordance with the laws, and make timely adjustments to those who are unable to perform their duties effectively in accordance with the laws and regulations, the provisions of the Articles of Association and regulatory requirements;



- (13) major shareholders shall properly assess the necessity and reasonableness of entering into related party transactions with the Bank, and are strictly prohibited from circumventing the scrutiny of related party transactions by covering up related relationships, splitting transactions or nesting transactions to prolong the financing chain. Major shareholders are encouraged to narrow the number and scale of related transactions with the Bank to enhance the independence of the Bank and its competitiveness in the market;
- (14) major shareholders shall comply with the relevant regulations of the laws and regulations and the CBIRC on related party transactions to ensure the transparency and fairness of transactions with the Bank. Major shareholders are strictly prohibited from entering into improper related party transactions with the Bank or exerting their influence over the Bank to obtain improper benefits by: obtaining banking facilities such as loans, acceptance and discounting of bills, bonds investment, investment in specific purpose vehicles on terms more favorable than those of similar transactions with unrelated parties; unlawful appropriation or domination of the Bank's funds or other interests through loans, guarantees, etc.; making the Bank to bear any unreasonable fees or fees that should be borne by major shareholders and their related parties; purchasing, and leasing the assets from the Bank on terms more favorable than those of similar transaction with unrelated parties, or selling, and leasing assets of inferior quality to the Bank; using the Bank's intangible assets without compensation or on terms more favorable than those of similar transactions with unrelated parties, or charging the Bank excessive fees for the use of their intangible assets; seeking business opportunities that belong to the Bank by taking advantages of their positions as major shareholders; seeking benefits by taking advantages of using the Bank's undisclosed information or trade secrets; conducting improper related party transactions or obtaining improper benefits by other means;
- (15) when major shareholders and their related parties enter into significant related party transactions with the Bank, they shall cooperate in providing relevant materials in accordance with the relevant regulations and regulatory requirements, which shall be reported and disclosed by the Bank in accordance with the requirements;



- (16) major shareholders shall cooperate with the Bank in the dynamic management of related party transactions, compile statistics on the cumulative amount of related party transactions in a timely manner, monitor compliance with the relevant requirements on the concentration of related party transactions, provide the Bank with the overall situation of related party transactions with the Bank on a regular basis, and take corresponding measures in a timely manner in accordance with the Bank's early warning alerts;
- (17) where major shareholders proceed with non-public issuance of bonds, the Bank shall not provide guarantees nor purchase directly or via financial products;
- (18) major shareholders shall study and implement the relevant regulations and policies of the CBIRC, be strictly self-disciplined, practice the principle of integrity, exercise the rights of majority shareholder in good faith, and not undermine the legitimate rights and interests of the Bank and other stakeholders by taking advantages of their positions as major shareholders; fulfil the information reporting obligations in strict accordance with regulatory requirements, formulate and improve internal working procedures, clarify the scope, content, examination procedures and responsible departments of information reporting, ensure that information reporting is timely, truthful, accurate and complete and there are no false entries, misleading statements or material omissions;
- (19) major shareholders shall actively cooperate with the Bank in managing reputation risk, steer public opinion towards positive direction and safeguard the Bank's brand image. Major shareholders shall inform the Bank promptly of any reports or rumors relating to them that may have a material impact on the Bank;
- (20) major shareholders shall strengthen the risk segregation between the banking and insurance institutions where they hold equities and other non-licensed financial institutions such as microfinance companies and guarantee companies, and shall not use the Bank's name to conduct improper publicity, confuse the products and services between licensed and non-licensed financial institutions, or amplify the credit of non-licensed financial institutions to gain improper benefits;

- (21) major shareholders shall, in accordance with development strategy, business plan and risk condition of the Bank, support the Bank in the preparation and implementation of medium and long term capital planning, promote the matching of the Bank's capital requirements with its capital replenishment capacity, and safeguard the continuous satisfaction of the Bank's capital to regulatory requirements; support the Bank in replenishing capital through multiple channels and in a sustainable manner, optimize its capital structure, and enhance its ability to serve the real economy and withstand risks; when the CBIRC and its dispatched institutions in accordance with the laws order the Bank to replenish its capital, major shareholders shall fulfil its capital replenishment obligations if the Bank is unable to replenish its capital through means other than capital increase, and those who are not capable of capital replenishment or do not participate in the capital injection, shall not prevent other shareholders or investors from capital injection through reasonable plans;
- (22) major shareholders shall support the Bank in adjusting its profit distribution policy based on its own operating conditions, risk condition, capital planning and market conditions, so as to balance the relationship between cash dividends and capital replenishment. Major shareholders shall support the reduction or non-payment of cash dividends if any of the following circumstances arises in the Bank: the capital adequacy ratio fails to meet the regulatory requirements or the solvency ratio fails to meet the standards; the corporate governance assessment result is below Grade C or the regulatory rating is below Grade 3; the provision for loan losses is below the regulatory requirements or the non performing loan ratio is significantly higher than the industry average; major risk events or major violations of laws and regulations arise to the Bank; other circumstances where the CBIRC and its dispatched institutions consider that dividends should not be paid;
- (23) major shareholders shall, in accordance with the regulatory requirements, issue undertakings in writing in relation to relevant obligations, and actively perform the undertakings;

- (24) major shareholders shall encourage and support all shareholders, especially small and medium-sized shareholders, to engage in proper communication and consultation on matters relating to the exercise of shareholders' rights, and coordinate with small and medium-sized shareholders to exercise their statutory rights, such as the right to information or the right to make enquiries, in accordance with the laws; shall support small and medium-sized shareholders in seeking for opportunities to attend and vote effectively at general meetings, and not obstruct or instruct the Bank to obstruct the attendance of small and medium-sized shareholders at general meetings or impose other barriers to the attendance of small and medium-sized shareholders at general meetings; shall pay attention to the exercise of shareholders' rights and performance of shareholders' obligations by other shareholders, and promptly notify the Bank of any breach of the Bank's interests or the legitimate interests of other stakeholders. The Bank shall take corresponding measures in a timely manner in accordance with the laws and regulations and these Articles of Association and report to the CBIRC or its dispatched institutions;
- (25) the Bank shall, in accordance with the Company Law, request major shareholders liable for compensation regarding any related losses sustained by the Bank due to their abuse of shareholder's rights. If major shareholders refuses to cooperate and assume the compensation responsibility, the Bank shall actively take relevant measures to protect its own rights and interests, and report the relevant situation to the CBIRC or its dispatched institutions.

## **Article 71**

The Bank shall communicate the regulatory requirements for shareholders' undertakings to their substantial shareholders in a timely, complete and accurate manner, and assist substantial shareholders in standardizing the contents of and procedures for undertakings; the Bank shall establish an assessment mechanism for undertakings of substantial shareholders to annually assess substantial shareholders' fulfillment of undertakings, understand and evaluate the fulfillment of undertakings of substantial shareholders in a timely manner, and proactively urge substantial shareholders' fulfillment of undertakings.

- (1) The contents of undertakings of substantial shareholders shall be accurate, standardized, and enforceable, and for undertakings with definable time limits such as undertakings of shareholders with holdings beyond a percentage limit to decrease their holdings, the time limits for fulfilling undertakings shall be specific as much as possible;
- (2) The undertakings given by substantial shareholders of enterprise legal persons shall, in accordance with laws and regulations, regulatory requirements and the Articles of Association, undergo the necessary internal approval procedures such as those of the board of directors or the shareholders' meeting;
- (3) Substantial shareholders shall, in accordance with the relevant laws, regulations and regulatory requirements, honestly give undertakings, practically fulfill undertakings, and actively cooperate with the CBIRC or its dispatched institutions and the Bank in assessing undertakings of shareholders;
- (4) Substantial shareholders shall actively fulfill their undertakings in the category of performance of responsibilities and obligations such as capital replenishment and liquidity support, and cooperate with the Bank in disposing of risks in accordance with the regulatory requirements. Where any undertakings in this category cannot be performed, the Bank shall be notified in a timely manner with an explanation of the specific circumstances and reasons, and the other investors shall not be prevented from making equity investment in the Bank under reasonable plans.

The Bank shall, after learning that the relevant shareholders cannot fulfill their undertakings in this category, report to the CBIRC or its dispatched institutions in a timely manner, and develop response plans. The Bank shall include the assessment of undertakings of substantial shareholders in the assessment of corporate governance, and report the assessment of fulfillment of shareholders' undertakings and the main issues in the assessment to the CBIRC or its dispatched institutions in a timely manner.

The fulfillment of undertakings of substantial shareholders shall be determined by the board of directors. The proposals on measures against shareholders in violation of undertakings shall be submitted by the board of directors, and such measures shall be implemented after the proposals are deliberated and approved at the shareholders' meetings, and the relevant shareholders or their proxies shall be abstained from voting.

Undertakings in the declaration category are shareholders' confirmation or declaration of a certain past or current factual status, such as the fact that the sources of their own funds are true and lawful, that the information provided is true, accurate, and complete, and that there is no record of any major violation of laws and regulations in recent years; undertakings in the compliance category are shareholders' undertakings to carry out certain activity in compliance with laws and regulations in the future, such as not interfering with the operations of the Bank, conducting related party transactions in a well-regulated manner, standardizing equity pledges, and not transferring their equities during a specified period; undertakings in the category of performance of responsibilities and obligations are shareholders' undertakings to perform corresponding responsibilities and obligations in the future. Among them, risk relief undertakings are shareholders' undertakings to cooperate in the implementation of risk relief measures when necessary, such as capital replenishment, liquidity support, and cooperation in the implementation of rehabilitation and disposal plans.

#### **Article 72**

Credit terms offered by the Bank to the shareholders and their associates shall not be more favourable than those offered to other customers.

The credit balance granted by the Bank to an individual entity such as a substantial shareholder or its controlling shareholder, de facto controller, related party, party acting in concert and ultimate beneficiary shall be in compliance with the Interim Measures for the Equity Management of Commercial Banks and relevant requirements of the banking regulatory authority of the State Council.

#### **Article 73**

The shareholders (especially the Substantial Shareholders) shall be restricted from voting in shareholders' general meetings, and the Directors nominated or dispatched by them restricted from voting at Board of Directors meetings, respectively, if the credit extended by the Bank to the shareholders is overdue.

The Bank shall have the right to withhold the dividends of such shareholders as the repayment of their overdue loans. Any assets to be distributed to such shareholders in the Bank's liquidation process shall also be used in priority for the repayment of the Bank's outstanding loans.

## **Section 2 General Provisions of the Shareholder's General Meeting**

**Article 74** The general meeting shall be an organ of power of the Bank and shall exercise the following powers in accordance with the law:

- (1) to decide on business policies and investment plans of the Bank;
- (2) to elect and replace non-employee directors and supervisors and decide the remuneration of relevant directors and supervisors;
- (3) to examine and approve reports prepared by the Board of Directors;
- (4) to examine and approve reports prepared by the Board of Supervisors;
- (5) to examine and approve annual budgets, final accounts, balance sheet, profit report and other financial reports;
- (6) to examine and approve profit distribution plans and plans for making up for losses of the Bank;
- (7) to adopt resolutions concerning the increase and reduction of the registered capital of the Bank;
- (8) to adopt resolutions on the issuance of bonds and other securities of the Bank and the listing thereof;
- (9) to adopt resolutions on the merger, division, dissolution, liquidation (including voluntary winding-up) and change of the form of the Bank;
- (10) to amend the Articles of Association;
- (11) to resolve the appointment, re-appointment or removal of accounting firm that conducts regular audit of the Bank's financial reports and its remuneration;
- (12) to examine the single purchase or disposal of material assets (including but not limited to equity interest, fixed assets and other assets) or provision of any guarantee(s) in an amount exceeding 10% of the latest audited net assets;

- (13) to examine and approve any proposals submitted by any shareholder who individually or jointly hold more than three percent of the total voting rights shares of the Bank (including holders of preference shares with their voting rights restored);
- (14) to decide on the issuance of preference shares; to decide or authorize the Board of Directors to decide any matters in relation to the preference shares issued by the Bank, including but not limited to redemption, conversion and payment of dividends;
- (15) to examine and approve the rules of procedures for shareholders' general meetings, the rules of procedures for the Board of Directors and the rules of procedures for the Board of Supervisors;
- (16) to examine and approve the share incentive schemes;
- (17) to resolve the acquisitions of the shares of the Bank in accordance with the provisions of the laws;
- (18) to examine and approve any other matters required by the laws, administrative regulations, regulatory provisions and the Articles of Association to be approved by a general meeting.

The powers of the shareholders' general meeting as stipulated in the Company Law and Article 18 of the Corporate Governance Guidelines for Banking and Insurance Institutions shall not be authorized to the Board of Directors, other institutions or individuals to exercise.

#### **Article 75**

A shareholders' general meeting shall be convened by the Board of Directors. General meetings consist of annual general meetings and extraordinary general meetings. Annual general meeting shall be held once a year and shall be held within six months of the date of the previous financial year.

An extraordinary general meeting shall be held by the Bank within two months of the date of the occurrence of any of the following events:

- (1) the number of directors is less than statutory the minimum number required by the Company Law or than two thirds of the number required by the Articles of Association;



- (2) the outstanding losses of the Bank has reached one third of the contributed total amount of the share capital of the Bank;
- (3) the shareholders (including holders of preference shares with their voting rights restored) who individually or jointly hold more than ten percent of the total voting rights shares have requested in writing to convene such a meeting;
- (4) when the Board of Directors deems it necessary to convene such a meeting;
- (5) when the Board of Supervisors suggests to convene such a meeting;
- (6) when proposed by more than 1/2 and not less than two independent Directors;
- (7) in other circumstances as provided for in the laws, regulations, regulatory provisions or the Articles of Association.

For item (3) above, number of shares held shall be calculated as of the date of request in writing made by the shareholders.

#### **Article 76**

If the Bank is unable to convene the shareholders' annual general meeting or extraordinary general meeting within a required period, it shall report in writing to the banking regulatory authority under the State Council and provide reasons of postponement.

For the holding of the annual general meeting or the extraordinary general meeting, the Bank shall notify the regulatory authority at least three working days in advance. If the above-mentioned time requirements cannot be met due to special circumstances, the Bank shall notify the regulatory authority in a timely manner and provide reasons.

#### **Article 77**

The shareholders' general meeting shall be held at the domicile of the Bank or such other place as specified in the notice of the shareholders' general meeting.

The shareholders' general meeting of the Bank shall have a meeting place for convening the onsite meetings. The Bank shall facilitate the participation of minority shareholders in shareholders' general meetings by developing safe, affordable and convenient network or adopting other means on condition that the meetings shall be held legally and validly. A shareholder who participated in a general meeting in the aforesaid manners shall be deemed to have been present at the meeting.

**Article 78** The Bank shall appoint lawyers for attestation at the shareholders' general meeting and provide legal opinions and issue announcements in respect of the following matters:

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

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

**Article 79** A shareholders' general meeting shall be convened by the Board of Directors according to the laws and regulations and the Articles of Association. In the event that the Board of Directors is incapable of performing or is not performing its duties of convening the shareholders' general meeting, the meeting shall be presided over by the Board of Supervisors in a timely manner. If the Board of Supervisors fails to convene such meeting, shareholders (including holders of preference shares with their voting rights restored) individually or in aggregate holding ten percent the total number of or more of the company's voting shares for ninety days or more consecutively may unilaterally convene such meeting.

**Article 80** More than half of the independent directors shall be entitled to propose the convening of an extraordinary general meeting to the Board of Directors. If there are only two independent directors, the proposal for the convening of the extraordinary general meeting shall be approved by both of them. In relation to the aforesaid proposal of the convening of the extraordinary general meeting, the Board of Directors shall provide a written response as to whether or not it agrees to convene the extraordinary general meeting within ten days in accordance with the requirements of the laws, regulations, regulatory requirements and the Articles of Association.

If the Board of Directors agrees to convene the extraordinary general meeting, a notice convening such a meeting shall be issued within five days after the resolution of the Board of Directors is passed. If the Board of Directors does not agree to convene the extraordinary general meeting, it shall provide reasons.

**Article 81**

The Board of Supervisors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall make its motions to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, regulations, regulatory requirements and the Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten 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 days after the resolution of the Board of Directors is passed. The Board of Directors shall obtain approval from the Board of Supervisors if there are any changes to the original proposal.

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

**Article 82**

The shareholders shall provide a written proposal to the Board of Directors when they make a request to convene an extraordinary general meeting or class meeting and shall act in compliance with the following procedures:

- (1) Shareholders (including holders of preference shares with their voting rights restored) individually or jointly holding in aggregate ten percent or more of the shares carrying the right to vote at the meeting sought to be held shall sign one or more counterpart requisitions in writing requiring the Board of Directors to convene a shareholders' extraordinary general meeting or a class meeting and stating the objectives of the meeting. The abovementioned number of shares held shall be calculated as of the date of requisitions in writing made by the shareholders. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of

Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting or class meeting within ten days of receiving the proposal.

- (2) If the Board of Directors agrees to convene the extraordinary general meeting or class meeting, a notice convening such a meeting shall be issued within five days after the resolution of the Board of Directors is passed. Any changes to the proposal in the notice shall be agreed by relevant shareholders.
- (3) If the Board of Directors does not agree to convene the extraordinary general meeting or class meeting, or fails to give its response within ten days of receiving the proposal, the shareholders (including holders of preference shares with their voting rights restored) who individually or jointly hold ten percent or more of the shares carrying the right to vote shall have the right to propose to the Board of Supervisors to convene an extraordinary general meeting or class meeting and this proposal shall be made to the Board of Supervisors in writing.
- (4) If the Board of Supervisors agrees to convene an extraordinary general meeting or class meeting, a notice for convening such meetings shall be issued within five days of receiving the proposal. If the proposal contained in the original request is changed, approval of the related shareholders shall be sought.
- (5) If the Board of Supervisors fails to issue notice of the shareholders' general meeting or class meeting within the prescribed period, it shall be deemed to have failed to convene and preside over the extraordinary general meeting. Shareholders (including holders of preference shares with their voting rights restored) individually or jointly holding ten percent or more of the shares carrying the right to vote at the meeting to be held for ninety days or more consecutively may unilaterally convene and preside over such meeting.

### **Article 83**

If either the Board of Supervisors or shareholders propose to convene a shareholders' general meeting on their own initiatives, the Board of Directors shall be informed in writing and the relevant documents shall be filed with the banking regulatory authority.

The shareholding proportion of the convening shareholders (including holders of preference shares with their voting rights restored) before the announcement approved by the shareholders' general meeting shall not be less than ten percent.

The convening shareholders shall submit the relevant evidentiary materials to the banking regulatory authority of the State Council in the jurisdiction in which the Bank is situated.

**Article 84** With respect to a shareholders' general meeting convened by the Board of Supervisors or the 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 share registration date.

**Article 85** Necessary costs arising out of a shareholders' general meeting convened by the Board of Supervisors or the convening shareholders on their own shall be borne by the Bank and shall be deducted from the funds due to the Bank from directors who have not carried out their duties.

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

**Article 86** The proposal of shareholders' general meetings shall be within the scope of authority of the shareholders' general meeting, it shall have definite topics for consideration and specific items to be decided by resolution in accordance with the related requirements of the laws, administrative regulations and the Articles of Association.

**Article 87** When the Bank convenes shareholders' general meetings, the Board of Directors, the Board of Supervisors and the shareholders (including holders of preference shares with their voting rights restored) who individually or jointly hold a total of three percent or more of the shares of the Bank carrying the right to vote shall be entitled to submit their proposals in writing to the Bank. The Bank shall include matters in the proposal which are within the scope of responsibilities of the shareholders' general meeting into the agenda.

Shareholders (including holders of preference shares with their voting rights restored) who individually or jointly hold a total of three percent of the shares of the Bank carrying the right to vote may submit provisional proposals to the conveners in writing ten days prior to the date of the shareholders' general meeting. 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 securities regulatory authority in the place where the shares are listed shall also be observed.

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

Proposals which have not been set out in the notice of a shareholders' general meeting or which are not in compliance with Article 86 of the Articles of Association shall not be put forward and voted upon as resolutions at a shareholders' general meeting.

**Article 88**

Where an annual general meeting of the Bank is convened, the convener shall give written notice to all shareholders (including holders of preference shares with their voting rights restored) whose names appear in the register of shareholders at least twenty one days prior to the meeting to inform them of the matters proposed to be considered and the date and venue of the meeting.

**Article 89**

Where an extraordinary general meeting of the Bank is convened, the convener shall make notice in writing to all shareholders (including holders of preference shares with their voting rights restored) whose names appear in the register of shareholders fifteen days in advance prior to the meeting to inform them of the matters proposed to be considered and the date and venue of the meeting. Matters not included in the notice shall not be deliberated at the extraordinary general meeting.

**Article 90**

The notice of a general meeting shall:

- (1) be in writing;
- (2) contain the venue, date, time and term of the meeting;
- (3) contain the matters for deliberation at the meeting;

- (4) provide shareholders with such information and explanation as necessary for them to make informed decisions in respect of the matters to be discussed; this means (but not limited to): when any merger, share repurchase, share capital restructuring or other restructuring proposals raised by the Bank is involved, the detailed conditions and contract (if any) for the contemplated transactions and any explanations as to the cause and effect of such contemplated transactions shall be provided;
- (5) if any directors, supervisors, or other senior management have any material interest in the matters to be discussed, the nature and extent of such interest shall be disclosed; if the matters to be discussed have an effect on such directors, supervisors, and senior management as the shareholders different from the effect on the shareholders of the class, an explanation shall be made in respect of such difference;
- (6) contain the full text of any special resolutions intended to be adopted at the meeting;
- (7) contain a clear statement that all shareholders are entitled to attend the general meeting or appoint proxies to attend and vote at such a meeting in writing and that such a proxy needs not to be a shareholder;
- (8) specify the time and venue for delivering the proxy form for the voting proxy for the meeting;
- (9) specify the equity registration date of the shareholders entitled to attend the general meeting;
- (10) contain the name and telephone of number of the contact person for the meeting;
- (11) other requirements as provide for in the laws, regulations, regulatory provisions, Articles of Association and the relevant regulatory authorities.

The interval between the equity registration date and the meeting shall comply with the requirements of the regulatory authority of the place where the securities of the Bank were listed. Once the equity registration date is determined, it shall not be amended.



The notice and supplementary notice in relation to the shareholders' general meeting shall fully and completely disclose all specific details of each proposal. In the event that the opinions of the independent directors are sought for the matters to be discussed at the shareholders' general meeting, the opinions and reasons of the independent directors shall also be disclosed in the shareholders' general meeting notice and supplementary notice.

## **Article 91**

Unless otherwise provided by laws, regulations, regulatory provisions and the Articles of Association, the notice of the general meeting shall be served on all shareholders who are entitled to attend the meeting (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 shareholders' general meeting may be published by way of an announcement.

The announcement mentioned in the preceding paragraph, the annual general meeting shall be published at least twenty-one days in advance prior to the meeting, and the extraordinary general meeting shall be published fifteen days in advance prior to the meeting in one or more newspapers designated by the securities regulator under the State Council or by way of announcement on other media or posting on the official website or at branches of the Bank. Once the announcement has made, all holders of domestic shares shall be deemed to have received the notice of the general meeting.

The notice, information or written statement shall be delivered to the holders of overseas listed foreign invested shares at least twenty-one days before the convening of the annual general meeting, and fifteen days before the convening of the extraordinary general meeting in any of the following methods:

- (1) Sending to the registered address of each of the holder of the overseas listed foreign invested shares by personal delivery or mail;
- (2) Posting on the official website or branches of the Bank or publishing on the website of Hong Kong Stock Exchange or other websites designated by the Hong Kong Listing Rules from time to time in accordance with applicable laws, administrative regulations and relevant listing rules;
- (3) In accordance with other requirements of the listing rules of the place where the shares are listed.

**Article 92** The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting held and the resolutions adopted at such meeting.

**Article 93** The convener shall duly disclose the details of the candidates for directors and supervisors in relation to the election of directors and supervisors to be discussed on the shareholders' general meeting, including the following matters:

- (1) Education background, work experience and positions held;
- (2) If there are any relationships between them and the Bank or the Controlling Shareholders and De facto Controllers of the Bank;
- (3) Number of shares held of the Bank;
- (4) Any penalty and punishment by the related regulator;
- (5) Information in relation to the newly appointed or transferred directors or supervisors that is required to be disclosed under the Hong Kong Listing Rules.

**Article 94** 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 or supplementary notice shall not be withdrawn. In the event of any postponement or cancellation, the convener shall inform the shareholders and provide reasons at least two working days before the original meeting date.

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

**Article 95** The Board of Directors and other conveners shall take necessary measures to maintain order at shareholders' general meetings. Behaviours 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 96**

The shareholders (including holders of preference shares with their voting rights restored) who appear in the share register shall be entitled to attend the shareholders' general meeting, and vote in accordance with the related laws and regulations and the Articles of Association. Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his proxy or proxies to attend and vote on his behalf. A proxy so appointed shall exercise the following rights pursuant to the authorization by such shareholder:

- (1) to exercise the shareholder's right to speak at the general meeting;
- (2) to severally or jointly request to vote by ballot;
- (3) to exercise the right to vote by a show of hand or ballot. Where there is more than one proxy, the said proxies shall vote by ballot.

**Article 97**

The shareholders' general meeting of the Bank shall be convened in the form of a physical meeting.

**Article 98**

If an individual shareholder attends the meeting in person, he/she shall produce his/her own identification document or other valid credentials or certificate providing proof of their identities and shareholding. If a proxy is appointed to attend the meeting, the proxy shall produce his/her own identification document, copy of shareholder's identity card, power of attorney and certificate providing proof of the shareholding of the appointing shareholder.

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

Shareholders, who are qualified clearing companies or their nominees, may authorize one or more persons as their proxies as they deem fit or company's representatives to attend any shareholders general meetings or any class meetings or creditors meetings on their behalf. In the event that more than one person is authorized, the proxy form shall contain the number and class of shares in relation to the appointment of each of the proxy. The proxy form shall be signed by the proxy as authorized by the qualified clearing company. Proxies may attend the shareholders' meeting on behalf of the qualified clearing companies (or its nominees), without showing the share certificates, notarized letter of authorization and/or other authorization documents, speak and exercise rights, and shall be deemed as the shareholder of the Bank.

#### **Article 99**

Shareholders shall appoint their proxies in writing signed by the shareholder or his attorney duly authorized in writing. In case of corporate shareholder, the instrument shall be affixed with the company seal or signed by its director or attorney duly authorized.

The proxy form used by shareholders to appoint proxies to attend the shareholders' general meeting shall contain the following information:

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

The blank proxy form issued by the Board of Directors to the shareholder for the appointment of proxies shall freely allow the shareholder to instruct his/her proxy to vote as he/she sees fit (voting in the affirmative or negative), and to give separate instructions for each resolution that will be voted on at the meeting.

The proxy form shall indicate whether the proxy may vote at his/her discretion if no specific instructions have been given by the shareholder.

**Article 100**

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

Where the principal is a legal person, its legal representatives or a person authorized by its board of directors or other decision making body upon resolution shall attend the general meeting of the Bank (such legal entity shall be treated as being present in person if it has appointed a proxy to attend any meeting).

**Article 101**

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

**Article 102**

When convening the shareholders' general meeting, all directors, supervisors and secretary to the Board of Directors shall attend the meeting while the senior management shall attend the meeting as an observer.

**Article 103** The attendance records of the shareholders' general meeting shall be prepared by the Bank. The attendance 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 104** Convener and the lawyer appointed by the Bank shall jointly verify the qualification of shareholders according to the register of members provided by the securities registration and clearing institution and register the names and their number of voting rights shares. The registration shall be closed before the convener announces the number of shareholders and proxies attending the meeting and their number of voting rights shares.

**Article 105** A shareholders' general meeting shall be presided over by the chairman of the Board of Directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman (the vice chairman nominated by half or more of the directors present in the Board of Directors shall preside over the meeting if there are two or more vice chairmen at the Bank). In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors present in the Board of Directors shall preside over the meeting. If no chairman is appointed, shareholders who are present at the meeting may elect a single shareholder to chair the meeting. If the shareholders have failed to elect a chairman for whatever reason, the shareholder that is present at the meeting (including any proxy of such shareholder) holding the most voting shares shall preside over the meeting.

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

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

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

**Article 106** The procedural rules for a shareholders' general meeting shall be formulated by the Bank to specify the convening and voting procedures of the shareholders' general meeting and the principle of authorization of the power to the Board of Directors from the shareholders' general meeting, including notice of meeting, convening manner, document preparation, forms of voting, proposition mechanism, minutes of meetings and the signatures thereof, abstention of related shareholders, etc. The rules of procedure for shareholders' general meetings shall be formulated by the Board of Directors and implemented after being approved at the shareholders' general meetings.

**Article 107** The Board of Directors and the Board of Supervisors shall report their work of the previous year at the annual general meetings.

**Article 108** The directors, supervisors and senior management shall respond and give explanations to queries or recommendations from shareholders at the shareholders' general meeting except for the matters related to the trade secrets of Bank which shall not be disclosed during the shareholders' general meeting.

**Article 109** 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 shall prevail.

**Article 110** Minutes of the matters discussed at the meeting shall be recorded for the shareholders' general meeting, and the secretary to the Board of Directors shall be in charge of recording the minutes. The minutes shall contain the following information:

- (1) the time, venue, and agenda of the meeting, as well as the name (or corporate name) of the convener;
- (2) the name of the chairman of the meeting, and the directors, supervisors, president and other members of senior management who attend or observe the meeting;



- (3) the number of shareholders and proxies present at the meeting, the total number of shares with voting rights held by them, and the percentage in relation to the total number of the Bank's shares with voting rights;
- (4) the deliberation process for each resolution, key points of speeches made and voting outcome;
- (5) any enquiries or suggestions made by shareholders and the corresponding explanation or response;
- (6) the name of the lawyer, vote counter and scrutineer;
- (7) any other matters required by the shareholders' general meeting and the provisions of the Articles of Association to be recorded in the minutes.

**Article 111**

The minutes of the shareholders' general meeting may be made in the form of a summary or resolutions. The convener shall ensure that the minutes are 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, attendance records of the shareholders, proxy form, and valid information regarding alternative voting methods shall be filed and the minutes shall be preserved for a permanent period.

**Article 112**

The convener shall ensure that the shareholders' general meeting does not end until final resolutions have been concluded. In the event that the shareholders' general meeting is adjourned or resolutions cannot be reached due to force majeure or other special circumstances, necessary measures shall be taken to reconvene the meeting as soon as possible or conclude the meeting immediately and an announcement shall be promptly published. In addition, the convener shall report to the banking regulatory authority of the State Council, the securities regulatory authority of the State Council in which the shares of the Bank are traded and the stock exchange where the Bank's shares are listed.

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

**Article 113** When voting on shareholder meetings, shareholders (including proxies thereof) shall exercise their voting rights as per the number of the voting shares they represent. Each share carries the right to one vote.

Related party shareholders shall not vote when the shareholders' general meeting consider the matters related to the related party transactions. The number of the voting shares they represent shall be excluded from the total valid votes. The announcement of the shareholders' general meeting shall fully disclose the voting results of the non-related party shareholders.

Votes of the minority investors shall be counted separately if the matters considered at the shareholders' general meeting may materially affect their interest. The result of separate counting shall be disclosed to the public in a timely manner.

Shares held by the Bank shall have no voting rights and shall be excluded from the number of the voting shares represented by the shareholders attending the meeting.

The Board of Directors, independent directors and shareholders who meet the relevant requirements of the Company may solicit votes from shareholders publicly. While soliciting votes of shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being solicited. No consideration or other form of de facto consideration shall be involved in the solicitation of voting rights from shareholders. The Bank shall not impose any limitation related to the minimum shareholding ratio on the solicitation of voting rights.

**Article 114** Resolutions of a general meeting shall consist of ordinary resolutions and special resolutions.

Ordinary resolutions shall be adopted by votes representing more than 1/2 of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

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

**Article 115**

The following matters shall be approved by ordinary resolutions at a general meeting:

- (1) the work reports of the Board of Directors and the Board of Supervisors;
- (2) the profit distribution plans and loss recovery plans prepared by the Board of Directors;
- (3) election and replacement of members of the Board of Directors and the Board of Supervisors, the remunerations of the relevant directors and supervisors and the payment thereof;
- (4) the annual financial budgets, final accounts, balance sheet, profit report and other financial reports of the Bank;
- (5) the annual report of the Bank;
- (6) reviewing and approving the Rules of Procedures for the shareholders' general meeting, the Board of Directors and the Board of Supervisors;
- (7) resolving on the appointment, re-appointment or removal of accounting firm that conducts regular statutory audit of the Bank's financial reports and its remuneration;
- (8) matters other than those required by the laws, regulations and the Articles of Association to be approved by special resolutions.

**Article 116**

The following matters shall be approved by special resolutions at a general meeting:

- (1) increase or decrease of the registered capital of the Bank or issuance of securities, certificate of contribution (認股證) and other similar types of securities of the Bank;
- (2) issuance of bonds or securities of the Bank and the listing thereof;
- (3) merger, division, dissolution and liquidation (including voluntary winding-up) of the Bank or change of the form of the Bank;
- (4) amendment to the Articles of Association;

- (5) dismissal of an independent director;
- (6) examine and approve the share incentive schemes;
- (7) making resolutions on the acquisition of the Bank's shares in accordance with the law;
- (8) any other matters as required by the laws, regulations, regulatory provisions, the Article of Association or determined by an ordinary resolution at a general meeting that may have material effect on the Bank and must be approved by special resolutions.

**Article 117**

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

**Article 118**

The suggested list of candidates to serve as directors and supervisors (other than employee directors and employee supervisors) shall be put forward to the shareholders' general meeting for voting, and the shareholders' general meeting shall be notified of the employee directors and employee supervisors after them being elected by the employees' congress of the Bank.

The candidates for directors and supervisors shall not be nominated by the same shareholder or his/her related party at the shareholders' general meeting concurrently. If such candidate for director (or supervisor) as nominated by the same shareholder and his/her related party has served as director or (supervisor), such shareholder shall not nominate another candidate for supervisor (or director) until the expiry of his/her term of office. In principle, the number of directors nominated by the same shareholder and its related party shall not exceed one-third of the total number of members of the Board of Directors.

**Article 119**

All proposals shall be voted separately at the shareholders' general meeting. If there are a number of proposals related to the same matter, votes shall be cast in the order of which the proposals were presented. Except where there is force majeure or other special circumstances resulting in the adjournment of the shareholders' general meeting or the failure to pass resolutions, no resolutions proposed in the shareholders' general meeting shall be set aside or skipped.

**Article 120** The shareholders' general meeting, while considering resolutions, shall not modify such resolutions. Otherwise, the modification shall be deemed as a new resolution, which shall not be voted at the same shareholders' general meeting.

**Article 121** Apart from proposals regarding the procedure or administration of the shareholders' general meeting for which resolutions may be made by a show of hands and counted by the chairman of the meeting acting in good faith, all other matters shall be decided on by a poll that records the name of the voter.

**Article 122** The same vote may only be cast once at the venue of a shareholders' general meeting, or by online voting or other means. In the event of multiple casting of the same vote, only the outcome of the first casting of such vote shall be counted.

**Article 123** For resolutions in relation to the procedure of shareholders' general meeting or administrative matters, unless vote is cast on poll particularly as required by the relevant requirements of the securities regulatory authorities of the place where the shares of the Bank are listed, or a poll is (before or after any voting by show of hands) demanded by the following persons, voting at a shareholders' general meeting shall be by a show of hands:

- (1) chairman of the meeting;
- (2) at least two shareholders entitled to vote or their proxies;
- (3) one or more shareholders (including proxies) individually or jointly holding more than ten percent of the voting shares represented by all shareholders present at the meeting.

Unless otherwise provided by the Hong Kong Listing Rules or a poll is so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution at the meeting.

The demand for a poll may be withdrawn by the person who makes such demand.

**Article 124**

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

**Article 125**

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

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

**Article 126**

Shareholders who are present at a shareholders' general meeting shall adopt one of the following stances when a resolution is put forward for voting: for, against or abstention, except for the declaration by the securities registration and clearing institution as the nominal holder of certain shares or based on the intention of actual holders.

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

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

When the number of votes for and against a resolution is equal, whether the vote is taken by a show of hands or by poll, the chairman of the meeting shall have the right to cast one more vote.

Where a shareholder shall be abstained from voting on a specific resolution, or is restricted to only voting for or against a resolution under the Hong Kong Listing Rules, any vote of the shareholder or his/her proxy against the relevant requirement or restriction shall not be counted.

**Article 127**

The chairman of a meeting shall determine whether the resolutions are approved at a shareholders' general meeting or not. His/her decision shall be final. The decision shall be announced at the meeting and recorded into the minutes.

Prior to the formal announcement of the voting results, all parties involved the shareholders' general meeting in person or in other voting form, including the Bank, the vote counter, the scrutineer and Substantial Shareholders, have an obligation to keep the voting results confidential.

**Article 128**

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

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

Minutes, attendance records of shareholders and proxy forms shall be maintained at the domicile of the Bank.

**Article 129**

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

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



**Article 130** Documents including minutes and resolutions of a shareholders' general meeting shall be filed with the banking regulatory authority of the State Council immediately after the conclusion the meeting.

## **CHAPTER 7 SPECIAL PROCEDURES FOR VOTING BY A CERTAIN CLASS OF SHAREHOLDERS**

**Article 131** Shareholders who hold different classes of shares are classified as "class shareholders".

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

**Article 132** The Bank's proposal to amend or abrogate the rights of class shareholders shall be subject to approval by way of a special resolution at a general meeting and approval by the shareholders of the class so affected at a class meeting convened in accordance with the requirements of Articles 136 to 138.

**Article 133** The following circumstances shall be deemed to be a change or abrogation of the rights of certain class shareholders:

- (1) the increase or decrease in the number of shares of such class, or the increase or decrease in the number of shares of a class having equal or additional voting rights, distribution rights or other privileges;
- (2) to convert all or part of a class of shares into another class, or to convert all or part of another class of shares into that class of shares, or to grant such conversion right;
- (3) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) the reduction or removal of pre-emptive rights to obtain dividends or property distribution in the liquidation of the Bank;
- (5) the increase, removal or reduction of conversion rights, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Bank attached to shares of such class;

- (6) the removal or reduction of rights to receive amounts payable by the Bank in particular currencies attached to shares of such class;
- (7) the creation of a new class of shares having equal or additional voting rights, distribution rights or other privileges;
- (8) the imposition of restrictions or additional restrictions on the transfer or ownership of the shares of such class;
- (9) the issue of rights to subscribe for, or convert into, shares of such class or another class;
- (10) the increase in rights or privileges of shares of another class;
- (11) the restructuring of the Bank which will result in shareholders of different classes bearing a disproportionate liability in such proposed restructuring;
- (12) the change or abrogation of the provisions as contained in the Articles of Association.

#### **Article 134**

In relation to the matters mentioned in (2) to (8), (11) and (12) of Article 133, affected class shareholder, no matter if he has voting right at a general meeting or not, shall be entitled to vote at the class meeting. However, interested shareholders shall not be entitled to vote at class meeting.

Interested shareholders mentioned in the preceding paragraph shall have the meaning as follows:

- (1) in case of a repurchase by the Bank of shares by pro rata offers to all shareholders or public dealing on the stock exchange according to Article 36 of the Articles of Association, a Controlling Shareholder within the meaning defined in Article 340 of the Articles of Association;
- (2) in case of a repurchase by the Bank of shares by an off-market agreement outside of the stock exchange under Article 36 of the Articles of Association, a shareholder to whom the proposed agreement relates;
- (3) in case of a restructuring of the Bank, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of other shareholders of that class.

**Article 135** Resolutions of a class meeting shall be passed by votes representing 2/3 or more of the voting rights of shareholders of that class attending the class meeting in accordance with Article 134.

**Article 136** To hold a class meeting, a written notice shall be given with reference to the notice period requirement for convening a shareholders' general meeting in these Articles, so as to notify all the Shareholders of the relevant class listed on the register of the matters to be considered at the meeting and the meeting date and place.

**Article 137** Notice of a class meeting shall be served exclusively on shareholders entitled to vote at such meeting.

The procedures of any class meeting shall be conducted in a similar manner as any general meeting as far as possible. Provisions in the Articles of Association which relate to any general meeting shall apply to any class meeting.

**Article 138** Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares shall be regarded as holders of different classes of shares.

The special procedures for voting by a class shareholder shall not apply in the following circumstances:

- (1) any proposed issue of domestic shares and foreign investment shares by the Bank in every 12 months, whether separate or concurrent, if such proposed issue of domestic shares and overseas listed foreign shares are approved by the shareholders in a general meeting by way of special resolution, and the number of domestic shares and overseas listed foreign shares proposed to be issued by the Bank does not exceed twenty percent of the shares of such class in issue;
- (2) where the Bank's plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulator under the State Council;
- (3) with the approval of such relevant regulators as the banking regulatory authorities of the State Council and the securities regulator under the State Council, holders of domestic shares of the Bank transfer the shares to holders of foreign investment shares, and list and trade the shares overseas.

## CHAPTER 8 BOARD OF DIRECTORS

### Section 1 Directors

#### Article 139

The directors of the Bank are natural person and shall not be required to hold shares of the Bank. The directors shall possess the requisite qualifications stipulated by laws, regulations and requirements of the banking regulatory authority of the State Council.

Directors of the Bank are composed of executive directors and non-executive directors (including independent directors). An executive director means a director also assuming the duties of other senior management personnel in addition to holding directorship of the Bank. A non-executive director means a director of the Bank who does not hold any position other than a directorship and does not assume the duties of senior management personnel.

#### Article 140

Directors shall be elected or replaced at a shareholders' general meeting. The term of office of the directors shall be three years, and a director may be re-elected and re-appointed upon expiry of his/her term of office. The term of office of a director shall commence from the date on which directorship of the said director was confirmed by the banking regulatory authority of the State Council to the expiry of the current term of the Board of Directors. Before the expiry of the director's term of office, the shareholders' general meeting shall not dismiss any director without any reason.

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

The time period for the submission of the aforesaid notices and documents by the candidates (commencing on the next day after the delivery of the notice of the shareholders' general meeting) shall be no less than seven days.

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

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

The president or other senior management may concurrently serve as a director, provided that the aggregate number of the directors who concurrently serve as senior management and employee representative directors shall not exceed one half of the total number of directors of the Bank and the number of the directors in the Board of Directors who serve as senior management shall be no less than two.

The Board of Directors may comprise employee representative(s) of the Bank. Employee representatives who serve as directors shall become members of the Board of Directors after elected by employee representatives at the staff representative assembly of the Bank, which shall be reported by the Board of Directors to the shareholders' general meeting.

The Board of Directors may duly increase the proportion of directors and independent directors with international exposure and management experience as well as professional knowledge in areas such as finance, accounting, risk management, financial management and financial technology.

After a director is elected and his/her directorship is approved by the banking regulatory authority of the State Council, the Bank shall enter into an employment contract with such director in a timely manner, which shall specify, among others, rights and duties between the Bank and the director, the term of office of the director, liability of the director due to violation of laws, regulations and his/her responsibilities stipulated by the Articles of Association and compensation on early termination of the said employment contract for any reason by the Bank, in compliance with the laws, regulations and provisions of the Articles of Association.

## Article 141

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

- (1) subject to the size of Board of Directors required by these Articles and according to the number of persons to be elected, a list of nominated candidates for non-independent directors can be drawn up by the Nomination and Remuneration Committee of the Board of Directors, and the Nomination Committee of the Board of Directors shall avoid being affected by shareholders, and exercise the right of nominating directors independently and prudently; Shareholders individually or jointly holding three percent or more of the total issued shares with voting rights of the Bank (including preference shareholders with restored voting rights) may also nominate candidates for non-independent directors to the Board of Directors; the number of directors nominated by the same shareholder and its associates, in principle, shall not exceed one third (1/3) of the total number of members of the Board of Directors, unless otherwise prescribed by the State;
- (2) the Nomination and Remuneration Committee of the Board of Directors shall conduct preliminary verification on the qualifications and eligibility of the candidates for directors, and the names of qualified candidates shall be submitted to the Board of Directors for consideration. After approval by way of resolution from the Board of Directors, written proposals regarding the candidates for directors shall be submitted to the shareholders' general meeting;
- (3) before the shareholders' general meeting is convened, the candidates for directors shall provide written undertakings that they accept the nomination, that the publicly disclosed information is truthful and complete and that they shall conscientiously perform their obligations upon election;
- (4) the Board of Directors shall disclose in accordance with the laws, regulations and the Articles of Association, detailed information of the candidates for directors to shareholders before the shareholders' general meeting is convened to ensure shareholders will have a sufficient understanding of the candidates before voting;
- (5) each candidate for director shall be voted for on a separate basis at the shareholders' general meeting;

- (6) if it is necessary to fill a vacant position for a director, the Nomination and Remuneration Committee of the Board of Directors or shareholders eligible to make nominations shall submit proposals to the Board of Directors for consideration, and the position shall be elected or replaced at the shareholders' general meeting;
- (7) When the term of office of the directors expires, or the number of directors falls below the minimum number of directors specified in the Company Law or less than two-thirds of the number of directors specified in the Articles of Association, the Bank shall timely start the director election procedure, and convene the shareholders' general meeting to elect directors.

Where specific nomination methods and procedures are required for independent directors and employee representative directors by the laws and the Articles of Association, such laws and provisions shall prevail.

#### **Article 142**

Directors shall undertake the following fiduciary duties to the Bank. Directors shall undertake the following fiduciary duties to the Bank in accordance with laws, regulations, regulatory requirements, relevant rules of the securities regulatory authority of the place in which the Bank's shares are listed and the Articles of Association:

- (1) not to abuse their authority in accepting bribes or other unlawful income, and not to misappropriate the Bank's properties;
- (2) not to misappropriate funds of the Bank;
- (3) not to deposit any funds of the Banks into any account under their own names or names of other individuals;
- (4) not to loan any fund of the Bank or provide guarantee in favour of others supported by the property of the Bank in violation of the Articles of Association or without approval of the shareholders' general meeting or the Board of Directors;
- (5) not to enter into any contract or transaction with the Bank in violation of the Articles of Association or without approval of the shareholders' general meeting;



- (6) not to use their positions to procure business opportunities for themselves or others that should have otherwise available to the Bank, or operate businesses similar to that of the Bank for their own benefits or on behalf of others without approval of the shareholders' general meeting;
- (7) not to accept commissions paid by a third party for transactions conducted with the Bank;
- (8) not to divulge any confidential information of the Bank without authorization;
- (9) not to use their affiliations to damage the interests of the Bank;
- (10) to fulfill other fiduciary duties stipulated by laws, regulations and the Articles of Association.

Income generated by the directors in violation of aforementioned shall be returned to the Bank, and he/she shall be liable to the Bank for compensation of any loss resulted therefrom.

#### **Article 143**

Directors shall fulfill the following obligations of diligence in accordance with laws, regulations, regulatory requirements, relevant rules of the securities regulatory authority of the place in which the Bank's shares are listed and these Articles:

- (1) to exercise the rights conferred by the Bank with due discretion, care and diligence to ensure the commercial activities of the Bank comply with the requirements of PRC laws, administrative regulations and relevant PRC economic policies and are not beyond the business scope specified in the business license of the Bank;
- (2) to be responsible to the Bank and all shareholders, and treat all shareholders impartially while performing duties;
- (3) to pay continuous attentions to the operation and management conditions of the Bank; and have the right to request the senior management to provide relevant information reflecting the operation and management of the Bank in a comprehensive, timely and accurate manner or give explanations concerning relevant issues;

- (4) to attend the meeting of the Board of Directors on time, conduct comprehensive reviews on the matters considered by the Board of Directors, express opinions independently, professionally and objectively, and vote independently on the basis of prudent judgment;
- (5) to be responsible for the resolutions of the Board of Directors;
- (6) to supervise the implementation of resolutions of the shareholders' general meeting and the Board of Directors by the senior management;
- (7) to actively participate in the training organized by the Bank and regulatory authorities, understand the rights and obligations of directors, be acquainted with relevant laws, regulations and regulatory provisions, and possess the professional knowledge and ability required to perform duties on an ongoing basis;
- (8) to implement high standards of professional ethics, and consider the legitimate rights and interests of stakeholders;
- (9) to perform duties with due diligence and prudence, and ensure enough time and energy to perform duties;
- (10) to sign a written confirmation on the Bank's periodic report; to ensure the truthfulness, accuracy and completeness of the information disclosed by the Bank;
- (11) to honestly provide the Board of Supervisors with relevant information and materials, and not to hinder the Board of Supervisors or supervisors from exercising their functions and powers;
- (12) to fulfill other obligations of diligence stipulated by laws, regulations, regulatory requirements, provisions of the securities regulatory authorities of the place in which the Bank's shares are listed and the Articles of Association.

Directors are entitled to know the various business operations and financial situations of the Bank and are entitled to supervise the performance of duties by other Directors and the senior management.

**Article 144**

Directors shall invest sufficient time in performing their duties and attend at a minimum of two-thirds of the onsite meetings of the Board of Directors in person annually; A director who is unable to attend a meeting of the Board of Directors for a reason may authorize in writing another director with the same class to attend the meeting on his or her behalf, and the power of attorney shall state the director's personal opinions and voting intentions on the proposal. In principle, a director shall accept at most two directors who have not attended the meeting in person. When considering related party transactions, a non-related director may not appoint a related director to attend on his or her behalf. A director shall be deemed incapable of carrying out their duties if they fail to attend 2 consecutive Board of Directors meetings either personally or by appointing other directors to attend on their behalf, and the Board of Directors shall make a proposal to the shareholders' general meeting or staff representative assembly to remove such director.

Directors shall independently, professionally and objectively express opinions at the meetings of the Board of Directors.

**Article 145**

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

In the event that a candidate for a Director nominated by a shareholder is elected but the shareholder (being the nominator) transfers all of the shares held by him/her before the term of office of such Director expires, the Director so nominated shall resign.

Where the resignation of a director during his/her term of office affects the Bank's normal operation or causes the number of directors on the Bank's Board of Directors to fall below the minimum number specified in the Company Law or two-thirds of the number specified in the Articles of Association of the Bank, director who tendered the resignation shall continue to perform the duties owed by a director before a new director is elected to takes up the office, subject to the laws, administrative regulations and these Articles. When the Bank is dealing with the disposal of major risks, directors shall not resign without the approval of the regulatory authorities.

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

Where the number of directors falls below the minimum number specified in the Company Law or the minimum number required for voting by the Board of Directors due to directors' removal by shareholders' general meeting, death or independent directors' resignation due to the loss of independence, or other circumstances where the directors are unable to perform their duties, the power of the Board of Directors shall be exercised by shareholders' general meeting until the number of directors meets the requirements.

**Article 146** If the resignation of a Director becomes effective or his/her term of office expires; the Director shall complete all handover formalities with the Board of Directors.

**Article 147** A director shall not represent the Bank or the Board of Directors in their own name, unless otherwise provided in the Articles of Association or legally authorized by the Board of Directors. A director shall announce their views and role in advance when he/she acts in their own name, if there is a possibility that a third party may reasonably believe that the director is representing the Bank or the Board of Directors.

**Article 148** A Director shall be liable for compensation regarding any losses sustained by the Bank caused by his/her violation of the laws, regulations or the Articles of Association in the performance of his/her duties.

## **Section 2 Independent Directors**

**Article 149** The Bank shall have independent directors. Independent directors refer to directors who do not hold other positions in the Bank other than a directorship and who have no relationship with the Bank, its shareholders or de facto controller that may affect their independent and objective judgment on the Bank's affairs.

An independent director of the Bank shall attain a high professional level and have good reputation and shall be a professional in law, economics, finance or accounting. He/she shall meet the following criteria:

- (1) have a bachelor's degree or above, or at least intermediate vocational titles of relevant professions;
- (2) have no less than five years of work experience in law, economics, finance, accounting or other experiences conducive to performing the duties and responsibilities of an independent director;

- (3) be capable of analysing operation, management and risk condition of commercial banks based on their financial statements and credit analysis reports;
- (4) understand the corporate structure of the Bank, the Articles and duties and responsibilities of the Board of Directors, possess fundamental knowledge on the operation of listed companies and commercial banks, and be familiar with relevant laws, administrative regulations, provisions and rules;
- (5) fulfil other criteria required by the laws, regulations, regulatory requirements, provisions of the stock exchange on which the Bank's shares are listed and the Articles of Association.

#### **Article 150**

The following persons shall not act as independent directors of the Bank:

- (1) persons who hold or whose close relatives hold one percent or above of the shares of the Bank;
- (2) persons who are employed or whose close relatives are employed by corporate shareholders which hold one percent or above of the shares of the Bank;
- (3) persons who are or whose close relatives are natural person shareholders among the top ten shareholders of the Bank;
- (4) persons who are employed or whose close relatives are employed by corporate shareholders which directly or indirectly hold 5% or above of the Bank's issued shares or by the top five corporate shareholders of the Bank;
- (5) persons who have held or whose close relatives have held positions in the Bank or in enterprises over which the Bank holds controlling interests or has de facto control;
- (6) persons who have held or whose close relatives have held positions in the Bank or in enterprises over which the Bank holds controlling interests or has de facto control in the 3 years before taking up the office;
- (7) persons who have held or whose close relatives have held positions in the enterprises which are not able to repay the loans granted by the Bank in time;

- (8) persons who have held or whose close relatives have held positions in the enterprises which have legal, accounting, auditing, management consulting and other business connections with the Bank or have an interests in the Bank in respect of claims, debts and others;
- (9) persons who or whose close relatives may be controlled or materially influenced by the major shareholder(s) and senior management of the Bank, resulting in the situations where the independency of their performance of duties would be hindered;
- (10) persons who, in other situations, are not allowed to act as independent directors by the banking regulatory authority of the State Council, securities regulatory authority of the place in which the Bank's shares are listed and other regulatory authorities or pursuant to the Articles of Association.

The term "close relatives" in this Article means spouses, parents, children, grandparents, grandparents of spouses and siblings.

#### **Article 151**

No person shall hold the position of independent director of the Bank in one of the following circumstances:

- (1) person who has been penalized due to corruption, bribery, embezzlement and appropriation of property or disruption of order of the market economy, or subject to deprivation of political rights for the crimes committed;
- (2) Director, factory director or manager of bankrupt and liquidated companies or enterprises whereby such person was personally liable for the bankruptcy of such companies or enterprises;
- (3) legal representative of companies or enterprises which have had their business licenses revoked and their business compulsorily closed down due to a violation of laws, for which such person was personally liable;
- (4) person with a relatively large amount of past-due and outstanding debts;
- (5) person who has been dismissed by the original employer for failure to perform duties diligently;

- (6) person who used to be key personnel in high-risk financial institutions and there is no proof proving that such person was not responsible for the cancellation or loss of assets of such institutions.

**Article 152** A staff member from a government authority shall not concurrently serve as an independent director of the Bank.

**Article 153** An independent director of the Bank shall serve as independent directors in at most five domestic and foreign companies at the same time, and shall not hold positions in more than two commercial banks at the same time. As independent director of banking and insurance institutions at the same time, the relevant institutions shall not be related and have no conflict of interest.

**Article 154** The procedures of nomination and election for independent directors shall follow the principles below:

- (1) The Nomination and Remuneration Committee of the Board of Directors, shareholders of the Bank who hold more than one percent of the total voting shares of the Bank in issue individually or jointly, the Board of Directors and the Board of Supervisors of the Bank may nominate candidates for independent directors to the Board of Directors who shall be elected by the shareholder's general meeting. Shareholders and their related parties who have nominated candidates for non-independent Directors shall not have the right to nominate candidates for independent directors;
- (2) The consent of the nominee shall be obtained prior to the nomination of candidate for the independent director. Qualification of candidates of independent directors, including the independence, expertise, experience and capability, shall be reviewed by the Nomination and Remuneration Committee of the Board of Directors;
- (3) The appointment of an independent director shall mainly follow the market principle.

**Article 155** The appointment of an independent director shall take effect after his/her qualification is approved by the banking regulatory authority of the State Council.



**Article 156** Each term of office of an independent director shall be the same as that of a director of the Bank. Upon expiry of the office term, an independent director shall be eligible for re-election and reappointment. An independent director shall serve in the Bank for no more than a cumulative period of six years.

**Article 157** Independent directors shall give statements to the Board of Directors before they take up the office, ensuring that they have enough time and energy to perform their duties and undertaking that they will perform duties of diligence.

**Article 158** An independent director shall work for the Bank for no less than fifteen working days each year.

An independent director shall not appoint non-independent director to attend on his/her behalf, and may appoint another independent director to attend the Board of Directors meetings on his/her behalf, but he/she should attend in person at least two-thirds of the total number of on-site Board of Directors meetings held in 1 year.

**Article 159** Independent directors shall have committed a serious dereliction of duty in any of the following circumstances:

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

If an independent director has been disqualified by the banking regulatory authority of the State Council due to serious dereliction of duty, he/she shall be automatically dismissed from his/her position from the date he/she is disqualified.

**Article 160**

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

- (1) serious dereliction of duty;
- (2) failure to resign from the position when he/she is no longer qualified to be an independent director due to a change in his/her position;
- (3) attendance in person of less than two-thirds of the total number of Board of Directors meetings held within one year;
- (4) other circumstances provided by the laws, regulations, regulatory requirements and the Articles of Association where an independent director is no longer suitable for holding such a position.

In case any independent director fails to attend the Board meeting for three consecutive times, he/she shall be deemed to have failed to perform his/her duties, and the Bank shall convene a shareholders' general meeting within three months to remove him/her from the position and elect a new independent director.

**Article 161**

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

If the Board of Directors or Board of Supervisors proposes at a shareholders' general meeting to dismiss an independent director, they shall report to the banking regulatory authority of the State Council and issue a written notice to the independent director within one month prior to such shareholders' general meeting. The independent director shall have the right to express his/her opinion orally or in writing before the voting, and shall have the right to submit such opinion to the banking regulatory authority of the State Council five days prior to the shareholders' general meeting. The shareholders shall vote after reviewing the independent director's opinion in a legitimate manner.

**Article 162**

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

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

If the resignation of an independent director causes the proportion of independent directors in the Board of Directors less than one-third of the actual number of members of the Board of Directors, the independent director shall continue to perform his/her duties before the new independent director takes office, except for the resignation or dismissal due to loss of independence.

**Article 163**

Independent directors shall give objective, impartial and independent opinions on the matters considered at the shareholders' general meeting or Board of Directors meetings, and shall in particular give opinions to shareholders' general meeting or Board of Directors on the following matters:

- (1) significant related party transactions;
- (2) profit distribution plans;
- (3) nomination, appointment and removal of directors, and appointment and dismissal of senior management;
- (4) matters that may cause significant losses to the Bank;
- (5) other matters that may have a significant impact on the legitimate rights and interests of the Bank, minority shareholders and financial consumers;
- (6) the effect of the issuance of preference shares on the rights and interests of every class of shareholders;
- (7) appointment, re-appointment or dismissal of accounting firm that conducts regular statutory audits of the Bank's financial reports;

- (8) remuneration of directors and senior managements;
- (9) other matters prescribed by laws and regulations, regulatory requirements or Articles of Association of the Bank.

**Article 164**

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

**Article 165**

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

- (1) the Bank shall ensure that the independent directors have the same right to information as other directors. All independent directors shall be notified of all matters to be resolved by the Board of Directors and be provided with sufficient information before the expiry of the statutory notice period. An independent director may request supplementary information if he/she considers the information provided is insufficient. If more than two independent directors consider the information provided is insufficient or the discussion is not clear enough, they may jointly submit request to the Board of Directors in writing to postpone the convention of the Board of Directors meeting or to postpone the discussion of such matters, and the Board of Directors shall accept such request. Information provided by the Bank to independent directors shall be kept by both the Bank and the independent directors for at least five years;
- (2) the Bank shall provide the necessary support to the independent directors in the performance of their duties. The secretary to the Board of Directors shall provide assistance to the independent directors in the performance of their duties, including briefing of background information and provision of materials. The secretary to the Board of Directors shall duly prepare announcements on the independent opinions, proposals and written representations given by the independent directors which shall be made public in the form of an announcement;

- (3) the relevant personnel of the Bank shall cooperate positively and shall not refuse to act, hinder or conceal anything and shall not interfere with the independent exercise of the independent directors' powers and duties;
- (4) the expenses incurred from engaging an external organization and other costs incurred by independent directors for their performance of duties shall be borne by the Bank.

**Article 166**

Independent directors shall carry out their duties in good faith, independently and diligently in accordance with laws, regulations, regulatory requirements and the Articles of Association to effectively safeguard the legitimate rights and interests of the Bank, minority shareholders and financial consumer, free from any influence from the shareholders, de facto controller, senior management or other organizations or individuals who have an material interest in the Bank.

If there are major defects in the corporate governance mechanism or the corporate governance mechanism fails in the Bank, independent directors shall report relevant information to regulatory authority in time. In addition to reporting relevant information to the regulatory authority in accordance with the regulations, the independent directors shall keep the secrets of the Bank.

**Article 167**

The Bank shall pay remunerations and allowances to independent directors. The payment standard shall be formulated by the Board of Directors and approved by the shareholders' general meeting.

**Article 168**

In addition to the specific provisions regarding independent directors in this section, independent directors shall also comply with the general provisions for directors in the Articles of Association. In the event of any inconsistency between the general provisions and specific provisions, these specific provisions shall prevail.

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

**Article 169** The Bank shall establish a Board of Directors. The Board of Directors shall be accountable to the shareholders' general meeting.

**Article 170** The Board of Directors of the Bank shall be consisted of seventeen members; the Board of Directors shall have one chairman and one or two vice chairman; including three executive directors and fourteen non-executive directors (including independent directors); the independent directors shall not be less than one-thirds of all directors of the Board in number and there shall be one independent director with expertise in accounting.

The size and composition of the Board of Directors shall comply with laws, regulations and the relevant requirements of corporate governance to ensure the professional and efficient performance of duties of the Board of Directors.

**Article 171** The Board of Directors shall take the ultimate responsibility for operation and management of the Bank. The Board of Directors shall exercise the following powers according to the laws:

- (1) to convene shareholders' general meetings and report its work to the shareholders' general meetings;
- (2) to implement the resolutions of the shareholders' general meetings;
- (3) to formulate the development strategy of the Bank, supervise the implementation of the said strategies, and to decide on the business plans and investment plans of the Bank;
- (4) to prepare the annual financial budgets and final accounts of the Bank;
- (5) to prepare the venture capital distribution plan, profit distribution plan and the plan for making up the losses of the Bank;

- (6) to formulate the capital planning of the Bank and take ultimate responsibility for capital solvency management, to prepare plans for increase or reduction of the registered capital of the Bank, and to prepare plans for issue and listing of corporate bonds or other securities of the Bank; to perform the Bank's primary duty for capital management, and perform the following duties: setting limits on risk appetite and capital adequacy appropriate to the Bank's development strategy and external environment, considering and approving the implementation of the Bank's internal capital adequacy assessment process to ensure that capital adequately covers major risks; considering and approving capital management system to ensure the effectiveness of capital management policies and controls; overseeing the comprehensiveness, foresight and effectiveness of internal capital adequacy assessment procedures; considering and approving and overseeing the implementation of capital planning to meet the needs of the Bank's continuous operation and emergency capital replenishment; considering and approving the capital adequacy ratio management plan at least once a year, and considering the capital adequacy management report and internal capital adequacy assessment report, to receive audit reports regarding the implementation of the capital adequacy management and internal capital adequacy assessment process; considering and approving the policies, as well as the procedures and content of capital adequacy disclosure, and ensuring the truthfulness, accuracy and completeness of the disclosed information; to ensure that the Bank has sufficient resources to carry out capital management independently and effectively;
- (7) to prepare plans for the Bank's material acquisitions and acquisitions for the Bank's shares, merger, division, dissolution or liquidation or alteration of corporate form of the Bank;
- (8) to consider and approve external investments, the purchase disposals and review pledge of assets, connected transactions, data governance, external donation, external guarantees, entrustments of others to manage the Bank's funds or other assets of the Bank in accordance with laws, regulations, regulatory requirements and Articles of Associations of the Bank, except for material matters regulated in the Articles of Association, which shall be decided by the shareholders' general meeting;



- (9) to take ultimate responsibility for related transactions management; the Board shall make an annual special report to the general meeting on the overall situation of related transactions and shall report to the CBIRC or its delegated authorities;
- (10) to decide on the establishment of internal management structure of the Bank;
- (11) to decide on the appointment, removal, remuneration, rewards and penalties of the president, the secretary to the Board of Directors, and person in charge of Audit based on the advice of the Nomination and Remuneration Committee and the proposals of the president of the Board of Directors; to decide on the appointment or removal and the remuneration, rewards and penalties of the vice president, the assistant to the president, the business director, financial controller and other senior management as determined by the Board of Directors and the supervisory authority based on the proposals of the president;
- (12) to formulate the basic management system of the Bank;
- (13) to formulate the Bank's risk tolerance, risk management and internal control policies and assume ultimate responsibility for overall risk management; to perform the following duties: establishing risk culture; formulating risk management strategies; setting risk appetite and ensuring the establishment of risk limits; considering and approving policies and procedures for material risk management; overseeing senior management in conducting overall risk management; considering overall risk management reports; considering and approving information disclosure of overall risk and various material risks; appointing risk director or other senior management to take the lead in overall risk management; and other duties related to risk management. Various risks include: credit risk, market risk, liquidity risk, operational risk, country risk, bank book interest rate risk, reputation risk, strategic risk, information technology risk, financial innovation risk, case risk, statement consolidation management and other risks;

- (14) to take ultimate responsibility for the compliance of the Bank's business activities, and perform the following compliance management duties: to consider and approve the compliance policies of the Bank, and supervise the implementation of compliance policies; to consider and approve the compliance risk management report submitted by the senior management and evaluate the effectiveness of the Bank's compliance risk management to solve the compliance defects in a timely and effective manner; and other compliance management responsibilities;
- (15) to prepare any amendment proposals to the Articles of Association; to formulate rules of procedure for general meetings of shareholders, rules of procedure for board meetings and amendments thereto, and to consider and approve the rules of work of special committees of the Board of Directors;
- (16) to formulate information disclosure system of the Bank and take the ultimate responsibilities for the truthfulness, accuracy, completeness and timeliness of financial statements and accounting reports of the Bank;
- (17) to determine the job responsibilities for manager, including the president, the vice president, the assistant to president, the secretary to the Board of Directors, person in charge of Audit and the business director;
- (18) to monitor the performance of senior management;
- (19) to receive the work report from the president and inspect the work of the president;
- (20) the Board of Directors shall establish a supervisory system for the management to formulate the code of conduct and terms of reference for management and business officers and that the normative documents shall specifically require employees at all levels to report any potential conflict of interests in a timely manner, provide particular rules and establish corresponding mechanisms;

- (21) the Board of Directors shall establish a reporting system and require the senior management to report to the Board of Directors and Directors the operation and management issues of the Bank, and the reporting system shall cover provisions for the following issues:
- (i) the content of the information reported to the Board of Directors and Directors and the minimum reporting standards;
  - (ii) the reporting frequency;
  - (iii) the reporting method;
  - (iv) the responsible body and liabilities arising from postponed or incomplete reporting;
  - (v) the confidentiality obligations.
- (22) to evaluate and refine the corporate governance of the Bank on a regular basis;
- (23) to protect the legitimate interests of financial consumers and other interested parties;
- (24) to take responsibility for the management of shareholder affairs; to establish the mechanism for identification, verification and management of the conflict of interest between the Bank and shareholders, in particular Substantial Shareholders; shall, at least once a year, make an assessment of the majority shareholder's qualifications, financial position, shareholdings, related transactions in the previous year, exercise of shareholders' rights, fulfillment of obligations and commitments, implementation of the terms of the articles of association and agreements, and compliance with laws and regulations and regulatory requirements, and report such assessment at a general meeting or through written documents, with a copy to the CBIRC or its dispatched authorities; and take ultimate responsibility for shareholding management;

- (25) to diligently and conscientiously organize the formulation of the shareholder commitment management system, the major shareholder commitment file management, the major shareholder commitment evaluation and other commitment management work, and assume the management responsibility of the major shareholders' commitment;
- (26) to take the ultimate responsibility for the formulation and update of the recovery plan and resolution plan proposal, and for approving the recovery plan and resolution plan proposal formulated or updated by the Bank, unless otherwise stipulated by the CBIRC;
- (27) the decision-making body for business continuity management, to take the ultimate responsibility for business continuity management, its main responsibilities including: to consider and approve business continuity management strategies, policies and procedures; to consider and approve senior management's business continuity management responsibilities, receive regular reports from senior management on business continuity management, and supervise and evaluate their performance; to consider and approve the annual audit report on business continuity management;
- (28) the decision-making body for emergency management and take the ultimate responsibility for the management of emergency response;
- (29) to take the ultimate responsibility for reputation risk management; be responsible for determining the Bank's reputation risk management strategies and overall objectives, grasping the reputation risk situation, and supervising the senior management in reputation risk management. The Board of Directors shall receive special reports on reputation events that result in significant losses to the Bank and the industry, significant market fluctuations, systemic risks or affect the stability of the social and economic order, and shall receive special reports on reputation risk management in the following year;

- (30) to take the ultimate responsibility for the risk management of internet loans and perform the following duties: to consider and approve the internet loans business plan, the management policy of partner institutions and the cross regional operation and management policy; to consider and approve the internet loans risk management system; to supervise the management and control of internet loans risks by senior management; to obtain regular evaluation reports on internet loans business, and keep abreast of the operation and management, risk level, consumer protection of internet loans business; other related duties;
- (31) to take the ultimate responsibility for anti-money laundering and anti- terrorism financing and money laundering risk management. To take the responsible for establishing objectives for building a money laundering risk management culture; to consider money laundering risk management strategies; to consider and approve policies and procedures for money laundering risk management; to authorize senior management to take the lead for money laundering risk management; to review anti-money laundering reports in a regular manner, and keep abreast of significant money laundering risk incident and its handling; other related responsibilities;
- (32) to take the ultimate responsibility for the protection of consumer rights and interests; to be responsible for formulating strategies, policies and objectives for consumer protection; to provide overall planning and guidance for consumer protection, supervise the effective implementation and enforcement of consumer protection strategies, policies and objectives; to oversee the performance of senior management's responsibilities for consumer protection and consider on related work; and to take ultimate responsibility for information disclosure on consumer protection;
- (33) to be responsible for formulating data strategies, approving or authorizing the approval of major issues related to data governance, urging senior management to improve the effectiveness of data governance, and taking ultimate responsibility for data governance;

- (34) to take the responsibility for determining the green credit development strategy, consider and approve the green credit objectives set by the senior management and the green credit reports, and supervise and evaluate the implementation of the Bank's green credit development strategy;
- (35) to take the ultimate responsibility for the management of remuneration and responsibility for the design of the Bank's remuneration system and policies; to conduct review on the Bank's performance remuneration recourse and recovery at least once a year;
- (36) to propose to the general meeting the appointment, re-appointment or removal of the accounting firm that conducts regular statutory audits of the Bank's financial reports;
- (37) to take the responsibility for the establishment and improvement of directors' performance files;
- (38) to take the responsibility for formulating the vocational guidelines and value standards with which the Board of Directors and senior management shall comply;
- (39) to propose the Share Incentive Scheme;
- (40) to pay continuous attention to the status of the Bank's internal controls, establish a good internal control culture, and conduct regular studies and evaluations of the soundness, reasonableness and effectiveness of the Bank's internal controls; to be responsible for ensuring that the Bank establishes and implements an adequate and effective internal control system and that the Bank operates prudently within the legal and policy framework; to be responsible for clearly setting acceptable risk levels and ensuring that senior management takes necessary risk control measures; to be responsible for overseeing senior management's monitoring and evaluation of the adequacy and effectiveness of the internal control system;

- (41) to take the ultimate responsibility for the establishment, operation and maintenance of the internal audit system, as well as the independence and effectiveness of internal audit; the Board of Directors shall provide sufficient and stable internal audit staff in accordance with the scale and complexity of the Bank's business; to provide sufficient fund and include it in the financial budget; to take responsibility for approving the internal audit association, medium and long-term audit planning and annual audit plan; to provide necessary safeguards for the independence and objectiveness of internal audit work; to review the independence and effectiveness of internal audit work, and evaluate the quality of internal audit;
- (42) to take responsibility for performing corporate governance duties, formulate strategic decisions relating to the environment, provide effective governance and supervision regarding environmental, social and governance matters, and evaluate and manage material environmental and social risks;
- (43) to exercise any other duties and power conferred by laws, regulations, regulatory provisions and the Articles of Association.

The functions and powers of the Board of Directors shall be exercised collectively by the Board of Directors. The functions and powers of the Board of Directors specified in the Company Law shall not be delegated to the chairman of the Board of Directors, any Director or any other body or individual. Where it is necessary to delegate certain powers to make a decision on a specific matter, such delegation shall be approved by means of Board resolutions in accordance with the laws. Each delegation shall be for one matter exclusively, and the functions and powers of the Board of Directors shall not be delegated to any other body or individual generally or permanently.

## **Article 172**

The Board of Directors of the Bank, when performing their duties, shall fully take into account the opinions of an external audit institution and shall provide a special explanation at the shareholders' general meeting regarding the non-standard audit opinions issued by external audit institution in respect of the Bank's financial accounting report and matters involved, and disclose to the public.



The regulatory opinions of the banking regulatory authorities of State Council and the rectification progress of the Bank shall be reported at the meetings of the Board of Directors.

#### **Article 173**

The Board of Directors shall formulate the rules and procedures for Board of Directors meetings, which shall be implemented after being submitted to shareholders' meeting for deliberation and approval, so as to ensure the implementation of resolutions passed at the shareholders' general meeting and the efficiency and scientific policy-making of the Board of Directors. The opinions of the Party Committee shall be heard before the Board of Directors decide on material issues of the Bank. The rules and procedures for Board of Directors meetings shall include the meeting notice, convening manners, document preparation, voting forms, proposition mechanism, meeting minutes and the signing thereof, and authorization rules of the Board of Directors; and shall include the mechanism and procedure for putting forward proposals, and specify the rights and obligations of governance bodies in putting forward proposals. The proposers of all proposals shall be recorded in the meeting minutes.

The material issues include business development strategies, important personnel adjustments, and major investment plans.

#### **Article 174**

The Board of Directors shall define its authority in relation to investment, purchase, disposal and review and writing down of assets, asset mortgage, related party transactions, data governance, external donation, external guarantees, entrustment of other bodies to manage the capital or other assets of the Bank, and shall establish strict examination and policy-making procedures. Material issues shall be submitted to the shareholders' general meeting for approval in accordance with the Articles of Association, and assessment and examination by relevant experts and professionals shall be arranged when necessary.

Subject to laws, regulations, regulatory requirements and the provisions of the stock exchange on which the Bank's shares are listed, the single purchase or disposal of material assets by the Bank (including but not limited to equity interest, fixed assets and other assets) or provision of any guarantee(s) in an amount not exceeding ten percent of the latest audited net assets shall be approved by the Board of Directors. Any excess of the above limit shall be approved by the shareholders' general meeting. The senior management's authority to invest and dispose of assets is delegated by the Board of Directors.

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

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

The effectiveness of any disposal by the Bank of the fixed assets shall not be affected by any breach of the foregoing provisions in the 3rd paragraph of this Article.

**Article 175**

The meetings of the Board of Directors shall be classified into regular board of Directors meetings and extraordinary board of Directors meetings and shall be convened and chaired by the chairman of the Board of Directors.

The Board of Directors shall hold at least four regular meetings on an annual basis and at least one regular meeting on a quarterly basis. Notice in written form of regular Board of Directors meeting shall be sent to all directors and supervisors at least fourteen days before the convening of the meeting by hand, fax, email or other means. Prior notice shall also be given to the Board of Supervisors for their attendance at the meeting.

**Article 176**

In any of the following circumstances, the Bank shall convene an Extraordinary board of Directors Meeting:

- (1) proposed by shareholders representing more than one-tenth of the voting rights;
- (2) proposed by more than one-third of the directors;
- (3) proposed by more than two independent directors;
- (4) proposed by the Board of Supervisors;
- (5) deemed necessary by the chairman of the Board of Directors;
- (6) other circumstances as prescribed by the laws, regulations, regulatory provisions or the Articles of Association.

The chairman of the Board of Directors shall convene the meeting within ten days of receiving such proposal, and preside over the meeting.

**Article 177**

Notice in written form of an extraordinary Board of Directors meeting shall be sent to all directors and supervisors at least three working days in advance by hand, fax, email or other means.

Where there are emergency situations that the meeting shall be held as soon as possible, the service of the notice regarding the forthcoming meeting may be made through telephone or orally at any time. However, the meeting convener shall provide explanation at the meeting.

**Article 178**

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

- (1) the date and venue of the meeting;
- (2) the duration of the meeting;
- (3) the reason for holding the meeting and matters to be discussed;
- (4) the date of issuance of the meeting notice.

The Bank shall notify the regulatory authority at least three working days in advance before convening a board meeting. If the above-mentioned time requirements cannot be met due to special circumstances, the regulatory authority shall be notified in a timely manner and the reasons shall be explained.

**Article 179**

The quorum of the Board of Directors meeting shall be more than half of directors.

Each director shall have one vote.

All resolutions of the Board of Directors meeting shall be passed by a majority of the directors, but the following resolutions shall be voted to passed by no less than two-thirds of the directors and shall not be voted in form of written resolutions:

- (1) to review and consider the profit distribution plan, remuneration proposals, risk capital distribution plan, material investment plan, material asset disposal plan, appointment or dismissal of senior management of the Bank, the capital replenishment plan and other significant events;
- (2) to formulate the plan for the increase or reduction of registered capital and the issue of corporate bonds of the Bank or other securities of the Bank and the listing thereof;
- (3) to formulate the plan for offering of new share or initial public offering;
- (4) to formulate the plan for the Bank's material acquisitions, the acquisition of shares of the Bank or merger, division or dissolution of the Bank and change of corporate form of the Bank;
- (5) to formulate the plan for making up losses;
- (6) to formulate the plan for amendments to the Articles of Association;
- (7) to review and consider material change in equity, financial reorganization and other significant events;
- (8) to consider major related transactions;
- (9) under the authorization rules of the Board of Directors to the senior management, the disposal of non-performing assets with the amount of principal loss exceeding one percent of the latest audited net capital of the Bank within the authority of the Board of Directors;
- (10) other matters that shall be passed by no less than two-thirds of directors as stipulated by laws, regulations, regulatory provisions and the Articles of Association, and as considered by the majority of directors to have a material impact on the Bank.

**Article 180**

A director who or whose close associate(s) (as defined in the Hong Kong Listing Rules) is related with any enterprise involved in the matter to be resolved by the Board of Directors meeting or has any material interest in the matters to be resolved by the Board of Directors meeting, shall not exercise his/her voting right on such proposal, nor can he/she exercise any voting right on behalf of other director(s). Such director shall not be counted towards the quorum of the meeting. The Board of Directors meeting shall only be held if more than half of the directors who are not related to and non-interested members in the matters are present. Resolutions of the Board of Directors shall be adopted by more than half of the directors who are not related to and do not have material interest in the matters. Resolutions which need to be passed by more than two-thirds of the directors shall be passed by more than two-thirds of the directors who are not related to and non-interested members in the matters. Where fewer than three directors who are not related and non-interested members in the matters are present at the Board of Directors meeting, such proposals shall be submitted to the shareholders' general meeting for approval.

Where laws, regulations, regulatory requirements and the Articles of Association provide otherwise, such provisions shall prevail.

**Article 181**

The resolution of the Board of Directors may be voted in two forms of on-site meetings and written resolutions.

An extraordinary board of Directors meeting may be held and the resolution(s) thereof may be voted in form of written resolutions provided that all directors can fully express their opinions. Directors attending the meeting shall sign their names on such resolution(s).

All directors shall be provided with reasons for and matters on voting in form of written resolutions and relevant background information at least three working days prior to the voting.

**Article 182**

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

**Article 183**

The Board of Directors shall keep minutes of its decisions on the matters discussed at the on-site meeting. Directors attending the meeting and the person taking the minutes shall sign their names on the minutes of the meeting. Directors shall be responsible for the Board of Directors resolutions. If the board of Directors resolutions violate the laws, administrative regulations or the Articles of Association, and thus causes serious losses to the Bank, the directors participating in the resolutions shall be liable to the Bank for the losses. However, a director may be exempted from such liability if it is verified that he/she has stated his/her objection when voting and the same was recorded in the Board of Directors minutes. Board of Directors resolutions in violation of laws and administrative regulations shall be rendered null and void.

If directors have different opinions on the minutes of the meetings, they may make additional explanations at the time of signature. As the Bank's files, Board of Directors minutes shall be kept for a permanent period.

The Bank shall keep the situation of the on-site board meeting in the forms of recording and video, etc..

Archives including minutes and resolutions of board meetings shall be filed with the regulatory authority immediately after the conclusion the meetings.

**Article 184**

Board of Directors minutes shall include the following:

1. the date and venue of the meeting, and the name of the convener;
2. the names of directors attending the meeting and the names of directors (proxies) appointed by others to attend the Board of Directors meeting;
3. the agenda of the meeting;
4. the main points of directors' speeches;
5. the method and results of the voting for each proposal (the voting results shall state the number of for and against votes and number of abstention).

## **Section 4 Chairman of the Board of Directors**

**Article 185** The chairman and vice chairman shall be appointed and removed by vote of more than half of the directors. The term of office of the chairman and vice chairman shall be three years and they may be re-elected and re-appointed upon expiry of their term of office.

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

**Article 186** The chairman of the Board of Directors shall have the following duties and powers:

- (1) to preside over the shareholders' general meetings, and convene and preside over meetings of the Board of Directors;
- (2) to supervise and examine the implementation of resolutions of the Board of Directors;
- (3) to nominate to the Board of Directors candidates for the president, secretary to the Board of Directors, and the head of audit based on the recommendations of the Nomination and Remuneration Committee;
- (4) to formulate credentials in relation to duty performance for the president, secretary to the Board of Directors and the head of audit;
- (5) to sign certificates of shares, bonds and other securities of the Bank;
- (6) to sign material documents of the Board of Directors and other documents which shall be signed by the legal representative of the Bank;
- (7) to exercise the duties and powers of a legal representative;
- (8) in the event of failure to convene a shareholders' general meeting or a Board of Directors meeting due to an occurrence of any severe natural disaster or any other force majeure event, to exercise his/her 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;



- (9) to be the foremost responsible person for handling equity affairs of the Bank;
- (10) other powers and rights provided by law, regulations, regulatory requirements and the Articles of Association and conferred by the Board of Directors.

**Article 187** The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

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

**Article 188** The Bank shall have a secretary to the Board of Directors. A secretary to the Board of Directors is a senior management of the Bank who shall be accountable to the Board of Directors.

**Article 189** The secretary to the Board of Directors shall be nominated by the chairman of the Board of Directors and appointed and dismissed by the Board of Directors.

**Article 190** The Bank's Directors or members of senior management may concurrently serve as the secretary to the Board of Directors, but they must ensure they have sufficient energy and time to undertake their duties as the secretary to the Board of Directors.

**Article 191** Certified public accountants of the accounting firm engaged by the Bank shall not concurrently serve as the secretary to the Board of Directors.

The circumstances in which a person shall not be appointed as a director provided by the Articles of Association shall be applicable to the secretary to the Board of Directors.

**Article 192** The major duties of the secretary to the Board of Directors are:

- (1) ensuring that the Bank will prepare and submit the reports and documents required by the banking regulatory authority of the State Council and other competent authorities according to the laws;

- (2) ensuring that the Bank has complete organizational documents and records;
- (3) ensuring that the Bank's register of shareholders is properly set up and that persons entitled to obtain the Bank's relevant records and documents shall be able to obtain them in a timely manner;
- (4) being responsible for the preparation of the Bank's shareholders' general meetings and meetings of the Board of Directors, the maintenance of documents and the management of the Bank's shareholders' information; and being the person directly responsible for handling the Bank's shareholding affairs;
- (5) drafting documents and relevant rules and regulations of the Board of Directors and shareholders' general meetings;
- (6) being responsible for the organization and coordination of the disclosure of the Bank's information;
- (7) other duties authorized by the Board of Directors.

The secretary to the Board of Directors shall comply with laws, regulations, regulatory requirements and the Articles of Association.

### **Section 6 Board Committees**

#### **Article 193**

In accordance with the management requirements of the Bank, the Board of Directors has established the Related Party Transactions and Risk Management Committee, Nomination and Remuneration Committee, Strategy and Investment Committee (Sannong Committee), Audit Committee, Consumer Rights Protection Committee and other committees deemed appropriate by the Board of Directors. The Board of Directors may decide on the number and name of the committees based on its own circumstances, but shall not hinder all the committees from exercising their duties and powers.

Each committee shall be consisted of at least three members. In principle, the chairman of the Related Party Transactions and Risk Management Committee, Nomination and Remuneration Committee and Audit Committee shall be independent directors. The number of independent directors shall account for more than half of the members of the Audit Committee and Nomination and Remuneration Committee respectively whilst the number of independent directors of the Related Party Transactions and Risk Management Committee shall take up in principal no less than one-third in proportion. Audit Committee members shall have the appropriate accounting, auditing, financial or legal expertise and experience. Chairman of the Related Party Transactions and Risk Management Committee shall be experienced in identification and management of all risks.

#### **Article 194**

The Related Party Transactions and Risk Management Committee performs the following duties:

- (1) to assist the Board in discharging its overall risk management responsibilities and take the responsibility for reviewing the effectiveness of the Bank's risk management and internal control;
- (2) to assist the Board in discharging its money laundering risk management responsibilities and take the responsibility for providing professional money laundering risk management advice to the Board;
- (3) to take the responsibility for the management, review and risk control of related transactions, focusing on the compliance, fairness and necessity of related transactions, and assuming corresponding responsibilities for the compliance of related transactions;
- (4) other matters as required by laws, administrative regulations, departmental rules, the securities regulatory authorities where the Bank's securities are listed and as authorised by the Board.

A related transaction refers to the transfer of interests between the Bank and a related party. The Bank's related transactions include the following types:

- (1) related transactions regarding the credit extension;
- (2) related transactions regarding the transfer of resources;

- (3) related transactions regarding the provision of services;
- (4) deposits and other types of related transactions, and matters that may result in a transfer of the Bank's interests as determined in accordance with the principle of substance over form.

General related party transactions shall be reviewed in accordance with the internal management system and authorization procedures of the Bank and reported to the Related Party Transactions and Risk Management Committee for filing.

Material related party transactions shall be submitted to the Board of Directors for approval upon review by the related transaction and risk management committee. Material related party transactions involving Substantial Shareholders and their Controlling Shareholder, as well as de facto controller, shall, in principle, be submitted to the shareholder's general meeting for approval upon review by the Board of Directors, and resolutions made at the Board meeting shall be passed by at least two-thirds of the non-related directors. If the number of non-related directors present at the Board meeting is less than three, it shall be submitted to a general meeting for consideration. The independent directors shall submit written reports in respect of the fairness and compliance and the performance of the internal approval procedures of the material related party transactions on a case-by-case basis. If the independent directors consider it necessary, they may engage an independent third party, such as an intermediary to provide advice, at the Bank's expense.

Material related transactions refer to transactions between the Bank and a single related party where the amount of a single transaction amounts to more than one percent of the Bank's net capital at the end of the previous quarter or, in aggregate, more than five percent of the Bank's net capital at the end of the previous quarter.

After the cumulative amount of transactions between the Bank and a single related party reaches the criteria of the aforesaid, subsequent related transactions with every cumulative amount accounting for at least one percent of the net capital at the end of the previous quarter shall be re-determined as material related transactions.

General related transactions refer to other related transactions other than material related transactions.

The balance of credit extension granted by the Bank to a single related party shall not exceed ten percent of the Bank's net capital as at the end of the previous quarter. The aggregate balance of the Bank's credit extension to customers of a single related judicial person or group the unincorporated organisations associated shall not exceed fifteen percent of the Bank's net capital as at the end of the previous quarter. The balance of the Bank's credit extension to all related parties shall not exceed fifty percent of the Bank's net capital as at the end of the previous quarter.

**Article 195**

The Nomination and Remuneration Committee has the following powers and duties:

- (1) shall be responsible for researching and formulating the selection procedures and criteria for directors and senior management, conducting preliminary examination on the qualifications and credentials of potential directors candidates and senior management candidates and making recommendations to the Board of Directors in respect thereof;
- (2) shall formulate policies of the bank and proposals on the remuneration of directors and senior management, make recommendations to the Board of Directors on the remuneration proposals and supervise the implementation thereof;
- (3) shall deliberate the compensation management system and policies of the Bank;
- (4) shall perform other duties required by laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authority of the place in which the Bank's shares are listed, and as authorized by the Board of Directors.

**Article 196**

The Audit Committee has the following powers and duties:

- (1) shall review the quarterly (if any), interim and annual results of the Bank, inspect the accounting policy, financial positions, financial reporting procedures of the Bank;

- (2) shall take charge of the Bank's annual auditing, provide recommendation on the employment or replacement of an external audit institution, to prepare analytical reports on the authenticity, completeness, timeliness and accuracy of the information set out in audited financial reports and submitting the same to the Board of Directors for review and consideration;
- (3) shall be responsible to the Board of Directors, and under the authorization of the Board, to review important systems and reports such as the internal auditing charter, to approve mid-and-long term auditing plans and annual auditing plans, and to guide, assess and evaluate the internal auditing;
- (4) shall perform other duties required by the laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authorities of the place in which the shares of the Bank are listed, and as may be authorized by the Board of Directors.

#### **Article 197**

The Strategy and Investment Committee (Sannong Committee) has the following powers and duties:

- (1) formulating the long-term development strategy and medium and long-term development objective of our Bank and making recommendations to the Board of Directors, including and not limited to: formulating the business management objectives and the medium and long-term development strategy, and supervising and inspecting the implementation of annual business and investment plan of the Bank; studying the commercial operation and development mode and determining development direction and business structure of the Bank; studying and drafting the capital replenishment proposals and determining capital replenishment channels of the Bank, including profit distribution plans and annual profit distribution policy; studying and formulating proposals on the establishment of the Bank's internal organizational entities, studying and formulating proposals on the development plans of the Bank's branches and studying and determining the objectives and means of the Bank's information technology based on the strategic plans of the Bank and recommendations of the president;
- (2) formulating the development strategies of Sannong financial services, green credit and financial innovation and promoting the establishment of Sannong financial service mechanism;

- (3) making recommendations on the adjustments of strategies in response to the change of operation environment, supervising and assessing the implementation of strategies and making relevant recommendations;
- (4) conducting research on and formulating relevant systems for external investment, making recommendations on and formulating plans for the major investment decisions of the Bank (including fixed asset investment and equity investment) and implementing group management on our subsidiaries;
- (5) conducting research on and formulating relevant system for external mergers and acquisitions, conducting research on the strategy for mergers and acquisitions and making recommendations on the implementation plan, including acquisition object, acquisition method, reorganization and consolidation;
- (6) conducting research on and planning diversified operation and development models, conducting research on and formulating organization models and management methods of finance (group) companies;
- (7) approving significant matters related to data governance with the authorization of the Board of Directors;
- (8) formulating and reviewing the Bank's corporate governance policies and practices, and making recommendations to the Board of Directors; reviewing the Bank's compliance with the Corporate Governance Code and its disclosure in the Corporate Governance Report with the authorization of the Board of Directors;
- (9) conducting research on the implementation of other major issues concerning the strategic development of the Bank;
- (10) other matters stipulated by laws, administrative regulations, departmental rules, the securities regulatory authority of the place where the Bank's securities are listed, and as authorized by the Board of Directors.



**Article 198**

The Consumer Rights Protection Committee has the following powers and duties:

- (1) to be accountable to the Board of Directors, submit work reports and annual reports to the Board of Directors on consumer rights protection, carry out relevant work as authorized by the Board of Directors, discuss and decide on relevant matters, and study major issues and important policies on the protection of consumer rights and interests;
- (2) to guide and supervise the establishment and improvement of the management system for the consumer rights protection, and ensure that the relevant institutional requirements are compatible with corporate governance, corporate culture and business development strategies;
- (3) to monitor the comprehensiveness, timeliness and effectiveness of the work of senior management and the consumer protection department in accordance with regulatory requirements and the implementation of consumer protection strategies, policies and objectives, as well as the implementation of work;
- (4) to convene meetings on consumer protection on a regular basis to review reports on the work of the senior management and consumer protection departments. To study annual audit reports, regulatory reports and internal assessment results relating to the protection of consumer rights, and urge senior management and relevant departments to implement rectification of any problems identified in a timely manner;
- (5) to be responsible for providing guidance on the disclosure of material information on the work of consumer rights protection;
- (6) other matters as prescribed by laws, regulations, departmental rules and regulations, the securities regulatory authorities where the Bank's securities are listed, and as authorized by the Board of Directors.

**Article 199**

The rules of procedures and working procedures of each committee shall be formulated by the Board of Directors. The development, composition, scope of authority and information disclosure of each committee shall comply with the laws, regulations, regulatory requirements and relevant provisions of the Articles of Association. Each committee shall formulate annual work plans and conduct regular meetings.

**Article 200** An independent director acting as the chairman of the Audit Committee and the Related Party Transactions and Risk Management Committee shall not work for less than twenty working days each year at the Bank.

**Article 201** Each committee shall communicate with the senior management and relevant department heads with respect to operation and risk condition of the Bank on a regular basis, and make suggestions and recommendations.

**Article 202** Members of each committee shall continuously follow the change of issues of the Bank and the impacts thereof within their scope of authority, and bring such matters to the attention of the respective committee.

## **CHAPTER 9 SENIOR MANAGEMENT**

**Article 203** The Bank shall have one president, who shall be nominated by the chairman of the Board of Directors, and appointed or dismissed at the decision of the Board of Directors. The chairman of the Board of Directors shall not concurrently serve as the president.

The Bank shall have vice president, assistant to the president, secretary to the Board of Directors, business director and other members of the senior management specified by regulators, who shall be appointed or dismissed at the decision of the Board of Directors.

The operation and management activities of the senior management within the terms of reference shall not be improperly interfered by shareholders and the Board of Directors.

In the course of performing their duties, the president and the vice presidents shall not modify the resolutions passed at the general meeting and the Board of Directors meeting or exceed the scope of authorization.

**Article 204** The senior management of the Bank shall abide by laws, regulations, regulatory requirements and the Articles of Association of the Bank, possess good professional ethics, observe high standards of professional ethics, and have obligations of loyalty and diligence to the Bank, perform their duties in good faith, due diligence, and prudence, and guarantee to have enough time and energy to perform their duties, and must not neglect to perform their duties or perform duties beyond their authority.

The obligations of a director as stated in Article 142 hereof regarding loyalty and honesty and in items (10) to (12) of Article 143 hereof regarding diligence shall also be applicable to the senior management.

**Article 205** Persons who have taken up positions other than directorship in the Controlling Shareholder or de facto controlling entities of the Bank shall not act as members of senior management of the Bank.

In principle, major shareholders and the staff of the enterprise group to which they belong shall not concurrently serve as senior management of the Bank, except banks which are under risk disposal and recovery period as well as those whose major shareholders are State-managed financial enterprises recognized by the regulatory authorities.

**Article 206** The term of office of the president shall be three years and shall be subject to re-appointment.

**Article 207** Our president shall be responsible to the Board of Directors and have the following powers and duties:

- (1) to be in charge of managing the business operation of the Bank including the administrative management and other duties in relation to the financial, human resources, risks and other fields of the business operation and report the work to the Board of Directors;
- (2) to organize to implement the annual business plans and investment plans of the Bank;
- (3) to prepare plans for the establishment of the internal management structure of the Bank;
- (4) to establish the basic management system of the Bank;
- (5) to formulate detailed regulations of the Bank;
- (6) to propose to the Board of Directors for the appointment or removal of the deputy president, the assistant of the president and other senior management (excluding the secretary to the Board of Directors and the head of audit);
- (7) to determine the appointment or removal of the senior officers who are not be appointed or removed by the Board of Directors;

- (8) other duties and powers provided for in the Articles of Association or granted by the Board of Directors.

The president shall attend Board of Directors meetings.

**Article 208** A non-director president shall have no voting rights at Board of Directors meetings.

**Article 209** The president shall, upon request of the Board of Directors or the Board of Supervisors, report to the Board of Directors or the Board of Supervisors on matters concerning the signing and implementation of material contracts, application of funds, profit and loss and major litigation and guarantees of the Bank. The president shall ascertain the authenticity of the report.

**Article 210** The president shall formulate the “Terms of Reference of the President” and implement such terms after being approved by the Board of Directors.

The terms of reference of the president shall include the following:

- (1) conditions and procedures for convening a presidential meeting and the participating personnel;
- (2) specific duties and division of work of the senior management;
- (3) use of funds and assets of the Bank, authority for entering into material contracts and the system of reporting to the Board of Directors and the Board of Supervisors.

**Article 211** Senior management is comprised of the president, vice president, assistants to presidents of the Bank. The duties of senior management are:

- (1) to carry out operation and management in accordance with the Articles of Association and the authorization of the Board of Directors, and actively implement the resolutions of the general meeting and the Board of Directors;
- (2) to be accountable to the Board of Directors and supervised by the Board of Supervisors, and to report the management of the Bank in a timely, accurate and complete manner, and provide relevant materials in accordance with the requirements of the Board of Directors and the Board of Supervisors;

- (3) to establish a system for information reporting to the Board of Directors and its special committees, and the Board of Supervisors and its special committees, and clarify the types, content, time and forms of information for reporting to ensure that directors and supervisors can obtain various types of information promptly, and accurately and completely;
- (4) to set up and optimize various meeting systems and draw up corresponding rules of procedure;
- (5) to undertake the responsibility for the implementation of comprehensive risk management, and to be responsible for the following duties: to establish a management structure based on comprehensive risk management, define risk management responsibilities among the functional departments, business units and other departments of comprehensive risk management, and develop a coordinated checks-and-balances mechanism among departments; to formulate clear execution and inquiry mechanisms for the effective communication and implementation of risk management strategies, risk appetites and limits; to set risk limits according to the risk appetites set by the Board of Directors for various dimensions including, but not limited to, industries, regions, customers and products; to formulate risk management policies and procedures, and conduct periodic assessments and make adjustments when necessary; to evaluate the management for comprehensive risks and various key risks and report to the Board of Directors; to establish a sound management information system and data quality control mechanism; to supervise the breach of risk appetites and risk limits and violations of risk management policies and procedures, and handle such cases according to the authorization of the Board of Directors; and other risk management responsibilities;
- (6) to be responsible for formulating systematic systems, procedures and methods according to the acceptable risk level determined by the Board of Directors, and taking corresponding risk control measures; responsible for establishing and improving internal organizational structures to ensure that various responsibilities of internal control are effectively performed; responsible for organizing the monitoring and evaluation of the adequacy and effectiveness of the internal control system;

- (7) to be responsible for organizing and implementing capital management pursuant to the business strategy and risk appetite, ensuring that capital is compatible with business development and risk levels, and implementing various monitoring measures; specifically performing the following duties: to formulate and organize the implementation of rules and regulations of capital management; to formulate and organize the implementation of the internal capital adequacy assessment procedure, clarify the division of responsibilities of relevant departments, and establish and improve the evaluation framework, procedures and management systems; to formulate and organize the implementation of capital planning and capital adequacy management plans; to evaluate the capital adequacy ratio regularly and irregularly, and report the level of capital adequacy ratio, the management of capital adequacy ratio and the results of internal capital adequacy assessment to the Board of Directors; to organize stress testing, participate in the determination of stress testing objectives, plans and important assumptions, promote the application of stress testing results in risk assessment and capital planning; to develop and maintain the internal capital adequacy assessment information management system;
- (8) to assume management responsibilities for the formulation and update of the recovery plan and disposal plan;
- (9) to be responsible for implementing the business continuity management policies approved by the Board of Directors. The main responsibilities include: formulating and regularly reviewing and supervising the implementation of business continuity management policies and procedures; clarifying the business continuity management responsibilities of each department, clarifying reporting routes, and approving important business recovery goals and strategy, supervising the performance of management responsibilities of each department, and ensuring the normal operation of the business continuity management system; and ensuring that sufficient resources are allocated to guarantee the implementation of business continuity management;
- (10) to undertake the responsibility for the implementation of the emergency management policy approved by the Board of Directors;

- (11) to undertake the management responsibility for reputation risk management of the Bank; to establish and improve the reputation risk management system, improve the working mechanism, formulate reputation risk response plans and handle plans for major events, and arrange and promote the handling of reputation incidents. Reputation risk management assessment shall be conducted at least once a year;
- (12) to undertake the responsibility for the implementation of risk management of money laundering and terrorism financing; be responsible for promoting the construction of money laundering risk management culture; establishing and timely adjusting the money laundering risk management organizational structure, clarifying the division of responsibilities and coordination mechanisms of anti-money laundering management departments, business units and other departments in money laundering risk management; formulating and adjusting money laundering risk management strategies and implementation mechanism; reviewing money laundering risk management policies and procedures; regularly reporting anti-money laundering work to the Board of Directors, and reporting major money laundering risk events to the Board of Directors and the Board of Supervisors in a timely manner; organizing the implementation of the anti-money laundering information system and data governance; organizing the implementing the anti-money laundering performance evaluation and reward and punishment mechanism; handling violations of anti-money laundering risk management policies and procedures as authorized by the Board of Directors; and other related responsibilities;



- (13) to be responsible for determining the operation and management structure of Internet loans, and clarifying the division of responsibilities among various departments; formulating, evaluating and supervising the implementation of Internet loan business plans, risk management policies and procedures, management policies and procedures of cooperative institutions, and cross-regional operation and management policies; formulating risk control indicators for Internet loan business, including but not limited to Internet loan limit, the limit and capital contribution ratio of jointly funded and issued loans with cooperative institutions, the concentration of cooperative institutions, non-performing loan ratio, etc.; establishing a risk management mechanism for Internet loan business, continuously and effectively monitoring, controlling and reporting various types of risks, and responding to risk events in a timely manner; fully understanding and regularly evaluating the development of Internet loan business, risk level and management status, consumer protection condition, keeping abreast of major changes, and regularly reporting to the Board of Directors; and other relevant responsibilities;
- (14) to formulate green credit targets, establish mechanism and procedures, define duties and authorities, carry out internal control inspection and assessment, report the development situation of green credit to the Board of Directors every year, and report the relevant situation to the regulatory authorities in a timely manner;
- (15) to ensure that the strategic objectives and policies for consumer rights protection are effectively implemented; to review and publish significant information disclosures on consumer rights protection;
- (16) to establish a data governance system, ensure the allocation of data governance resources, formulate and implement accountability and incentive mechanisms, establish a data quality control mechanism, ensure the authenticity, accuracy, continuity, completeness and timeliness of data, organize and evaluate the effectiveness and implementation of data governance, and regularly report to the Board of Directors;
- (17) to undertake the responsibility for organizing the implementation of resolutions on remuneration management of the Board;

- (18) to support the internal audit departments to perform its duties independently to ensure that internal audit resources are in place; to report to the audit committee on the latest developments and changes in business development, product innovation, operation procedures, risk management and internal control compliance in a timely manner; to carry out effective rectification based on the problems identified by the internal audit and audit recommendation;
- (19) other functions and powers that shall be exercised by senior management as stipulated by laws, regulations, regulatory provisions and these Articles of Association.

**Article 212** Any member of the senior management may tender resignation prior to the expiration of his/her term of office. Other members of the senior management shall not leave their positions until their resignation audits are completed. The specific procedures and measures for resignation shall be specified in the employment contracts between the senior management and the Bank.

**Article 213** The vice presidents shall be appointed or removed by the Board of Directors in accordance with the nomination by the president. The vice presidents shall assist the president. If the president is unable to perform his/her duties, he/she may appoint a vice president to perform the duties accordingly.

**Article 214** The Bank has established the person in charge of audit; and designated a senior management as the person in charge of risk.

**Article 215** The senior management shall be liable for compensation regarding any losses sustained by the Bank due to their violation of laws, administrative regulations or the Articles of Association in the discharge of their duties.

## CHAPTER 10 BOARD OF SUPERVISORS

### Section 1 Supervisors

**Article 216** The supervisors of the Bank include shareholder representatives supervisors, employee supervisors and external supervisors. Supervisors shall comply with the laws, regulations and the qualifications and conditions required by the Banking Regulator under the State Council.

A person shall not serve as supervisor of the Bank if he/she falls into any circumstance as prescribed in Article 249 of the Articles of Association.

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

**Article 217** Supervisors shall not abuse their authority of office to obtain bribes or other illegal income and shall not misappropriate the property of the Bank.

**Article 218** Each term of office of a supervisor is three years.

The term of office is renewable upon re-election and re-appointment. An external supervisor shall serve in the Bank for no more than a cumulative period of six years.

**Article 219** The nomination and election procedures of supervisors are as follows:

- (1) Shareholder representative supervisors shall be nominated by the Board of Supervisors and shareholders who individually or jointly hold three percent or more of the shares of the Bank with voting rights. External supervisors shall be nominated by the Board of Supervisors and shareholders who individually or jointly hold one percent or more of the shares of the Bank with voting rights. Employee supervisors shall be nominated by the Board of Supervisors and labor union of the Bank. Shareholders who have already nominated directors and their related parties and persons acting in concert shall no longer nominate supervisors, unless otherwise required by the State. Shareholder representative supervisors and external supervisors shall be elected, removed and replaced by the shareholders' general meeting. Employee supervisors shall be elected, removed and replaced by the employee representative meeting in a democratic manner.

In principle, the number of the supervisors nominated by the same shareholder and their related parties shall not exceed one third of the total number of members on the Board of Supervisors; and the same shareholder shall nominate only one candidate for external supervisor and shall not nominate a candidate for an independent director as well as external supervisor.

- (2) The nomination committee of the Board of Supervisors shall conduct preliminary verification on the qualifications and conditions of the candidates for supervisors.
- (3) Each candidate for supervisor shall be voted for on a separate basis at the shareholders' general meeting.
- (4) If it is necessary to fill a vacant position for a supervisor, the nomination committee of the Board of Supervisors shall propose candidate for supervisor, and the position shall be elected or replaced at the shareholders' general meeting.

**Article 220**

A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, regulations, regulatory requirements and the Articles of Association until a re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum or one-half of the number stipulated in the Articles of Association.

**Article 221**

The supervisor shall ensure the truthfulness, accuracy and completeness of the disclosure of the information of the Bank.

**Article 222**

Supervisors shall perform the following duties or obligations:

- (1) The supervisors may attend the meetings of the Board of Directors, Committee meeting of the Board of Directors, meetings of senior management and may raise queries or proposals on the matters to be resolved;

- (2) participate in meetings of the Board of Supervisors on time, fully review the resolutions of the Board of Supervisors, express opinions independently, professionally and objectively, and vote independently on the basis of prudent judgment;
- (3) be accountable for resolutions of the Board of Supervisors;
- (4) actively participate in trainings organized by the Bank and regulatory agencies, understand the rights and obligations of supervisors, be familiar with relevant laws and regulations, and possess the professional knowledge and capabilities required to perform their duties on an ongoing basis;
- (5) have the duty of loyalty and diligence to the Bank, perform their duties conscientiously and prudently, and ensure that they have sufficient time and energy to perform their duties;
- (6) proactively participate in the supervision and examination activities organized by the Board of Supervisors, and have the right to conduct investigations and obtain evidence independently in accordance with law, and raise queries and put forward supervisory opinions;
- (7) comply with laws and regulations, regulatory requirements and these Articles of Association.

**Article 223**

Any supervisors shall attend at least two-thirds of the on-site meetings of the Board of Supervisors in person each year. If a supervisor cannot attend the meeting in person due to certain reasons, he/she may appoint another supervisor in writing to attend on his/her behalf, while each supervisor shall not be authorized by more than two supervisors in each meeting.

The proxy letter shall state the name of the proxy, the matters to be delegated, scope of authorization, validity period and shall be signed by the appointor or affixed with a seal. The supervisor attending the meeting on behalf of another supervisor shall exercise the right of the supervisor within the scope of his/her authorization. If a supervisor does not attend the Board of Supervisors' meeting and fails to appoint a proxy to attend the meeting on his/her behalf, that supervisor shall be deemed to have waived his/her voting rights at that meeting.

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

**Article 224** If a supervisor fails to attend the meeting of the Board of Supervisors either in person or appoint other supervisors to attend on his/her behalf two times consecutively, or attends at least two-thirds of the total number of on-site meetings of the Board of Supervisors in person every year, the supervisor shall be deemed incapable of performing his/her duty, and the Board of Supervisors may make a proposal either to the shareholders' general meeting or employee representative meeting to remove such supervisor.

**Article 225** The Board of Supervisors shall make proposals to remove a supervisor at the shareholders' general meeting or employee representative meeting when the supervisor is involved with any of the following serious misconducts:

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

**Article 226** Supervisors shall not use their Related Relations to harm the interests of the Bank and they shall be liable for compensation regarding any related losses sustained by the Bank.

**Article 227** If supervisors violate the laws, regulations or the provisions of the Articles of Association in the performance of their duties, they shall be liable for compensation regarding any related losses sustained by the Bank.

## **Section 2 External Supervisors**

**Article 228** The Bank shall have external supervisors. External supervisors refer to supervisors who do not hold other position in the Bank other than that of a supervisor and who have no relationship with the Bank, its shareholders or its de facto controller that may affect his or her independent and objective judgment.

Matters including the qualifications, conditions, removal and resignation of the external supervisors of the Bank shall be implemented with reference to the requirements of independent directors as prescribed in the Articles of Association.

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

**Article 229** External supervisors shall give statements to the Board of Supervisors before they assume their offices, ensuring that they have sufficient time and energy to effectively perform their duties and undertaking that they will duly perform the duties of good faith and diligence.

## **Section 3 Board of Supervisors**

**Article 230** The Bank shall establish a Board of Supervisors which shall be comprised of nine Supervisors, including three shareholder supervisors, three employee supervisors and three external supervisors. The Board of Supervisors shall have one chairman and shall have one vice chairman whose appointment shall be adopted by more than two-thirds of all the supervisors by voting. The chairman of the Board of Supervisors shall convene and preside over meetings of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, the vice chairman of the Board of Supervisors shall convene and preside over meetings of the Board of Supervisors. If the vice chairman of the Board of Supervisor is unable or fails to perform his/her duties, a supervisor selected by more than half of all the supervisors shall perform such duties.

**Article 231** The supervisors shall include shareholder representative supervisors, employee supervisors and external supervisors. The employee supervisors and external supervisors shall be not less than one-third of all the supervisors.



**Article 232**

The chairman of the Board of Supervisors shall be served by a professional person who shall at least have professional knowledge and work experience in accounting, auditing, finance or law.

The chairman of Board of Supervisors shall exercise the following powers:

- (1) to convene and preside over meetings of the Board of Supervisors;
- (2) to organize the performance of duties of the Board of Supervisors;
- (3) to sign reports and other material documents of the Board of Supervisors;
- (4) to report on the work of the Board of Supervisors on their behalf at the shareholders' general meeting;
- (5) other powers conferred by relevant laws, regulations, regulatory requirements, the provisions of the Articles of Association and the Board of Supervisors.

**Article 233**

The Board of Supervisors shall be responsible of the general meeting and exercise the following powers:

- (1) to examine and provide comments in writing on the periodical reports of the Bank prepared by the Board of Directors;
- (2) to examine and supervise the Bank's financial affairs;
- (3) to monitor the directors and senior management in the performance of their duties; to propose to remove the directors or senior management who is in breach of the laws, regulations, the provisions of the Articles of Association or the resolutions of the general meeting;
- (4) to demand rectification from a director or senior management when the acts of such person injure the interests of the Bank;

- (5) to assume ultimate responsibility for the evaluation of the performance of directors and supervisors of the Bank; to be responsible for the establishment and improvement of the file on the performance of supervisors and the file on the evaluation of the performance of directors and supervisors; to assess and question the performance and conduct of Director, Supervisors and Senior Management, report assessment results to the Shareholders' General Meeting and submit to supervisory authorities in accordance with regulations;
- (6) to organise special and off-office audit in respect to any Directors and senior officers as required;
- (7) to supervise and assess the performance of Directors and Senior Management on major responsibilities, including strategy management, business decisions, financial management, remuneration management, capital management, internal control, enterprise risk management, liquidity risk management, reputational risk management, compliance management, case prevention, financial services for agriculture, farmers, and rural areas, and related transactions, information disclosure, data governance, consumer rights protection and anti-money laundering, and report to the Shareholders' General Meeting in accordance with regulations;
- (8) to review relevant audit reports in accordance with regulations and provide guidance and supervise the internal audit work of the Bank, and have the right to request relevant information from the Board of Directors and senior management in relation to the audit;
- (9) to review the financial reports, operation reports, profit distribution plan and other financial documents submitted by the Board of Directors to general meetings; if any query arises, to engage such professionals as certified public accountants or practicing auditors to assist the work for the Bank;
- (10) to propose the convening of extraordinary general meetings; to host the general meetings under the circumstances that the Board of Directors cannot perform its duties of convening and presiding over the general meeting as required under the Company Law;
- (11) to make the proposals to the shareholders' general meetings;

- (12) to represent the Bank to negotiate with the directors or senior management or bring the lawsuits against the directors or senior management according to the provisions of the Company Law;
- (13) if any abnormality is found in operations of the Bank, to conduct investigations; and when necessary, to engage such professionals as accountants or auditors to assist the work for the account of the Bank at the expense of the Bank;
- (14) to supervise the Board of Directors on the establishment of stable business ideas and valuation standard and formulate practicable developing strategies in line with the situation of the Bank;
- (15) to make periodical assessments on the rationality, reasonability and robustness of the developing strategies of the Bank and make the reports;
- (16) to supervise and inspect the operating decision, risk management, internal control, etc. of the Bank, and supervise the rectification;
- (17) to supervise the procedure of the election and appointment of the directors;
- (18) to supervise the implementation of the system of the remuneration management of the Bank and the rationality and reasonability on the salary plan of the senior management and propose any remuneration (or allowance) arrangement of a supervisor;
- (19) to be responsible for the supervision of money laundering risk management, and shall be responsible for supervising the performance of due diligence of the Board and senior management in money laundering risk management and supervising rectification, and making recommendations and opinions on the Bank's money laundering risk management;
- (20) to communicate with the banking regulatory authorities of the State Council about the condition of the Bank on a regular basis;
- (21) other duties and powers as provided in the laws, regulations, regulatory requirements and the provisions of the Articles of Association.

- Article 234** The Board of Supervisors, while discharging its duties, have the rights to request that the Board of Directors and senior management provide necessary information for information disclosure and auditing. The Board of Supervisors may, if thought necessary, appoint supervisors to attend meetings of the senior management. In the course of performing its duties, the Board of Supervisors shall be entitled to understand the situation through relevant personnel and parties of the Bank. The relevant personnel and parties shall cooperate accordingly.
- Article 235** The Bank shall safeguard that the work of the Board of Supervisors is carried out in the normal way, and provide the necessary working conditions and dedicated office premises for the Board of Supervisors. The reasonable costs required by the Board of Supervisors in discharging its duties shall be borne by the Bank.
- Article 236** In the course of exercising its powers, the Board of Supervisors shall be entitled to employ the professionals including lawyers, certified public accountants and practicing auditors, and the reasonable costs thus incurred shall be borne by the Bank.
- Article 237** The Board of Supervisors shall discuss official business through the meetings of the Board of Supervisors.
- The meetings of Board of Supervisors shall be classified into regular meetings and extraordinary meetings and shall be convened and chaired by the chairman of the Board of Supervisors. Supervisors may propose to convene extraordinary meetings of the Board of Supervisors.
- Article 238** The Board of Supervisors shall convene meetings at least four times annually.
- The Board of Supervisors may request that the directors and senior management, internal and external auditors of the Bank attend meeting of the Board of the Supervisors to answer queries of the supervisors.
- Article 239** Notice shall be given to all supervisors ten days before the convening of a regular meeting.

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

**Article 240** The notice regarding the forthcoming meeting of the Board of Supervisors shall include the following information:

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

When a meeting of the Board of Supervisors is to be convened, the Bank shall notify the regulatory authorities at least three (3) working days prior to the meeting. If the above time requirement cannot be met under special circumstances, the regulatory authorities shall be notified in a timely manner with explanations for reasons.

**Article 241** Resolutions of the Board of Supervisors may be voted by means of on-site meetings and written resolutions. Any resolutions made by the Board of Supervisors shall be effective only after such solutions have been adopted by more than two-thirds of all the supervisors by voting.

**Article 242** The Board of Supervisors shall have in place the detailed rules of procedures for its meetings and clarify the method of the discussion and the procedure of the decision-making to be executed after adopting the resolution of the general meeting for the purpose of ensuring the effectiveness and scientific decision-making. The rules of procedures of the Board of Supervisors shall include the meeting notice, ways of convening meeting, documents preparation, and ways of voting, proposal submission mechanism, meeting minutes and endorsement.

**Article 243** Minutes shall be taken to record the decisions of the matters discussed at the on-site meeting. Supervisors attending the meetings shall sign the meeting minutes.

Supervisors attending the meeting shall have the right to request explanatory notes regarding any remarks that have been made during the meeting to be placed in the minutes. As the Bank's files, the minutes of the Board of Supervisors' meetings shall be kept by the Bank for a permanent period.

**Article 244**

The minutes of the Board of Supervisors shall include the following:

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

Archives including minutes and resolutions of the Board of Supervisors shall be filed with the regulatory authority immediately after the conclusion the meetings.

**Section 4 Special committee of the Board of Supervisors**

**Article 245**

The Board of Supervisors of the Bank shall set up a nomination committee and an audit and supervision committee. Each committee shall have at least three members. In principle, the chairman of each committee shall be served by external supervisors.

**Article 246**

The nomination committee of the Board of Supervisors shall be responsible for setting up the selection procedures and criteria for supervisors, conducting preliminary review on the qualifications and credentials of the potential supervisors and making recommendations to the Board of Supervisors; conducting comprehensive evaluation of the performance of directors, supervisors and senior management personnel and reporting to the Board of Supervisors.

**Article 247** The main responsibilities of the audit and supervision committee of the Board of Supervisors include:

- (1) supervising the Board of Directors on the establishment of stable business ideas, valuation standard and formulate practicable developing strategies;
- (2) supervising the performance of the Board of Directors and its members and the senior management;
- (3) carrying out resignation auditing on the directors and senior management as required;
- (4) inspecting and supervising the financial activities of the Bank;
- (5) supervising and inspecting or auditing the operation decisions, risk management, internal control and case prevention of the Bank and provide guidance on the operation of the Internal Audit Department of the Bank;
- (6) other matters as authorized by the Board of Supervisors.

## **CHAPTER 11 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

**Article 248** The qualification of the directors, supervisors and senior management of the Bank shall comply with the laws, regulations, regulatory provisions and the Articles. The banking regulators of the State Council shall evaluate the qualifications of directors and senior management in accordance with the aforementioned requirement.

**Article 249** A person shall not serve as director, supervisor and member of senior management of the Bank if he/she:

- (1) has no capacity or limited capacity for civil conduct;
- (2) has committed an offense of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offense; or who has been deprived of his political rights;



- (3) was a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation because of bad management and was personally liable for the insolvency of such company or enterprise;
- (4) was a former legal representative of a company or enterprise of which the business license has been revoked due to violation of the law and has incurred personal liability in relation thereto;
- (5) has a relatively large amount of debts due and outstanding;
- (6) has been prohibited from participating in the securities market by the China Securities Regulatory Commission (the “CSRC”), where the term of such prohibition has not expired;
- (7) had been the officer-in-charge of a stock exchange or securities registration and clearing institution or director, supervisor or member of senior management of a securities company who was dismissed for any act against the law or misconduct, where less than five years have elapsed since the date of dismissal;
- (8) has been convicted of contravention of provisions of relevant securities regulations by relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction;
- (9) had been a lawyer, certified public accountant or a professional of an investment consulting institution, financial consulting institution, credit rating institution, asset valuation institution or certification institution who was disqualified for any act against the law or misconduct, where less than five years have elapsed since the date of disqualification;
- (10) was an officer of a government authority, or other person prohibited by laws, regulations, regulatory provisions and other rules of securities regulatory authorities in the places where the shares of the Bank are listed from concurrently holding position in the Company;
- (11) was subject to administrative penalty by financial regulatory authorities due to material violation of laws or regulations, where less than three years have elapsed since the completion of execution of such penalty;

- (12) has been disqualified by the CSRC, where less than three years have elapsed since the date of disqualification;
- (13) has been identified as inappropriate for a position by CSRC, where less than two years have elapsed since the date of identification;
- (14) is not eligible for enterprise leadership according to the laws and administrative regulation;
- (15) is not a natural person;
- (16) is subject to investigation by judicial body for violation of criminal law where the said investigation has not yet been concluded;
- (17) is any other person who is not eligible for enterprise leadership according to the laws, regulations, regulatory provisions and the Articles of Association.

Any election, appointment or engagement of a director, supervisor or senior management in violation of the above provisions shall be invalid. The Bank shall dismiss the director, supervisor and senior management if he/she is involved in the said circumstances during his/her term of office.

**Article 250**

The validity of an act of a director and senior officers of the Bank on behalf of the Bank vis-à-vis a bona fide third party is not affected by any irregularity in his office, election or qualification.

**Article 251**

In addition to the obligations required under the laws, regulations, regulatory provisions or the listing rules of the place where the Bank's securities are listed and the Articles of Association, in exercising their duties and functions, the directors, supervisors and members of senior management of the Bank shall also owe the following obligations to each and every shareholder:

- (1) to ensure that the Bank does not operate beyond the scope of business stipulated in its business license;
- (2) to act in good faith and in the best interests of the Bank;
- (3) not to deprive the Bank of its assets in any way, including but not limited to depriving the Bank of any advantageous business opportunities;

- (4) not to deprive the shareholders of any personal rights and interests, including but not limited to the right to distributions and the right to vote, but excluding the submission of the Bank's restructuring proposals adopted at the shareholders' general meeting in accordance with the Articles of Association.

**Article 252**

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

**Article 253**

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

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

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

#### **Article 254**

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

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

**Article 255**

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

**Article 256**

The shareholders may make an informed decision at the shareholders' general meeting to dismiss any director, supervisor and members of senior management of the Bank who has violated any obligations, unless the circumstances specified in Article 70 apply.

**Article 257**

If a director or any of his associates (as defined in the Hong Kong Listing Rules), supervisor or member of senior management of the Bank has any direct or indirect material interests or related Relationship in any contract, transaction or arrangement already concluded or under planning with the Bank (exclusive of the engagement contract between the Bank and a director, supervisor or member of senior management), he shall disclose the nature and extent of the said interests to the Board of Directors as soon as possible, regardless whether the relevant matters are subject to approval by the Board of Directors in normal circumstances, and shall also inform the Related Transactions and Risk Management Committee of the Board of Directors promptly of the nature and extent of the related relationship and make a necessary abstention from consideration of relevant matters.

Unless the director, supervisor or member of senior management of the Bank having material interests has disclosed the said interests to the Board of Directors according to the aforesaid requirements in this Article, and the Board of Directors has not counted him in the quorum or approved the said matter at a meeting in which he did not vote; the Bank has the right to cancel the said contracts, transactions or arrangements, save for the circumstance in which the other parties are bona fide parties without any knowledge of the default on the part of the said director, supervisor or member of senior management.

If a connected person of a director, supervisor or member of senior management of the Bank has any interests in a given contract, transaction or arrangement, the said director, supervisor or member of senior management shall be deemed as having interests.

Non-executive directors shall coordinate between the shareholders and the Bank in compliance with the laws and regulations, pay attention to the related transactions between shareholders and the Bank and support the Bank to formulate the capital replenishment plan.

**Article 258**

If, before concluding relevant contract, transaction or arrangement with the Bank for the first time, the director, supervisor or member of senior management of the Bank has notified the Board of Directors that he will have interests in the contract, transaction or arrangement concluded in the future for the reasons set out in the notice, then within the scope set out in the notice, he will be deemed as having made such disclosures as required above.

**Article 259** When the conditions are ready, a professional liability insurance system may be established in respect of the directors, supervisors and members of senior management and proper insurance may be arranged in case of legal actions to be encountered, subject to the approval of the shareholder's general meeting.

**Article 260** The Bank shall not in any way pay taxes for the directors, supervisors and members of senior management.

**Article 261** The Bank shall not, directly or indirectly, provide loans or loan guarantees for its and its parent company's directors, supervisors, presidents or other members of senior management, nor shall it provide the same to their related persons.

The preceding paragraph shall not apply in the following circumstances:

- (1) loans or loan guarantees provided by the Bank to or for its subsidiary;
- (2) loans, loan guarantees or other funds provided by the Bank to the directors, supervisors, presidents or other members of senior management of the Bank pursuant to their employment contracts which were adopted by the shareholders' general meeting, so that the foregoing persons can make payments in the interests of the Bank or for the expenses incurred in performing their duties and responsibilities for the Bank;
- (3) the Bank may provide loan or loan guarantee to relevant directors, supervisors, presidents, other members of senior management and their connected persons if the scope of normal business of the Bank includes provision of loans and loan guarantees, but provision of loans or loan guarantees shall be subject to normal business conditions.

**Article 262** If the Bank provides loans in violation of the preceding provisions, the recipient of the loans or borrowers shall return the same immediately regardless of the loan conditions.

If the Bank provides loan guarantee in violation of the preceding provisions, the loans or loan guarantee cannot be enforceable, except:

- (1) when the Bank provided loan to the directors, supervisors and members of senior management and their connected person and the Bank was not aware of the violation;



- (2) the secured property provided by the Bank has been sold to a bona fide purchaser by the debtor.

**Article 263**

The “guarantee” referred to in the preceding articles of this Chapter includes acts whereby the assumption of liability by the guarantor or the provision of assets by the guarantor is made to secure the performance of obligations by the obligor.

**Article 264**

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

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

**Article 265**

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

- (1) remunerations as directors, supervisors or senior Management of the Bank;
- (2) remunerations as directors, supervisors or senior Management of the subsidiaries of the Bank;
- (3) remunerations for providing other services for the management of the Bank and its subsidiaries;
- (4) compensations for the said directors or supervisors for losing their positions or for retirement.

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

**Article 266**

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

- (1) tender offer of any person to all the shareholders;
- (2) tender offer of any person to become a Controlling Shareholder.

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

## CHAPTER 12 PARTY ORGANIZATION (PARTY COMMITTEE)

**Article 267** The Party Committee of the Bank shall generally consist of five to nine members, with a maximum number of eleven, including one secretary, and one or two deputy secretaries. The secretary of the Party Committee and the chairman of the Board of Directors shall be the same person generally, and the president who is also a Party member shall serve as the deputy secretary generally.

The Bank adheres to the organic integration of strengthening the Party's leadership and improving corporate governance, and insists on and improves the leadership mechanism of "Dual Entry and Cross Appointment". Eligible members of the Party Committee can join the Board of Directors, the Board of Supervisors and the senior management through legal procedures, while eligible members of the Board of Directors, the Board of Supervisors and the senior management can also join the Party Committee in accordance with relevant rules and procedures. The members of the Party Committee who take seats in the Board of Directors, the Board of Supervisors, and the senior management shall implement the decision of the Party Committee of the Bank. Directors and Supervisors serving as members of Party Committee shall strictly implement the Party Committee's decisions in the process of decision-making and supervision, promote information communication between the Party Committee meeting, the Board of Directors and the Board of Supervisors, thus ensuring that the leadership and core role of the Party Committee is brought into play.

**Article 268** In accordance with the Constitution of the Communist Party of China, the Working Regulations of the Communist Party of China on the Grassroots Organization of State-owned Enterprises (Trial) and other internal laws and regulations of the Party, the Party Committee of the Bank earnestly exerts its leadership role in directing, managing the overall situation and ensuring implementation, focuses on political direction, leadership team, basic systems, major decisions and Party establishment, and earnestly assumes the responsibility of strict management of the Party. Its main duties include:

- (1) Strengthen the political construction of the Party of the Bank, adhere to and implement the fundamental systems, basic systems and important systems of socialism with Chinese characteristics, and educate and guide all Party members to always maintain a high degree of consistency in political stance, political direction, political principle and political path with the Central Committee of the CPC with Xi Jinping as the core;

- (2) Thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, study and promote theories of the Party, implement the Party's route, guidelines and policies, supervise and ensure the implementation of major decisions and arrangements of the Central Committee of the CPC and resolutions of higher Party organizations in the Bank;
- (3) Research and discuss the major operational and management issues of the Bank. Support the shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management of the Bank in performing their duties and powers in accordance with law;
- (4) Strengthen the Bank's leadership and gate keeping role, and focus on the construction of leadership team, cadre team and talent team of the Bank;
- (5) Perform the main responsibility in the building of party style and honest administration, lead and support the internal discipline inspection committee to perform the duties of supervision, discipline and accountability, strictly specify political discipline and political rules, and promote the comprehensive extension of strict Party governance to the grassroots level;
- (6) Strengthen the building of the Bank's grassroots Party organizations and of its contingent of Party members, give full play to the role of Party organizations as strongholds and to the role of Party members as pioneers and fine examples, and unite and lead employees bank-wide to devote themselves into the reform and development of the Bank;
- (7) Lead the Bank's ideological and political work, the cultural and ethical progress, the unified frontline work, and lead the Labor Union of the Bank and the Communist Youth League, the women's organizations and other mass organizations.

Major operational and management issues of the Bank shall be presented to the Party Committees for study and discussion before being submitted to the Board or the senior management for decision making. Matters subject to study and discussion mainly include:

- (1) the implementation of major moves under the national development strategies following the decisions of the Central Committee of CPC;

- (2) the corporate development strategies, medium and long-term development plans and significant reform plans;
- (3) the fundamental and directional issues in the corporate asset restructuring, property transfer, capital operation and large investment;
- (4) the establishment and adjustment of the corporate organizational structure, and the formulation and modification of important rules and regulations;
- (5) major issues concerning the production safety, maintenance of stability, employee rights and interests, social responsibility of the Bank;
- (6) other significant matters which shall be studied and discussed by the Party Committee of the Bank.

The Party Committee of the Bank shall formulate a list of matters for study and discussion based on the actual situation of the Bank. The deliberations under Party Committee are mainly conducted in the form of Party Committee meeting.

The Bank continues to improve the democratic management system under the leadership of the Party Committee based on the Workers' Congress. The Bank shall listen to the opinions of workers in respect of important decisions, and the major issues involving the immediate interests of the workers must be submitted to the Workers' Congress or general staff meetings for deliberation, ensuring that employee representatives participate in corporate governance in an orderly manner in accordance with the laws.

## **CHAPTER 13 FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION PLANS AND AUDIT**

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

**Article 269** The Bank shall establish a financial and accounting system in accordance with the laws, administrative regulations and the China accounting standards set by the competent authorities under the State Council.

**Article 270** The Board of Directors of the Bank shall make available at each annual shareholders' general meeting the financial reports prepared by the Bank in accordance with the relevant laws, administrative regulations as well as the regulatory documents issued by local governments and competent authorities.

**Article 271** The Bank's financial reports shall be made available for shareholders' inspection at the Bank twenty days before the convening of an annual general meeting. Each shareholder of the Bank shall be entitled to obtain the financial reports mentioned in this chapter.

Unless otherwise provided in the Articles of Association, the Bank shall dispatch the abovementioned reports or report of the directors together with the balance sheet (including every documents that the laws require as appendixes of the balance sheet) and profit and loss statement (or income and expenditure statement, or summary financial report) to each holder of foreign investment shares (whose addressing will be according to the address on register of shareholders), by person or by post, at least twenty-one days before the convening of the annual general meeting of shareholders. If holder of foreign investment shares qualifies for the laws, regulations and regulatory provisions, the Bank may send abovementioned reports by ways published on the Bank's website, Hong Kong Stock Exchange's website or other websites regulated by the Hong Kong Listing Rules every now and then.

If the securities regulators in the place where the shares of the Bank are listed have regulations otherwise, such regulations shall prevail.

**Article 272** The Bank shall have no accounting books other than the statutory books. The Bank's assets shall not be deposited in any account opened under the name of an individual.

**Article 273** The financial reports of the Bank shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the shares are listed. If there are any major differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. The Bank shall distribute the less of after-tax profits in a given accounting year as stated in the aforesaid two financial statements.

**Article 274** The interim results or financial information shall be prepared in accordance with the China accounting standards and laws and regulations as well as the international accounting standards or the accounting standards of the place where shares are listed.

**Article 275** The Bank shall publish an annual financial report two times every financial year, that is to publish a half-year financial report within sixty days from the date of the end of the first six months of each financial year and an annual financial report within one hundred and twenty days from the date of the financial year respectively.

If the securities regulators in the place where the shares are listed have regulations otherwise, such regulations shall prevail.

**Article 276** When distributing each year's profits after taxation, the Bank shall set aside ten percent of its profits after taxation for the Bank's statutory surplus reserve fund until the fund has reached fifty percent or more of the Bank's registered capital.

When the Bank's statutory common reserve fund is not sufficient to make up for the Bank's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund.

After the Bank has made allocations to the statutory common reserve fund from its profits after taxation, the Bank may make allocations to the statutory common reserve as provision for any potential loss which has not been identified yet in accordance with the laws and regulations.

After the Bank has made allocations to the statutory common reserve fund and payment of dividends on preference Shares from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund.



After the Bank has made good its losses and made allocations to its discretionary common reserve fund and general reserve fund, and payment of dividends on preference shares, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders in accordance with the approved profits distribution plan at the shareholders' general meeting, except for those which are not distributed in a proportionate manner as provided by the Articles of Association.

Profits distributed to shareholders by a shareholders' general meeting before losses have been made good and allocations have been made to the statutory common reserve fund and general reserve fund in violation of the requirements described above must be returned to the company.

The Bank shall not be entitled to any distribution of profits in respect of shares held by it.

Where the capital adequacy ratio of the Bank falls below the required standards of the relevant regulatory authorities, the Bank shall not distribute dividends to shareholders during the year. Under the premise that the capital adequacy ratio meets the regulatory requirements, the Bank may distribute profits if it has distributable profits after making up the losses, setting aside the statutory common reserve fund and general reserve fund and payment of dividends on preference shares.

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

#### **Article 277**

The common reserve fund of the Bank shall be applied to make good the Bank's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make good the Bank's losses.

Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than twenty-five percent of the registered capital of the Bank before such transfer.

- Article 278** Capital reserve fund includes:
- (1) the premium over the nominal value of the shares of the Bank on issue;
  - (2) other income as required by competent governmental department to be treated as the capital reserve fund.
- Article 279** After the Bank's shareholders' general meeting has adopted the resolution on the proposal of profit distribution, the Board of Directors of the Bank shall complete the distribution of profit (or shares) within two months after the shareholders' general meeting.
- Article 280** The Bank may distribute dividends:
- (1) in cash;
  - (2) by shares;
  - (3) in other forms in accordance with the provisions of laws, regulations, regulatory provisions and the securities regulatory authorities of the place where the shares of the Bank are listed.
- Article 281** 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 laws, regulations, regulatory provisions and the requirements of the securities regulatory authorities of the place where the securities of the Bank are listed, but the right shall only be exercised after the expiration of the given period.
- Article 282** The Bank shall appoint receiving agents on behalf of the holders of foreign investment shares who shall receive on behalf of such shareholders dividends declared and all other monies owing by the Bank in respect of such shares.
- The receiving agents appointed by the Bank shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Bank's shares are listed.
- The receiving agents appointed on behalf of the holders of foreign investment shares listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

## **Section 2 Data Governance**

**Article 283** The Bank incorporates data governance into the scope of corporate governance, creates a top-down and coordinated data governance system, establishes data quality management targets and control mechanisms to ensure the truthfulness, accuracy, continuity, completeness and timeliness of data; and strengthens data application in risk management, business operation and internal control to achieve the data-driven target, improves management refinement, and gives full play to data value.

**Article 284** The Bank determines and authorizes the responsible management departments to take the lead in the implementation of the data governance system, coordinates the implementation of the data management operation mechanism, organizes and promotes the role of data in the operation and management procedures, being responsible for supervising data-related work, and sets up full-time posts related to regulatory data.

## **Section 3 Internal Control**

**Article 285** The Bank established a sound internal control system, defines internal control responsibilities, improves internal control measures, strengthens internal control guarantee, and continues to conduct the internal control evaluation and supervision.

**Article 286** The Bank establishes a sound information system covering all business and all process at all levels of the organization to record the operation and management information promptly and accurately, and to ensure the integrity, continuity, accuracy and traceability of information.

## **Section 4 Internal Audit**

**Article 287** The Bank establishes an internal audit system that is commensurate with the objectives, governance structure, control model, business nature and scale of the Bank, and implements centralized management or vertical management of internal audit. Internal audit is independent of business operations, risk management and internal control compliance. In accordance with the relevant regulatory requirements, the Bank has implemented an internal audit system with adequate internal full-time auditors, who will supervise the Bank's financial revenue and expenditure and economic activities. Internal auditors shall possess the professional knowledge, professional skills and practical experience required to perform the duties of internal audit.

**Article 288** The internal audit system and the duties of the audit personnel shall be implemented upon approving by the Board of Directors. The Bank has established an independent internal audit department responsible for internal audit-related work. The internal audit department is responsible for and reports to the person in charge of the audit. The person in charge of audit shall be responsible to the Board of Directors, appointed and dismissed by the Board of Directors, and shall regularly report to the Board of Directors and the Audit Committee.

### **Section 5 Engagement of Accounting Firms**

**Article 289** The Bank shall engage independent, professional and qualified external audit institutions that comply with the relevant State regulations to conduct financial audits, audit annual financial reports and, to review other financial reports of the Bank and regularly evaluate the Bank's internal control. The external auditors shall perform their audit duties independently, objectively, impartially and prudently. The Bank shall submit the external audit report and the audit opinion of the audit institution on the effectiveness of the Bank's internal control to the regulatory institution in a timely manner. The term of engagement of an accounting firm engaged by the Bank shall be 1 year starting from the closing of each annual shareholders' general meeting and ending at the closing of the next annual shareholders' general meeting, and is subject to renewal upon expiry. No accounting firm controlled by a related party shall be engaged to perform auditing for the Bank.

**Article 290** The appointment of an accounting firm for annual auditing and the asset and capital verification shall be decided upon by the shareholders' general meeting.

**Article 291** If a vacancy of the position of accounting firm arises, the Board of Directors may appoint an accounting firm to fill such vacancy before the holding of a shareholders' general meeting. However, if there are other engaged accounting firms of the Bank while such vacancy still exists, such accounting firms shall continue to serve.

**Article 292** An accounting firm engaged by the Bank shall have the following rights:

- (1) to inspect the books of accounts, records or documents of the Bank at any time, and to require the directors or members of senior management of the Bank to provide relevant information and explanation;

- (2) to require the Bank to adopt all reasonable measures to obtain from its subsidiaries such information and explanations as required by the accounting firm for performance of its duties;
- (3) to attend the shareholders' meeting to obtain any notice of shareholders' meeting or other information in relation to the meeting, and to speak at the shareholders' meeting on matters involving its duties as the accounting firm appointed by the Bank.

**Article 293** The Bank warrants that the Bank will provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

**Article 294** 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 295** 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.

**Article 296** The appointment, dismissal or non-reappointment of an accounting firm shall be decided upon by the shareholders' general meeting and reported to the securities regulatory authorities of the State Council for filing.

In case of dismissal or non-reappointment of accounting firm of the Bank, a fifteen-day prior notice shall be given to the accounting firm. The accounting firm should be allowed to make representations when the general meeting conduct a vote on the dismissal of the accounting firm.

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

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

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

- (2) if the accounting firm about to leave its post makes a written statement, and requests the Bank to inform the shareholders of its statement, the Bank shall, unless the time of receiving the written statement is too late, adopt the following measures:

- (i) state in the notice sent out for the purpose of a resolution that the accounting firm to leave its post has made a statement;

- (ii) send a copy of the statement in the form of an attachment to the notice to shareholders in the manner stipulated by the Articles of Association.

- (3) if the statement of relevant accounting firm is not sent by the Bank in accordance with the provisions in subsection (2) above, the accounting firm concerned may request that the statement be read out at the shareholders' general meeting and make further appeal.

- (4) an accounting firm which is leaving its post shall be entitled to attend the following meetings:

- (i) shareholders' general meeting at which its term of office shall expire;

- (ii) shareholders' general meeting at which the vacancy due to its dismissal is to be filled up;

- (iii) shareholders' general meeting convened due to its resignation from its post.

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

#### **Article 297**

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

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

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

The Bank shall, within fourteen days after receiving the aforesaid written notice, send a copy of the notice to the relevant regulatory authorities. If the notice contained a statement referred to in the above item (2), the Bank shall also deposit a copy of the said statement in the Bank for the shareholders' review. Unless otherwise stipulated by the Articles of Association, the Bank shall send by prepaid mail a copy of the statement mentioned above to each shareholder who is entitled to obtain the financial statements of the Bank, and the address of the recipient shall be that recorded in the register of shareholders; or according to the applicable laws, regulations, regulatory provisions and Hong Kong Listing Rules, during the above-mentioned period, publish such copy of the statement through the website of the stock exchange of the place where the Bank's securities are listed, or publish such copy of the statement in one or more newspaper specified by such stock exchange website and by the Articles of Association.

If the accounting firm's notice of resignation contains any statement about circumstances that shall be disclosed, 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 14 NOTICES AND ANNOUNCEMENTS

**Article 298** The notices shall be given in one or more of the following ways:

- (1) by hand;
- (2) by post;
- (3) by oral notice, phone, fax or email;
- (4) subject to the compliance with the laws, regulations, regulatory requirements, the listing rules of the jurisdiction in which the Bank's securities are listed and the Articles of Association, by way of posting on the website designated by the Bank and the stock exchange;
- (5) by way of media announcement or disclosure from the website of the Bank or posting at branches;
- (6) given by any other means as may be agreed upon by the Bank and the addressee or as may be accepted by the addressee after receiving a notice;
- (7) given by any other means recognized by the relevant regulatory authority of the jurisdiction in which the Bank's securities are listed or provided in the Articles of Association.

In respect of any corporate communications provided or delivered to H class shareholders by the Bank in accordance with the requirements of the Hong Kong Listing Rules, the Bank may, subject to the laws and regulations and the listing rules of the jurisdiction in which the Bank's securities are listed and the Articles of Association, provide or deliver corporate communications to H class shareholders through the website designated by the Bank and/or the website of Hong Kong Stock Exchange or via electronic means.

- Article 299** Where a notice of the Bank is delivered by hand, the recipient shall acknowledge receipt by signing (or sealing) the delivery receipt, and the date on which the recipient or its proxy signs the delivery receipt shall be the delivery date; where a notice of the Bank is sent by mail, the delivery date shall be fifth working days after such notice is delivered to the post office; where a notice of the Bank is delivered by way of media announcement or disclosure from the website of the Bank or posting at branches, the delivery date shall be the date on which the announcement is firstly published or delivered by way of media announcement or disclosure from the website of the Bank or posting at branches; where a notice of the Bank is given by phone or oral notice, the delivery date shall be the date of notice; where a notice of the Bank is given by email or fax, the delivery date shall be the date of sending the email or fax.
- Article 300** Where an announcement is published by the Bank, once the announcement is published, all persons concerned shall be deemed to have received the notice.
- Article 301** The notice in respect of convening a shareholders' general meeting shall be delivered by way of media announcement or disclosure from the website of the Bank or posting at branches.
- Article 302** The notice in respect of convening a meeting of the Board of Directors shall be delivered by hand, post, phone, fax, email or other methods agreed by the Board of Directors.
- Article 303** The notice in respect of convening a meeting of the Board of Supervisors shall be delivered by hand, post, phone, fax, email or other methods agreed by the Board of Supervisors.
- Article 304** The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting held and the resolutions adopted at such meeting.
- Article 305** Where the listing rules of the jurisdiction in which the Bank's securities are listed require that the Bank shall send, mail, distribute, release, announce or provide by other means the Bank's relevant documents in both English and Chinese versions, if the Bank has made appropriate arrangements to determine whether its shareholders expect to receive the English or the Chinese version only, the Bank may (based on the preference expressed by shareholders) send the English or Chinese version only to relevant shareholders within the scope permitted by the applicable laws, regulations and regulatory requirements.

**Article 306**

The Bank shall send announcements and disclose information to the shareholders of domestic shares in newspapers and websites for information disclosure specified by the laws, regulations or relevant domestic regulatory authorities. Where announcements are to be sent to the shareholders of overseas listed shares in accordance with the relevant requirements, then relevant announcements shall, at the same time, be published in the methods specified by the Hong Kong Listing Rules. The disclosure made by the Bank on other public media shall not be earlier than that made on designated newspapers and websites, and news notices or question and answer session shall not be used as an alternative of the announcements of the Bank.

The Board of Directors are entitled to change the newspapers designated for the posting of announcements, but they must ensure that the designated newspapers fulfil the qualification and conditions required by relevant laws, regulations, regulatory requirements and stock exchanges.

**CHAPTER 15 MERGERS, DIVISION, DISSOLUTION AND LIQUIDATION****Section 1 Mergers and Division****Article 307**

Upon the approval by the banking regulatory authorities under the State Council, the Bank may implement the merger and division in accordance with the laws.

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

**Article 308**

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 of Association. 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.

The aforementioned documents shall be served by mail to the shareholders of overseas listed foreign shares.

**Article 309** 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 days from the date on which the resolution in favor of the merger is adopted, and shall publish an announcement in thirty days in the newspapers designated by the Bank for publishing announcements. The creditors shall within thirty days of the day on which a notice is received, and, in the case where no notice is received, within forty-five days, request that the Bank repays its debts or provides a corresponding guarantee for repayment.

**Article 310** 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 311** Where the Bank proceeds into a division, its assets shall be divided accordingly.

Where there is a division of the Bank, the parties to the division shall execute a division agreement and prepare a balance sheet and assets list. The Bank shall inform the creditors within ten days from the date on which a resolution is adopted in favor of the division, and shall publish an announcement within thirty days in newspapers.

**Article 312** 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 313** Changes in the registration of the Bank as a result of the merger or division shall, in accordance with the laws, be registered with the company registration authority. In accordance with the laws, cancelation of a company shall be registered when the Bank is dissolved and incorporation of a company shall be registered when a new company is incorporated.

## **Section 2 Dissolution and Liquidation**

### **Article 314**

The Bank shall be dissolved in any of the following circumstances:

- (1) expiry of the term of business operation of the Bank;
- (2) the shareholders' general meeting has resolved to dissolve our Bank;
- (3) merger or division of our Bank entails dissolution;
- (4) the Bank is declared insolvent according to the laws because the Bank fails to pay debts when they are due payable;
- (5) if the business license of the Bank is revoked or if it is ordered to close down its business or if its business license is canceled due to its breach of laws and administrative regulations;
- (6) the Bank is dissolved by the People's Court in response to the request of shareholders with shareholding representing no less than ten percent of the voting rights of all shareholders of the Bank, on the grounds that the operation of the Bank experiences serious difficulties that cannot be resolved through other means, rendering ongoing existence of the Bank a source of significant losses for shareholders.

The dissolution of the Bank is subject to the approval of banking regulatory authority of the State Council.

### **Article 315**

Where the Bank is dissolved pursuant to items (2), or (6) of Article 314 of the Articles of Association, the Bank shall establish a liquidation group within fifteen days upon the approval of the banking regulatory authorities under the State Council and the members of the liquidation group shall be determined by the shareholders' general meeting by way of an ordinary resolution. Where the Bank is dissolved pursuant to item (4) above, a liquidation group shall be established by the people's court pursuant to the relevant laws, and the group may comprise representatives from the banking regulatory authorities under the State Council, shareholders, related agencies and professionals.

If the Bank fails to establish a liquidation group on time, creditors may request the people's court to designate certain persons to form a liquidation group to perform liquidation.

Where the Bank is dissolved pursuant to item (5) above, a liquidation group shall be established by the banking regulatory authorities under the State Council to perform liquidation, and the group may comprise the shareholders, related agencies and professionals.

**Article 316**

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

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

The liquidation group shall report to the shareholders' general meeting at least once a year about the revenues and expenses of the liquidation group, the businesses of the Bank and the progress of the liquidation, and shall deliver a final report to the shareholders' general meeting at the end of liquidation according to the instruction of the shareholders' general meeting.

**Article 317**

The liquidation group may exercise following functions and powers during the liquidation:

- (1) to liquidate the assets of the Bank and prepare a balance sheet and an inventory of assets;
- (2) to notify the creditors or publish announcements;
- (3) to deal with any outstanding business of the Bank that relates to the liquidation;
- (4) to pay any overdue tax together with any tax arising during the liquidation process;
- (5) to settle financial claims and liabilities;
- (6) to handle the Bank's remaining assets after its debts have been paid off;
- (7) to represent the Bank in any civil procedures.

**Article 318**

The liquidation group shall notify creditors within ten days of its establishment, and publish an announcement in newspapers within sixty days. A creditor shall lodge his claim with the liquidation group within thirty days of receipt of the notification or within forty-five days of the date of the announcement if he has not received any notification.

A creditor shall, in making his claim, state all matters relevant to his creditor's rights and furnish relevant evidence. The liquidation group shall register such creditor's rights.

The liquidation group shall not make any settlement to creditors during the period of the claim.

**Article 319**

Upon disposal of the Bank's property and preparation of the required balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or the people's court for endorsement.

The remaining assets of the Bank, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the Bank's debts, shall be distributed to shareholders according to the classes and proportion of the shares held by them.

The Bank shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The Bank's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

**Article 320**

Upon liquidation of the Bank's property and preparation of the required balance sheet and inventory of assets, if the liquidation group becomes aware that the Bank does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws.

Following such declaration by the people's court, the liquidation group shall hand over the administration of the liquidation to the people's court.



- Article 321** Following the completion of liquidation, the liquidation group shall prepare a liquidation report, income and expenditure statement and financial books of accounts in respect of the liquidation period, and, upon verification by a PRC certified public accountant, submit the same to the shareholders' general meeting or the relevant regulatory authorities for confirmation. Within thirty days from the date of confirmation from the shareholders' general meeting or the relevant regulatory authorities, the liquidation group shall submit the documents mentioned above to the company registration authority, apply for cancellation of the Bank's registration and make an announcement of the closure of the Bank.
- Article 322** Members of the liquidation group are required to discharge their duties in good faith and perform the liquidation obligations in accordance with the laws.
- Members of the liquidation group shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the Bank's properties.
- Members of the liquidation group are liable to indemnify the Bank and its creditors in respect of any loss arising from their willful or material default.
- Article 323** Liquidation of the Bank declared bankrupt according to the laws shall be processed in accordance with the laws on corporate bankruptcy.
- Article 324** Mergers, division, dissolution and liquidation of the Bank shall comply with the provisions of Company Law, Commercial Bank Law and the special provisions of banking regulatory authority of the State Council and other regulatory authorities.

## **CHAPTER 16 AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**Article 325** The Bank may amend the Articles of Association in accordance with the laws, regulations, regulatory requirements and the provisions herein.

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

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

**Article 326** Any amendments to be made to the Articles of Association pursuant to a resolution of the shareholders' general meeting shall be subject to the approval of the banking regulatory authorities under the State Council. The amendment involving matters of company registration must be registered with the relevant authority in accordance with applicable laws.

**Article 327** The Board of Directors shall amend the Articles of Association according to the resolutions on amending the Articles of Association passed at a shareholders' general meeting and the approval opinions of the relevant regulatory authorities.

**Article 328** Where the amendments to the Articles of Association involve information that is required to be disclosed by laws, such amendments shall be announced in accordance with the relevant requirement.

## CHAPTER 17 RESOLUTION OF DISPUTES

### Article 329

Whenever any disputes or claims arise between holders of the overseas listed foreign shares and the Company, holders of the overseas listed foreign shares and the directors, supervisors, presidents or other members of the senior management, or holders of the overseas listed foreign shares and holders of domestic shares, which are based on the Articles of Association or any rights or obligations under relevant laws and administrative regulations concerning the affairs of the Company, and the competent securities regulatory authorities under the State Council have not reached an understanding or entered into any agreement with overseas securities regulatory agencies in respect of the disputes settlement methods, the parties concerned may resolve such disputes or claims in accordance with laws and administrative regulations, or other methods as agreed by both parties.

The Bank shall act according to the following principles to settle disputes:

- (1) whenever any disputes or claims arise between holders of the overseas listed foreign shares and the Bank, holders of the overseas listed foreign shares and the Bank's directors, supervisors, members of the senior management, or holders of the overseas listed foreign shares and holders of domestic shares, which are based on the Articles of Association, the PRC Company Law or any rights or obligations under other relevant laws and administrative regulations concerning the affairs of the Bank, such disputes or claims shall be referred by relevant parties to arbitration.

Where a dispute or claim of rights above mentioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person being the Bank or a shareholder, director, supervisor, or other senior management of the Bank who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.

Disputes in relation to the identification of shareholders and disputes in relation to the register of shareholders need not be referred to arbitration.

- (2) a claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects arbitration at Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

- (3) if any disputes or claims of rights in above-mentioned sub-paragraph (1) are referred to arbitration, the laws of the PRC shall apply, save as otherwise provided in the laws, regulations and regulatory provisions.
- (4) the award of an arbitration body shall be final and binding on all parties.

## **CHAPTER 18 SPECIAL PROVISIONS ON PREFERENCE SHARES**

**Article 330** Unless otherwise specified in laws, administrative regulations, departmental regulations, regulations of the securities regulatory authorities in the place where the shares of the Bank are listed or the Articles of Association, the rights and obligations of holders of preference shares and management of preference shares shall be governed by the provisions relating to ordinary shares (including H shares) in the Articles of Association.

**Article 331** The number of preference shares issued by the Bank shall not exceed fifty percent of the total number of ordinary shares of the Bank, and the amount raised from the issuance of preference shares shall not be more than fifty percent of the net assets of the Bank prior to the relevant issuance (excluding the preference shares that have been redeemed or converted).

**Article 332**

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

**Article 333**

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

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

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

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

**Article 334**

Holders of preference share of the Bank shall enjoy the following rights:

- (1) to receive distribution of dividends in priority to ordinary shareholders;
- (2) to receive distribution of residual assets of the Bank on liquidation in priority to those of ordinary shareholders;
- (3) upon the occurrence of the circumstances provided in Article 336, to attend and vote at shareholders' general meetings;
- (4) upon the occurrence of the circumstances provided in Article 337, to have its voting rights restored in accordance with the requirements of that Article;
- (5) to make proposals or inquiries in relation to the business operations and activities of the Bank;
- (6) to inspect the Articles of Association, register of shareholders, record of bondholders, minutes of shareholders' general meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial reports;
- (7) other rights conferred to holders of preference share by laws, administrative regulations, department rules and the Articles of Association.

**Article 335**

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

- (1) a request to convene an extraordinary general meeting of shareholders;
- (2) a request to convene and preside over a shareholders' general meeting;
- (3) a request to submit a proposal or an interim proposal to a general meeting of shareholders;
- (4) a request to nominate the directors and supervisors who are not staff representatives of the Bank;

- (5) identifying controlling shareholder(s) according to the relevant provisions of the Articles of Association;
- (6) identifying person(s) restricted from serving as independent directors of the Bank according to the related provisions of the Articles of Association;
- (7) identifying the 10 largest shareholders of the Bank and the number of shares held by them and the shareholder(s) holding more than five percent of the shares of the Bank in accordance with the Securities Law and relevant regulations; and
- (8) other circumstances provided under laws, administrative regulations, department rules and the Articles of Association.

**Article 336**

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

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

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



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

#### **Article 337**

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

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

Where: "Q" denotes the H share voting rights restored from the offshore preference shares held by each offshore preference shareholder; "V" denotes the aggregate value of the offshore preference shares with restored voting rights held by each offshore preference shareholder; "P" denotes the conversion price; the initial conversion price is decided by the issuance plan for offshore preference shares passed by shareholders' general meeting and denominated in Hong Kong dollars (which shall be converted with reference to the central parity rate of RMB to Hong Kong dollars used by the interbank foreign exchange market as published by the China Foreign Exchange Trade System on the trading day prior to the announcement date of the Board of Directors resolution on the issuance plan for offshore preference shares (rounded up to the nearest 2 decimal places)); the adjustment method of the conversion price P is decided by the provisions stipulated upon the issuance of preference shares; and the "conversion exchange rate" refers to the cross rate between Hong Kong dollars and the currency in which the offshore preference shares are denominated based on the RMB central parity rate published by the China Foreign Exchange Trading System on the trading date preceding the date of the announcement of the passing of the Board of Directors resolution in respect of the issuance plan for offshore preference shares.

**Article 338**

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

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

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

**Article 339**

In the event of liquidation of the Bank as a result of dissolution, bankruptcy or other reasons, the remaining assets of the Bank after liquidation in accordance with laws, administrative regulations, department rules and paragraph 2 under Article 319 shall be distributed first to the holders of preference shares. Holders of preference shares will be entitled to an amount equal to the aggregate value of the preference shares then issued and outstanding plus any declared but unpaid dividends for the current period. If there are insufficient remaining assets, the distribution will be made ratably according to the aggregate value of the preference shares held by each holder of preference as a proportion of the aggregate value of all preference shares of the Bank.

## CHAPTER 19 MISCELLANEOUS

### Article 340

#### Interpretation

- (1) A “Controlling Shareholder” shall mean shareholders whose shares account for more than fifty percent of the Bank’s total share capital, or shareholders who hold less than fifty percent of the shares, but whose voting rights are sufficient to exercise significant influence on the resolutions of the general meeting. Or shall mean any shareholder who meets any one of the following conditions:
  - (i) such shareholder acting alone or together with other shareholders may elect more than half of the directors;
  - (ii) such shareholder acting alone or together with other shareholders may exercise more than thirty percent of the voting rights in the Bank or control the exercise of more than thirty percent of the voting rights in the Bank;
  - (iii) such shareholder acting alone or together with other shareholders holds more than thirty percent of the issued and outstanding shares with voting rights of the Bank;
  - (iv) such shareholder acting alone or together with other shareholders may in fact control the Bank by any other means.
- (2) “Major Shareholders” refer to shareholders of the Bank who meet one of the following conditions:
  - (i) holds more than ten percent of the shares of the Bank;
  - (ii) actually holds the most shares of the Bank, and the shareholding ratio is not less than five percent (including shareholders with the same number of shares);
  - (iii) nominates two or more directors;
  - (iv) the Board views that he/she has a controlling influence on the operation and management of the Bank;
  - (v) other circumstances as determined by the China Banking and Insurance Regulatory Commission or its dispatched institutions.

The shareholding ratio of a shareholder and its related parties and persons acting in concert shall be calculated on a consolidated basis. If the shareholding ratio meets the above requirements in aggregate, the relevant shareholders shall be regarded as major shareholders for management.

- (3) “Substantial Shareholders” refer to shareholders who hold or control more than five percent of the shares or voting rights of the Bank, or hold less than five percent of the total capital or total shares but have a significant impact on the decision-making of the Bank. The shareholding ratio of a shareholder and its related parties and persons acting in concert shall be calculated on a consolidated basis.
- (4) The “significant impact” in the preceding paragraph include but not limited to the nomination or accreditation of directors, supervisors or senior management in the Bank, and affects the financial and management decisions of the Bank through agreements or other means and other circumstances as determined by the regulatory authorities. Regulatory authorities refer to the China Banking and Insurance Regulatory Commission and its dispatched institutions.
- (5) “De facto Controller” shall mean a person who, though not a shareholder of the Bank, is able to exercise de facto control over the Bank through investment relationships, agreement or other arrangements.
- (6) “Related Party” means a legal person or natural person identified as having a related relationship according to the regulatory provisions of the regulatory authority on related transactions. “Related Relation” means the relation between the Controlling Shareholder, De facto Controller, directors, supervisors, senior management officers, etc. of the Bank and the enterprise that they control directly or indirectly, and other relation that may cause the transfer of interest of the Company. However, the relation between fellow state-controlled enterprises shall not be deemed as Related Relation merely because they are both controlled by the State.
- (7) “Concerted action” refers to the fact that an investor jointly enlarges the voting rights of a company’s shares at his disposal with other investors through agreements and other arrangements. Investors who act in concert are concerted action person.

- (8) “Ultimate beneficiary” refers to those who actually enjoy the return of equity income of the Bank.
- (9) Total voting shares shall only include the total number of ordinary shares and preference shares with voting rights according to Article 336 of the Articles of Association and preference shares with restored voting rights according to Article 337 of the Articles of Association.
- (10) The circumstances in which the “corporate governance mechanism fails” include, but are not limited to: the failure of the Board to be constituted for more than one consecutive year; the failure of the Board to make effective resolutions due to prolonged conflicts among the Directors of the Bank and the failure of the Board to resolve the matter through a general meeting; the failure of the Bank to convene a general meeting for more than one consecutive year; the failure of the shareholders to vote at a general meeting in accordance with the law or the Articles of Association statutory or the proportion stipulated in the articles of association and cannot make an effective resolution at a shareholders’ meeting for more than one year in a row; a proposal for a capital increase due to insufficient capital adequacy or solvency cannot be passed; the existing governance mechanism of the Bank cannot function properly resulting in serious difficulties in the operation and management of the Bank; and other circumstances as determined by the regulatory authorities.
- (11) “Physical Meeting” refers to a meeting held by means of on-site, video, telephone, etc., which ensures immediate communication and discussion among participants; and “circulating written resolution” refers to a meeting at which resolutions are made by means of separate delivery of deliberations or circulation of deliberations.
- (12) “Reputation risk” refers to the behavior of the Bank, the behavior of practitioners or external events that lead to negative evaluations of the Bank by stakeholders, the public and the media, thereby damaging the brand value of the Bank, detrimental to the normal operations of the Bank, and even affecting market stability and social stability. “Reputation event” refer to relevant acts or activities that cause obvious damage to the Bank’s reputation.

(13) “Recovery plan” refers to the response plan formulated in advance by the Bank and approved by the CBIRC and its dispatched institutions. In the event of a material risk scenario, the plan will address capital and liquidity shortages and restore the ability to continue as a going concern mainly through market-based channels such as bailouts by the Bank itself and its shareholders.

“Disposal plan” refers to the response plan proposed by the Bank in advance and approved by the CBIRC and its dispatched institutions. When the recovery plan cannot effectively address the major risks of the Bank, or may cause regional and systemic risks, it will be implemented to realize orderly disposal and maintain financial stability.

The Recovery and Disposal plan is the guideline for the actions of the Bank and the CBIRC and its dispatched institutions in a crisis scenario, but other Recovery and Disposal measures are not excluded in a crisis scenario.

**Article 341** The Board of Directors may formulate the Articles of Association based on the Articles of Association. The articles of association shall not contravene with the provisions of the Articles of Association.

**Article 342** The Articles of Association shall be written in Chinese. Should there be any inconsistency between the Articles of Association and the articles of association in any other language or of different version, the latest Chinese version approved by and registered with the administration department for industry and commerce shall prevail. In case of any conflicts between the Articles of Association and the laws, regulations, regulatory requirements and the listing rules of the place in which the Bank’s securities are listed promulgated from time to time, such laws, regulations, regulatory requirements and the listing rules of the place in which the Bank’s securities are listed shall prevail.

**Article 343** References to “above”, “within”, “below” and “at least” herein shall include the actual given figures unless otherwise specified, while references to “not more than”, “over”, “beyond” and “less than” shall exclude such actual given figures.

**Article 344** Where there are provisions by the PRC governing preference shares, such provisions shall prevail.

- Article 345** References to “regulatory authorities”, “relevant regulatory authorities”, “competent authorities” and “relevant competent authorities” herein include domestic and foreign entities which have power to perform supervisory and regulatory obligations on the Bank according to applicable laws, administrative regulations, departmental rules and regulatory documents.
- Article 346** The Board of Directors shall be responsible for the interpretation of the Articles of Association.
- Article 347** Upon approval by the shareholders’ general meeting and approval by the banking regulatory authority of the State Council, the Articles of Association shall become effective and be put into implementation.