



重慶農村商業銀行

CHONGQING RURAL COMMERCIAL BANK

重慶農村商業銀行股份有限公司\*

**Chongqing Rural Commercial Bank Co., Ltd.\***

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

(Stock Code: 3618)

## Articles of Association of

## Chongqing Rural Commercial Bank Co., Ltd.

(It was passed at the establishment ceremony & the First General Meeting of Chongqing Rural Commercial Bank Co., Ltd. on June 2, 2008, and approved by banking regulatory agency on June 25, 2008; it was passed at the 2010 First Extraordinary General Meeting of Chongqing Rural Commercial Bank Co., Ltd. on February 22, 2010 and approved by banking regulatory agency on April 12, 2010; it was authorized to be amended in accordance with the related resolution of the 2010 First Extraordinary General Meeting of Chongqing Rural Commercial Bank Co., Ltd. on April 29, 2010, and approved by banking regulatory agency on August 3, 2010; it was authorized to be amended in accordance with the related resolution of the 2010 First Extraordinary General Meeting of Chongqing Rural Commercial Bank Co., Ltd. and the results of issued shares on December 1, 2011, and approved by banking regulatory agency on January 19, 2012; it was passed at the 2011 First Extraordinary General Meeting of Chongqing Rural Commercial Bank Co., Ltd. on December 12, 2011, and approved by banking regulatory agency on June 14, 2012; it was passed at the 2013 Annual General Meeting of Chongqing Rural Commercial Bank Co., Ltd. on May 30, 2014, and approved by banking regulatory agency on July 31, 2014; it was passed at the 2015 Annual General Meeting of Chongqing Rural Commercial Bank Co., Ltd. on June 17, 2016, and approved by banking regulatory agency on September 13, 2016; it was passed at the 2017 First Extraordinary General Meeting of Chongqing Rural Commercial Bank Co., Ltd. on December 11, 2017; it was passed at the 2018 First Extraordinary General Meeting of Chongqing Rural Commercial Bank Co., Ltd. on September 21, 2018; it was authorized to be amended in accordance with the related resolution of the 2018 First Extraordinary General Meeting of Chongqing Rural Commercial Bank Co., Ltd. and regulatory opinions on November 16, 2018; it was passed at the 2019 Annual General Meeting of Chongqing Rural Commercial Bank Co., Ltd. on May 20, 2020, and approved by banking regulatory agency on September 2, 2020; it was passed at the 2022 Second Extraordinary General Meeting of Chongqing Rural Commercial Bank Co., Ltd. on September 16, 2022, amended in accordance with the authorization granted by relevant resolution at the 2022 Second Extraordinary General Meeting of Chongqing Rural Commercial Bank Co., Ltd. and regulatory opinions on 30 March, 2023, and approved by banking regulatory agency on October 31, 2023.)

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** The Articles of Association are formulated in accordance with the “*Company Law of the People’s Republic of China*” (hereinafter referred to as the “*Company Law*”), the “*Securities Law of the People’s Republic of China*” (hereinafter referred to as the “*Securities Law*”), the “*Law of the People’s Republic of China on Commercial Banks*” (hereinafter referred to as the “*Commercial Bank Law*”), the “*Supervision Law of the People’s Republic of China*” (hereinafter referred to as the “*Supervision Law*”), the “*Code of Corporate Governance for Listed Companies*”, the “*Corporate Governance Guidelines for Banking and Insurance Institutions*”, the “*Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies*”, the “*Essential Terms of Articles of Association for Companies Listed Overseas*”, the “*Guidance for the Articles of Association of Listed Companies*”, the “*State Council Guidance Opinion on the Launch of Preference Shares Pilot Scheme*”, the “*Administrative Measures on the Pilot Scheme of Preference Shares*”, relevant requirements of the Communist Party of China (hereinafter referred to as the “*CPC*”) and other relevant laws and regulations, with an aim to protect the legitimate rights and interests of Chongqing Rural Commercial Bank Co., Ltd. (hereinafter referred to as the “*Bank*”), and its shareholders and creditors, and to standardize the organization and activities of the Bank, as well as to preserve and increase the value of state-owned assets.

In accordance with the *Company Law*, the *Supervision Law* and the “*Constitution of the Communist Party of China*”, the Bank shall establish a committee for the Communist Party of China and a discipline inspection committee to carry out CPC activities, and the Chongqing Municipal Commission for Discipline Inspection in association with the Chongqing Municipal Supervisory Commission shall dispatch a discipline inspection and supervision team to the Bank to carry out supervision, accountability, investigation and process. Party organization is an organic composition of the corporate governance structure of the Bank, and plays a leading role. The Bank adheres to the integration of the works on strengthening the Party’s leadership enhancement and corporate governance improvement, so as to build a modern state-owned enterprise system with Chinese characteristics. The Bank insists on simultaneous planning of Party construction and enterprise reform, simultaneous establishment of party organizations and working organs, simultaneous allocation of person-in charge of the Party organization and staff for Party affairs as well as simultaneous proceeding of Party construction, so as to make clear the duties and manner of work of the Party organization in respect of decision-making, implementation and supervision, to allow docking between mechanisms, between systems, between regimes and between work, and to promote the Party organization to play a leading role in an organized, institutionalized and concrete way. The Bank fully promotes management of enterprises in accordance with laws, persists in the coordinated promotion of legal governance, legal operation and legal management, and insists on the construction of a system of rule of law, the ability of rule of law and the culture of rule of law.

**Article 2** The Bank is a joint stock limited company incorporated in accordance with the *Company Law*, the *Commercial Bank Law* and other relevant provisions. The Bank was established by way of a merger on June 27, 2008, with the Approval of the Establishment of Chongqing Rural Commercial

Bank Co., Ltd. (Yin Jian Fu [2008] No.244) granted by the China Banking Regulatory Commission. The Bank was registered with the Chongqing Administration for Industry & Commerce, and obtained its business license on the same day, with its unified social credit code: 91500000676129728J.

**Article 3** The registered name of the Bank is: 重慶農村商業銀行股份有限公司;  
The shortened name is: 重慶農村商業銀行;  
The English name is: Chongqing Rural Commercial Bank Co., Ltd.  
The shortened name is: Chongqing Rural Commercial Bank

**Article 4** Domicile of the Bank: No. 36 Jinshamen Road, Jiangbei District, Chongqing, the PRC  
Postal code: 400023  
Telephone: 86-23-61110682  
Facsimile: 86-23-61116111

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

**Article 6** The legal representative of the Bank shall be the Chairman of the Bank.

**Article 7** Shareholder liabilities to the Company shall be limited to their respective shareholdings in the Company whereas the Bank's liabilities shall be limited to the total amount of its assets.

**Article 8** The Bank shall establish an organization of the Communist Party to carry out the activities of the Party in accordance with the "Constitution of the Communist Party of China". The Bank shall provide the necessary conditions for the activities of the Party organization.

**Article 9** Upon passing at the General Meeting, the Articles of Association shall take effect from the date of approval from banking regulatory agency. From the effective date, the Articles of Association shall become a legally binding document which regulates the organization and acts of the Bank, and defines the rights and obligations between the Bank and its shareholders and among the shareholders. From the effective date of these Articles of Association, the original articles of association shall expire automatically.

**Article 10** The Articles of Association shall be binding on the Bank, its shareholders, directors, supervisors, governors and other senior managers. All persons mentioned above may have the rights to claim on the matters regarding the Bank pursuant to the Bank's Articles of Association.

The Articles of Association of the Bank may be used by the Bank's shareholders to institute legal proceedings against the Bank, shareholders, directors, supervisors, governors and other senior managers of the Bank, or by the Bank against shareholders, directors, supervisors, governors and other senior managers.

The senior managers referred to in the Articles of the Bank, are the governor of the Bank, the deputy governors, the secretary of the Board, the person in charge of finance, and the general counsel, etc.

Senior management of the Bank consists of the governor of the Bank, the deputy governors, the secretary of the Board, the person in charge of finance, and other senior managers recognized by regulatory agency.

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

The Bank's chairman, directors, governor, deputy governors, secretary of the Board, person in charge of finance, and other personnel whose qualifications for appointment need to be reviewed by the banking regulatory agency of the PRC and other regulatory authorities shall have the qualifications prescribed by the regulatory authorities and be approved or filed by them.

**Article 11** The Bank may lawfully invest in other limited liability companies, or other joint stock limited companies, and shall assume liability to the extent of its investment in such companies. Based on its business development needs and with the approval of the banking regulatory institution, the Bank may establish branches inside and outside its registration region.

The Bank adopts the management system of “delegated operation, unified accounting, classified assessment, and unified process”. Each branch is not an independent legal person, and each branch performs business activities within the authorization of the head office.

**Article 12** The Bank may establish special committees and internal management organizations in accordance with the needs of its business management.

**Article 13** The decision-making level including the Party committee, the Board and senior management shall follow respective terms of reference and rules of procedures, adhere to the principle of collective decision-making for Major decision-making matters, Major recruitment or dismissal, Major project arrangement, and Significant capital operation (hereinafter referred to as “Three Major and One Significant” matters), collectively discuss and determine “Three Major and One Significant” matters to prevent individuals and a few persons from being arbitrary. They should adhere to being pragmatic and efficient, ensure the scientific nature of decision-making, and ensure legal compliance of decisions.

The Board of Supervisors and discipline inspection committee of the Bank shall comply with the requirements of the Articles of Association, supervise the implementation of “Three Major and One Significant” Decision-making System of the Bank and establish the effective supervision system.

## CHAPTER 2 PURPOSE AND SCOPE OF BUSINESS

**Article 14** The business purpose of the Bank is: by conducting the legitimate, compliant, sound market-oriented operations, to provide high-quality and efficient financial services for “Three Rural” and the balanced urban and rural development, and to strive to create good economic benefits. The Bank shall work under the business principle of security, mobility, and efficiency, in order to achieve the goal of “full autonomy, self-risk bearing, self-financing and self-restraint”.

**Article 15** The Bank shall assign during every financial year a certain proportion of new loans to support the development of the “Three Rural”, and specific percentage shall be determined at the general meeting of shareholders according to the structural conditions of local rural industry.

**Article 16** As approved by the banking regulatory authority and other regulatory institutions, and the Bank’s registration authority, the business scope of the Bank is: acceptance of deposits from the public; issuance of short, medium and long-term loans; domestic settlement, bills acceptance and discounting, agency issuance and agency cashing, underwriting of government bonds, trading of government bonds and financial bonds, interbank lending, bank card business, agency receipt and payment, safekeeping service, and other business approved by the banking regulatory institution.

## CHAPTER 3 SHARES AND REGISTERED CAPITAL

**Article 17** The Bank shall have ordinary shares at all times in the form of stock. With the approval of the examination and approval department authorized by the State Council, the Bank may create preference shares and other class of shares based on its business needs and in accordance with the provisions of relevant laws and administrative regulations.

Preference shares in the Articles of Association 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 (such as voting rights) are restricted.

Unless otherwise specified, references to share(s) and share certificate(s) and references to shareholders in Chapters 3 to 19 and Chapter 21 to 24 of the Articles of Association shall refer to ordinary share(s) and ordinary share certificate(s) and ordinary shareholders, respectively. Special matters relating to preference shares are set out separately in Chapter 20 of the Articles of Association.

The Bank shall follow the open, fair and impartial principle in issuing shares.

As for shares of the same type issued in the same batch, each share shall have the same issuing conditions and price; any organization or individual shall make the same payment in subscribing for each share.

**Article 18** Each share issued by the Bank shall be shares with a par value. The par value of each ordinary share shall be RMB1, and par value of each preference share shall be RMB100. RMB referred to in the preceding paragraph is the legal currency of the People's Republic of China.

**Article 19** With the approval of banking regulatory agency and the State Council's securities regulatory authority, the Bank may issue shares to domestic and overseas investors.

Overseas investors referred to in the preceding paragraph are investors subscribing the issued shares of the Bank, who are citizens of a foreign country, Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan; Domestic investors are investors subscribing the issued shares of the Bank, who are citizens of the People's Republic of China, excluding those of the aforementioned areas.

**Article 20** The shares issued by the Bank to domestic investors and subscribed by such investors in RMB form, are known as domestic shares. The shares issued by the Bank to foreign investors and subscribed by such investors in a foreign currency form, are known as foreign shares. Domestic shares that are listed in PRC are referred to as domestically-listed domestic shares (referred to as A Shares). Foreign shares are listed overseas, known as overseas listed foreign shares.

Foreign currency referred to in the preceding paragraph is a legal currency other than RMB in any other country or region, recognized by the State Administration of Foreign Exchange (SAFE), and used to purchase the Bank's shares.

Overseas listed foreign shares issued by the Bank and listed in Hong Kong, are referred to as H Shares. H Shares, after approval, are listed on the Hong Kong Stock Exchange, which are marked in RMB par value, and are subscribed and traded in Hong Kong dollars.

**Article 21** Domestic Shares issued by the Bank, are centrally entrusted at China Securities Depository and Clearing Co., Ltd. H Shares are mainly entrusted at one hosting service company under the Hong Kong Securities Clearing Company Limited, and may be also held by shareholders in their own names.

**Article 22** With the approval of approving department authorized by the State Council, the Bank after its establishment issues a total of 11,357,000,000 ordinary shares. At the time of its establishment, the Bank issued 6,000,000,000 ordinary shares, representing 52.83% of the issuable ordinary shares; with the approval of Chongqing Supervision Authority of China Banking Regulatory Commission, the Bank issued 1,000,000,000 ordinary shares to the three (3) shareholders on March 26, 2010, accounting for 8.81% of the total issuable ordinary shares, and the Bank issued 700,000,000 ordinary shares to the original three (3) shareholders on September 18, 2017, accounting for 6.16% of the total issuable ordinary shares.

With the approval of the approving department authorized by the State Council, the Bank issued 2,000,000,000 overseas listed foreign shares (H shares), and issued 2,300,000,000 overseas listed foreign shares (H shares) after exercising the over-allotment option, making up 20.25% of the Bank's total issue of issuable ordinary shares.

With the approval of the approving department authorized by the State Council, and after the Bank had issued the overseas listed foreign shares (H shares) and exercised the over-allotment option, the State-owned shareholders jointly entrusted others to sell a total of the State-owned stock of 213,336,041 shares and converted them to overseas listed foreign shares (H shares).

With the approval of the approving department authorized by the State Council, the Bank issued 1,357,000,000 domestically-listed domestic shares (A shares), making up 11.95% of the Bank's total issuable ordinary shares.

**Article 23** The Bank's capital structure is: 11,357,000,000 ordinary shares, of which 8,843,663,959 shares are A shares, being for 77.87% of the issuable ordinary shares; and 2,513,336,041 H shares, being 22.13% of the issuable ordinary shares.

**Article 24** The board of directors (or the Board) in the Bank may make separate issuing arrangement for domestic shares and foreign shares, in accordance with the Bank's issuing plan for overseas listed foreign shares and domestic shares. However, such a plan should be subject to the approval of the securities regulatory authority of the State Council.

In accordance with such a plan in the preceding paragraph, the Bank may separately issue overseas listed foreign shares and domestic shares within fifteen (15) months from the date of the approval by the securities regulatory authority of the State Council.

**Article 25** Within the total number of shares set out in the issuance plan, the Bank should raise sufficient funds by issuing overseas listed foreign shares and domestic shares respectively at one time; in case of insufficient funds raised under special circumstances, the Bank may also issue such shares in installments, with the approval of the securities regulatory authority under the State Council.

**Article 26** The registered capital of the Bank is RMB11.357 billion.

**Article 27** Based on its operation and development needs, and according to the relevant provisions of the Articles of Association hereof, the Bank may increase its capital. The increase in capital may be conducted in the following ways:

- (a) offering of new shares to non-specific investors;
- (b) placing of new shares to existing shareholders;
- (c) granting of new shares to existing shareholders;



- (d) issuance of new shares to specific investors;
- (e) increasing share capital by capital reserve;
- (f) other manners permitted by the laws and administrative regulations.

The Bank's issuance of new shares for capital increase, after approval pursuant to the provisions of the Articles of Association hereof, should be carried out in accordance with the procedures of relevant laws and administrative regulations.

**Article 28** Unless otherwise provided in laws and administrative regulations and relevant provisions of the securities regulatory agency of the place where the Bank's stocks are listed, the shares of the Bank shall be free from any restriction on the right of transfer and shall also be free from all lien.

**Article 29** The Bank accepts no pledge using the Bank's shares.

**Article 30** The sponsors of the Bank shall not transfer their held shares within one year from the date of the establishment of the Bank as a joint stock limited company. The shares (excluding H shares) issued prior to the Bank's domestic public offering, shall not be transferable within one year from the date when the Bank's shares are listed and traded on the stock exchange.

Directors, supervisors and senior managers should report to the Bank the Bank's shares held by such persons and any change in such shares. During their term, the annually transferred shares shall not exceed 25% of the total number of their shares in the Bank. Such shares shall not be transferred within one (1) year from the date when the Bank's shares are listed and traded on the domestic stock exchange; the above-mentioned persons shall not transfer their held shares in the Bank within six months after leaving their positions.

**Article 31** If the directors, supervisors, senior management and shareholders holding more than 5% of the shares of the Bank sell any share or other securities with equity nature within six months from the date of purchase or purchase any share within six months from the date of disposal, any gains so realized shall be forfeited by the Board of Directors in favour of the Bank. However, securities firms holding more than 5% of the shares as a result of its undertaking of shares remaining after sales upon underwriting and other circumstances stipulated by the CSRC are excluded.

Shares or other securities with equity nature held by directors, supervisors, senior management and natural person shareholders referred to in the preceding paragraph include shares or other securities with equity nature held by their spouses, parents and children and held under others' accounts.

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

If the Board of the Bank does not abide by the requirements in the first paragraph of this Article, the responsible Directors shall bear joint responsibilities as stipulated by the laws.

## **CHAPTER 4 CAPITAL REDUCTION AND SHARE REPURCHASE**

**Article 32** The Bank may reduce its registered capital in accordance with the provisions of the Articles of Association of the Bank.

**Article 33** For the purpose of capital reduction, the Bank must prepare a balance sheet and an inventory of property.

The Bank shall inform its creditors of the reduction of the registered capital within ten (10) days following the date on which the reduction resolution is adopted, and make announcement regarding the reduction on a newspaper within 30 days. The creditors shall have the right to claim full repayment of their debts or have the provision of a corresponding guarantee from the Bank within thirty (30) days from the date of receipt of such notice, or within forty-five (45) days from the date of the first public notice for those creditors who failed to receive such notice directly. Related announcement shall be made in newspapers meeting the relevant requirements.

After the reduction, the registered capital of the Bank shall not be less than the statutory minimum limits.

The Bank shall reduce its registered capital, in accordance with *Company Law*, and *Commercial Bank Law*, the Articles of the Bank, and other related provisions.

**Article 34** The Bank shall repurchase its shares outstanding in the following cases, after approval through procedures set forth by the Bank's Articles of Association and approval by the national competent authority:

- (a) reducing the registered capital of the Bank;
- (b) merger with other companies which hold shares in the Bank;
- (c) granting shares for its employee stock ownership plan or equity incentives;
- (d) Shareholders requiring the Bank to repurchase their shares, due to their dissatisfaction with merger and division resolutions made at the general meeting of shareholders;
- (e) using shares for conversion of convertible corporate bonds issued by listed companies;
- (f) being deemed necessary by the Bank for the protection of its corporate value and shareholders' interests;
- (g) other cases as permitted by laws and administrative regulations.

The Bank shall not buy or sell its shares except in the above cases.

Repurchase of the Bank's shares according to Paragraph (a) or (b), should be subject to the approval made at the general meeting of shareholders. Repurchase of the Bank's shares according to Paragraphs (c), (e) or (f), in accordance with the provisions of the Articles of Association or the authorization of the general meeting, should be subject to a resolution of the Board meeting where more than two-thirds of the directors are present. The shares to be repurchased by the Bank in accordance with Paragraph (a) shall, should be cancelled within ten (10) days from the date of such repurchase, and those shares repurchased pursuant to Paragraph (b) and (d), should be transferred or cancelled within six (6) months from the date of such repurchase. In the case of Paragraphs (c), (e) or (f), the total number of shares held by the Bank shall not exceed 10% of the total issued shares of the Bank, and the shares repurchased shall be transferred or cancelled within 3 years.

Where the securities regulatory authorities in the place where the Bank's shares are listed impose other provisions on the share repurchase, such provisions shall prevail.

**Article 35** As approved by the national competent authority, the Bank may repurchase its shares in a public and centralized manner, or other ways approved by the laws and regulations and the CSRC.

Repurchase of the Bank's shares in the circumstances as stipulated in Paragraphs (c), (e) and (f) of the first item of Article 34 of the Articles of Association shall be carried out in a public and centralized manner.

**Article 36** The Bank's repurchase of its shares by agreement in the over-the-counter market, shall be subject to prior approval made at the general meeting of shareholders under the provisions of the Articles of Association of the Bank. With prior approval made at the general meeting in the same way, the Bank may rescind or alter the contract entered into in the aforesaid manner, or abandon any rights in the contract.

Share repurchase contract referred to in the preceding paragraph, includes (but not limited to) the agreement to assume the obligation to repurchase the shares and the right to repurchase the shares.

The Bank shall not in any way transfer the repurchase contract or any right therein.

The Bank reserves the right to repurchase redeemable shares. In the case of non- market or tendering repurchase, the purchase price must be limited to a maximum price; tendering repurchase must be made available to all shareholders alike.

After such repurchase, the Bank should cancel or transfer its repurchased shares within the time limit prescribed by laws and administrative regulations. As for cancellation of the shares, the Bank should apply to registration authority for a change in its registered capital.

The total nominal value of cancelled shares, should be subtracted from the Bank's registered capital.

**Article 37** Unless the Bank is in liquidation phase, the Bank, in repurchasing its outstanding shares, shall comply with the following provisions:

- (a) the Bank's amount for repurchase of its shares at a price of par value, should be deducted from the book balance of the Bank's distributable profits and the earnings of the new shares issued to repurchase the old shares;
- (b) when the Bank repurchases its shares at a price above par value, the repurchase amount at par value shall be deducted from the book balance of the Bank's distributable profits and the earnings of the new shares issued to repurchase the old shares; the repurchase amount above par value of the old shares, shall be dealt with in accordance with the following ways:
  - (i) deducted from the book balance of the Bank's distributable profits, where the repurchased shares are issued at par value;
  - (ii) deducted from the book balance of the Bank's distributable profits and the earnings of the new shares issued to repurchase the old shares, where the repurchased shares are issued above par value; however, but such deductions from the earnings of the new shares issued shall not exceed the total of the premium at which the purchased shares were issued, and shall not exceed the amount of the Bank's premium account or the Bank's capital reserve account (including the premium amount of newly issued shares) at the time of such repurchase.
- (c) payment for the following purposes, should be made from the distributable profits of the Bank:
  - (i) obtaining the right to repurchase its shares;
  - (ii) changing the contract to repurchase its shares;
  - (iii) lifting the obligation under repurchase contract.
- (d) the total face value of cancelled shares should be subtracted from the Bank's registered capital in accordance with the relevant provisions. The amount deducted from the distributable profits to repurchase the shares at par value, should be included into the Bank's premium account or capital reserve account.

**Article 38** The Bank should obtain funding sources and handle necessary accounting matters with regard to the repurchase and abide by the relevant national regulations.

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR PURCHASE OF THE SHARES**

**Article 39** The Bank (including any branch of the Bank) or its subsidiary companies (including affiliated enterprises of the Bank) shall not in any way provide any financial assistance to persons who purchase or propose to purchase the Bank's shares through such forms as grants, advances, guarantees, compensation or loans. The aforementioned purchasers include persons who assume direct or indirect obligation arising from purchasing shares of the Bank.

The Bank (including branches of the Bank) or its subsidiary companies, at any time shall not in any way provide financial assistance to reduce or discharge the obligation of the foregoing obligors.

No provisions in this Article shall apply to the cases described in Article 41 hereof.

**Article 40** Financial assistance referred to in this chapter, includes (but not limited to) the following:

- (a) grants;
- (b) guarantees (including guarantors' assumption of liability or provision of their property to ensure obligors' performance of their obligations), compensation (however, excluding compensation caused from the fault of the Bank itself), lifting or abandoning rights;
- (c) provide loans or conclude contracts where the Bank is the first obligor to fulfill the obligations thereof, a change in parties to such contracts and in such loans, and the transfer of rights thereof;
- (d) the Bank in any other way provides financial assistance, in case of insolvency, or no net assets or a substantial reduction in net assets.

The obligations referred to in this Chapter, include obligations which should be undertaken arising from an obligor's concluding contracts or making arrangements (whether such contracts or arrangements are enforceable or not, whether or not such individual obligor undertakes liability with any other person), or a change in the obligor's financial position.

**Article 41** The following behaviors shall not be prohibited in Article 39:

- (a) the Bank's financial assistance is to the interests of the Bank, whose main aim is not to purchase the Bank's shares; or when the financial assistance is an incidental part of the Bank's master plan;
- (b) the Bank allots its assets as dividends in accordance with laws;
- (c) the Bank allocates dividends in the form of shares;

- (d) the Bank reduces its registered capital, repurchase shares, and adjust its equity structure in accordance with the Bank's Articles of Association;
- (e) the Bank provides loans for normal business activities within the scope of its operations (but this should not result in a decrease in the Bank's net assets; or even if there is a reduction in capital composition, the financial assistance is taken from the Bank's distributable profits);
- (f) the Bank provides funds for its employees used for purchasing its shares (but this should not result in a decrease in the Bank's net assets; or even if there is a reduction in capital composition, the financial assistance is taken from the Bank's distributable profits).

## **CHAPTER 6 SHARES AND REGISTER OF SHAREHOLDERS**

**Article 42** The Bank's shares shall be in the registered form.

In addition to matters set forth in *Company Law*, other matters as required by the listing stock exchange where the Bank's share are listed shall also be included.

**Article 43** The share certificates are signed by the chairman of the Bank. When required by the stock exchange where the Bank's shares are listed, the Bank's governors or other top managers should also sign such share certificates. The share certificates shall become effective, after having been stamped with the Bank's seal (including the Bank's securities seal) or with the Bank's seal in a printed manner. The Bank's stamping seal or securities seal on share certificates, should be subject to the authorization by the Board of Directors. Signatures made by the Bank's chairman, governors or other senior managers, may also be in the printed form. Under the paperless issuance and trading conditions of the Bank's share certificates, other provisions by certain securities regulatory department where the Bank's shares are listed, shall apply.

**Article 44** The Bank shall set up a register of shareholders, including the following information:

- (a) name (full name), address (domicile), job/occupation or ownership of each shareholder;
- (b) type and the number of shares held by each shareholder;
- (c) the amount paid or payable for shares held by each shareholder;
- (d) the serial number of shares held by each shareholder;
- (e) the date of registration of each shareholder as a shareholder; and
- (f) the date of termination of each shareholder as a shareholder.

A register of shareholders is a sufficient evidence to prove the Bank's shares held by each shareholder, unless otherwise proved by opposing evidence.

**Article 45** In accordance with the understandings and agreements reached by the securities regulatory authority under the State Council with foreign securities regulators, the Bank shall keep the register of the shareholders of its overseas listed shares at any offshore territory for inspection by shareholders, and entrust an offshore agency for management. The original register of the H-share holders is kept in Hong Kong.

The Bank should keep a copy of the register of shareholders of its overseas listed shares at the Bank's domicile; the entrusted offshore agency shall ensure the consistency between the original register of the shareholders and any copy.

In case of any inconsistency between the original register and any copy, the original version shall prevail.

**Article 46** The Bank should keep a complete register of shareholders.

The shareholders' register includes the following:

- (a) the shareholders' register kept in the domicile of the Bank, excluding those provided in Paragraph (b) and (c) of this Article;
- (b) the register of the shareholders holding overseas listed foreign shares, kept at the place of the relevant overseas stock exchange;
- (c) the shareholders' register stored at other places as determined by the Board of Directors for the purpose of the listing of the Bank's shares.

**Article 47** Each part of the shareholders' register should not overlap with one another. The transfer of shares registered in one part of that register, shall not be registered in other parts of the shareholders' register during the registration period.

Any change or correction in the register of shareholders shall be in compliance with the relevant laws at each place of the relevant register.

**Article 48** H-shares paid in full may be freely transferable according to the Bank's Articles of Association. However, such transfer shall meet the following conditions, otherwise the Board may refuse to recognize any instrument or document regarding such transfer, with no need of stating any reason:

- (a) full payment of specified fees by the Rules of Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (referred to as the "**Listing Rules**") has been paid to the Bank, and the documents regarding registration of share transfer and other share ownership, or affecting share ownership;
- (b) transfer document involving only the H-shares;

- (c) payment of stamp duty payable for transfer document;
- (d) provision of the relevant share certificate, and evidence reasonably required by the Board to testify the transferor having the right to transfer such shares;
- (e) when shares are transferred to joint holders, such joint holders shall not be more than four people;
- (f) the relevant shares are without any of the Bank's lien.

The Bank's H shares shall be transferred in writing in a normal or usual format or other formats accepted by the Board (including standardized transfer format provided by the Hong Kong Stock Exchange from time to time); such instrument of transfer can only be manually signed. If the transferor or the transferee is a Settlement Institution or its agent, manual or printed signatures in such instruments are both accepted. All instruments of transfer must be kept at the legal address of the Bank or any other place specified by the Board of Directors from time to time.

**Article 49** No one shall apply for a change in the registration of the register of shareholders due to transfer of shares within thirty (30) days before the convening of the general meeting or within five (5) days prior to the date set for allocation of share dividends. However, where applicable laws or relevant laws in the place which shares of the Bank listed or Listing Rules have other provisions on the change in the registration of the register of shareholders, such provisions shall prevail.

**Article 50** When the Bank convenes a general meeting of shareholders, allocate a share dividend, conduct settlement and other actions where share rights are required to be identified, then the convener of the Board meeting or the general meeting shall set one day as share rights registration date. Shareholders recorded before the completion of registration, shall be considered the shareholders enjoying the related rights and interests.

**Article 51** Where any shareholder requires the registration of its name (or title) on the shareholders' register or the cancellation of its name (or title) from the shareholders' register due to its objection to what is contained in the shareholders' register, then such shareholder may apply to the court which has jurisdiction for a change in the shareholders' register.

**Article 52** Where any shareholder who is registered in the shareholders' register, or is required to register its name (or title) in the shareholders' register, loses his/her share certificate(s) ("original share certificate(s)"), then such shareholder may apply to the Bank for the issuance of new share certificate(s) on the basis of such shares ("relevant shares").

Application by a domestic shareholder for a reissuance due to loss of his/her domestic share certificate(s), shall be handled in accordance with the relevant provisions of *Company Law*.



Application by an overseas shareholder for a reissuance due to any loss of his/her overseas listed foreign share certificate(s), shall be dealt with in accordance with relevant laws, stock exchange rules and other related provisions of the place where the original copy of the register was kept.

When any holder of H shares apply for a reissuance due to loss of original share certificate(s), such reissuance shall meet the following requirements:

- (a) The applicant should submit such application in the standard format specified by the Bank, together with a notarial certificate or legal statement. Such notarial certificate or legal statement should include application reasons, share certificate(s) losing situations and evidence, as well as a statement that no other persons request to register such shares as a shareholder;
- (b) Prior to determination of reissuing new share certificate(s), the Bank does not receive any statement that any person other than the applicant claim registration of such shares as a shareholder;
- (c) After its determination to reissue new share certificate(s) to the applicant, the Bank shall make reissuance announcements in the newspaper designated by the Board of Directors; and the announcement period is for ninety (90) days, and every thirty (30) days there is at least one announcement to be published;
- (d) Prior to such reissuance announcement, the Bank shall submit a copy of proposed announcement to the stock exchange at which the Bank's shares are listed. On the receipt of the reply by the Stock exchange, stating the release of such announcement within the stock exchange, such announcement shall be published. Such announcement shall last for ninety (90) days within the stock exchange;

If such application for reissuance fails to get the consent of the relevant shareholders in the register of shareholders, the Bank shall mail a copy of such proposed announcement to such shareholders;

- (e) At the expiry of public announcement period of ninety (90) days stipulated in Paragraph (c) and (d), the Bank if not receiving any objection to such reissuance, shall issue new share certificate(s) based on the application by such applicant;
- (f) Before issuing new share certificate(s) pursuant to this Article, the Bank shall immediately cancel the original share certificate(s), and such cancellation and reissuance shall be recorded on the register of shareholders;
- (g) Such applicant shall bear all costs and fees incurred arising from cancellation of the original share certificate(s) and the issuance of the new share certificate(s) by the Bank. Before the applicant fails to provide a reasonable guarantee, the Bank reserves the right to refuse to take any action.

**Article 53** After the issuance of new shares by the Bank according to the Bank's Articles of Association, the names (or titles) of bona fide purchasers who hold the above-mentioned new shares or the name (or titles) of the shareholders who are registered as the owners of such shares (as a bona fide purchaser) shall not be cancelled from the register of shareholders.

**Article 54** The Bank has no obligation to indemnify any person damaged by the cancellation of original shares or by the reissuance of new shares, except where such person can prove that the Bank has acted fraudulently.

## **CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

**Article 55** The shareholders of the Bank are the persons who hold the shares of the Bank by law and whose names (or titles) are registered on the register of shareholders.

Shareholders enjoy rights and undertake obligations based on types of shares held by them; shareholders holding the same type of shares have equal rights and bear the same obligations.

In the case of joint holders, if one of joint shareholders is dead, only any other surviving person of joint shareholders shall be deemed by the Bank as a person enjoying rights on the shares. However, the Board has the right to request such person to provide the appropriate death certificate for the purpose of amending the register of shareholders. In terms of joint shareholders of any shares, only the person in such joint shareholders stands first on the register of shareholders, is entitled to receive relevant shares and notices of the Bank, to attend the Bank's general meeting of shares and to exercise the voting right at the general meeting. Any notice served on such person shall be deemed to have been served on all joint shareholders.

**Article 56** The Bank's common shareholders have the following rights:

- (a) to receive share dividends and other forms of benefit allocation to the extent of their number of shares;
- (b) in accordance with the laws and the Articles of Association, to propose, convene, preside over, attend or entrust a proxy to attend and speak at the shareholders general meeting and exercise corresponding voting rights;
- (c) to supervise the operations of the Bank, and make suggestions or inquiries regarding such operations;
- (d) to transfer, bestow, pledge or otherwise dispose of their shares in accordance with laws, administrative regulations, the relevant provisions of securities regulators of the place at which the shares are listed and the Articles of Association;

- (e) to obtain relevant information in accordance with the provisions of the laws, and the Articles of Association of the Bank, including:
- (1) the Bank's Articles of Association, after payment of the cost of copying;
  - (2) the right of inspection and copying, after paying a reasonable fee:
    - (i) all parts of the shareholders' register;
    - (ii) the personal particulars of Bank's directors, supervisors, governors and other senior managers;
    - (iii) the Bank's equity position(status);
    - (iv) since the previous fiscal year, the total face value, the number, the maximum and minimum prices of each type of the Bank's repurchased shares, and a report on the Bank's total payment for such shares;
    - (v) the minutes or resolution of the shareholders' general meeting;
    - (vi) resolutions of meetings of the Board of Directors and the Board of Supervisors;
    - (vii) the regular reports announced by the Bank;

If the information to be inspected and copied involves trade secrets or price sensitive information of the Bank, the Bank may refuse to provide them.

- (f) where the Bank terminates or liquidates, to participate in the allocation of the residuary assets of the Bank based on their number of shares;
- (g) request the Bank to repurchase their shares as stipulated in the Articles of Association, due to their dissatisfaction with merger or separation resolution made at the Bank's general meeting of shareholders;
- (h) other rights conferred on them by the laws, administrative regulations and the Articles of Association of the Bank.

The Bank shall not exercise any powers to freeze or otherwise impair any of the rights attaching to any share of the Bank by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Bank.

**Article 57** Where shareholders request to check relevant information or ask for documents mentioned in the preceding Article, they should provide the Bank with written documents which prove the type and the number of their shares in the Bank. After verifying the identity of the shareholders, the Bank shall provide such documents as required by such shareholders.

**Article 58** Where any resolution adopted by the general meeting of shareholders, and the board of directors, is in violation of the laws and administrative regulations, the shareholders have the right to request the court to find such resolution invalid.

Where the convening and voting procedure or any resolution of the general meeting of shareholders, and the board of directors, is in violation of laws, administrative regulations or the Articles of Association of the Bank, then the shareholders shall have the right to request the court to revoke such procedure or resolution within sixty (60) days from the date of such resolution.

**Article 59** Where the directors and senior managers in performance of their duties are in violation of the provisions of laws, administrative regulations or the Articles of Association of the Bank, resulting in losses to the Bank, such shareholders individually or jointly holding more than 1% of the Bank's share for more than one hundred and eighty (180) consecutive days, have the right to in a written form request the board of supervisors to file a suit in the people's court; Where the board of supervisors in performance of their duties are in violation of the provisions of laws, administrative regulations or the Articles of Association of the Bank, resulting in losses to the Bank, such shareholders individually or jointly holding more than 1% of the Bank's share for more than one hundred and eighty (180) consecutive days, have the right to in a written form request the board of directors to file a suit in the people's court;

Where the board of supervisors and the board of directors make a refusal after the receipt of such written request mentioned in the preceding paragraph, or file no suit within thirty (30) days from the date of such receipt, or urgent situations make an immediate suit necessary to safeguard the Bank's interests, then such shareholders referred to in the preceding paragraph shall have the right to directly file a suit in the people's court in their own name, for the purpose of protecting the Bank's interests.

Where other people infringe on legitimate rights and interests of the Bank, resulting in losses to the Bank, then the shareholders referred to in the preceding paragraph shall have the right to file a suit in the people's court in accordance with the provisions of the former two paragraphs.

**Article 60** Where directors and senior managers are in violation of the provisions of laws, administrative regulations or the Articles of Association of the Bank, damaging the interests of the Bank's shareholders, such shareholders shall have the right to file a suit in the people's court.

**Article 61** The Bank's ordinary shareholders bear the following obligations:

- (a) comply with laws, administrative regulations, regulatory requirements and the Articles of Association of the Bank;

- (b) purchase the shares according to the number of their subscribed shares and the type of their subscription, strictly follow laws and regulations and regulatory requirements to fulfill obligations of capital contribution;
- (c) use their own funds to subscribe shares and ensure legal source of funds. Shareholders shall not subscribe shares by entrusted funds or debt funds and other non-own funds, save for otherwise provided by laws and regulations;
- (d) not to withdraw shares, except in the cases regulated by the laws and regulations;
- (e) When substantial shareholders subscribe shares of the Bank, they shall make written undertakings to comply with laws and regulations, regulatory requirements and the Articles of Association, and explain the purpose of subscription;
- (f) The shareholding proportion and the number of institutions holding the shares shall be in compliance with regulatory requirements, and shareholders shall not entrust others or accept others to entrust the Bank's equity;
- (g) Shareholders shall truthfully inform the Bank of the financial information, shareholding structure, capital source of shares, controlling shareholders, actual controller, related parties, persons acting in concert and ultimate beneficiary and particulars of the change, investments in other financial institutions and other information in accordance with laws, regulations and regulatory provisions;
- (h) In the event that shareholders transfer their shares held in the Bank, the shareholders shall inform the transferees of being compliant with the laws and regulations as well as the conditions under regulatory requirements, and the relevant shareholders shall promptly notify the Bank in writing in accordance with laws, regulations and regulatory provisions if there is any change in the controlling shareholders, actual controllers, related parties, persons acting in concert and ultimate beneficiaries of the shareholders;
- (i) not to abuse the rights of shareholders to damage the interests of the Bank or other shareholders; not to abuse the independent status of the corporate juridical person or limited liability of shareholders to damage the interests of the Bank's creditors;

Where the Bank's shareholders abuse the rights of shareholders to damage the interests of the Bank or other shareholders, they shall assume liability for compensation;

Where the Bank's shareholders abuse the independent status of the corporate juridical person or limited liability 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;

- (j) to promptly notify the Bank in writing of the relevant circumstances in accordance with laws, regulations and regulatory provisions in the event of merger or division of shareholders, when ordered to suspend business for rectification, trusteeship, takeover, revocation or other measures, or are in the process of dissolution, liquidation or bankruptcy, or their legal representative, company name, business premises, business scope and other major events have changed;
- (k) to promptly notify the Bank in writing of the relevant circumstances in accordance with laws, regulations and regulatory provisions if the shares of the Bank held by the shareholders are involved in litigation, arbitration, being subject to law enforcement action by judicial authorities, pledged or released pledge;
- (l) Shareholders shall fulfill their fiduciary duties to the Bank to ensure that the information they provided is true, complete and valid. Substantial shareholders shall disclose information of their related party truly, accurately and completely to the Board of Directors and undertake to report timely to the Board of Directors when there are changes to such related-party relationship;
- (m) Shareholders and its controlling shareholders or actual controller shall strictly comply with laws and regulations, regulatory requirements and the Articles of Association to exercise the rights as investors, fulfill the obligations of investors, shall not seek improper gain or abuse the shareholders' rights or use related relations to harm the legitimate rights and interests of the Bank, other shareholders and interested parties; shall not intervene with the decision-making and management rights exercised by the Board of Directors and senior management pursuant to the Articles of Association; nor shall they intervene directly with the Bank's operation and management by going over the Board of Directors and senior management, conduct the transfer of benefits or otherwise damage the interests of the depositors, the Bank and other shareholders' legal interests;
- (n) Substantial shareholders shall establish an effective risk isolation mechanism to prevent risk contagion and transfer among shareholders, the Bank and other affiliates;
- (o) Substantial shareholders shall effectively manage their concurrent holding of positions as any of the members of the board of directors, members of the board of supervisors and the senior management members in the Bank and in any other affiliates to prevent conflicts of interest;
- (p) Shareholders shall comply with laws and regulations and relevant regulatory requirements relating to transfer or pledge of holding shares of the Bank, or conducting related transactions with the Bank, shall not engage in improper related-party transactions with the Bank, shall not obtain improper benefits by taking advantage of their influence on the Bank's operation or management, and shall not harm the interests of the shareholders or the Bank;
- (q) When material risk events or material breaches occur in the Bank, shareholders shall actively cooperate with the banking regulatory authority to conduct investigation and risk disposal;

- (r) Substantial shareholders shall not hold shares of the Bank in financial products issued, managed or otherwise controlled;
- (s) Investor together with its related parties and persons acting in concert who intend to hold for the first time or increase by in aggregate, severally or jointly, more than 5% of total capital or total shares of our Bank, shall report to the banking regulatory authority for its approval in advance; investor together with its related parties and persons acting in concert who hold, severally or jointly, more than 1% but less than 5% of total capital or total shares of our Bank, shall report to the banking regulatory authority within 10 working days after obtaining the relevant equities; Shareholders who should have sought approval of or reported to but failed to seek approval of or report to the regulatory authority shall not exercise rights to request to convene a general meeting, vote, nominate, propose, dispose, etc.;
- (t) For shareholders who have made false statements, abused their shareholders rights or acted to damage the interests of commercial banks, the banking regulatory authority may restrict or prohibit related transactions between commercial banks and them, limit the maximum number of commercial banks' shares that they can hold and the percentage of shares that they can pledge, and their rights to request to convene the general meeting, vote, nominate, propose, dispose, etc.;
- (u) Substantial shareholders shall promptly, accurately and completely report to the Bank information that may affect the changes in the qualifications of the shareholders or cause changes in the equity held in the Bank;
- (v) to fulfill the responsibilities of shareholders in accordance with laws, regulations and the Articles of Association, and provisions in resumption and disposal plan, and adopt appropriate relief measures to relieve the shortage of capital and liquidity, or raise funds for self-rescue.
- (w) other obligations stipulated by laws, administrative regulations and the Bank's Articles of Association.

The shareholding ratio of shareholders and its related parties and persons acting in concert shall be calculated together.

Substantial shareholders refer to the shareholders who hold or control more than 5% of the shares or voting rights of our Bank, or hold less than 5% of total capital or total shares but have a significant impact upon the operation and management of our Bank.

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

**Article 62** Shareholders, in particular substantial shareholders, shall support the Bank's Board of Directors to set appropriate capital plan, making the Bank's capital to continuously satisfy regulatory demand. When the Bank's capital fails to satisfy regulatory requirement, a supplementary capital plan shall be set to increase the core capital to supplement capital, enabling the capital adequacy ratio to meet regulatory requirement within the time limit; substantial shareholders shall not hinder other shareholders from supplementing the Bank's capital or entry of new eligible shareholders. Substantial shareholders shall undertake in writing to supplement the Bank's capital on a long-term basis. Substantial shareholders shall replenish the Bank's capital when necessary and report to the banking regulatory authority on capital replenishment capability through the Bank.

The performance of major shareholders' commitments shall be determined by the Board. Measures taken against shareholders who violate their commitments shall be proposed by the Board and implemented after being deliberated and approved by the shareholders' general meeting, and the shareholders or shareholders' representatives who violate their commitments shall abstain from voting.

**Article 63** When substantial shareholders, fails to repay their credit facilities with the Bank on time, or when the number of shares charged by such a shareholder reaches or exceeds 50% of the total shares of the Bank held by such shareholder, the voting rights of such shareholder at the general meetings and the voting rights of the directors nominated by such shareholder at the meetings of the Board of Directors shall be restricted. When other shareholders fail to repay their credit facilities with the Bank on time, the Bank shall restrict their relevant rights based on the actual situation.

**Article 64** Where shareholders provide their shares of the Bank as guarantee for themselves or other persons, they shall strictly abide the requirements of laws, regulations and regulatory agencies, and shall inform the Board of Directors of the Bank in advance. The office of the Board of Directors is responsible for the routine work such as gathering, organizing and reporting information on the Bank's charged shares.

Where shareholders who also act as director or supervisor of the Bank, or shareholders who directly, indirectly, jointly hold or control more than 2% of the Bank's total shares or voting rights, charge their shares, they shall file with the Bank's Board of Directors in advance information such as the reasons for creation of the charge, the term of shareholding and the charges. Where the Board of Directors considers the creation of the share charge would result in significant adverse impact on the stability of the Bank's share equity, corporate governance, risk control and related party transaction supervision, the Board of Directors shall not have such charge filed.

After shareholders have completed the registration of charge over shares, they shall cooperate with the Bank on the need to conduct risk management and disclose information by providing the relevant information concerning the shares of the Bank being charged.

Where the outstanding balance of shareholders' borrowing from the Bank exceeds the audited net value of the Bank's shares it held as of the end of the preceding year, they shall no longer be able to charge their shares of the Bank.



**Article 65** The Bank's controlling shareholders and actual controllers shall not use their association relationship to damage the interests of the Bank. Where their violation of the relevant provisions causes losses to the Bank, they shall be liable for compensation.

Association relationship referred to in the Articles of Association, is the relationship between the Bank's controlling shareholders, actual controllers, directors, supervisors and senior managers, and their directly or indirectly controlled enterprises, and other relationships that might lead to the transfer of the Bank's interests, except the relationship among State-controlled enterprises.

The Bank's controlling shareholder and actual controller shall assume fiduciary obligations to the Bank and its other shareholders. The controlling shareholders should in strict accordance with laws exercise their rights as investors, and shall not damage the legitimate rights and interests of the Bank and its public shareholders by means of profit allocation, assets restructuring, external investment, fund use, loan guarantees or controlling position.

**Article 66** Unless required by laws, administrative regulations or the listing rules of the stock exchange located where the Bank's shares are listed, the controlling shareholder (as defined in the following Article) in exercising their power as a shareholder, shall not through exercise of their voting rights make a decision detrimental to the interests of all or part of the Bank's shareholders on the following matters:

- (a) dismissal of directors or supervisors should be in good faith and to the best interests of the Bank;
- (b) approve directors or supervisors to deprive of the Bank's assets (for their own or others' interests) in any form, including (but not limited to) any favorable opportunity to the Bank;
- (c) approve directors or supervisors to deprive of other shareholders' returns on their shares (for their own or others' interests), including (but not limited to) any allocation rights, voting rights, but excluding the Bank's reorganization adopted at the shareholders' general meeting according to the Articles of Association.

**Article 67** The controlling shareholder as referred to in the Articles of Association refers to a shareholder who contributes more than 50% of the total capital of a limited liability company or holds more than 50% of the total share capital of a limited liability company; or a shareholder who, despite its contribution or shareholding being less than 50% of the total capital or the total share capital of a limited liability company, has sufficient voting rights carried on its shareholding to exert significant impact on the resolutions of the shareholders' meeting or the general meeting based on the provisions of the *Company Law*.

Actual controller as referred to in the Articles of Association, is the person who can actually control the Bank through investment, agreements or other arrangements, although not being a shareholder of the Bank.

**Article 68** Any single shareholder's loan shall not exceed 10% of the Bank's net capital, and any group customer's loan shall not exceed 15% of the net capital.

**Article 69** The Bank's loan conditions for its shareholders are no more favorable than for other borrowers of the same type of loans. Specific measures on associated transactions regarding any shareholder loans shall be separately formulated by the Board.

**Article 70** The Bank shall not accept the Bank's equity as pledge to provide credit and shall not provide guarantees (including contingencies equivalent to guarantees) for financing activities of related parties, except a counter-guarantee with sufficient amount provided by the related parties using deposit certificates or government bonds.

**Article 71** Shareholders of the Bank and their related parties shall not illegally occupy or transfer the Bank's funds, assets and other resources. Shareholders of the Bank and their related parties shall not require the Bank to cover expenses such as wages, benefits, insurance, advertising, and to bear costs and other expenses. Shareholders of the Bank and their related parties shall bear the corresponding liability for compensation if losses to the interests of the Bank or other shareholders are resulted from their violation of this Article.

## **CHAPTER 8 GENERAL MEETING OF SHAREHOLDERS**

### **Section 1 General Provisions of General Meeting of Shareholders**

**Article 72** The general meeting of shareholders is an organ of power in the Bank which performs functions and powers according to law.

**Article 73** The general meeting of shareholders shall exercise the following powers:

- (a) to decide the Bank's business policy and investment plans;
- (b) to elect and replace directors and decide on matters related to the remuneration of such directors;
- (c) to elect and replace supervisors who are not representatives of the Bank's staff, and decide on matters related to the remuneration of supervisors;
- (d) to examine and approve the work report of the Board of Directors;
- (e) to examine and approve the work report of the Board of supervisors;
- (f) to examine and approve the Bank's annual financial budget and its final accounts;
- (g) to examine and approve the Bank's plans for profit allocation and loss recovery;

- (h) to examine and approve the Bank's annual report;
- (i) to examine and approve the change of the purpose of the raised funds;
- (j) to adopt a resolution on increase or decrease in the Bank's registered capital;
- (k) to make a resolution on the issuance of the Bank's bonds or other securities, as well as listing issue;
- (l) to adopt resolutions on matters involving merger, separation, split, liquidation of the Bank and change of the Bank's form;
- (m) to examine and approve the amendments to the Articles of Association, the Rules of Procedures of the General Meeting, the Board of Directors and the Board of Supervisors;
- (n) to adopt resolutions on the appointment and dismissal of an accounting firm that is responsible for the regular statutory audits of the Bank's financial reports;
- (o) to examine and approve proposals made by the shareholders individually or jointly representing more than 3% of the total outstanding voting shares in the Bank;
- (p) to examine or authorize the Board to approve matters such as the Bank's major external investment, major merger & acquisition, major assets acquisition, major assets disposal, major assets cancellation after verification, major assets pledge, major connected transactions, material trust management, major external donation and major external guarantee;
- (q) to examine and approve the equity incentive plan and employee stock ownership scheme;
- (r) to make a resolution on the acquisition of the Bank's shares in accordance with the laws;
- (s) to determine the issuance of preference shares; to determine or authorize the Board of Directors to determine the matters relating to the issued preference shares of the Bank, including but not limited to the redemption, conversion, distribution of dividend, etc.;
- (t) to examine and approve other matters which should be determined by the general meeting of shareholders in accordance with the laws, regulations and regulatory requirements as well as the Bank's Articles of Association.

The above matters which are within the scope of authority of the general meeting shall be decided by the general meeting in principle, and the powers of the general meeting as stipulated in the laws, regulations and regulatory requirements shall not be authorized to the Board, other institutions or individuals to exercise; however, under necessary, reasonable and legal circumstances, the general meeting may authorize non-statutory powers that shall be exercised by the general meeting to the Board to make decisions, and the contents of authorization shall be clear and specific.

**Article 74** In addition to normal operational guarantees provided by the Bank, the following guarantees shall be subject to the approval of general meetings upon the consideration and approval by the Board:

- (a) any guarantees with a single guaranteed amount in excess of 10% of the latest audited net assets of the Bank;
- (b) any guarantees to be provided by the Bank and its controlling subsidiaries in favour of a third party, with the total amount of which exceeds 50% of the latest audited net assets of the Bank;
- (c) any guarantees to be provided after the total amount of third-party guarantee provided by the Bank has exceeded 30% of the latest audited net assets of the Bank;
- (d) any guarantees to be provided by the Bank in favour of an entity which is subject to a gearing ratio of over 70%;
- (e) any guarantees with the amount aggregated over a period of twelve consecutive months exceeding 30% of the latest audited net assets of the Bank;
- (f) any guarantees to be provided in favour of shareholders, actual controllers and its related parties;
- (g) other guarantees required to be considered and approved at the general meeting as stipulated by the regulatory authorities or stock exchange.

When the Board of Directors considers a guarantee matter, such guarantee matter shall be approved by more than half of all directors and by more than two-thirds of the directors attending the board meeting. In case of providing a guarantee for a related party, the connected director shall abstain from voting, and the proposal shall be approved by more than 2/3 of the non-connected directors attending the board meeting.

When a general meeting considers a proposal to provide guarantees for any shareholder, actual controller (if any) and related party, the said shareholder or the shareholders controlled by the said actual controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other shareholders attending the meeting.

For consideration and approval of the guarantees stipulated in the preceding paragraph (e) at the general meeting, it shall be approved by over two thirds of the voting rights held by shareholders with voting rights.

If a guarantee is provided externally in violation of the deliberation procedures and examination & approval authority of the shareholders' general meeting and the Board of Directors, the Bank shall have the right to investigate the responsibilities of the relevant responsible persons.

**Article 75** The shareholders' general meeting is classified into the Annual General Meeting (AGM) and the Extraordinary General Meeting (EGM). The agenda and proposals of the shareholders' general meeting shall be arranged legally, fairly and reasonably by the Board of Directors to ensure sufficient discussion for each proposal that is being made in general meetings.

AGM is held once a year within six (6) months after the end of the preceding fiscal year. The extraordinary general meeting, held on a non-regular basis, shall be convened within two months from the date of occurrence of any circumstance as stipulated in clause 3 of this Article which so requires. If the Bank fails to hold the general meeting within the aforesaid timeframe, it shall report it to the banking regulatory agency, securities regulatory agency, and the stock exchange(s) where the Bank's shares are listed in time, stating the reasons therefor and making an announcement in respect thereof.

EGM shall be held within two (2) months from the date of occurrence of one of the following situations, including:

- (a) the number of directors is less than the statutory minimum number set by *Company Law*, or less than 2/3 of the number required by the Bank's Articles of Association;
- (b) the losses not covered by the Bank, reach 1/3 of the total paid-in share capital;
- (c) the shareholders individually or jointly representing more than 10% of the total voting shares make a written request of the convening;
- (d) the Board of Directors deems it necessary;
- (e) the Board of Supervisors proposes to convene;
- (f) more than 1/2 of and no less than two independent directors propose to convene; and
- (g) other situations as stipulated by laws, administrative regulations, departmental rules, and the Bank's Articles of Association.

The number of shares represented by such shareholders in the foregoing Paragraph (c), shall be calculated as of the date of making such written request.

**Article 76** The general meeting of shareholders in the Bank shall be held at the domicile of the Bank or other specific places.

The general meeting shall set up a venue where the general meeting is held in the form of on-the-spot meeting. The Bank shall facilitate its shareholders to attend the meeting by means of on-line voting. The shareholders shall be deemed present at the meeting, when participate in the meeting in the above-mentioned forms.

## Section 2 Convening of General Meeting of Shareholders

**Article 77** The Board shall convene the general meeting of shareholders in accordance with the provisions of the Articles.

**Article 78** More than 1/2 of and no less than two independent directors have the right to propose to the Board the convening of an extraordinary general meeting. The Board shall convene the extraordinary general meeting within two (2) months from the date of receipt of proposal notice in accordance with the procedures. As for the proposal made by the independent directors, the Board shall make a written feedback within ten (10) days from the date of receipt of such proposal and issue a notice regarding the convening of general meeting of shareholders within five (5) days from the date of the resolution concerned in accordance with the provisions of laws, administrative regulations and the Articles of Association.

**Article 79** The board of supervisors shall have the right to make a written request and proposal of the convening of the EGM to the board of directors. The Board shall make a written feedback regarding the convening within ten (10) days from the date of receipt of such proposal, in accordance with the provisions of laws, administrative regulations and the Articles of Association of the Bank.

Where the Board agrees to convene the EGM, it shall issue a notice regarding the convening within five (5) days from the date of the resolution concerned. Any amendment of the original proposal in such notice, shall be subject to the consent of the Board of Supervisors.

Where the Board disagrees with the convening, or makes no feedback within ten (10) days after receipt of the proposal, or the Board agreed on the convening but issues no notice regarding the convening within five (5) days after the date of the resolution concerned, then the Board shall be deemed as unable to perform or deemed not to perform its duty of convening the EGM, the board of supervisors may convene and preside over the extraordinary general meeting (EGM).

The extraordinary general meeting (EGM) individually convened and presided over by the board of supervisors according to the aforesaid provisions, should be held within two (2) months from the date of the Board receiving the request concerned.

**Article 80** The shareholders' request to convene an Extraordinary General Meeting (EGM) or class shareholder meeting, shall be handled in accordance with the following procedures:

- (a) two or more shareholders possessing more than 10% of the voting shares in the proposed meeting can submit to the board of directors a copy or copies of written request having the same format and contents, asking the Board to convene the extraordinary general meeting or class shareholder meeting, and to clarify the subject of the conference. The foregoing number of shares held by such shareholders are calculated as of the date of such written request. The Board shall make a written feedback involving its agreement and disagreement on the convening within ten (10) days from the date of receiving such request, in accordance with the provisions of laws, administrative regulations and the Bank's Articles of Association.

Where the Board agrees to convene the EGM or class shareholder meeting, it shall issue a notice regarding the convening within five (5) days from the date of the resolution concerned. Any amendment of the original request in the notice, shall be subject to the consent of the relevant shareholders.

- (b) Where the Board disagrees with the convening, or makes no feedback within ten (10) days after receipt of the request, the shareholders individually or jointly possessing more than 10% of the voting shares at the proposed meetings, shall have the right to make a written request of the convening of an EGM or class shareholder meeting to the board of supervisors.

Where the board of supervisors agrees with the convening, it shall release a notice regarding the convening within five (5) days from the date of receiving the request. Any amendment of the original request in the notice, shall be subject to the consent of the relevant shareholders.

Where the board of supervisors fails to issue such a notice within the prescribed period, the board of supervisors shall be deemed not to convene and preside over the meeting. In such a case, the shareholders individually or jointly having more than 10 percent of the Bank's shares for more than 90 consecutive days (such shares having voting rights at the intended meeting), may convene and preside over an EGM or class shareholder meeting.

**Article 81** The supervisory board itself or the shareholders themselves, when deciding to convene the EGM, shall notify the board of directors and make a written report to the banking regulatory authority and the stock exchange for filing. Prior to the announcement of the resolution on the convening of the general meeting, the shareholding of the ordinary shareholders (including holders of preference shares with voting rights restored) convening the meeting shall not be less than 10%.

The supervisory board or convening shareholders in issuing the notice and the resolution announcement regarding the convening, shall submit the relevant supporting materials to the stock exchange.

**Article 82** As for such meeting convened by the supervisory board or the shareholders, the Board and the Secretary shall provide co-ordination. The Board shall provide the register of shareholders on the registration date of the shareholding interest. If the Board of Directors does not provide the register of shareholders, the convener may apply to the securities depository and clearing institution for obtaining the register of shareholders with the announcement in relation to the notice convening the shareholders' general meeting. The register of shareholders obtained by the convener shall not be used for any other purposes than to convene a shareholders' general meeting.

Necessary expenses of such meeting shall be borne by the Bank.

### **Section 3 Proposals and Notices of General Meeting of Shareholders**

**Article 83** Any proposal of the shareholders' general meeting, shall fall within the limits of the functions and powers of the general meeting, contain clear subjects and specific resolution items, and comply with the relevant provisions of laws, administrative regulations and the Articles of Association of the Bank.

**Article 84** General procedures for nomination and election of directors and shareholder supervisors:

- (a) Within the range of the number of directors (supervisors) of the Board of Directors (Board of Supervisors) prescribed by the Bank's Articles of Association, the nomination committee of the Board of Directors (Board of Supervisors) may propose the list of candidates of directors (supervisors); shareholders who solely or jointly hold more than 3% of total voting shares of the Bank may also nominate candidate of directors (supervisors) to the Board of Directors (Board of Supervisors);

The same shareholder and its associated person shall not nominate both director and supervisor candidate at the same time; where a shareholder and its associated person have already nominated a director (supervisor), such shareholder shall not nominate candidate of supervisor (director) before the expiry or change of the nominated director's term of office; in principle, directors nominated by the same shareholder and its associated person cannot account for over one third of the total number of directors, except as otherwise required under the laws and rules of the country;

- (b) The nomination committee of the Board of Directors (Board of Supervisors) makes preliminary examination on the qualifications and conditions of the candidates as directors (supervisors), and submit qualified candidates to the Board of Directors (Board of Supervisors) for examination; after approval of the Board of Directors (Board of Supervisors), the nomination committee shall put forward a list of director (supervisor) candidates in the form of written proposals to the general meeting;
- (c) Director (supervisor) candidates shall make a written promise prior to the general meeting to accept the nomination, to promise the truth and completeness of the materials to be disclosed and to fulfill carefully his/her obligation as a director (supervisor) after appointment;
- (d) The Board of Directors (Board of Supervisors) shall disclose the detailed information of the director (supervisor) candidate to shareholders before the general meeting, in accordance with laws and rules, and the Bank's Articles of Association, to ensure that shareholders have sufficient understanding of the candidates before voting;
- (e) Each candidate shall be voted one by one at the shareholders' general meeting;



- (f) In case of appointing additional director (supervisor) temporarily, the nomination committee of the Board of Directors (Board of Supervisors) or shareholders who are qualified to nominate candidates shall propose to Board of Directors (Board of Supervisors) candidates for examination, and voting and replacement shall be made at the general meeting.

**Article 85** Nomination and voting procedures for independent director and external supervisor should abide by the following principles:

- (a) Nomination committee of the Board of Directors, and shareholders that hold more than 1% of the total voting shares issued by the Bank independently or jointly and the Board of Supervisors can also put forward independent director candidates to the Board of Directors, the Board of Supervisors, and shareholders that hold more than 1% of the total voting shares issued by the Bank independently or jointly can also put forward external supervisor candidates to the Board of Supervisors; and shareholders and their related parties that have already nominated non-independent directors are not allowed to nominate independent directors, shareholders and their related parties that have already nominated directors are not allowed to nominate supervisors, except as otherwise provided for by applicable laws, administrative rules and regulation, and relevant provisions of the securities regulatory agency of the place where the Bank's stock are listed;
- (b) The nomination committee of the Board of Directors (Board of Supervisors) shall make qualification examination on candidates for independent director (external supervisor), with the emphasis of examination on independence, professional knowledge, experience and capacity, etc;
- (c) The selecting and recruit of independent director (external supervisor) should mainly follow the market principles.

**Article 86** In order to convene a general meeting of the Bank, prior notice of twenty (20) days shall be given for the purpose of an annual general meeting, and prior notice of fifteen (15) days shall be given for the purpose of an extraordinary general meeting, informing all the registered shareholders, stating the matters to be considered and the date and place of the meeting.

**Article 87** As for the shareholders' general meeting in the Bank, the board of directors, the board of supervisors, and the shareholders individually or jointly holding more than 3% of the total voting shares in the Bank, shall all have the right to present new proposals in writing to the Bank, and the Bank shall place into the agenda of the meeting the matters in such proposals falling within the functions of the general meeting.

The shareholders individually or jointly holding more than 3% of the total voting shares in the Bank, may make written provisional proposals to the Bank ten (10) days before the meeting, and submit such proposals to the convener. The convener shall, within two (2) days after receiving such proposals, issue a supplementary notice, stating such provisional proposals.

Notwithstanding the foregoing provision, the convener after issuing such notice concerned, shall not modify the proposals set out or new proposals added in the notice concerned.

Any proposal not listed in the meeting notice or not following the provisions of Article 84 hereof, shall not be voted or decided at the shareholders' general meeting.

**Article 88** In accordance with relevant regulations, the Bank may hold the shareholders' general meeting after issuing a notice convening such general meeting. The relevant notice shall be published in the newspapers meeting the relevant requirements.

The EGM shall not decide or notify such matters not contained in the notice concerned.

**Article 89** The notice for the general meeting of shareholders should meet the following requirements:

- (a) in written form;
- (b) specify the place, date, time and duration of the meeting;
- (c) describe the matters to be discussed at the meeting;
- (d) provide the information and explanations necessary for shareholders to make sensible decisions on matters to be discussed, including (but are not limited to) specific conditions and a contract (if any) for a proposed transaction, and a detailed explanation of causes and consequences, where the Bank proposes a merger, repurchase of shares, capital reorganization or other reorganizations;
- (e) where any director, supervisor, governor and other senior manager have a substantial stake in the matters to be discussed, then the nature and extent of the stake shall be disclosed; furthermore, where the impact of matters to be discussed on such directors, supervisors, governors and other senior managers, is different from the impact on other shareholders of the same type, then such a difference should be illustrated as well;
- (f) contain the full text of any special resolution proposed to be adopted at the meeting;
- (g) provide a clear description, stating that any shareholder having attendance and voting rights entitled to entrust one or more agents, to exercise the attending and voting rights on behalf of the shareholder; such an agent is not required to be a shareholder of the Bank;
- (h) specify the arriving date and address of a proxy form for the voting at the meeting;
- (i) equity registration date for the shareholders' having the right to attend the general meeting; once the record date is confirmed, no change may be made thereto;

- (j) the names and phone numbers of standing contacts at the meeting;
- (k) the voting time and voting procedures on the network or otherwise.

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

In the event that shareholders' general meeting is held through a network or otherwise, the voting shall be commenced not earlier than 3:00 p.m. on the day prior to an on-site shareholders' general meeting, and not later than 9:30 a.m. on the day of the on-site shareholders' general meeting, and shall be finished not earlier than 3:00 p.m. on the closing day of the on-site shareholders' general meeting.

**Article 90** Where matters on the election of new directors and supervisors, are to be discussed, the notice involving the general meeting shall contain a full disclosure of the details of such director and supervisor candidates, which shall at least include the following contents:

- (a) Educational background, work experience, part-time jobs, and other personal information;
- (b) Whether they are related parties of the Bank or its substantial shareholders;
- (c) Their shares in the Bank;
- (d) Whether they have been penalized by the securities regulatory authority and other relevant authorities, and warned or reprimanded by the stock exchange.

Except that the cumulative voting system is used to elect directors and supervisors, each name of such director and supervisor candidates should be made in a separate proposal.

**Article 91** A notice regarding the general meeting of shareholders, shall be delivered by a specific person or by prepaid mail, to all the shareholders (whether or not such shareholders have voting rights). Any recipient's address shall be the address registered in the register of shareholders. For holders of domestic shares, such notice may be also issued in the form of an announcement.

The announcement referred to in the preceding paragraph, should be disclosed in one or more media which satisfied the conditions stipulated by the securities regulatory authority under the State Council, twenty (20) days before the meeting for the purpose of an annual general meeting, and fifteen (15) days before the meeting for the purpose of an extraordinary general meeting. All shareholders having domestic shares, shall be deemed to have received such notice upon the publication of such notice.

Under the premise of compliance with the relevant laws and regulations of the place where the Company's shares are listed, such notice may be also made to the shareholders having overseas listed foreign shares, in other manners set forth in the Articles of Association.

**Article 92** Where the meeting notice is not delivered to, or received by, a person entitled to obtain such notice due to an accidental omission, the meeting and any resolution adopted at the meeting shall not be made invalid for this reason.

**Article 93** After such notice is issued, the shareholders' general meeting shall not be postponed or cancelled without good reason, and any proposal stated in such notice shall not be canceled, either. In event of postponement or cancellation of the meeting, the convener shall make another public notice, stating relevant reasons, at least two (2) working days before the original date of the meeting.

#### **Section 4 Holding of General Meeting of Shareholders**

**Article 94** The board of directors and any other convener shall take the necessary measures to ensure the normal order of the general meeting of shareholders. Some measures should be taken to prevent such behaviors as disturbing shareholders and harming their legitimate rights and interests, and report them to the relevant departments immediately.

**Article 95** All common shareholders registered on the date of record shall be entitled to attend in person or entrust a proxy to attend a shareholders' meeting.

Any shareholder having attendance and voting rights, shall be entitled to attend in person or entrust one or more persons (they may not be a shareholder) as its proxy, to exercise attending and voting rights on behalf of the shareholder at the general meeting.

Where the shareholder is a recognized clearing house (or its agent) as defined under the Laws of Hong Kong, then the shareholders may authorize more than one person to act as its representative at any general meeting of shareholders or any class of shareholders' meeting; However, in case of more than one person authorized, the power of attorney shall specify the number and type of shares represented by each authorized person. The authorized person(s) (or its agent) shall be entitled to attend meetings on behalf of the recognized clearing house (or its agent) and exercise the rights as if such person were a natural person shareholder of the Bank.

**Article 96** Where a natural person shareholder attends the meeting in person, he/she shall show his/her ID(identity) cards or other valid identity documents; Where the shareholder entrusts another person as his/her agent to attend the meeting, then the agent shall present his/her ID card, and the shareholders' power of attorney.

As for an institutional shareholder, his/her legal representative or an agent entrusted by the legal representative shall attend the meeting. Where the legal representative attends the meeting, such representative should present his/her ID card, valid evidence of the qualification as a legal

representative where an entrusted agent attends the meeting, the agent should show his/her ID card, the written power of attorney issued by the legal representative of the institutional shareholder by law.

**Article 97** Any proxy pursuant to which a shareholder appoints his/her agent to act on his/her behalf shall be in written form and shall be signed by such a shareholder or any power of attorney authorized by such a shareholder in writing. A proxy (or proxy form) issued by a shareholder to entrust another person as his/her agent to attend the general meeting, shall contain the following:

- (a) the name of an agent;
- (b) the voting right (if any);
- (c) each voting instruction made by the shareholder to his/her agent, on each matter under discussion at the meeting, including approval, opposition or abstention;
- (d) the issuance date and expiry date of a power of attorney;
- (e) the signature (or seal) of the entrusting person. Where the person is a domestic institutional shareholder, the power of attorney shall be stamped with the corporate seal.

**Article 98** A proxy form issued by the Board or a convener to shareholders for the appointment of their agents, should allow shareholders to freely and separately instruct their agents for each proposal. A proxy form shall indicate that agents may cast a vote at their discretion in case of no instruction from the shareholders.

**Article 99** Any proxy regarding voting rights shall be made available at the domicile of Bank or at any other place specified in the meeting notice, at least 24 hours before the meeting concerned or specified voting time. Where a proxy is signed by any other person authorized by the entrusting party, the signed proxy or other authorization documents should be notarized. Any notarized proxy or other authorization documents, together with a voting proxy shall be placed at the Bank or any other place specified in the meeting notice.

In case of the entrusting party as a legal person, then its legal representative or a person authorized by the board of directors and other decision-making body, may serve as a representative to attend the general meeting of the shareholders of the Bank.

**Article 100** The Bank shall be responsible to prepare the meeting register for attendees, stating such items as names (or institutional names), ID cards, domiciles of attending persons, number of voting shares held or represented by such attendees, and names (or institutional names) of entrusting persons.

**Article 101** Where prior to voting at the meeting, an entrusting party dies, loses disposal capacity, withdraws the appointment or its signed proxy, or gets its shares transferred, then the votes cast by the agent according to the proxy shall be still valid, provided that a written notice regarding such matters is not received before the holding of any relevant meeting.

**Article 102** The convener and the lawyer engaged by the Bank, shall verify the legitimacy of shareholders' qualifications based on the register of shareholders provided by the securities registration and settlement institution, and shall also record the names (or titles) of the shareholders and the number of their voting shares. Before the chairman declares the number of shareholders and agents present and the number of the total voting shares represented by them, the meeting registration should be terminated.

**Article 103** The shareholders' general meeting may be convened by the board of directors in accordance with the laws, and presided over by the chairman of the Board who also acts as a chairman of the meeting. When the chairman is unable or not to perform his duties, one director may be elected by more than half of the directors to preside over the meeting and act as the meeting chairman.

Where the board of supervisors itself convenes the meeting, the chief supervisor (chairman of the board of supervisors) may preside over and chair the meeting. Where the chief supervisor (chairman of the board of supervisors) is unable to perform the duties or fails to do so, then one supervisor may be jointly elected by more than half of the supervisors to host and chair the meeting.

Where the shareholders themselves convene the meeting, the convener may propose one representative to host and chair the meeting.

Where during the meeting, the meeting presider's violation of the rules of procedure, makes the general meeting impossible to go on, then one person may be elected to preside over the meeting, with the consent of more than half of the shareholders with voting rights present at the meeting.

**Article 104** All directors, supervisors and secretary of the Board of the Bank shall attend the shareholders' meeting when it is convened, and the President and other senior management personnel shall attend the meeting without voting rights.

**Article 105** The Bank shall develop the rules and procedures of the general meeting of shareholders, and specify the convening and voting procedures, including notice, registration, consideration of resolutions, voting, polling, announcement of polling results, formulation of final resolutions, minutes of meetings and signature thereon and announcements, and also principles of delegating authorities adopted by the board of directors at the general meeting and their specific content. These rules shall be established by the board of directors and approved by the shareholders in general meeting.

**Article 106** The board of directors and the board of supervisors should make a report on its work over the past year at the annual general meeting. The independent directors should also make a report on their work.

**Article 107** Directors, supervisors, and senior managers shall explain and clarify queries and suggestions made by the shareholders at the general meeting.

**Article 108** The chairman of the meeting, prior to voting of the meeting, shall announce the number of shareholders and agents present at the meeting, and the number of the total voting shares represented by them. Such numbers shall be subject to the registration of the meeting.

**Article 109** The general meeting of shareholders shall have minutes of meeting in the charge of the Secretary of the Board. The meeting minutes shall cover the following:

- (a) the date, location and agenda of meeting, and the name or title of the convener;
- (b) the name of the chairman and the names of the directors, the supervisors, governors and other senior managers attending the meeting or attending the meeting without voting rights;
- (c) the number of the voting shares owned by holders of domestic shareholders (including agents) and holders of overseas listed foreign shares (including agents) and the proportion of such shares to the Bank's total shares attending the meeting; voting proceedings of domestic shareholders and holders of overseas listed foreign shares for respective resolution;
- (d) reviewing process and speech points for each proposal, and voting results;
- (e) inquiries or suggestions by shareholders and corresponding response or explanations;
- (f) the names of lawyers, ballot counters, and scrutineers;
- (g) other matters required by the Articles of Association of the Bank to be included in the minutes of meeting.

**Article 110** The convener shall ensure that the minutes of meeting are true, accurate and complete. The minutes of meeting should be signed by directors, supervisors, the board secretary, the convener or its representative present as well as the meeting chairman. The minutes of meeting shall be kept permanently, together with the signature book for the shareholders present, and proxy forms for agency attendance, network voting evidence and other valid voting documents.

**Article 111** The convener shall ensure that the general meeting of shareholders goes on smoothly until final resolutions can be reached. Where force majeure and other special reasons makes the meeting suspend or not to reach a resolution, then measures should be taken as soon as possible to resume the meeting or directly terminate the meeting, and a timely notice should be issued. Meanwhile, the convener shall report to the securities regulatory authorities and the stock exchange.

## **Section 5 Voting and Resolution of General Meeting of Shareholders**

**Article 112** The shareholders (including agents) exercise the voting rights based on the number of the voting of shares they represent. Each one share corresponds to one vote. However, the Bank shall enjoy no voting right based on the shares held by it. Furthermore, the shares held by the Bank are not included in the total number of the voting shares possessed by the shareholders present at the meeting.

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

If the purchase of the voting shares of the Bank by a shareholder violates the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, such shares in excess of the prescribed proportion shall not exercise the voting rights within thirty-six (36) months after the purchase, and shall not be included in the total number of voting shares represented by shareholders attending the general meeting.

The Board of Directors, independent Directors, shareholders holding more than one percent of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC may solicit voting rights from shareholders publicly. Information including but not limited to specific voting preferences shall be fully provided to the shareholders from whom voting rights are being solicited. Soliciting shareholders' voting rights with consideration or any consideration in disguised form is prohibited. Except for statutory conditions, the Bank shall not impose any minimum shareholding limitation for soliciting voting rights.

**Article 113** Resolutions adopted at the shareholders' general meeting, are divided into ordinary resolutions and special resolutions.

Ordinary resolutions adopted at the general meeting should be passed by more than half of the voting rights represented by the shareholders (including agents) present.

Special resolutions adopted at the general meeting should be passed by more than 2/3 of the voting rights represented by the shareholders (including agents) present.

**Article 114** Resolutions on the following matters shall be adopted by the general meeting by special resolution:

- (a) increase or decrease the Bank's registered capital;
- (b) issue the Bank's bonds or other securities and listing;
- (c) the split, spin-off, merger, dissolution and liquidation of the Bank or a change in the corporate form of the Bank;



- (d) amend the Articles of Association of the Bank;
- (e) removal of independent directors;
- (f) examine and approve equity incentive plan;
- (g) matters such as significant external investment, significant merger and acquisition, significant assets acquisition and disposal, significant assets cancellation after verification and significant external guarantee which exceed the authorized scope of the Board of Directors;
- (h) other matters as specified by the laws, regulations and regulatory requirements and the Bank's Articles of Association, and deemed by the general meeting by ordinary resolution possible to exert a significant impact on the Bank, and necessary to be passed by more than two-thirds of the voting rights held by shareholders present at the meeting.

Except for items required by law and administrative rules which need to be approved by special resolution, all others shall be approved by ordinary resolution at the general meeting.

**Article 115** Only with the prior approval of the general meeting by special resolution, can the Bank enter into a contract with any person other than the directors, the supervisors, the governors and other senior managers of the Bank, according to which significant business management is entirely or partly handed over to the above persons.

**Article 116** Where the general meeting of shareholders considers connected party transactions, associated shareholders should not participate in the voting, and the voting shares represented by such shareholders, shall be not included from the number of the total valid voting shares. And the general meeting should make full disclosure of voting results by non-associated shareholders in its announcement. Where some special situations make associated shareholders necessary to participate, then the Bank may make the voting go on in the normal procedures at the meeting, after obtaining the consent of the competent authority. However, a detailed description of this fact, shall be made in the notice of the resolutions by the general meeting. The notice shall be published in the newspapers meeting the relevant requirements.

Where pursuant to *Company Law*, other laws and administrative regulations, or *Listing Rules*, any shareholder can only cast an abstention vote, positive or negative vote on any individual proposal, then any votes cast by the shareholder (or its agent) in violation of the relevant regulations or with restricted voting rights, shall not be calculated in the total number of the valid votes at the meeting.

**Article 117** The list of director and supervisor candidates shall be submitted in the form of a proposal to the shareholders' general meeting for voting.

The cumulative voting system shall be carried out to elect directors and supervisors at the general meeting, in according with the provisions of the Articles of Association and the resolutions of the general meeting.

The cumulative voting system referred to in the preceding paragraph, is that in terms of election of directors and supervisors at the general meeting of shareholders, each share has the same voting right and the voting rights enjoyed by shareholders may be exercised in a centralized manner.

**Article 118** Except for the cumulative voting system, the shareholders' general meeting shall vote all proposals one by one. In case of different proposals made on the same matter, such proposals shall be voted in chronological order. Unless such special reasons as force majeure make the general meeting suspend or fail to make a resolution, the general meeting of shareholders shall not put proposals on hold or not vote on them.

**Article 119** The general meeting, while considering proposals, shall not modify such proposals. Otherwise, the modification should be deemed as a new proposal, which shall not be voted in this general meeting.

**Article 120** At the general meeting, proposals shall be voted by show of hands, unless otherwise provided by the listing rules of the place where shares are listed, or except that proposals are requested by the following persons before or after a vote by show of hands, to be decided by ballot at the general meeting:

- (a) the chairman of the meeting;
- (b) at least two shareholders or agents with voting right;
- (c) one or more shareholders (including agents) individually or jointly holding more than 10% of the voting shares represented by the shareholders present at the meeting.

Unless otherwise provided by laws, regulations and *Listing Rules*, proposals shall be decided by ballot while procedural matters shall be voted by a show of hands at the shareholders' general meeting.

Unless otherwise provided by *Listing Rules*, or except that a vote by ballot is requested, the chairman of the meeting may determine whether to adopt the voting method based on voting results by a show of hands, which shall be recorded into the minutes of meeting as a final basis. In such a case, the number of positive votes or negative votes or their proportion, is not provided in the proposals adopted at the general meeting.

The request for a vote by ballot, may be withdrawn by the presenter concerned.

**Article 121** Where the matter required to be voted by ballot is the election of the President or suspension of the meeting, then the matter should be immediately voted by ballot; other matters requiring the voting by ballot, the chairman may determine when to cast votes, and the meeting can proceed to discuss other matters. Voting results should be deemed as a resolution passed at the meeting.

**Article 122** The same one voting right can only be exercised through either on-site voting, online voting or other voting form. Where more than one votes are cast in the same one voting right, the result of the first voting shall prevail.

**Article 123** The shareholders (including proxies) having voting rights with two or more votes, do not need to cast all affirmative votes, negative votes or abstention votes.

**Article 124** The shareholders' general meeting before conducting voting on proposals shall elect two shareholder representatives and one supervisor who participate in counting and scrutinizing votes. Where one matter under consideration has connected relationship with them, then the shareholders, the supervisor and their agents shall not participate in counting and scrutinizing votes.

When voting on proposals at the shareholders' general meeting, then lawyer, shareholder representatives and supervisor representative shall jointly responsible for vote counting and scrutinizing work, who shall also announce voting results on the spot.

Shareholders or their agents voting by means of network or others, shall have the right to check voting results through relevant voting system.

**Article 125** The meeting chairman shall decide whether to adopt the resolutions of the general meeting based on relevant voting results. Such decision is final, and the voting results shall be announced at the meeting. Voting results on resolutions shall be recorded in the minutes of the meeting.

**Article 126** The on-site shareholders' general meeting shall not be concluded earlier than that through Internet or by other means. For every proposed resolution, the voting circumstances and voting outcome shall be announced at the meeting, by the chairman of the meeting, as well as whether the resolution has been adopted based on the voting outcome.

Before the formal announcement of voting results, the Bank, vote counters, scrutineers, principal shareholders, and network service provider regarding the on site general meeting, the network and others, shall assume obligation to keep confidential the voting results.

**Article 127** The shareholders attending the shareholders' general meeting, shall cast an affirmative vote, or negative vote, abstention vote on proposals.

Votes unfilled in, filled in wrongly, or with illegible handwriting, or votes not cast, shall be deemed as voters abstaining from voting rights, and voting result represented by their shares, shall be counted as "abstention".

**Article 128** Where the chairman of the meeting holds any doubt on voting result of any resolution submitted, he may count the relevant votes; If the chairman does not count votes and shareholders or agents attending the meeting, have any doubt on any voting result announced at the meeting, they shall have the right to immediately request the counting of votes. In such a case, the chairman of the meeting shall immediately organize to count votes.

**Article 129** Where the counting of votes occurs at the shareholders' general meeting, the results of the counting shall be recorded in the meeting minutes.

The meeting minutes, together with the signature book for the shareholders present, and proxy forms for agency attendance, should be kept at the domicile of the Bank.

**Article 130** Any shareholder of the Bank, may have free access to copies of the meeting minutes during office hours. Any shareholder shall also have the right to obtain a copy of the minutes. The Bank shall send out the copy within seven (7) days of receipt of a reasonable copying fee.

**Article 131** A lawyer should be employed by the Bank to attend the general meeting, who shall provide legal advice that shall be announced to the public on the following issues:

- (a) whether the convening and convening procedures of the general meeting of shareholders is in compliance with laws, administrative regulations, and the Articles of Association;
- (b) whether the qualification of the attendees and the convener is legitimate and effective;
- (c) whether the voting procedures and voting results of the general meeting are legitimate and effective;
- (d) other legal opinions provided at the request of the Bank.

**Article 132** A public notice of the resolutions of the general meeting of shareholders shall be in a timely manner issued, stating the number of shareholders and agents present, the total number of voting shares held by them and its percentage of the total voting shares in the Bank, voting method and result for each proposal, and the details of the resolutions adopted at the meeting.

**Article 133** Special notes should be made to the proposals not adopted at the meeting, or the resolutions of the preceding meeting amended at the meeting.

**Article 134** Documents including the minutes of the general meeting and resolutions shall be filed at banking regulatory agency timely after the meeting.

**Article 135** When shareholders' meeting adopts a proposal on distribution in cash or stock dividend or capitalization of capital surplus, the Bank shall implement the specific plan thereof within 2 months after the meeting is closed.

## **CHAPTER 9 SPECIAL VOTING PROCEDURES FOR CLASS SHAREHOLDERS**

**Article 136** Shareholders holding different classes of shares shall be classified as class shareholders.

Class shareholders shall enjoy their rights and assume their obligations in accordance with the laws, administrative regulations and the Articles of Association.

**Article 137** Where the Bank intends to change or abolish the rights of class shareholders, it should be subject to the approval made by the shareholders' general meeting by special resolution, or the approval made by the separate general meeting convened by the affected class shareholders according to Article 139 to Article 142 hereof.

**Article 138** Class shareholders' right shall be deemed to be altered or repealed in any of the following situations:

- (a) increase or reduce the shares of the category, or increase or decrease shares of any other category having the same or more voting rights, allocation rights and other privileges, compared to the shares of the category;
- (b) fully or partly convert the shares of the category into shares of any other category, or vice versa; or grant such conversion right;
- (c) cancel or reduce the right of the shares to obtain dividends or cumulative dividends;
- (d) reduce or cancel the priority right of the shares to obtain dividends or obtain the assets allocation in case of the Bank's liquidation;
- (e) increase, cancel or reduce the share conversion right, options, voting right, transfer rights, priority placing right, and the right to obtain the securities of the Bank, with regard to the shares of the category;
- (f) cancel or reduce the right of the shares to receive the Bank's payables in a specific currency;
- (g) establish a new class of shares which have the same or more voting rights, allocation rights or other privileges, compared to the shares of the category;
- (h) limit or further limit the transfer or ownership of the shares;
- (i) issue the subscription right or conversion right for the category of the shares or another category of shares to be issued;
- (j) the right and privilege to increase any other category of shares;

- (k) the Bank's restructuring program would lead different categories of shareholders to assume liability in reorganization disproportionately;
- (l) modify or repeal the provisions specified in this chapter.

**Article 139** The affected class shareholders, can exercise voting rights on the matters set forth in Paragraph (b) to (h) and (k) to (l) of Article 138, whether or not originally having voting rights at the general meeting of the shareholders. However, any shareholder having a stake in the matters, shall have no voting rights at the class meeting.

The term 'shareholder having a stake in the matters' referred to in this Article has the following meanings:

- (a) where the Bank issues a repurchase offer to all its shareholders by the same proportion or repurchases its shares through public trading at the stock exchange, in accordance with the provisions of Article 35 hereof, 'interested shareholder' refers to the controlling shareholder defined in Article 67 hereof;
- (b) where the Bank repurchases its shares through over-the-counter trading agreement in accordance with the provisions of Article 35 hereof, "interested shareholder" means the shareholders related to such agreement;
- (c) in the Bank's restructuring program, "interested shareholder" is the shareholder who assumes less obligations than any other shareholders of the same class, or who has different interests from any other shareholder of the same class.

**Article 140** Any resolution of a class meeting shall not be made until passed by more than two-third (2/3) of the voting shares at the meeting in accordance with the provisions of Article 137.

**Article 141** Where the Bank intends to hold a meeting of class shareholder, the time limit for issuing a written notice shall be the same as that for issuing a written notice of the non-class shareholders' meeting to be held together with such class shareholders' meeting. The written notice shall be issued to all relevant shareholders in the register of the shareholders of the class, stating the matters to be considered, and the date and location of the meeting.

In accordance with relevant regulations, the Bank may hold a class shareholders' meeting after issuing a notice convening such class shareholders' meeting. The relevant notice shall be published on the newspapers meeting the relevant requirements.

**Article 142** The notice involving the class shareholder meeting, needs only to be delivered to those shareholders having voting rights at the meeting. The class shareholder meeting should be held, following as much as possible the same procedures with those of the general meeting of shareholders. The convening procedures of the general meeting of shareholders set forth in the Articles of Association, shall also apply to the class shareholder meeting.

**Article 143** Except for the shareholders possessing the shares of other class, the shareholders of domestic shares and the shareholders of overseas listed foreign shares shall be deemed as different classes of shareholders.

The special voting procedures of class shareholders shall not apply in the following circumstances:

- (a) where, with the approval by a special resolution at a shareholders' general meeting, the Company issues, either individually or concurrently, domestic invested shares and overseas listed foreign shares at an interval of twelve months, and the number of domestic shares proposed to be issued does not exceed 20% of the issued domestic shares and the number of overseas listed foreign shares does not exceed 20% of the issued overseas listed foreign shares;
- (b) where the Bank's plan to issue domestic shares and overseas listed foreign shares at the time of incorporation is implemented within fifteen months from the date of approval by the Securities Commission of the State Council.

## **CHAPTER 10 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 144** The directors in the Bank shall be natural persons. Directors need not hold any shares of the Bank.

**Article 145** Directors shall be elected, dismissed or replaced at the shareholders' general meeting, and may be dismissed by the shareholders' general meeting prior to the expiration of their term of office. The term of office shall be three (3) years. Upon the expiry of the term, a director shall be eligible for re-election and re-appointment. The office term of a re-elected and re-appointed director is effective upon approval by the general meeting while the term of office of a new director is effective upon approval by the banking regulatory agency until expiration of the term of the current session of the Board of Directors.

The directorship position may be concurrently held by the governor or other senior managers, but the total number of directors concurrently serving as the governor or other senior managers shall not exceed 1/2 of the total number of directors of the Bank. Director elected by the general meeting to fill a casual vacancy or as an addition to the Board, shall hold office only until the expiration of the term of the current session of the Board of Directors of the Bank, and shall then be eligible for re-election.

The period during which a written notice given to the Bank of the intention to propose a person for election as a director and a written notice by that person of his willingness to be elected are to be given to the Bank shall be at least 7 days prior to the date of the shareholders' general meeting.

The period granted by the Bank for lodging the above notice and documents by the relevant candidate(s) and the relevant candidate(s) shall not be less than 7 days (such period shall commence from the date after the issue of the notice of the shareholders' general meeting).

Where not otherwise provided by relevant laws, administrative rules and the Articles of Association, shareholders in general meeting shall have power to remove any director (but without prejudice to any claim for damages under any contract) with the procedures as stipulated in the Articles of Association before the expiration of his period of office.

After the election of the directors which has been approved by banking regulatory agency, the Bank shall promptly sign the employment contract with elected directors, which may specify the rights and obligations of the Bank and the directors, the term of directors, liability assumed by directors in violation of laws and regulations as well as the Articles of Association, and compensation for premature termination of the above contract by the Bank for any reason.

**Article 146** Directors should, in a cautious, serious and diligent manner, exercise the rights conferred by the Bank, to ensure that:

- (a) the business activities of the Bank comply with the national laws, administrative regulations and the requirements of the national economic policies, and do not go beyond the business scope set forth in its business license;
- (b) all shareholders are treated equally;
- (c) they carefully read the Bank's business and financing reports, to keep abreast of the business operation and management status; and they should make written comments on the Bank's periodic reports to ensure that the information disclosed by the Bank is true, accurate and complete;
- (d) they should personally exercise the management and disposal rights legally entrusted by the Bank to them, and should not be manipulated by others; they shall not transfer such disposal rights to others, unless permitted by the laws and administrative regulations, or with the informed approval by the general meeting;
- (e) they shall truthfully provide relevant information and data to the Board of Supervisors; they shall not obstruct the supervisory board or supervisors to exercise the powers; during the performance of their duties, they shall accept legal supervision and reasonable suggestions by the supervisory board;
- (f) other diligence obligations stipulated by laws and administrative regulations, departmental rules and the Articles of Association.

**Article 147** Unless otherwise provided by the Articles of Association, or under the authorization by the board of directors by law, any director shall not act on behalf of the Bank or the Board in its own name. Where a director's personal acting may be reasonably deemed by a third party to act on behalf of the Bank or the Board, the director shall first declare its position and identity.



**Article 148** In case where a director or its related person (as defined in the “**Listing Rules**”) has significant interest relationship with the proposals to be considered by the Board of Directors, such director shall abstain from attending discussion in which such proposals are reviewed by the Board of Directors, and shall not exercise of voting rights for such proposals, nor exercise on behalf of other directors; nor shall he/she be counted in the quorum for the meeting attendance, except as otherwise provided for by applicable laws, administrative rules and regulation, and relevant provisions of the securities regulatory agency of the place where the Bank’s stock are listed.

**Article 149** While carrying out the foregoing duties, directors should make a written statement on the relevant situations to the Board. The Board shall determine whether such a director constitutes a connected party in transactions in accordance with the provisions of the securities trading rules of the stock exchange at the listing place.

The avoidance and voting procedures of associated directors: associated directors may voluntarily make avoidance, or other directors or director representatives present at the board meeting make avoidance request.

**Article 150** Directors should devote sufficient time to perform their duties. The directors acting as the chairmen of the Audit Committee, the Related Party Transaction Supervision Committee and the Risk Management Committee of the Bank shall have not less than twenty days in a year working on-site in the Bank. Directors shall attend at least more than two-thirds of on-site board meetings in person each year. A director who is unable to attend a board meeting for any reason may appoint another director in writing to attend it on his behalf, but an independent director shall not authorize non-independent directors to attend on his behalf.

**Article 151** The Bank shall take measures to protect the directors’ right to attend board meetings. The Bank shall provide directors with the working conditions necessary for the performance of their duties. While directors exercise their powers, the relevant personnel of the Bank should actively cooperate with them, with no refusal, obstruction or concealment.

**Article 152** Any director may resign before the expiration of his term by submitting a written resignation to the Board. An independent director should in his written resignation make descriptions of any matters that are related to his/her resignation or situations necessary for the Bank’s shareholders and creditors to pay attention to. Where the number of independent directors falls below one-third of total membership of the board of directors or absence of accounting professionals in the independent director as a result of resignation of any independent director, the independent director shall continue to perform his or her duties before the new independent director takes office, except for resignations and dismissals due to loss of independence. The Board shall disclose relevant information within two (2) days.

Where the resignation of one director leads the number of directors in the Board to be less than 2/3 of the minimum number stipulated in the Articles of Association, or the minimum number provided by *Company Law*, such director’s resignation shall not enter into force until a new director is elected to fill in the position vacancy caused by the resignation.

Except the situations listed in the preceding paragraph, the resignation by a director shall become effective from the date of such resignation served on the board of directors.

**Article 153** Where the term of a director expires but no timely re-election takes place, or a director's resignation during his term affects the Bank's normal operation or makes the members of the Board falling below the statutory minimum specified in the *Company Law* or two thirds of the minimum number required by the Articles of Association, then such director shall continue his/her position prior to election of a new director, in accordance with laws, regulations and the Articles of Association. If the Bank is dealing with material risks, directors shall not resign without the approval of the regulatory authority.

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

**Article 154** Any director, when making a resignation or at expiry of his term, his/her obligation of loyalty to the Bank and its shareholders shall not be removed before the effective date of the resignation or within a reasonable period after the date of the resignation. Moreover, after expiry of his term, such shareholder shall still assume the obligation to keep the Bank's business secrets confidential until such secrets become public information.

**Article 155** Where any director violates laws, administrative regulations, departmental rules or the Articles of Association in implementing its duties in the Bank, resulting in losses to the Bank, then such director shall be liable for compensation.

## **Section 2 Independent Directors**

**Article 156** An independent director of the Bank is the director who holds only the position as a director in the Bank, and does not form with the Bank and its shareholders or actual controllers a relation possibly hindering its independent and objective judgment on the affairs of the Bank.

Any independent director shall meet the following basic conditions, apart from the basic conditions for directors required under Article 275 of the Articles of Association:

- (a) independent in the performance of duties, and not affected by the Bank's principal shareholder, actual controller, or other institutions or individuals having a stake with the Bank;
- (b) basic knowledge about the operation of the listed companies, and familiar with the relevant laws, administrative rules, regulations and rules;

- (c) more than five years in legal, economic, financial and accounting work or other work experience necessary to perform such independent director's duties (the independent directors shall include at least one accounting professional);
- (d) a bachelor's degree or above, or intermediate professional titles or above;
- (e) sufficient time and energy to effectively discharge the duties as an independent directors, with not less than 15 working days in the Bank each year;
- (f) compliance with the other conditions provided by the securities regulatory authority and the banking regulatory authority.

**Article 157** Independent directors shall not serve as the directors of the Bank under the following circumstances, apart from the conditions stated under Article 276 of the Articles of Association:

- (a) he and his close relatives holding aggregate more than 1% of the shares of the Bank or natural person shareholders among the top ten shareholders of the Bank or their immediate family members;
- (b) he has acquired an interest in any securities of the Bank as a gift, or by means of other financial assistance, from the Bank or a core connected person. However, with prejudice to item (a) above, satisfying the regulatory authority of the place of listing, prior to such appointment, that the candidate is independent, independence will not be affected if such director receives shares or interests in securities from the Bank or its subsidiaries (but not from core connected persons) as part of his director's fee and pursuant to share option schemes established in accordance with Chapter 17 of the Listing Rules of Hong Kong;
- (c) he or his close relatives working for one shareholder institution holding more than 1% of the shares of the Bank or persons employed by the top five corporate shareholders of the Bank and their immediate family members;
- (d) he or his close relatives working for the Bank or one institution controlled or actually controlled by the Bank and their lineal relatives and main social relations;
- (e) he or his close relatives working for one institution unable to repay the loans of the Bank;
- (f) he or his close relatives working for one institution having business relation or credit and debt interest with the Bank or its subsidiaries in such aspects as law, accounting, auditing, management, consulting and guarantee cooperation, thus resulting in interference of their independence in the performance of their duties;

- (g) such independent director is or was a director, partner or principal of a professional adviser which currently provides or has within two years immediately prior to the date of his proposed appointment provided services, or is or was an employee of such professional adviser who is or has been involved in providing such services during the same period, to:
  - (A) the Bank, its holding company or any of their respective subsidiaries or core connected persons; or
  - (B) any person who was a controlling shareholder or any person who was the governor or a director (other than an independent director), of the Bank within two years immediately prior to the date of the proposed appointment, or any of their close associates;
- (h) he or his close relatives may be controlled or impacted by the Bank's substantial shareholder and senior managers, thus resulting in interference of their independence in the performance of their duties;
- (i) such independent director has or had a material interest in any principal business activity of or is or was involved in any material business dealings with the Bank, its holding company or their respective subsidiaries or with any core connected persons of the Bank, within one year immediately prior to the date of the proposed appointment;
- (j) such independent director is on the board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders as a whole;
- (k) such independent director is or was connected with a director, the governor or a substantial shareholder of the Bank within two years immediately prior to the date of his proposed appointment;
- (l) such independent director is, or has at any time during the two years immediately prior to the date of his proposed appointment been, an executive or director (other than an independent director) of the Bank, of its holding company or of any of their respective subsidiaries or of any core connected persons of the Bank. An "executive" includes any person who has any management function in the company and any person who acts as a company secretary of the company;
- (m) such independent director is financially dependent on the Bank, its holding company or any of their respective subsidiaries or core connected persons of the Bank;
- (n) persons who have fallen into any of the categories as mentioned in the items (a), (c) and (d) above in the past one year;
- (o) the regulatory authority based on the substance over form principle, determines that the minimum regulatory requirements are not met for an independent director in terms of independence.

Close relatives mentioned in the preceding paragraph, are spouses, parents, children, grandparents, maternal grandparents, and brothers and sisters and grandchildren; the lineal relatives refer to the spouse, parents and children; the major social relations refer to the brothers and sisters, father-in-law and mother-in-law, daughter-in-law, son-in-law, the spouses of brothers and sisters, as well as the spouse's brothers and sisters.

Core connected persons, close associates mentioned in the preceding paragraph, are those defined in the Hong Kong Listing Rules.

**Article 158** The Bank shall not appoint any person working in the state organs as an independent director. An independent director may serve as an independent director concurrently in no more than five domestic or foreign enterprises; if an independent director is also an independent director of the Bank and other banking or insurance institutions, the Bank and other banking or insurance institutions shall have no affiliation and no conflict of interest. Any independent director should not serve as directors in more than two commercial banks at the same time.

**Article 159** Independent directors shall undertake fiduciary and due diligence obligations to the Bank and its shareholders. Independent directors should, in accordance with relevant laws and regulations, administrative regulations, relevant requirements of the CSRC and the stock exchanges and the Articles of Association, faithfully perform their duties, preserve the interests of the Bank, and especially safeguard the legitimate rights and interests of the Bank's depositors, minority shareholders and public shareholders.

Independent directors should remain independent in performing their duties, free from the impact by the Bank's principal shareholder, actual controller or any organization or individual having a stake with the Bank, its principal shareholder and its actual controller.

Where independent directors do not meet the independence conditions or other situations unsuitable for them to perform the duties as an independent director, making the number of such independent directors less than the minimum number set out in the Articles of Association, then the Bank should make up the number of independent directors, as required by relevant provisions.

**Article 160** Independent directors have the same office term with the directors of the Bank. The independent directors of the Bank shall not serve for more than six years in the Bank.

**Article 161** Independent directors not only have the powers enjoyed by the directors of the Bank, but also have the following powers:

- (a) Significant connected party transactions should first be recognized by independent directors and then be submitted to the Board for discussion; before the judgment made by independent directors, the Bank may hire an intermediary to issue an independent financial adviser report, which shall be used as a basis for them to make judgment basis;
- (b) propose to the Board the appointment or dismissal of one accounting firm;

- (c) propose to the Board the convening of the EGM;
- (d) propose to convene the board meetings;
- (e) make an open solicitation for voting rights to all shareholders before the holding of a shareholders' general meeting;
- (f) give special opinions on the impact of the issuance of preference shares on the rights and interests of every class of shareholders of the Bank and such special opinions shall be disclosed together with board resolution;
- (g) independently engage an external audit institution and consulting institution to provide audit and consultation services on special matters of the Bank.

An independent director shall obtain the consent of over 1/2 of all independent directors before exercising the powers set out in above-mentioned items (a) to (f); and shall obtain the consent of all independent directors before exercising the power set out in above-mentioned item (g).

Matters set out in items (a) and (b) shall obtain the consent of more than half of the number of independent directors before submitting to the board of directors for discussion. Where laws and regulations and the CSRC provide otherwise, such provisions shall prevail.

**Article 162** Independent directors should make independent opinion to the board of directors or the shareholders' general meeting in the Bank on the following important matters:

- (a) nomination, appointment and removal of directors;
- (b) appointment or dismissal of directors or senior managers;
- (c) remuneration of directors and senior managers;
- (d) profit allocation program;
- (e) significant connected party transactions;
- (f) specific measures and implementation situations of the Bank's support for "Three Rural";
- (g) appointment or dismissal of accounting firms who conduct regular statutory audit for financial reports of the Bank;
- (h) other matters which may significantly impact legal interests of the Bank, minority shareholders and financial consumers;

- (i) the impact of the issuance of preference shares on the rights and interests of every class of shareholders;
- (j) other matters prescribed by the laws and regulations, regulatory requirements and the Article of Association.

In the event of any significant deficiencies or failures in the corporate governance mechanism of the Bank, the independent directors shall promptly report the relevant information to the regulatory authorities. Except for reporting the relevant information to the regulatory authorities in accordance with the requirements, the independent directors shall keep the secrets of the Bank.

**Article 163** In order to ensure that independent directors can effectively exercise their functions and powers, the Bank shall provide necessary working conditions for them:

- (a) The Bank shall ensure that independent directors enjoy the same information right with the other directors. Any matter subject to the decision-making of the Board, shall be notified to independent directors in advance, and sufficient information shall be provided at the time. Such information if deemed by independent directors as insufficient, shall be supplemented as requested by such directors. Where over two independent directors believe that such information is inadequate or unclear, they may jointly make a written request, proposing the Board to postpone the meeting or postpone consideration of one relevant matter, which should be adopted by the Board. The information provided by the Bank to its independent directors should be kept by the Bank and the independent directors for at least five (5) years;
- (b) The Bank shall establish a work system for independent directors, and the Board shall actively cooperate with independent directors when they perform their duties, provide relevant materials and information in a timely manner, and make regular briefings on the operations of the Bank, and organize field trips, if necessary. Where independent advice, proposals and written instructions are required to be announced, relevant announcement matters shall be promptly handled by the Bank at the stock exchange;
- (c) When independent directors exercise their powers, the relevant personnel of the Bank should actively cooperate with them, and shall not interfere with the independent exercise of the powers by means of refusal, obstruction or concealment;
- (d) fees for an intermediary employed by independent directors and other cost regarding the exercise of their powers, shall be borne by the Bank;
- (e) The Bank offers independent directors appropriate allowance. The standard of the allowance shall be formulated by the Board, approved by the general meeting of shareholders, and disclose in its annual report. In addition to the above allowance, independent directors shall not from the Bank and its principal shareholders or interested agencies and persons obtain additional, undisclosed other interests.

**Article 164** Independent directors should attend board meetings on time to understand the Bank's business and operation situations, and make active investigation to obtain relevant information for decisions-making. Independent directors should jointly submit an independent directors' report to the annual general meeting, describing the situations on their exercise of duties.

Independent director shall be dismissed as from the date of cancellation, where their qualifications are cancelled by the banking regulatory authority due to the following serious misconduct. Such independent directors shall not serve as an independent director in the Bank for the remaining time of their life, and shall be replaced by new independent directors elected at the general meeting of the Bank's shareholders in a timely manner;

- (a) disclose the Bank's trade secrets, or harm the legitimate interests of the Bank;
- (b) receive improper benefits, or use their position as independent directors for personal gains in the course of their exercise of duties;
- (c) raise no objection for any resolution adopted by the Board after knowing such resolution will result in violation of laws, regulations or the Articles of Association;
- (d) connected party transactions result in significant losses to the Bank, on which independent directors do not exercise their veto power;
- (e) other misconducts identified by the banking regulatory authority.

Unless the persons specified by *Company Law*, *Commercial Bank Law* and other regulations not serving as a director or an independent director of the Bank, any independent director before the expiry of the term of office shall not be unreasonably dismissed. Early removal of one independent director should be disclosed as a special disclosure matter. Any removed independent director, may make a public statement, if believing that the grounds for removal of the Bank is inappropriate.

**Article 165** Independent directors in the course of their exercise of duties, if finding that the Bank's board of directors, directors, senior managers, or its departments and employees are in violation of the provisions of laws and regulations or the Article of Association, shall promptly request them to make correction and report their violation to the banking regulatory institution.

Independent directors may directly report such violation situations to the shareholders' general meeting, the banking regulatory institution and other relevant agencies.

**Article 166** Where any resolution adopted by the board of directors is in violation of laws, regulations, administrative rules and the Articles of Association, resulting in serious losses to the Bank, independent directors who did not raise an objection should be liable for compensation according to law.



**Article 167** The supervisory board shall request the shareholders' general meeting within three months to dismiss any independent director and elect new independent director in any of the following situations:

- (a) serious duty negligence;
- (b) disqualification of being an independent director, and no resignation is made;
- (c) the number of attending the on-site board meetings during one year is less than 2/3 of the total number of such meetings;
- (d) fails to attend in person for three consecutive board meetings;
- (e) other situations provided by laws, administrative rules or provisions making such person unsuitable to continue serving as an independent director.

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

**Article 168** The Bank shall form a board of directors consisting of eleven (11) to fifteen (15) directors and one (1) chairman.

The Bank's directors are categorized into executive directors and non-executive directors (including independent directors). Among which, there are one (1) to five (5) executive directors and six (6) to fourteen (14) non-executive directors (including independent directors). The number of independent directors shall not be less than one third of total number of members of the board of directors.

Executive directors shall be appointed from the Bank's senior management.

**Article 169** The chairman of the Board shall be a director, elected from or able to be removed by the consent of a majority of all directors. The chairman has a term of office of three (3) years, and may consecutively serve another term if re-elected.

**Article 170** The Board shall be responsible for the general meeting of shareholders, and shall exercise the following powers:

- (a) to assume responsibility for convening the general meeting of shareholders and make a report on work to the meeting;
- (b) to implement the resolutions adopted by the shareholders' general meeting;
- (c) to determine the Bank's business plan, development strategy, and oversee and implement them;
- (d) to formulate the Bank's annual financial budget and final accounts;

- (e) to formulate the Bank's profit distribution program and loss recovery program;
- (f) to formulate the Bank's programs for increasing or decreasing its registered capital;
- (g) to formulate the Bank's capital plans and bear the ultimate responsibility for the capital or payment ability management;
- (h) to formulate the bond issuance or other securities listing plans;
- (i) to formulate the Bank's programs for the Bank's merger, division, split, dissolution or a change in its corporate form;
- (j) to formulate the Bank's stock acquisition plan;
- (k) to determine such matters as the Bank's significant external investment, significant merger & acquisitions, significant acquisition of assets, assets disposal, significant assets cancellation after verification, major assets pledge, major connected transactions, material trust management, major external donation and significant external guarantee within the authorization limits of the general meeting of shareholders according to laws, regulations, regulatory requirements and the Articles of Association;
- (l) to decide the establishment, cancellation or merger of the Bank's internal management departments and branches, as well as that of holding subsidiaries;
- (m) to determine to appoint or dismiss the Bank's governor, and the board secretary; to determine to appoint or dismiss the Bank's deputy governors and other senior managers according to the nomination by the governor; to determine each chairman of each special committee of the Board of directors and its members;
- (n) to determine the remuneration as well as rewards and punishment matters of the Bank's senior management and supervise the performance of duties of senior management;
- (o) to determine the risk-tolerance, risk management and internal controlling policies and basic management system of the Bank and bear the ultimate responsibility of comprehensive risk management;
- (p) to formulate the proposal program for amending the Bank's Articles of Association, the Rules and Procedures of the General Meetings and the Rules and Procedures of the Meetings of the Board;
- (q) to determine and modify the working rules of the special committees of the Board and relevant corporation governance system;

- (r) to be responsible for the matters involving the Bank's information disclosure, and assume ultimate responsibility for the completeness and accuracy of the Bank's accounting and financial report;
- (s) to submit for the shareholders' general meeting's appointment or dismissal of an accounting firm who conduct regular statutory audit for financial reports of the Bank;
- (t) to review the work report by the Bank's governor to ensure directors to obtain enough information timely on fulfilling their duties, supervise and ensure that senior management can effectively fulfill their management responsibilities;
- (u) to examine and approve the proposals by each special committee of the Board of Directors;
- (v) to assess and enhance the Bank's corporation governance regularly;
- (w) to protect legal interests of financial consumers and other stakeholders;
- (x) to establish identification, examination and management mechanism for conflict of interest between the Bank and shareholders, in particular substantial shareholders;
- (y) to assume the management responsibility of shareholders' affairs;
- (z) to determine green credit development strategies, examine and approve the green credit objectives determined and the green credit reports submitted by senior management, and supervise and appraise the Bank's implementation of green credit development strategies;
- (aa) in charge of cultivating the Bank's staff behavior management culture, examine and approve relevant systems of conduct rules of the Bank, supervise the implementation of staff behavior management of the Bank by senior management, and undertake the ultimate responsibilities of the Bank's staff behavior management;
- (bb) in charge of formulating the Bank's data strategy, examine and approve or authorize to examine and approve significant matters relating to data governance, supervise senior management to enhance effectiveness of data governance, and undertake the ultimate responsibilities of data governance;
- (cc) to decide on matters relating to the issued preference shares of the Bank, including but not limited to determining whether to repurchase or convert preference shares or pay dividends within the authorization limits of the general meeting of shareholders;
- (dd) other powers granted by laws, regulations, regulatory requirements or the Articles of Association of the Bank; and the general meeting of shareholders.

The above-mentioned matters which are within the scope of authority of the board of directors shall be considered and determined by the board of directors collectively. In principle, the authorities 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 institution or individual. Where necessary, reasonable and lawful, the board of directors could authorize the chairman and president to exercise part of authorities.

Where it is truly necessary to delegate certain powers to decide on a specific matter that complies with above provision, 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 authorities of the board of directors shall not be delegated to any other institution or individual generally or permanently.

**Article 171** The board of directors in the Bank shall make an explanation in the shareholders' general meeting for an unqualified audit report issued by a certified public accountant on the financial report of the Bank.

**Article 172** The Board shall formulate the rules of procedure for the board meetings to ensure that the board of directors effectively implements the resolutions of the shareholders' general meeting, improves work efficiency, and achieves scientific decision-making. The rules of procedure for the Board shall be prepared by the Board and approved by the shareholders' general meeting.

**Article 173** The board of directors shall optimize the knowledge structure and enhance the lawful decision-making level of the board of directors by strengthening legal training and selecting legal professionals to serve as directors.

**Article 174** The board of directors shall determine the power limits for such matters as external investment, mergers and acquisitions, assets purchase, assets disposal, external security, trust financing, connected party transactions and external donations, to establish a strict review and decision-making process; as for major investment projects, the Board shall organize relevant experts and professionals to review.

Major investment projects mentioned in this Article refer to equity investments (excluding foreclosed assets in the form of equity) and fixed asset investment of a single investment amount larger than 1% and above of net assets under consolidated statements of the previous year of the Bank.

Where the expected value of fixed assets proposed to be disposed of, together with the paid-in value of the disposed fixed assets four (4) months before the disposal proposal, accounts for more than 33% of the total value of the Bank's fixed assets indicated on the balance sheet most recently reviewed by the general meeting of shareholders, then the Board shall not handle or agree to handle such fixed assets before approval at by the shareholders' general meeting.

Disposal of fixed assets referred to in this Article, includes the transfer of certain assets and interests, but excludes the provision of fixed assets-backed guarantee.

The validity of the transactions performed by the Bank through disposal of fixed assets of the Bank, shall not be affected by the breach of the first paragraph.

**Article 175** The board of directors shall be responsible for formulating capital plans for the bank and bear the ultimate responsibility for the Bank's capital management. The Board shall formulate an appropriate business development plan on the basis of the Bank's capital estimates and measurement in line with its business development status.

Where the Bank's capital cannot meet the business development needs, or cannot meet the regulatory requirements, then the Board should develop a capital supplement plan and supervise the implementation of the plan.

**Article 176** The powers and responsibilities of the Board and senior management should be clearly defined in writing, which shall be used as a basis to evaluate whether the Board and senior management effectively perform their duties.

**Article 177** The board of directors should evaluate the Bank's risk situations on a regular basis to determine the main risks facing the Bank and the appropriate risk limits. Further, the Board shall determine and adjust a risk level acceptable by the Bank, based on risk evaluation situation.

**Article 178** The board of directors should regularly require the senior management to report the Bank's operating condition to the Board, including financial and non-financial indicators. Organize the audit institution to audit the Bank's financial position, and pay continuing attention to the soundness and effectiveness of the Bank's accounting and financial management system.

**Article 179** The board of directors shall establish an information reporting system and require the senior management to report the Bank's business matters to the Board on a regular basis.

**Article 180** The Board shall periodically listen to the reports by the Bank's internal audit department and compliance department on internal audit and inspection results.

**Article 181** The Board in discharging its duties may engage professional organizations or professionals for advice.

**Article 182** The chairman of the Board shall start to perform its duties after approval by the banking regulatory authority. An outgoing audit is required before the chairman leaving its job.

The legal representative or principal responsible person of the Bank's controlling shareholder shall not serve as chairman of the Bank.

**Article 183** The chairman shall exercise the following powers:

- (a) to preside over the shareholders' general meeting, and convene and preside over the board meetings;

- (b) to supervise and check the implementation situations of the resolutions adopted by the Board;
- (c) to sign the certificates of shares, bonds and other securities issued by the Bank;
- (d) to sign the Board's important documents, and other documents required to be signed by the legal representative of the Bank;
- (e) to exercise the powers as the legal representative;
- (f) to exercise the special disposition power on the Bank's matters in line with the legal requirements and the Bank's interests, and report such dispositions to the Board and the shareholders' general meeting, in case of such emergencies as serious natural disasters and other force majeure;
- (g) other powers granted by the Board.

Unless as otherwise provided by laws, regulations and the Articles of Association, the chairman shall not have voting right superior to the other directors when the Board makes a resolution on related matters.

Based on its realistic needs, the Bank may authorize the chairman to exercise some powers enjoyed by the Board during the recess of the board meetings.

**Article 184** Where the chairman of the Board can not or does not perform the powers, then a director may be elected to perform such powers with the consent of more than half of all directors.

**Article 185** The board meetings are divided into regular meetings and interim meetings. The regular meetings of the Board shall be held for at least four (4) times each year, and shall be convened by the chairman. A meeting notice should be delivered in writing (including direct delivery, emails or faxes) to all directors and supervisors fourteen (14) days before the meeting. Each regular meeting shall be positively attended by a majority of the directors entitled to be present, in person or by electronic communication means. Therefore, the regular meetings do not include the circulation of written resolutions to obtain the approval of the Board.

When holding on-site meetings, the Board shall notify the board of supervisors in advance to assign attendants to the Board meetings. The Bank's senior managers as non-board members, the persons in charge of relevant functional departments involving matters to be discussed, or other relevant persons may attend the board meetings without voting rights.

**Article 186** The Board shall convene an interim meeting within ten (10) days, where any of the following situations occurs:

- (a) when the Party committee proposes the convening;

- (b) when the chairman deems the convening necessary;
- (c) when more than 1/3 of the directors make a joint proposal for the convening;
- (d) when the supervisory board makes a proposal for the convening;
- (e) when the governor proposes the convening;
- (f) when the shareholders representing more than 1/10 of the voting rights propose the convening;
- (g) when more than two independent directors propose the convening;
- (h) when required by the regulatory department;
- (i) when Chongqing Municipal SASAC proposes the convening;
- (j) other situations stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 187** The Board may inform relevant persons of the holding of an interim meeting in the form of a written notice including direct delivery, e-mails or faxes and other methods; such notice shall be delivered five (5) days before the holding of such meeting. In case of an emergency for which convening an extraordinary meeting of the Board is required, a notice of the meeting may be issued at any time by telephone or by facsimile or in oral form.

**Article 188** A notice of the board meeting includes the following:

- (a) the date and location of meeting;
- (b) means of convening the meeting;
- (c) the duration of the meeting;
- (d) the matters and subjects;
- (e) convener and presider of the meeting, proponent of the extraordinary meeting;
- (f) request for the directors to attend the meeting in person or by entrusting other shareholders;
- (g) contact person and contact method;
- (h) the date of sending such notice.

Oral meeting notice shall at least include items (a) and (b) above, and the explanation that an interim board meeting shall be held as early as possible under the urgent circumstances.

**Article 189** The board meeting shall not be held until more than half of the directors are present. Each director shall have one vote of voting right. Any resolution made by the Board shall only be adopted with the consent of more than half of all directors.

Those directors having an association relationship with an enterprise involving any resolution adopted by the Board, shall neither exercise voting rights on such resolution, nor exercise voting rights on such resolution on behalf of other directors. The board meeting shall only be held when more than half of all non-associated directors are present. Any resolution made by the Board shall only be adopted with the consent of more than half of all non-associated directors. Where non-associated directors present at the board meeting are less than three (3) people, any relevant matter shall be submitted to the general meeting of shareholders of the Bank for consideration.

**Article 190** Where any director personally has a direct or indirect association relationship with the Bank's existing or progressive contracts, transactions, or arrangements, such director shall promptly inform the connected party transaction control committee of the Board of the nature and extent of the association relationship, whether or not relevant matters need the approval or consent of the Board under the general conditions and make a necessary abstention from consideration of relevant matters.

**Article 191** The board meetings are in principle on-site meetings. The voting methods for resolutions are: vote by a show of hands or by open ballot.

**Article 192** In board meetings, the Board may adopt two ways for voting: on-site voting and voting via written resolutions; where the voting via written resolutions is adopted, the voting items and relevant background materials shall be sent to all directors via written circulation signature at least 3 days in advance, and the reasons shall be explained to ensure that the directors can fully express their views.

“On-site meeting” refers to a meeting held by means of on-site, video, telephone, etc., which ensures immediate communication and discussion among participants. “written circulation signature” refers to the meeting method of making resolution for the proposal via delivery for review respectively or passing around the delivery review.

Any resolution on such matters as profit distribution plans, compensation program, major external investments, major mergers and acquisitions, major assets disposal, and appointment or dismissal of members of senior management, capital supplementary plan, significant change in shareholding and financial restructuring shall not be voted via written circulation signature, but it can only be effective when more than 2/3 of all directors present to vote in favor.



**Article 193** A prior written description should be made in any proposal, including specific subject matters, programs and contents of any proposal needed to be reviewed by the Board, with relevant information available. Such proposal, after determined by the chairman of the Board, shall be delivered to the Board's appropriate special committee for first consideration, or shall be submitted directly to the Board for voting.

**Article 194** Each director should personally attend the board meetings. Any director unable to be present for some reason, can entrust another director in writing to attend such meetings on behalf. However, an independent director shall not entrust the non-independent director to attend such meetings on his/her behalf. In principle, one director may accept the entrustment from no more than two directors who are unable to attend the meeting in person. When considering connected party transactions, a non-connected director shall not entrust the connected directors to attend the meeting on his/her behalf.

A proxy shall contain the agent's name, proxy matters, authorization scope and expiration date, and shall be signed or sealed by the principal.

Any director attending such meetings on behalf shall exercise the rights of being a director, within authorization limits. Any director neither attending such meetings nor entrusting another director to attend such meetings, shall be deemed to have given up his/her voting right at such meetings.

**Article 195** The board meetings follow the principle of voting proposals one by one, that is to say: a next proposal shall not be voted before the end of voting one proposal.

**Article 196** The Bank shall record live Board meetings by means of audio and video recording, etc. The board meeting should have meeting minutes, directors, the secretary of the board of directors and recorders present should sign their names on the minutes of the meeting. Any director present at the meeting shall be entitled to request a recorder to make a descriptive record on his speech at the meeting. The minutes of the board meeting shall be kept permanently in accordance with the file management system of the Bank. The Board shall make decisions for the above-mentioned matters. Those requiring pre-study and discussion of the Party committee of the Bank shall be studied and discussed by the Party committee. For those to be submitted to SASAC for approval or filing in accordance with relevant requirements, the Board shall deliver the same in accordance with relevant requirements.

**Article 197** The minutes of the board meeting shall include the following:

- (a) the date and location of meeting and the name of the convener;
- (b) the names of directors and other directors (agents) attending the meeting on behalf of others;
- (c) agenda;
- (d) speech points of directors;

(e) the voting method and voting result of each resolution on relevant matters (Voting results should have the number of positive, negative or abstention votes).

**Article 198** Directors shall undertake responsibility for the resolutions of the Board. Where any resolution of the Board is in violation of laws, regulations, or the Articles of Association, or the resolutions of the shareholders' general meeting, resulting in losses to the Bank, then the directors involved in the resolution shall assume compensation responsibility to the Bank. However, those directors who raise objection and are recorded in the minutes, shall be exempted from such responsibility.

**Article 199** The senior management shall be responsible to implement all resolutions adopted at the Board while the office of the Board shall be responsible to supervise the implementation situations for such resolutions. Directors are entitled to make an inquiry of the implementation situations of the Board's resolutions to relevant implementers.

**Article 200** The Board's meeting minutes, resolutions and other documents should be reported to the banking regulatory agency for the record timely from the conclusion of relevant meetings.

**Article 201** The Board sets up an office which functions as a working body. The office of the Board is responsible for the preparation, information disclosure and other routine matters of the general meeting of shareholders, the Board, and the various special committees of the Board.

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

**Article 202** The board of directors establishes strategic development committee, audit committee, risk management committee, nomination committee, remuneration committee, related party transaction supervision committee, sannong financial service committee and consumer rights and interests protection committee. The Board may also set up other special committees or adjust the existing committees based on its work needs. All special committees of the Board shall be responsible to the Board, and perform their duties in accordance with the Articles of Association and the authorization of the Board, and their proposals shall be submitted to the Board for consideration and decision.

The members of each special committee all consist of directors. Among which, the independent directors are the majority and act as conveners of the audit committee, nomination committee and remuneration committee, and the convener of the audit committee are accounting professionals. The Board is responsible for the formulation of the working rules and procedures of each special committee to regulate the operation of the special committees.

The special committees provide professional opinions to the Board or make decisions on professional matters as per the authorization of the Board. Each special committee should communicate regularly with the senior management and principals of functional departments on the issues of operation and risk status of the Bank, and put forward their opinions and suggestions. Any relevant resolution of the

Board should be first submitted to an appropriate special committee for consideration. Such special committee is responsible to present opinions. Unless otherwise authorized by the Board under law, any special committee's review opinions shall not replace the voting results of the Board.

**Article 203** The candidates for the chairman and members of each special committee shall be nominated by the board chairman, and determined by the Board. The chairman and members of each special committee shall be responsible to the Board.

**Article 204** The strategic development committee of the Board is responsible to develop the Bank's business objectives and long-term development strategy, and supervise and check the implementation situations of the annual business plan and investment programs.

The strategic development committee of the Board shall have more than three members, of which the chairman is served by the chairman of the Board.

**Article 205** The audit committee of the Board is responsible for the risk and compliance situation, accounting policy, financial report procedures and financial condition of the Bank; and is responsible for the annual audit of the Bank, putting forward proposals for engagement and replacement of external audit institution, preparing judgment report in the aspects of authenticity, accuracy, completeness and timeliness of the information set out in the audited financial report, and presenting it to the Board for examination.

The audit committee of the Board shall be composed of more than three (3) members. Most members are served by independent directors and the chairman of the committee shall be an independent director. Members of the audit committee shall have expertise and work experience in finance, auditing, accounting or law, etc.

**Article 206** The risk management committee of the Board is responsible for supervising the senior management's control situations on credit risk, liquidity risk, market risk, operational risk, compliance risk and reputation risk and other risks, make regular assessment of the Bank's risk policies and risk management situations and risk tolerance, promoting the Bank's construction of rule of law, supervising lawful management by senior management and propose some opinions to improve the Bank's risk management, rule of law and internal control.

The risk management committee of the Board shall include more than three (3) members, and the proportion of independent directors in the committee shall not be less than one-third in principle, of which the chairman shall be a director of the Board.

**Article 207** The responsibilities of the nomination committee of the Board are drawing up selecting and recruiting procedures and standards of directors and senior managerial members, making preliminary audit on the qualification of directors and senior managerial members and putting forward suggestions to the board of directors.

The nomination committee of the Board shall have more than three (3) members, the majority of which including the chairman should be independent directors.

**Article 208** The remuneration committee of the Board is responsible for examining the compensation management system and policy of the Bank, drawing up compensation program of directors and senior managerial members, putting forward compensation program suggestions to the Board, and supervising the implementation of the program.

The Remuneration Committee of the Board shall have more than three (3) members, of which the majority of the members and the chairman is an independent director.

**Article 209** The connected party transaction control committee of the Board is responsible to manage the Bank's connected party transactions, in a timely manner review and approve connected party transactions to control the risk of connected party transactions.

The connected party transaction control committee of the Board shall have more than three (3) members and the number of independent directors in the committee shall not be less than one-third in principle, of which the chairman is an independent director.

**Article 210** Sannong financial service committee of the Board is responsible for the construction of the mechanism for the development of the Bank's Sannong financial services and supervising the Bank's support to "Sannong".

Sannong financial service committee of the Board includes more than three (3) members, of which the chairman shall be a director of the Board.

**Article 211** Consumer rights and interests protection committee of the Board is responsible for supervising the senior management's establishment on consumer rights and interests protection, making regular assessment of the Bank's consumer rights and interests protection, and proposing some opinions to improve the Bank's consumer rights and interests protection.

Consumer rights and interests protection committee of the Board includes more than three (3) members, of which the chairman shall be a director of the Board.

## **CHAPTER 11 SENIOR MANAGEMENT**

### **Section 1 Secretary of the Board**

**Article 212** The board of directors shall have a secretary of the Board. The secretary of the Board shall be a member of the Bank's senior management, and be responsible to the Board.

**Article 213** The secretary of the Board shall be a natural person who has engaged in financial work for more than six (6) years or has engaged in relevant business work for more than ten (10) years (including more than three (3) years of financial work) with a bachelor degree or above. The qualification of the secretary of the Board shall be subject to the review of the banking regulatory agency.

Any person specified in the Article of Association hereof who shall not serve as a director of the Board in the Bank, shall not work as the secretary of the Board.

**Article 214** The main responsibilities of the secretary of the Board are as follows:

- (a) to assist directors to deal with the Board's routine work, and keep providing to, reminding of and ensuring them to understand laws and rules, policies and requirements by domestic and overseas regulatory agencies on the operation of the Bank;
- (b) to assist directors and presidents to carefully comply with the laws and rules, the Articles of Association and other provisions both domestically and abroad;
- (c) to be responsible for relevant organization and preparation for documents of the general meeting and the Board, to ensure the meeting policy to meet with legal procedure requirement, and supervise the condition implemented by the Board;
- (d) to be responsible for organizing and coordinating information disclosure, to coordinate the relationship with investors and strengthen the Bank's transparency;
- (e) to participate and organize financing and investment activities;
- (f) to deal with relation with intermediary, regulatory department and the media, to maintain the Bank's good public relation;
- (g) to carry out other matters authorized by the Board and other duties and rights required by securities regulatory agency where the stock of the Bank is listed.

**Article 215** Directors of the Bank or other senior managers excluding the Bank's governors, chief financial officer and supervisors, may serve as secretary of the Board in the Bank. Certified public accountants of the accounting firm and lawyers of the law firm employed by the Bank, shall not serve as secretary of the Board in the Bank.

**Article 216** The secretary of the Board shall be nominated by the board chairman, and appointed or dismissed by the Board. Where a director serves as secretary of the Board, and such an act needs a decision to be made by the director and the secretary respectively, then the director and secretary of the Board shall not make such decision with a double identity.

## **Section 2 Senior Management**

**Article 217** The governor responsibility system under the leadership of the Board is carried out in the Bank. The Bank sets up one governor and several deputy governors, and if necessary other senior managers to help the governor with work.

The governor, deputy governors and other senior managers shall be appointed or dismissed by the Board, and their qualifications shall be approved by the banking regulatory agency.

**Article 218** Any person who holds any administrative position other than directorship or as a supervisor in the Bank's controlling shareholders, shall not act as a senior manager of the Bank. The senior management of the Bank shall only receive remuneration from the Bank, not from the controlling shareholders on behalf of the Bank.

**Article 219** The senior management shall report information to the Board, the special committees of the Board, the Board of Supervisors and the special committees of the Board of Supervisors to ensure that the Board and supervisors can receive various types of information timely and accurately.

The senior managers shall conform to the requirements of the Board to make a timely, true, accurate and complete report to the Board on the Bank's business results, important contracts, financial conditions, risk profile and business prospects, etc.

The senior managers shall accept the supervision made by the board of supervisors, and shall on a regular basis provide the supervisory board for the information on the Bank's business results, important contracts, financial conditions, risk profile and business prospects. The senior managers shall not obstruct or hinder the inspection, supervision auditing and other activities carried out by the supervisory board.

The business management activities conducted by the senior management within the scope of their power in accordance with the law shall be free from improper interference by shareholders and the board of directors.

**Article 220** The governor has a term of three (3) years, and may serve another term of office when reappointed at expiry of one term.

**Article 221** The governor shall be responsible to the Board and exercise the following powers:

- (a) to deal with the Bank's day-to-day administration, business and financial management work and report work to the Board;
- (b) to organize and implement the resolutions of the Board, the Bank's annual plan and investment program;
- (c) to develop the Bank's establishment program for internal management organs;

- (d) to draw up the basic management system of the Bank;
- (e) to formulate the specific rules and regulations of the Bank;
- (f) to nominate individuals for appointment or dismissal of deputy governors and other senior management who shall be appointed or dismissed by the Board and appoint or dismiss responsible persons for various functional departments and branch offices excluding those persons appointed or dismissed by the Board;
- (g) to establish the governor accountability system, and evaluate the persons in charge of business departments, functional departments and branch offices;
- (h) to authorize the members of the senior management, and the responsible persons for internal functional departments and branch offices, to become engaged in business activities;
- (i) to propose to convene an interim meeting;
- (j) to determine the cancellation or merger of the Bank's branch offices, to authorize or entrust presidents of branch banks (branches) to carry out normal business and management activities;
- (k) to take urgent measures, and make an immediate report to the banking regulatory institution, the board of directors, and the board of supervisors, in case of a run on the Bank, and other major emergencies;
- (l) in charge of implementing staff behavior management, formulating relevant systems of conduct rules of the Bank, and implementing resolutions of the Board;
- (m) in charge of establishing data governance system, ensuring resource allocation for data governance, developing and implementing accountability and incentive mechanisms, establishing data quality control mechanisms, evaluating effectiveness and implementation of data governance, and regularly report to the Board;
- (n) other powers granted by the Articles of Association or the board of directors.

The deputy governors shall assist the governor in handling work. Where the governor is unable to fulfill its powers, then the deputy governors shall exercise such powers on half of the governor in their position arrangement order.

In exercising the above-mentioned powers, the governor shall take advice from the Party committee of the Bank in advance for those matters requiring pre-study and discussion of the Party committee of the Bank.

**Article 222** The governor may attend the board meetings without voting right, and the non-director governor has no voting right at the board meetings.

**Article 223** The governor shall, based on the Bank's business needs, establish and improve an internal control mechanism focusing on internal rules and regulations, and operational risk control system.

**Article 224** The governor may hold governor office meetings in exercising its powers. Where the governor is unable to exercise his powers, the other senior manager exercising such powers on behalf of the governor, shall be entitled to determine whether to hold a governor office meeting.

A governor office meeting is composed of the governor, deputy governors, other relevant senior managers, and other managers determined by the governor.

**Article 225** The governor shall formulate working rules for the governor and for other senior managers. The corresponding rules on the work of the governor shall be reported to the Board and implemented after being approved by it.

**Article 226** The governor shall first listen to views raised by trade union or the workers congress before developing a management system and specific rules involving employees' wage, welfare, work safety, labor protection, labor insurance, and employee dismissal which affect the vital interests of the employees.

**Article 227** The senior management of the Bank shall comply with the laws, administrative regulations and the Articles of Association of the Bank, fulfill faithful and diligence obligations, and safeguard the best interests of the Bank and all shareholders. The Bank's senior management and employees at all levels, if their violation of laws and regulations, or malpractice and other serious dereliction of duty, result in prejudice to the interests of the Bank and its public shareholders, should bear the corresponding economic and legal responsibilities.

**Article 228** The governor may make a resignation before the expiration of his term. The specific procedures and methods for the resignation of the governor, are set forth in the employment contract by the governor and the Bank. The governor or deputy governors shall not leave the office until the outgoing audit is completed.

### **Section 3 General Counsel**

**Article 229** The Bank adopts a general counsel system and has one general counsel. The general counsel is a senior manager of the Bank, who shall be nominated by the chairman or the governor and appointed by the Board.

**Article 230** The specific duties of the general counsel include:

- (a) to participate in operation management activities and play the role of legal review;
- (b) to participate in major business decisions and lead legal agencies to carry out related work;



- (c) to lead the legal management and unify and coordinate the legal matters in operation management;
- (d) to sign for review of legal opinions;
- (e) to attend the Party committee meeting and the Board meeting and provide legal opinions on matters involving legal issues;
- (f) to be responsible for the establishment of compliance management work system;
- (g) to play a role in formulation, implementation and supervision of the Articles of Association.

**Article 231** The Bank established a general counsel report system and the general counsel regularly reports to the Board.

## **CHAPTER 12 BOARD OF SUPERVISORS**

### **Section 1 Supervisors**

**Article 232** Director, governors and other senior managers shall not concurrently serve as a supervisor.

The provisions on qualification, nomination, election and replacement of an independent director in the Articles of Association of the Bank, shall apply to external supervisors.

**Article 233** Supervisors shall devote sufficient time to perform their duties and ensure that most of the energy is spent on the work of the supervisory board. Any supervisor who neither personally attends the supervisory meetings for twice consecutively, nor entrusts any other supervisor to attend such meetings, shall be deemed unable to perform his duties of being a supervisor; the supervisory board shall submit to the shareholders' general meeting or the workers congress for his dismissal.

The shareholder and external supervisors shall work in the bank no less than fifteen (15) working days each year.

The employee supervisors shall enjoy the rights participating in setting regulation and provisions relating to employee's own interests, and actively take part in supervising and monitor the regulation implementation status.

**Article 234** The Bank should take measures to ensure supervisors' information right and provide relevant information and data for the board of supervisors in a timely manner in accordance with the relevant provisions.

Supervisors shall participate actively in supervisory and monitoring activities organized by the Board of Supervisors, and have the right to conduct independent investigation, attaining evidence and putting forward problems and suggestions on supervision based on the facts.

**Article 235** A supervisor may make a resignation before the expiry of his term. Any supervisor intending to resign should submit a written resignation to the board of supervisors. An external supervisor intending to resign should describe the situations relevant to his resignation or the situations which the supervisor considers necessary for the Bank's shareholders and creditors to pay attention in his written resignation.

**Article 236** Where the term of a supervisor expires but no timely re-election takes place, or a supervisor's resignation during his term of office leads to the number of the members of the supervisory board to be less than a quorum, then the original supervisor shall continue to perform the duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association prior to the election of a new supervisor.

**Article 237** Supervisors shall abide by laws, administrative regulations and the Articles of Association of the Bank and perform faithful, honest and diligent supervision duties. Supervisors shall not utilize their powers to accept bribes or other illegal income, or seize any of the Bank's assets. Supervisors should ensure that the information disclosed by the Bank is true, accurate and complete, and sign written confirmation opinions for the periodic reports.

**Article 238** Supervisors shall not utilize their association relation to damage the interests of the Bank. In case of any damage resulting in losses to the Bank, relevant supervisors shall be liable for compensation. Where supervisors are in violation of laws, administrative regulations, departmental rules or the Articles of Association in performing the Bank's duties, resulting in losses to the Bank, such supervisors shall be liable for compensation.

## **Section 2 Board of Supervisors**

**Article 239** The Bank sets up the board of supervisors. The board of supervisors consists of seven (7) to nine (9) supervisors, and the number of external supervisors and employee supervisors shall be not less than one third of the total number of supervisors, respectively. The board of supervisors has one (1) chief supervisor (chairman of the board of supervisors), who is responsible for convening and presiding over the meetings of the board of supervisors; Where the chief supervisor (chairman of the board of supervisors) cannot or does not perform its duties, another supervisor may be elected with the consent of more than half of all supervisors, who shall convene and preside over meetings of the board of supervisors.

A supervisor or an external supervisor, shall be elected, dismissed and replaced by the general meeting of shareholders. Any employee serving as a supervisor shall be appointed, dismissed and replaced by the Bank's meeting of employee representatives by means of democratic election.

Supervisors may serve another term if re-elected. Each term of supervisor is three (3) years, with starting date calculated from being elected by the general meeting or meeting of employee representatives.

The board of supervisors shall consist of shareholder supervisors, external supervisors and employee supervisors.

The appointment and removal of the chief supervisors (chairman of the board of supervisors) shall be subject to the approval of more than 2/3 of all the members of the supervisory board.

**Article 240** The board of supervisors as the internal supervisory body in the Bank, shall be responsible to the shareholders' general meeting, and exercise the following powers:

- (a) to supervise and check the Bank's financial matters;
- (b) to supervise the Bank's directors, governor and other senior managers when they perform their duties in the Bank, and present removal proposal for, report to the board of directors or the general meetings, bring lawsuits against or report directly to the CSRC and its agencies, the stock exchanges or other authorities on such persons violating laws, administrative regulations, the Articles of Association or resolutions of the shareholders' general meeting;
- (c) to request the above-mentioned persons to make correction when such persons damage the interests of the Bank;
- (d) to review Periodic Reports prepared by the Board and submit written audit opinions; check the financial information including financial reports, business reports and profit distribution plan, which the Board intends to submit to the shareholders' general meeting; where any questionable issue is found, to entrust a certified public accountant, or certified accountant to assist in rechecking such financial information in the name of the Bank;
- (e) to propose to convene an Extraordinary General Meeting (EGM); to convene and to preside over the general meetings of shareholders, where the Board does not perform the duty stipulated by the Articles of Association to convene and to preside over such meetings;
- (f) to present a proposal to the general meetings of shareholders;
- (g) to represent the Bank to negotiate with the Bank's directors, governors and other senior managers; in accordance with the provisions of *Company Law*, file a suit against such directors, governors and other senior managers;
- (h) to conduct an investigation when finding that the Bank is running abnormally;
- (i) to conduct an outgoing audit for directors and senior managers;

- (j) to supervise the Board in establishing sound operating philosophy, value criterion and setting development strategies that meet requirement of the practices of the Bank, as well as assessing regularly whether the development strategies set by the Board are scientific, appropriate and stable, so as to formulate the assessment report;
- (k) to supervise the Bank's business decision-making, risk management and internal control and urge its rectification;
- (l) to supervise the procedure of the election and appointment of directors;
- (m) to conduct a comprehensive evaluation for duty performance of directors, supervisors and senior management;
- (n) to supervise the implementation of the compensation management system and policy of the Bank, and supervise whether the compensation program for senior management is scientific and appropriate;
- (o) to assume ultimate liability for the performance appraisal of the directors and supervisors of the Bank;
- (p) responsible for supervising and evaluating of the performance of due diligence of the board of directors and senior management in the data governance;
- (q) other powers granted by the laws, administrative regulations and departmental rules, and by the Articles of Association and the general meetings of shareholders.

Supervisors may attend the board meetings and the meeting of the special committee of the board, and have the right to raise inquiries or suggestions for resolutions of the Board and the meeting of the special committee of the board; assign supervisors to attend senior management meetings of the Bank, if necessary, and may inquire about or put forth proposals on matters on resolutions of the meetings.

**Article 241** The supervisory board shall employ a law firm, an accounting firm and other professional institutions to help exercise its powers, if necessary. Costs incurred from that shall be borne by the Bank.

**Article 242** The board of supervisors should be regularly informed of the situations of the audit work of the board of directors.

The board of supervisors shall have the right to require the Bank's directors, governors and other senior managers as well as functional departments to provide relevant information and make relevant explanations. They shall be entitled to have access to the Bank's books, records or certificates at any time, and learn relevant situations from the Bank's relevant staff and departments. In this regard, such staff and departments should provide active cooperation.

The profit distribution plan prepared by the Board shall be sent to the board of supervisors. The board of supervisors shall voice its opinions within five (5) days after the receipt. The supervisory board, if not expressing any opinion beyond this period, shall be deemed to have agreed.

**Article 243** The supervisory board shall develop the rules of procedure for the board of supervisors to specify the rules of procedure and voting procedures for the board of supervisors, ensuring efficiency and scientific decision-making of the board of supervisors. Rules of procedure is prepared by the board of supervisors and is approved by the shareholders' general meeting.

**Article 244** The board of supervisors based on work needs may set up a nomination committee, an audit committee, a due diligence supervision committee, and an internal control and review committee. The board of supervisors may establish other special committees or adjust the existing committees based on its work needs. Each special committee shall be expressly authorized to assist the supervisory board in performing its duties. The working rules and work procedures for each special committee shall be developed by the supervisory board.

**Article 245** Intended resolutions of the supervisory board should be first submitted to an appropriate special committee for consideration and the special committee shall present consideration opinions. Unless otherwise authorized by the supervisory board under law, the consideration opinions made by each special committee shall not replace the voting results of the supervisory board.

**Article 246** The nomination committee of the Supervisory Board is responsible for selection and appointment procedures and criteria of a supervisor, and to make a preliminary review for qualification of supervisor candidates, as well as to propose suggestions to the Supervisory Board; to supervise selection and appointment procedures of directors; to make comprehensive assessment on duties performance of directors, supervisors and senior managers, and report to the Supervisory Board; to supervise the compensation management system of the Bank and review the rationality and reasonability of the compensation program for the senior managers.

The nomination committee of the Supervisory Board shall have more than three (3) members, of which the chairman should be an external supervisor.

**Article 247** The audit committee of the Supervisory Board is responsible to draft inspection and supervision programs for the financial activities of the Bank; to draft an audit program for the business decision-making, risk management and internal control of the Bank.

The audit committee of the supervisory board shall have more than three (3) members, of which the chairman should be an external supervisor.

**Article 248** The due diligence supervision committee of the Supervisory Board is responsible to supervise and inspect due diligence situations of the board of directors, and senior managers.

The due diligence supervision committee of the Supervisory Board shall have more than three (3) members.

**Article 249** The internal control and review committee of the Supervisory Board is responsible for organizing the audit and assessment of the Bank's business decision-making, risk management and internal control.

The internal control and review committee of the Supervisory Board shall have more than three (3) members, of which the chairman should be an external supervisor.

**Article 250** The board of supervisors shall hold at least four meetings each year, which shall be convened by the chief supervisor (chairman of the board of supervisors). A supervisor may propose to convene temporary meetings of the board of supervisors.

**Article 251** The supervisory committee shall convene a temporary meeting of the board of supervisors within ten (10) days, in case of any of the following situations:

- (a) when any supervisors propose the convening;
- (b) where resolutions violating laws, regulations, rules, various orders and requirements of the regulatory authorities, the Articles of Association of the Bank, resolutions made by the shareholders' general meeting and other relevant regulations are approved by the shareholders' general meeting and the meeting of the Board of Directors;
- (c) where the misconducts of the directors and the senior management will seriously damage the interests of the Bank or cause adverse impact to the Bank in the market;
- (d) where an action is brought against the Bank, directors, supervisors or the senior management by shareholders;
- (e) where the Bank, directors, supervisors or the senior management are punished by the regulatory authorities or publicly condemned by stock exchanges;
- (f) where it is requested by the regulatory authorities;
- (g) where other circumstances provided by laws, regulations, administrative rules and the Articles of Association of the Bank occur.

**Article 252** A written notice (including direct notification, email or fax) regarding the meetings of the supervisory board, shall be sent to all supervisors at least ten (10) days before the holding of such meetings, stating relevant subject matters of meeting. The notice involving temporary meetings of the supervisory board shall be delivered to all supervisors five (5) days before the holding of such meetings. However, a temporary meeting of the board of supervisors may not be subject to the aforementioned time limits of such meeting notice, in case of an emergency.

**Article 253** A notice regarding the meetings of the supervisory board shall include the following:

- (a) the date, location and deadline of meeting;
- (b) methods of holding the meeting;
- (c) reasons and subjects submitted to the meeting for consideration;
- (d) the convener and presider of the meeting, the proponent of the provisional meeting;
- (e) meeting information needed for the voting of supervisors;
- (f) the request for the supervisors to attend the meeting in person or by entrusting other supervisors;
- (g) liaison person and contact methods;
- (h) the date of sending notice.

Oral meeting notice shall at least include items (a) and (b) above, and the explanation that an interim board meeting shall be held as early as possible under the urgent circumstances.

**Article 254** A meeting of the supervisory board shall not be held until more than half of all supervisors are present.

**Article 255** Supervisors should personally attend meetings after the receipt of such written notice. A supervisor unable to attend such a meeting for any reason, may in writing entrust another supervisor to attend that meeting on behalf. An external supervisor unable to be present, may entrust another external supervisor to attend the meeting on behalf.

A proxy shall set forth the name of an agent, proxy matters, authorization scope and expiry date, and shall be signed or sealed by the entrusting party.

The entrusted party shall, within its authorization limits, exercise the rights as a supervisor at that meeting. The supervisors neither attending the meetings nor entrusting a representative, shall be deemed as a waiver of their voting right at that meeting.

**Article 256** Where one external supervisor personally attends less than 2/3 of the total number of on-site meetings of the supervisory board within one year, then the supervisory board or the shareholders individually or jointly holding more than 5% of the total voting shares of the Bank may submit to the shareholders' general meeting for dismissal of the external supervisor.

### **Section 3 Resolution of the Board of Supervisors**

**Article 257** The meeting convened by the Board of Supervisors may take two voting forms: on-site voting and voting via written resolutions. For the latter, the voting items via written resolutions and background material shall be sent to all supervisors at least (3) days prior to the voting, setting forth the reasons clearly to ensure that supervisors could express their views fully.

**Article 258** The board of supervisors shall follow the principle of voting proposals one by one, that is to say that a proposal is voted after consideration, and a next proposal shall not be voted before the completion of voting a proposal. Each supervisor shall have one vote.

**Article 259** The board of supervisors may require the Bank's directors, senior managers and internal and external auditors to attend its meetings (without voting rights) for answering the issues concerned by supervisors.

**Article 260** The meetings of the supervisory board shall vote proposals by a show of hands or by open ballot. According to voting results, the chief supervisor (chairman of the board of supervisor) shall announce and report the approval results of the resolutions, and the result of the votes should be recorded in the meeting minutes.

**Article 261** Relevant resolutions and reports of the supervisory board shall be adopted with the consent of more than 2/3 of all members of the supervisory board.

Where some supervisors have principle difference in views on resolutions or reports, such views should be presented in relevant resolutions or reports.

**Article 262** Supervisors shall take responsibility to the resolution of the supervisory board. However, those supervisors who already raise objection and recorded in the minutes, shall be exempted from such liability.

**Article 263** Meetings of the board of supervisors should have minutes, which shall be signed by supervisors and recorders present at such meetings. Supervisors shall have the right to request recorders to make a descriptive record of their speeches at the meetings. Minutes of the meeting of the supervisory board shall be kept permanently as the file of the Bank.

**Article 264** Documents such as meeting minutes and resolutions of the supervisory board should be reported to the banking regulatory agency for the record after the end of that meeting in a timely manner.

**Article 265** The meeting minutes of the board of supervisors shall include the following:

- (a) the date and location of meeting, and the name of convener;
- (b) the names of supervisors and entrusted supervisors (proxies) present at that meeting;



- (c) agenda;
- (d) speech points of supervisors;
- (e) voting method and result on each resolution (voting results should state the number of positive, negative or abstention votes).

**Article 266** Reasonable costs arising from the supervisory board's exercising the powers shall be borne by the Bank.

**Article 267** The supervisory board sets up an office, which as the working body of the board of supervisors, is responsible to prepare the meetings for the board of supervisors and its each special committee, and handle other routine matters.

**Article 268** The chief supervisors (chairman of the board of supervisors) should be served by a full-time person.

The chief supervisor (chairman of the board of supervisors) shall at least meet the qualification requirements in one certain expertise such as accounting, audit, finance and law, as well as working experience, satisfying qualification as chief supervisor (chairman of the board of supervisors) that are stipulated by the laws and regulations.

The chief supervisor (chairman of the board of supervisors) may be re-elected, with each term of three (3) years. An outgoing audit shall be conduct for the chief supervisor (chairman of the board of supervisors) when leaving its position.

**Article 269** The chief supervisor (chairman of the board of supervisors) shall exercise the following powers:

- (a) to convene and preside over meetings of the board of supervisors;
- (b) to organize to perform the duties of the board of supervisors;
- (c) to review and sign the supervisory board's reports, resolutions and other important documents;
- (d) to report work to the general meeting of shareholders on behalf of the board of supervisors;
- (e) other powers required by the laws and regulations and the Articles of Association, to be exercised.

**Article 270** The external supervisor system is carried out in the Bank. An external supervisor refers to the supervisor who only serves as a supervisor in the Bank and has no relationship with the Bank or its shareholders and actual controller of the Bank, affecting its independent and objective judgment.

**Article 271** An external supervisor may serve another term, if re-elected at expiry of one term, with the same term with that of a director in the Bank. However, the total term for an external supervisor serving for the Bank shall not be accumulated for more than six (6) years.

**Article 272** External supervisors shall enjoy the rights as a supervisor, supervise the board of directors, senior management and their members, and perform work within the power scope of the board of supervisors.

**Article 273** The Bank shall provide the working conditions necessary for external supervisors to perform their duties. While external supervisors to fulfill their duties, the relevant personnel of the Bank shall actively cooperate with them, and shall not interfere with their independent exercise of the powers by means of refusal, obstruction or concealment.

### **CHAPTER 13 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, GOVERNORS AND OTHER SENIOR MANAGERS**

**Article 274** The Bank's directors, supervisors, governors and other senior managers shall be served by a natural person. The qualifications of directors, chief supervisors (chairman of the board of supervisors), governors and other senior managers should comply with the provisions of the laws, regulations and the banking regulatory institution, and should be subject to approval by the banking regulatory institution.

**Article 275** Directors, supervisors, governors and other senior managers of the Bank shall meet the following basic conditions:

- (a) shall be with full civil capacity;
- (b) shall possess good legal compliance record;
- (c) shall have good character and reputation;
- (d) shall possess knowledge, experience and abilities commensurate with designated position;
- (e) shall have good records in economic and financial practices;
- (f) financial stability of individuals and families;
- (g) shall possess independence required for designated position;
- (h) shall fulfill the loyalty and diligence obligations to the Bank;
- (i) other criteria required by the regulatory authority.

It will be regarded as incompliance with conditions specified in items (b), (c) and (e) of Paragraph 1 of this Article under any one of the situations below:

- (a) the person has intentional and gross negligence criminal records;
- (b) the person violates of social morality resulting in a bad influence;
- (c) the person has worked for any entity that is in violation of the laws, or is personally liable or directly responsible for material losses to that entity, and the case is serious;
- (d) the person serves or served as a director (or a member of a council) or a member of senior management of entity taken over, cancelled, declared bankrupt or having its business license revoked, unless proving that this person is at no fault;
- (e) the person violates of professional ethics or conduct; or serious dereliction of duty resulting in significant loss or a bad influence;
- (f) the person instigates, or participates in an employer confronting legal supervision or case investigation;
- (g) Directors (or members of a council) and senior management officers being permanently disqualified, or penalized by regulatory authorities and other financial regulatory departments, and penalties accumulated twice;
- (h) the person who does not satisfy the requirements of the relevant laws and regulations, but takes improper means to obtain approval for qualification.

It will be regarded as incompliance with conditions specified in items (f) and (g) of Paragraph 1 of this Article under any one of the situations below:

- (a) he or his spouse has a large amount of overdue debts and fails to repay them, including but not limited to overdue debts in the Bank;
- (b) he or his spouse and his lineal relatives jointly holding more than 5% of the Bank's shares or equity interest, obtain(s) the total credits from the Bank which significantly exceed the net value of the equity held in the Bank;
- (c) he and shareholders controlled by him jointly holding more than 5% of the Bank's shares or equity interest, obtain(s) the total credits from the Bank which significantly exceed the net value of the equity held in the Bank;

- (d) he or his spouse working in one shareholder organization holding more than 5% of the Bank's shares or equity interest, and the shareholder's total credits from the Bank significantly exceeds the net value of his held equity in the Bank, unless proving that such credit has no relationship with him or his spouse;
- (e) other situations that such position creates an obvious conflict of interest with a proposed position or a current position in the Bank, or significantly disperses his working hours and effort in the Bank;
- (f) the regulatory authority based on the substance over form principle, determines that the minimum regulatory requirements are not met in terms of financial condition and independence.

**Article 276** Any person shall not serve as a director, a supervisor, governor or any other senior manager in the Bank, in any of the following situations:

- (a) no or limited capacity for civil conduct;
- (b) within the five (5) years after the end of criminal penalty due to corruption, bribery, and appropriation of property, misappropriation of property or destruction of the socialist market economic order, crime; or less than five (5) years after the end of deprivation of political rights for a crime;
- (c) acting as a director, a superintendent, or a manager of a bankrupt liquidation company or enterprise, and assume bankruptcy personal responsibility for its bankruptcy, less than three years from the date of completion of the company's bankruptcy liquidation;
- (d) serving as a legal representative of a company or enterprise whose business license is cancelled due to its breach of laws, and assume personal responsibility for this, less than three (3) years from the date of the cancellation of the business license;
- (e) failing to repay a large amount of debt due;
- (f) violating the criminal laws and investigated by judicial authorities, with the case not yet closed;
- (g) other persons who shall not serve as a business leader, as stipulated by laws and administrative regulations;
- (h) a non-natural person;
- (i) decided by the competent authority to be in violation of the provisions of the relevant securities laws, or involved in fraud or dishonesty;
- (j) other persons who shall not serves as a director, a supervisor or a senior manager, as specified by the regulatory authority.

**Article 277** The validity of the behaviors of the Bank's directors, governors and other senior managers on behalf of the Bank to a bona fide third party, shall not be affected by any non-compliance in their office, election or qualifications.

**Article 278** In addition to the obligations stipulated by the laws, administrative regulations and listing rules of the stock exchange at the listing place, the Bank's directors, supervisors, governors and other senior managers in exercising their powers granted by the Bank, shall assume the following obligations to each shareholder:

- (a) shall not make the Bank go beyond the business scope set forth in its business license;
- (b) shall not use inside information to reap benefits for themselves or others;
- (c) shall not deprive the Bank of its assets in any form, including (but not limited to) a favorable opportunity to the Bank;
- (d) shall not deprive any shareholder of its rights and interests, including (but not limited to) distribution rights, voting rights, but excluding the Bank's reorganization program approved by the shareholders' general meeting in accordance with the Articles of Association.

**Article 279** The Bank's directors, supervisors, governors and other senior managers, in exercising their rights or fulfilling their obligations, should act at the same level of care, diligence and skills comparable to a reasonably prudent person under similar circumstances.

**Article 280** The Bank's directors, supervisors, governors and other senior managers, in performing their duties, must comply with the principle of good faith, and shall not set themselves in a position where their own interests have a potential conflict with the obligations undertaken by them. The principle includes (but not limited to) the performance of the following obligations:

- (a) act in good faith for the best interests of the Bank;
- (b) exercise their powers within the power limits, avoiding any ultra vires;
- (c) personally exercise the appropriate discretion power conferred upon them, free from any manipulation by others; no person shall transfer the appropriate discretion power to any other person for exercise, unless permitted by the laws, administrative rules and regulations or with the informed consent of the general meeting of shareholders;
- (d) treat the shareholders of the same class equally, and treat the shareholders of different classes fairly;

- (e) unless as otherwise provided in the Articles of Association, or with the informed approval by the shareholders' general meeting, shall not entered into any contract, transaction or arrangement with the Bank, excluding those falling within the normal business scope of the Bank and in compliance with the Bank's management rules for connected party transactions;
- (f) shall not utilize any of the Bank's assets in any form to seek personal interests, unless the informed consent of the general meeting of shareholders;
- (g) shall not use their powers to receive any bribe or any other illegal incomes, or forfeit any of the Bank's assets in any form, including (but not limited to) any favorable opportunity to the Bank;
- (h) shall not accept trading commissions from others, unless the informed consent of the general meeting of shareholders;
- (i) comply with the Articles of Association, faithfully perform their duties, safeguard the interests of the Bank, and avoid the use of their status and powers in the Bank for personal gain;
- (j) shall not engage in any business activity for themselves or for others, which is similar to that of the Bank, or harmful to the interests of the Bank, or which forms a competitive relation with the Bank;
- (k) shall not misappropriate the funds of the Bank, and shall not deposit the Bank's assets in accounts opened in their personal name or any other's name; except for the normal business of the Bank, shall not lend the Bank's funds to any other person, or provide a guarantee for others using the Bank's assets, with no consent of the shareholders' general meeting or the board of directors;
- (l) unless with the informed consent of the general meeting of shareholders, shall not disclose the Bank's confidential information obtained during the term, even for the interests of the Bank; However, they may disclose that information to the court or other government authorities in the following situations:
  - (i) as provided by law;
  - (ii) as required by the public interests;
  - (iii) as required by the interests of the directors, supervisors, governors and other senior managers.

**Article 281** The Bank’s directors, supervisors, governors and other senior managers shall not instigate the following persons or institutions (referred to as “relevant persons” in the Articles of Association) to do what they should not:

- (a) the spouses or minor children of directors, supervisors, governors and other senior managers of the Bank;
- (b) the Bank’s directors, supervisors, governors and other senior managers, or the trustees of the people referred to in Paragraph (a) of this Article;
- (c) the Bank’s directors, supervisors, governors and other senior managers, or the partners of the people referred to in Paragraph (a) and (b) of this Article;
- (d) the companies actually individually controlled by the Bank’s directors, supervisors, governors and other senior managers, or the companies actually jointly controlled by the above persons with the people mentioned in Paragraph (a), (b) and (c) of this Article;
- (e) directors, supervisors, managers or other senior management of the controlled companies referred to in Paragraph (d) of this Article.

**Article 282** Fiduciary duties undertaken by the Bank’s directors, supervisors, governors and other senior managers may not necessarily be terminated with the end of their term. Their confidentiality obligation to the Bank shall still remain valid after the end of their term of office. The duration of the other obligations shall be determined based on the fairness principle, depending on the time span of occurrence of relevant incident and personal departure from position, and conditions for termination of their relation with the Bank.

**Article 283** A relevant liability assumed by the Bank’s directors, supervisors, governors and other senior managers in violation of a specific obligation, may be lifted with the informed approval of the general meeting of shareholders, except the situations described in Article 66 hereof.

**Article 284** Where the Bank’s directors, supervisors, governors and other senior managers have a direct or indirect important stake in any contract, transaction, arrangement which the Bank has made or intends to make (excluding employment contract concluded by the Bank with its directors, supervisors, governors and other senior managers), the above persons shall as soon as possible disclose the nature and extent of the stake to the board of directors, whether or not relevant matters call for the approval of the Board under normal circumstances.

Any director shall not cast a vote at the relevant board meeting on any resolution involving any contract, transaction or arrangement or any other proposal where the director or its associates has a stake. The director shall not be included when the number of all directors present is counted to see whether to reach a quorum at that meeting. The definition of the above “associates” has the same meaning with that set out in *Listing Rules*. Unless the interested directors, supervisors, presidents and other senior management members have disclosed such matter to the Board as required by above

provisions of this Article, and the Board has approved it at a meeting where they are not incorporated into the quorum and nor do they participate in the voting, the Bank shall have the right to cancel such contracts, transactions or arrangements, except that the counterparty is a innocent party who does not know related directors, supervisors, presidents and other senior management members' violation of their obligations.

Where the above people's related persons or associates have a stake in that contract, transaction or arrangement, the above relevant people shall be deemed to have a stake therein.

**Article 285** Where the Bank's directors, supervisors, governors and other senior managers delivered a written notice to the Board before the Bank considers the conclusion of any relevant contract, transaction or arrangement for the first time, stating that they have a stake in that contract, transaction or arrangement, then the above persons shall be deemed to have made a disclosure as stipulated in the preceding Article.

**Article 286** The Bank shall not pay taxes for its directors, supervisors, governors and other senior managers in any form.

**Article 287** The Bank shall not grant associates a credit loan; The Bank shall provide loans for associates in accordance with the normal business conditions of loan guarantees; the conditions of guaranteed loans issued to associates shall not be superior to similar loans to other borrowers conditions.

The term "associates" in the preceding Article, refers to the following:

- (a) directors, supervisors, managers, credit officers and their close relatives of the commercial bank;
- (b) companies, enterprises and other economic organizations where the persons listed in the preceding paragraph, make an investment or serve as a member of senior management.

**Article 288** Where the Bank grants a loan in violation of the provisions of the preceding Article, the receiver of such loan shall make immediate repayment, regardless of loan conditions.

**Article 289** A loan guarantee provided by the Bank in violation of the provisions of Article 287, shall not be enforceable in the Bank, except the following situations:

- (a) lenders release loans to the associates of directors, supervisors, governors and other senior manages of the Bank or its parent company, with no knowledge of such association relationship;
- (b) a collateral provided by the Bank for loans, is already legally sold by the lender to a bona fide purchaser.



**Article 290** A guarantee referred to in the foregoing Articles of this chapter, includes the responsibility assumed or the assets provided by a guarantor to ensure that obligor can fulfill its obligations.

**Article 291** Where the Bank's directors, supervisors, governors and other senior managers are in violation of the obligations of the Bank, the Bank has the right to take the following measures, in addition to all the rights and remedies provided by laws and administrative regulations:

- (a) request the above relevant persons to make compensation for the losses caused by their dereliction of duty to the Bank;
- (b) revoke any contract or transaction entered into by the Bank and its directors, supervisors, governors and other senior managers, or by the Bank with a third person (the third person personally knows or should reasonably know the above persons representing the Bank are in violation of obligations of the Bank);
- (c) request the above relevant persons to surrender the gains due to their breach of obligations;
- (d) recover the money received by the above persons for the Bank, including (but not limited to) commissions;
- (e) require the above relevant persons to return the interests accrued or possibly accrued from the money received by them for the bank.

**Article 292** The Bank shall enter into a written remuneration contract with its directors, and supervisors, with the prior approval of the general meeting of shareholders. The aforementioned remuneration matter, includes:

- (a) the remuneration of the Bank's directors, supervisors or senior managers;
- (b) the remuneration of the directors, supervisors or senior managers of the Bank's subsidiaries;
- (c) the remuneration for other services provided for the management of the Bank and its subsidiaries;
- (d) the compensation paid to the directors or supervisors for their loss of positions, or retirement.

Unless as provided by the aforementioned contract, any director or supervisor shall not make a claim to the Bank for its interests receivable due to the foregoing matters.

**Article 293** In the remuneration contract concluded by the Bank with its directors, and supervisors, the Bank shall provide that in case of the acquisition of the Bank, directors, supervisors, with the prior approval of the shareholders' general meeting, shall have the right to obtain compensation or other payments for loss of their positions or retirement. The acquisition of the Bank mentioned in this Article, refers to any of the following situations:

- (a) any person to make a takeover offer to all shareholders;
- (b) any person to make a takeover offer, aimed to make an offer or become the controlling shareholder. The definition of the controlling shareholder is the same as defined in Article 67 hereof.

Any payment received by relevant directors and supervisors not complying with the provisions of this Article, shall be delivered to those who accept the foregoing offer and sell their shares. Furthermore, the relevant directors and supervisors shall bear the costs incurred from distributing the payment, on a pro-rata basis. However, such costs shall not be deducted from the payment.

**Article 294** The Bank's directors, governors and other senior managers shall not carry out any of the following acts:

- (a) misappropriating the Bank's funds;
- (b) depositing the Bank's funds in any account opened with any personal names;
- (c) lending the Bank's funds to others or provide a security for others using the Bank's assets in violation of the relevant provisions of the Bank;
- (d) violating the provisions of the Articles of Association, or make a contract or transaction with no consent of the general meeting of shareholders;
- (e) taking advantage of positions to seek for themselves or others business opportunities which should belong to the Bank, or engage for themselves or others in business activities similar with the Bank;
- (f) accepting commission from others trading with the Bank for themselves;
- (g) making unauthorized disclosure of the Bank's confidential information;
- (h) other behaviors in violation of the duty of loyalty to the Bank.

Any income obtained by directors, governors and other senior managers in violation of the preceding paragraph, shall be owned by the Bank; the above persons, if causing losses to the Bank, shall be liable for compensation.

Where the Bank identifies that the above persons violate the above 8 provisions of this Article, it shall promptly report their violations to the banking regulatory institution.

**Article 295** The Bank's directors, supervisors, governors and other senior managers shall assume confidentiality obligation for confidential information of the Bank in accordance with the laws and regulations.

**Article 296** Where the Bank's directors, supervisors, governors and other senior managers violate the provisions of the laws, regulations and the Articles of Association, resulting in losses to the Bank, then the above persons shall undertake compensation responsibility.

Where the Bank's directors, supervisors, governors and other senior managers take leave from their jobs without relevant permission during their term, resulting in losses to the Bank, they shall undertake compensation responsibility.

Where the Bank's directors, supervisors, governors and other senior managers violate the provisions of the laws, regulations and the Articles of Association, damaging the interests of shareholders, the shareholders may file a suit to the people's court.

## **CHAPTER 14 PARTY COMMITTEE**

**Article 297** The Party committee and discipline inspection committee of the Bank shall perform their duties in accordance with the Constitution of the Communist Party of China and the relevant regulations of the Party and shall each serve a term of five years, which shall be re-elected on time upon expiry of its term of office. The organizational structure of the Party organization and its staffing shall be incorporated into the administrative organs and the establishment of the Bank. The Bank shall provide necessary conditions for the activities of the Party organization and provide working funds for it, which will be credited to the Bank's management fee. The working funds for the Party organization that are included in management fee are generally allocated at 1% of total staff salaries of the Bank for the previous year, and shall not be allocated from management fee in current year when the accumulated balance exceed 2% of total staff salaries of the Bank for the previous year. The Party committee of Bank shall prepare a using plan based on the principle of economy at the beginning of each year and the amount shall be incorporated into the annual budget of the Bank.

The Bank implements the leadership system of "Dual Entry and Cross Appointment". Eligible members of the Party committee of the head office may be appointed to the Board of Directors, the Board of Supervisors and the senior management through legal procedures, and eligible Party members in the Board of Directors, the Board of Supervisors and the senior management may be appointed to the leading group of the Party committee in accordance with the relevant regulations and procedures. Generally, the chairman shall also act as the secretary of the Party committee, and the president who is a Party member concurrently serves as deputy secretary of the Party committee.

The Party committee of the Bank implements the system of combining collective leadership with individual division of responsibilities. Members of the leadership team of the Party committee who are going to be the members of the Board of Directors, the Board of Supervisors and the senior management must implement the decisions of the Party committee.

**Article 298** The Party committee of the Bank shall play a leading role and carry out the works with focus on direction control, overall management and ensuring implementation, and shall make discussion and decision on significant events of the Bank in accordance with regulations, the main duties of which are:

- (a) to enhance the building of politics of the Party in the Bank, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;
- (b) to thoroughly study and implement Xi Jinping's Socialism Ideology with Chinese characteristics in the new era, learn and propagate the Party's theory, thoroughly implement the Party's line, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party organization at a higher level in the Bank;
- (c) to investigate and discuss the significant operation and management matters of the Bank and support the shareholders' (general) meeting, the board of directors, the Supervisory Committee and the management to exercise their rights and perform their duties in accordance with the laws;
- (d) to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel of the Bank, and the building of the leading team, cadre and talents team of the Bank;
- (e) to undertake the main responsibility in improving Party conduct and upholding integrity of the Bank, lead and support discipline inspection institutions to fulfil their supervisory and disciplining responsibilities as well as exercise strict administrative discipline and political rules and promote Party self-governance exercised fully and with rigor into the grassroots level;
- (f) to strengthen the building of grassroot Party organizations and the Party member service, unit and lead officials and employees to devote themselves into the reform and development of the Bank;
- (g) to lead the Bank's political work, the spiritual civilization construction, the united front work and lead mass organizations such as the labor union, Communist Youth League and women's organization of the Bank.

**Article 299** The Party committee meeting of the Bank shall be convened and chaired by the secretary of the Party committee. If the secretary cannot attend the meeting, he/she may commission the deputy secretary to convene and preside the meeting. The Party committee meeting of the Bank is generally convened twice a month, and may be convened at any time in material circumstances. The agenda of the meeting proposed by the secretary of the Party committee or the proposal made by other members of the Party committee shall be determined by the secretary after taking comprehensive consideration. The Party committee meeting of the Bank can only be held when more than half of the members of the Party committee are present, and any decision shall be made with the consent of more than half of the members of the Party committee who should be present. More than two-thirds of members of the Party committee shall be present at the meeting to discuss personnel appointment and removal, reward and punishment.

**Article 300** The Party committee shall consider and make decisions for the followings:

- (a) to enhance relevant work regarding the building of politics of the Party in the whole Bank, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all Party members to enhance “Four Consciousness”, persist with “Four Confidences”, and resolutely achieve “Two Maintenance”;
- (b) to thoroughly study and implement Xi Jinping’s Socialism Ideology with Chinese characteristics in the new era, learn and propagate the Party’s theory, thoroughly implement the Party’s line, principles and policies as well as study and promote the implementation of major decisions and arrangements of the Party Central Committee as well as the resolutions of higher-level Party organizations in the Bank;
- (c) to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel, and considerate and decide the appointment, movement and reward and punishment of the management personnel within the administrative authority;
- (d) to perform the political responsibility of Party self-governance, and implement the positive list of subject responsibilities;
- (e) to undertake the main responsibility in improving Party conduct and upholding integrity, lead and support the internal discipline inspection institutions to fulfil their supervisory and disciplining responsibilities as well as exercise strict administrative discipline and political rules and promote Party self-governance exercise fully and with rigor into the grassroots level;
- (f) the building of grassroot Party organizations and the Party member service;
- (g) the political work, the ideological work, the spiritual civilization construction, the united front work, and mass organizations such as the labor union, Communist Youth League and women’s organization of the Bank;

- (h) important matters to be referred and reported to the higher Party organization;
- (i) other matters to be considered and decided by the Party committee.

**Article 301** Significant operation and management matters of the Bank shall be decided by the board of directors or senior management after study and discussion of the Party committee. Matters to be studied and discussed mainly include:

- (a) major measures to implement the decisions and deployments of the Party Central Committee and carry out the national development strategies;
- (b) the development strategies, mid to long term development plans and important reform proposals of the Bank;
- (c) principles and directional issues involving the asset restructuring, asset transfer, capital operation and significant investments of the Bank, etc.;
- (d) the establishment of and adjustment to the Bank's organizational structure and the formulation and amendment of the important rules and systems;
- (e) material matters related to the Bank's safe production, maintenance of stability, interests of employees and social responsibilities, etc.;
- (f) other material matters requiring study and discussion of the Party committee.

**Article 302** Major procedures for the Party committee to conduct pre-study and discussion:

- a) prior consideration by the Party committee. The Party committee shall convene meetings of Party committee to provide opinions and advice on the matters requiring pre-study and discussion. In the event that the Party committee finds the matters proposed to be considered and decided by the Board of Directors and senior management are not in conformity with the policies of the Party and the State's laws and regulations, or which may undermine the interests of the State and the public or the legitimate benefits of the Bank and its employees, it shall suggest to withdraw or suspend the proposed matters. If the Party committee considers that other material matters are required to be decided by the Board of Directors and senior management, such material matters may be proposed to the Board of Directors and senior management;
- b) communication before the meeting. Members of the Party committee who also serve as members of the Board of Directors and senior management (especially the Chairman of the Board of Directors or the President) shall communicate with other members of the Board of Directors and senior management regarding the relevant advices and recommendations of the Party committee before submitting the proposals to the Board of Directors or President office;

- c) expression during the meeting. Members of the Party committee who also serve as members of the Board of Directors and senior management shall fully express the advices and recommendations of the Party committee during the decision-making process of the Board of Directors and senior management;
- d) report after the meeting. Members of the Party committee who also serve as members of the Board of Directors and senior management shall report to the Party organization in respect of the decisions of the Board of Directors and senior management in a timely manner.

**Article 303** The Party committee shall promote the implementation of the Bank's material decisions and arrangements, play a leading role in complying with various rules and regulations of the Bank, conduct promotion, motivation and explanation of the implementation of the Bank's material decisions, organize and lead all the Party members and staff to focus their minds and actions on the strategic goal of development and implementation of material decisions of the Bank and facilitate the reform and development of the Bank.

**Article 304** The Party committee shall establish a supervision system for the implementation of the Bank's material decisions and conduct regular supervision and inspection. For the Bank's practices which are not in compliance with the Party's directional policies, the PRC laws and regulations and the requirements of the Party central committee and municipal committee, the Party committee shall provide rectification advices in a timely manner and report to the higher level of Party organization regarding the failure in rectification in a timely manner.

## **CHAPTER 15 FINANCIAL ACCOUNTING SYSTEM, AND PROFIT DISTRIBUTION AND AUDIT**

**Article 305** The Bank shall develop its financial accounting system in accordance with the laws, administrative regulations and relevant departmental rules.

**Article 306** The Bank at the end of each fiscal year should prepare a financial report which shall be audited by an accounting firm under law.

**Article 307** At annual general meetings of shareholders, the board of directors in the Bank shall submit to the shareholders all financial reports required by the relevant laws, administrative regulations and normative documents issued by the local government and the competent departments to be prepared by the Bank.

**Article 308** The Bank's financial reports should be made available to shareholders at the domicile of the Bank twenty (20) days before the holding of the annual general meeting. Each shareholder of the Bank shall be entitled to obtain the financial reports mentioned in this chapter.

Copies of (1) the director's report, together with the balance sheet (including all documents required to be attached by relevant rules) and profit and loss account or income statement; (2) the financial summary report in compliance with relevant regulations, shall be delivered or sent by prepaid post to each holder of overseas listed foreign shares at least 21 days prior to the general meeting. The address of the recipient shall be the address recorded in the register of shareholders.

**Article 309** The Bank's financial statements should be prepared in accordance with Chinese accounting standards, relevant regulations, international accounting standards and the accounting standards at the overseas listing place. In case of any substantial discrepancy existing in financial statements prepared by two types of accounting standards, such discrepancy should be stated in the notes to the financial statements. The Bank in the allocation of after-tax profits in a fiscal year, shall be based on financial statements compiled by (a) Chinese accounting standards and regulations; (b) international accounting standards or the accounting standards at overseas listing place, where the smaller amount of after-tax profits shall prevail.

**Article 310** The Bank shall submit its annual report to the local counterparts of the securities supervision and regulatory authority of the State Council and the stock exchange of the place where the Bank's shares are listed within 3 months after the end of each accounting year. The Bank shall submit the interim financial report to the local counterparts of the securities supervision and regulatory authority of the State Council and the stock exchange of the place where the Bank's shares are listed within 2 months after the end of the first 6 months of each accounting year, and shall submit the quarterly financial report to the local counterparts of the securities supervision and regulatory authority of the State Council and the stock exchange of the place where the Bank's shares are listed within 1 month after the end of the first 3 months and 9 months, respectively, of each accounting year.

The aforesaid financial reports shall be compiled in accordance with applicable laws, administrative regulations and rules.

**Article 311** The interim results or financial information released or disclosed by the Bank, should be prepared in accordance with Chinese accounting standards and regulations, as well as internal accounting standards or accounting standards at overseas listing place.

**Article 312** The Bank shall only prepare the statutory accounting books, and shall not make separate accounting books. The Bank's assets shall not be deposited in an account opened in any individual's name.

**Article 313** The profit after taxation of the Bank shall be allocated according to the following order and sequence:

- (a) make up for the losses of the previous year;
- (b) allocate 10% of the profits after making up for the losses of the previous year to the statutory common reserve fund;



- (c) allocate general reserve;
- (d) pay dividends of holders of preference shares;
- (e) allocate discretionary reserve fund;
- (f) distribute dividends to shareholders.

No further contribution may be required when the accumulated amount of the statutory reserve funds of the Bank reaches 50% of its registered capital. The shareholders' general meeting shall decide on whether to set aside discretionary reserve funds after setting aside statutory reserve funds and general reserves. The Bank shall not distribute profits to shareholders before making up losses and setting aside statutory reserve funds and general reserves. Shares held by the Bank shall not participate in the distribution of profits.

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

Where the general meeting of shareholders in violation of the provisions of the preceding paragraph, distributes profits to shareholders before the Bank's covering losses and withdrawing statutory provident fund, then the shareholders must return such profits to the Bank.

**Article 314** Capital reserve includes the following amounts:

- (a) premiums resulting from issuance of shares at a price above par value;
- (b) other income included in capital reserve, as stipulated by the responsible finance department of the State Council.

**Article 315** The Bank's statutory provident fund is used to:

- (a) cover the losses of the Bank, but the capital reserve shall not be used to offset the losses of the Bank;
- (b) expand the business scale of the Bank;
- (c) convert provident fund into the registered capital by distributing new shares or increasing par value per share after the resolution on conversion of provident fund into share capital adopted by the shareholders' general meeting and approved by the banking regulatory institution. But the remaining statutory provident fund, after conversion into the registered capital, shall not be less than 25% of the registered capital prior to such conversion.

**Article 316** After the resolution on profit allocation plan adopted by the general meeting of shareholders, the board of directors of the Bank shall complete the distribution of dividends (or shares) within two (2) months from the date of the meeting.

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

**Article 317** The Bank may distribute dividend in the form of cash, share, or a combination of cash and share.

The dividend distribution policy of the Bank shall be focused on generating reasonable return for investors. The dividend distribution policy shall maintain its continuity and stability and, meanwhile, give consideration to the long-term interests of the Bank, the interests of the shareholders as a whole and the sustainable development of the Bank.

Cash shall be the main form of dividend distributed by the Bank. If required under the regulatory requirements of the securities regulatory authorities at the places where the shares of the Bank are listed, the Bank shall provide online voting platform when the profit distribution plan is considered and deliberated.

The Bank may distribute interim dividend if the situation permits.

Except under special circumstances, the Bank shall distribute dividend to shareholders of ordinary shares in the form of cash every year with an aggregate amount not less than 10% of the net value attributed to shareholders of the Bank. The special circumstances refer to circumstances where:

- (a) the profit distribution is restricted by laws, regulations and regulatory requirements;
- (b) cash dividend distribution may adversely affect the long-term interests of the shareholders.

The Board of the Bank shall take into full account various factors such as features of the industries in which the Bank operates, the Bank's stage of development, its own business model and profitability, and whether there is significant capital expenditure arrangement, to distinguish the following situations and put forward differentiated policies of cash dividend policy in accordance with the procedures as required by the Articles of Association:

- (a) If the Bank is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 80% when the profit distribution is made;
- (b) If the Bank is at the mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 40% when the profit distribution is made;

- (c) If the Bank is at the growing stage and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 20% when the profit distribution is made;
- (d) If it is difficult to distinguish the Bank's stage of development and the Bank has significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

Under circumstances where the Bank has sound operation, but the Board of Directors determines that the share price of the Bank does not match the size of its share capital and share dividend is beneficial to the interests of the shareholders of the Bank as a whole, a plan on dividend distribution in the form of share may be formulated and implemented upon approval at the shareholders' general meeting, provided that the requirements on cash dividend distribution set out above have been met.

If the Bank does not distribute cash dividend under special circumstances, the profit distribution plan proposed to the shareholders' general meeting for consideration and deliberation shall include the reasons for such no dividend distribution and the use of the undistributed fund, and corresponding disclosure shall be made in the periodic reports.

In the case of force majeure events such as wars and natural disasters, changes in external business environment that have material effect on the Bank's business performance, or material changes in the Bank's own operation situations, the Bank may adjust the profit distribution policies herein. If the Bank intends to adjust its profit distribution policies, a written proposal shall be prepared by the Board of Directors and, upon review and approval by the independent directors, submitted to the shareholders' general meeting for approval by way of special resolution. If required under the regulatory requirements of the securities regulatory authorities at the places where the shares of the Bank are listed, the Bank shall provide online voting platform when the proposal on adjustment of profit distribution policies is considered and deliberated.

The Bank shall pay cash dividends and other payments to the holders of domestic shares in RMB. The Bank shall pay holders of H shares cash dividends and other payments which are denominated and declared in RMB but are paid in Hong Kong dollars. The Bank shall pay holders of overseas listed foreign shares cash dividends and other payments in a foreign currency which shall be handled as required by the relevant provisions on foreign exchange management.

**Article 318** Distribution of dividends in the form of shares shall be subject to approval of the shareholders' general meeting and the banking regulatory institution. The Bank should appoint for holders of overseas listed foreign shares a collection agent who should receive dividends and other payables on behalf of the holders of overseas listed foreign shares.

A collection agent appointed by the Bank shall comply with the requirements of the law or stock exchange at the listing place.

A collection agent shall be appointed by the Bank for holders of the foreign shares listed in Hong Kong which is registered as a trust company under the Trustee Ordinance in Hong Kong.

In compliance with the relevant Chinese laws and regulations, any holder of the overseas listed foreign shares if still not receiving dividends within six (6) years from the dividend date declared pursuant to the Articles of Association, shall be deemed to have lost the right to claim such dividends. The Bank may exercise the power of forfeiture for unclaimed dividends, but the power can only be exercised six (6) years after the date of relevant dividend declared.

The Bank reserve the right to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Bank reserves the right to sell the overseas listed foreign shares whose holders is untraceable, in a way considered by the Board appropriate, shall comply with the following conditions:

- (a) during the period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (b) on expiry of the 12 years, the Bank gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers and notifies the stock exchange of such intention.

**Article 319** The internal audit system is carried out in the Bank, where full-time auditors are staffed to conduct internal audit and supervision of financial income and expenditure and economic activities. The board of directors is responsible for establishing, improving and maintaining a sound and effective internal audit system, ensuring that internal audit has sufficient independence.

**Article 320** The Bank's internal audit system and audit staff's duties, should be implemented after the approval of the Board. The person in charge of audit, is responsible to and report work to the Board.

The internal audit department is responsible to the Board and the audit committee. The internal audit department is also responsible for developing internal audit procedures, evaluating risk profile and management status, implementing annual audit plan, conducting follow-up audit work, supervising and rectifying audit work, control the quality of audit projects, and doing a good job in file management. The internal audit department should report audit work to the Board and responsible members of the senior management on a regular basis. A report on audit work shall be submitted to the Board at least once a year, including duty performance status, audit findings and suggestions.

**Article 321** The Bank shall report the profit distribution plan to the banking regulatory institution for the record within ten (10) days from the date of the plan approved by the Board.

## CHAPTER 16 APPOINTMENT OF AN ACCOUNTING FIRM

**Article 322** The Bank shall appoint an independent accounting firm in line with the relevant provisions of the laws and regulations such as the Securities Law, to audit its annual financial report and other financial reports.

**Article 323** The appointment term of the accounting firm hired by the Bank, shall be from the end of annual general meeting of shareholders, to the end of a next annual general meeting.

**Article 324** The accounting firm hired by the Bank shall enjoy the following rights:

- (a) having access to the Bank's account books, records and certificates, and having the right to require the Bank's directors, governors or other senior managers to provide relevant information and explanations;
- (b) requiring the Bank to take all reasonable measures to obtain from its subsidiaries relevant information and explanations necessary for the accounting firm to perform its duties;
- (c) attending the general meeting of shareholders without voting rights, obtaining any meeting notice or other relevant information which shareholders are entitled to receive, and make a statement on matters involving its appointment as the accounting firm of the Bank at the general meeting of shareholders.

**Article 325** In case of any job vacancy in the employed accounting firm, the Board may appoint an accounting firm to fill the vacancy prior to the holding of the general meeting of shareholders. However, where another accounting firm hired by the Bank is available during a vacancy period, then the accounting firm may still handle relevant matters.

**Article 326** Regardless of concrete terms and conditions of the employment contract concluded by the Bank with the accounting firm, the general meeting of shareholders may by ordinary resolution decide to dismiss the accounting firm prior to the expiration of any term of the firm. The accounting firm's right to claim compensation to the Bank for such dismissal, shall not be affected for this reason.

**Article 327** The accounting firm's remuneration or remuneration method shall be decided by the general meeting of shareholders. Where an accounting firm is appointed by the Board to fill a vacancy, its remuneration shall be determined by the Board, and approved by the shareholders' general meeting.

**Article 328** Any matter involving hiring, firing, or discontinuing the reemployment of an accounting firm, shall be determined by the shareholders' general meeting, which shall be reported to the banking regulatory institution and securities regulatory institution for the record.

Where a general meeting plans, by passing resolutions, to appoint a non-incumbent accounting firm to fill up any vacancy of the post of accounting firm, or renew the engagement of an accounting firm appointed by the Board to fill up the vacancy, or dismiss an accounting firm before the expiration of its term of office, the following provisions shall be satisfied:

- (a) A copy of the proposal shall be sent before despatch of notice of the general meeting to the person proposed to be appointed or the auditor proposing to leave his post or the auditor who has left his post (leaving includes leaving by removal, resignation and retirement).
- (b) If the auditor leaving his post makes representations in writing and requests their notification to the shareholders, the issuer shall (unless the representations are received too late):
  - (i) in any notice of the resolution given to shareholders, state the fact of the representations having been made by the auditor leaving his post; and
  - (ii) a copy of the representations, as an enclosure accompanied with the notice, shall be delivered to each shareholder entitled to notice of general meetings by the means specified in the Articles of Association.
- (c) If the auditor's representations are not sent under paragraph (b) above, the auditor may require that the representations be read out at the general meeting and appeal on it.
- (d) An auditor who is leaving his post shall be entitled to attend:–
  - (i) the general meeting at which his term of office would otherwise have expired;
  - (ii) any general meeting at which it is proposed to fill the vacancy caused by his removal; and
  - (iii) any general meeting convened on his resignation;and to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which he attends on any part of the business of the meeting which concerns him as former auditor of the Bank.

**Article 329** The Bank shall deliver a prior notice to a relevant accounting firm, when dismissing or discontinuing the reemployment of the accounting firm. The accounting firm shall have the right to make representations to the shareholders' general meeting. Where the firm believes that the Bank's reason for dismissal or discontinuing the reemployment is improper, it may make a complaint to the banking regulatory institution, securities regulatory institution and Chinese Institute of Certified Public Accountants (CICPA). The accounting firm, when proposing to resign, shall explain to the general meeting whether there is any inappropriate matter in the Bank.

An auditor may resign his office by depositing at the registered address of the Bank a notice in writing to that effect and containing:

- (a) a statement to the effect that there are no circumstances connected with his resignation which he considers should be brought to the notice of the shareholders or creditors of the Bank; or
- (b) a statement of any such circumstances.

Any such notice shall terminate his office on the date on which it is deposited at the registered address of the Bank or on such later date as may be specified therein.

Where a notice is received by the Bank within 14 days, it shall send a copy of the notice to the competent authority. If the notice contained a statement under paragraph (b) above, the Bank shall deposit the duplicate copy of the statement in the Bank for the Shareholder's reference. The Bank shall also send copies of the foregoing statement by postage prepaid mail to the shareholders entitled to obtain the financial statements of the Bank, and such recipients' addresses shall be subject to the registered addresses in the register of shareholders. Such copies may be delivered to holders of domestic shares by way of announcement. However, under the premise of compliance with the laws, regulations, and relevant listing rules at the overseas listing place, this notification can also be delivered to holders of overseas listed foreign shares in other methods stipulated in the Articles of Association.

Where the auditor's notice of resignation contains a statement under paragraph (b) hereinabove, he may require the board of directors to convene an extraordinary general meeting of shareholders for the purpose of receiving an explanation of the circumstances connected with his resignation.

## **CHAPTER 17 MERGER, DIVISION, DISSOLUTION AND LIQUIDATION**

### **Section 1 Merger and Division**

**Article 330** A proposal for merger or division of the Bank shall be proposed by the board of directors and be adopted in accordance with the Articles of Association, after which be submitted to relevant departments for approval by law. Those shareholders opposing the merger or division shall have the right to request the Bank or the shareholders in favor of the proposal, to purchase their shares at a fair price. Documents on the resolution of merger or division, should be treated as a special file for shareholders' reference.

The aforementioned documents shall be served on holders of overseas listed foreign shares by mail.

**Article 331** The Bank has two forms of merger: merger by absorption or by new establishment.

The Bank shall comply with the relevant provisions of *Company Law* and *Commercial Bank Law* in handling merger or division matters.

In terms of the merger of the Bank, the Bank shall sign a merger agreement by the parties involved, and prepare a balance sheet and a property list. The Bank shall notify its creditors within ten (10) days and make an announcement on a newspaper within thirty (30) days from the date of the adoption of merger resolution.

As a result of the merger of the Bank, financial claims and debts of the merging parties shall be undertaken by a surviving company or a newly established company after the merger.

**Article 332** In the event of a division of the Bank, the Bank's assets shall be divided accordingly.

In the event of a division of the Bank, the Bank shall sign a division agreement with the parties involved, and prepare a balance sheet and a list of assets. The Bank shall notify its creditors within ten (10) days and make an announcement on a newspaper within thirty (30) days from the date of the adoption of division resolution at the general meeting of shareholders.

The liabilities of the Bank prior to the division of the Bank shall be undertaken by the companies after such division unless otherwise provided in a written agreement signed by the bank and the creditors before the division of the bank.

**Article 333** The creditors shall have the right to claim full repayment of the debts or provision of a corresponding guarantee from the Bank within thirty (30) days from the date of receipt of the notice, or within forty-five (45) days from the date of announcement, if not receiving the notice. The Bank, if unable to make the full repayment or provision, shall not be merged or divided.

**Article 334** Where a merger or division results in a change in the Bank's registration matter, the Bank shall register such change at the registration authority as required by law; The Bank shall apply for cancellation of its registration in case of dissolution and shall deal with establishment registration in case of establishment of a new company.

## **Section 2 Dissolution and Liquidation**

**Article 335** The Bank shall be dissolved and liquidated in accordance with the law, in case of any of the situations:

- (a) the adoption of a dissolution resolution by the shareholders' general meeting;
- (b) dissolution due to merger or division;
- (c) declared bankrupt, due to failure to repay matured debts;
- (d) it is closed down or cancelled, or has its business license revoked due to violation of the laws and regulations;
- (e) it is dissolved by the people's court in accordance with the provisions of *Company Law*.



The Bank should comply with the provisions of *Company Law*, and *Commercial Bank Law* in dealing with liquidation and dissolution matters.

**Article 336** Where the Bank is dissolved in accordance with paragraphs (a) and (e) of the preceding Article, then a liquidation group shall be formed within fifteen (15) days thereafter. The members of the liquidation group shall be elected by ordinary resolution at the general meeting of shareholders.

Where the Bank is dissolved in accordance with paragraph (b) of the preceding Article, the liquidation work shall be handled according to a contract signed by the parties involving merger or division.

Where the Bank is dissolved in accordance with paragraph (c) of the preceding Article, then the people's court shall organize shareholders, relevant institutions and professionals to set up a liquidation group for liquidation work.

Where the Bank is dissolved in accordance with paragraph (d) of the preceding Article, the relevant competent authority shall organize shareholders, relevant institutions and professionals to set up a liquidation group for liquidation work.

**Article 337** The board of directors, if deciding to conduct liquidation (except the liquidation when the Bank is declared bankrupt), should state in the notice regarding the convening of the general meeting, that the Board has conducted a comprehensive survey of the Bank's financial status, and that the Bank can fully repay its debts within twelve (12) months from the date of the start of liquidation, in its opinion.

After the resolution of liquidation is adopted at the general meeting of shareholders, the powers of the board of directors in the Bank shall immediately terminate.

The liquidation group shall follow the instructions of the general meeting of shareholders that it shall report its income and expense, the Bank's business and the progress of the liquidation to the general meeting of shareholders at least once a year, and shall make a final report at the end of liquidation.

**Article 338** The liquidation group shall notify relevant creditors within ten (10) days from the date of its establishment, and make an announcement in a newspaper meeting the relevant provisions within sixty (60) days from the date of its establishment. The liquidation group shall register financial claims.

**Article 339** Creditors shall declare their claims to the liquidation group within thirty (30) days from the date of receipt of the notice, or within forty-five (45) days from the date of the announcement, if such notice is not received. Creditors shall state matters related to claims and provide supporting documents in declaring their claims. During the declaration period, the liquidation group shall not clear off debts of creditors.

**Article 340** The liquidation group may exercise the following powers during the liquidation period:

- (a) to clean up the Bank's assets, and prepare a balance sheet and a property list;
- (b) to make a notice or an announcement to creditors;
- (c) to deal with the Bank's unfinished business involving liquidation;
- (d) to pay off unpaid taxes and taxes incurred from the process of liquidation;
- (e) to clear up claims and debts;
- (f) to dispose of the remaining assets after the full repayment of the Bank's debts;
- (g) to participate in civil proceedings on behalf of the Bank.

**Article 341** After computing the assets in the Bank, and preparing a balance sheet and a property list, the liquidation group shall formulate a liquidation program, which shall be reported to the shareholders' general meeting or the competent authority for confirmation.

The Bank's assets should be cleared off in the following sequence:

- (a) pay liquidation expenses;
- (b) pay salaries, social insurance premiums and legal compensations of the employees in the Bank;
- (c) pay taxes due;
- (d) pay off the debts of the Bank;
- (e) distribute the residual assets to shareholders according to their shareholding proportion.

The Bank's assets shall not be distributed to shareholders prior to the liquidation as provided in the preceding Paragraph (a) to (d).

The residual assets after the liquidation of the Bank's assets, shall be allocated to shareholders according to the types of their shares and proportion of shareholding.

In terms of bankruptcy and liquidation, after the payment of liquidation expenses, outstanding salaries and labor insurance premiums, the residual assets of the Bank should give priority to payment of the principal and interest of the individual depositors.

The governor's powers shall immediately terminate from the date of the establishment of the liquidation group. During liquidation period, the Bank shall not engage in new business activities.

**Article 342** Where the liquidation group deems the Bank's assets insufficient to repay the debts after computing the assets and preparing a balance sheet and a property list, then the group should apply to the people's court for a declaration of bankruptcy. After the Bank is declared bankrupt by the people's court, the liquidation group shall hand over liquidation matters to the people's court.

**Article 343** At the end of liquidation, the liquidation group shall prepare a liquidation report, as well as income and expenditure statements and financial books during the period of liquidation, which shall be submitted to the general meeting of shareholders or the competent authority for confirmation, after verified by a Chinese certified public accountant.

Within thirty (30) days from the date of the confirmation by the general meeting or the competent authority on the liquidation report, the liquidation group shall submit the aforementioned documents to the corporate registration authority for applying for cancellation of the registration, and for announcing the closure of the Bank. The relevant notice should be published in a newspaper meeting the relevant requirements.

**Article 344** The liquidation group shall faithfully discharge its duties, and perform the liquidation obligations in accordance with the laws, and shall not use the powers to accept bribes or other illegal interests, and shall not encroach upon the assets in the Bank.

Any member of the liquidation group whose any intentional or grossly negligence results in losses to the Bank or the creditors, shall bear the compensation liability.

## **CHAPTER 18 ISSUANCE OF BONDS**

**Article 345** In accordance with the Securities Law and other laws and regulations, the Bank can issue bonds to broaden financing channels and optimise financing structure, and diversify the stable loan sources for long-and-medium term, thus meeting the capital needs for business operation and strategic blueprint.

**Article 346** The plan for issue of bonds shall be deliberated by the party committee first, and then the board of directors and the shareholders' general meeting. After being reviewed and being submitted to regulatory authorities for approval in accordance with regulations, the plan can be executed.

**Article 347** The plan for issue of bonds shall contain the following: issuance size, term and type, use of raised funds, issuance method and issuance target, etc.

## **CHAPTER 19 LABOR EMPLOYMENT**

**Article 348** The Bank shall establish labor union organization and carry out work in accordance with the *Company Law* and the *Labor Union Law* to safeguard the legitimate rights and interests of its employees. The Bank shall lay down conditions which are prerequisite for the activities of the labor union of the Bank.

**Article 349** The Bank shall comply with the Labor Law and the Labor Contract Law and other laws and regulations and establish a labor employment system according to the laws and regulations.

**Article 350** The Bank shall implement the relevant policies by complying with the relevant national and local labor protection laws and regulations. The employees of the Bank shall be subject to social insurance contribution plans according to the relevant national regulations.

## **CHAPTER 20 SPECIAL PROVISIONS ON PREFERENCE SHARES**

**Article 351** 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 in the Articles of Association.

**Article 352** 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 353** 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 the banking regulatory authority for review and approval.

**Article 354** 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 authority 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:

- (a) 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

- (b) 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 authority.

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.

The specific redemption arrangement shall be implemented in accordance with the terms specified in the issuance documents of preference shares of such series.

**Article 355** Holders of preference shares of the Bank shall enjoy the following rights:

- (a) to receive distribution of dividends in priority to ordinary shareholders;
- (b) to receive distribution of residual assets of the Bank on liquidation in priority to those of ordinary shareholders;
- (c) upon the occurrence of the circumstances provided in Article 357, to attend and vote at shareholders' general meetings;
- (d) upon the occurrence of the circumstances provided in Article 358, to have its voting rights restored in accordance with the requirements of that Article;
- (e) to make proposals or inquiries in relation to the business operations and activities of the Bank;
- (f) 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;
- (g) other rights conferred to holders of preference shares by laws, administrative regulations, department rules and the Articles of Association.

**Article 356** 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:

- (a) a request to convene an extraordinary general meeting of shareholders;
- (b) convening and presiding over a shareholders' general meeting;
- (c) submitting a proposal or an interim proposal to a general meeting of shareholders;
- (d) nominating the directors and supervisors who are not employee representatives of the Bank;

- (e) identifying controlling shareholder(s) according to the relevant provisions of the Articles of Association;
- (f) identifying person(s) restricted from serving as independent directors of the Bank according to the related provisions of the Articles of Association;
- (g) identifying the top ten 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
- (h) other circumstances provided under laws, administrative regulations, department rules and the Articles of Association.

**Article 357** The holders of preference shares will not attend any shareholders' general meeting of the Bank, and the shares they hold have no voting rights other than in the following circumstances:

- (a) amendments to the Articles of Association of the Bank that relate to preference shares;
- (b) the reduction of the registered capital of the Bank by more than 10% (either separately or in aggregate);
- (c) merger, division, dissolution or change of corporate form of the Bank;
- (d) issuance of preference shares;
- (e) other events specified in laws, administrative regulations and department rules and the Articles of Association of the Bank.

On the occurrence of any of the above matters, a notice of the general meeting convened by the Bank shall be given to holders of preference shares in accordance with the notification procedures applicable to ordinary shareholders as specified in 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 shall be adopted by more than two-thirds of votes held by the ordinary shareholders present at the meeting (including holders of preference shares with restored voting rights) and by more than two-thirds of votes held by the holders of preference shares present at the meeting (excluding holders of preference shares with restored voting rights).

**Article 358** 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 “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; and the adjustment method of the conversion price P is decided by the provisions stipulated upon the issuance of preference shares.

**Article 359** 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 360** 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 Article 313 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 offshore preference shares as a proportion of the aggregate value of all preference shares of the Bank.

## **CHAPTER 21 AMENDMENT TO ARTICLES OF ASSOCIATION**

**Article 361** The Bank may amend its Articles of Association in accordance with the provisions of the laws, administrative regulations and the Articles of Association of the Bank.

**Article 362** The Bank shall amend its Articles of Association, in case of any of the following situations:

- (a) the provisions of the Articles of Associations conflict with the revised *Company Law*, *Commercial Bank Law* or relevant laws and administrative regulations;
- (b) A change in the Bank causes inconsistency with those contained in the Articles of Association;
- (c) the general meeting of shareholders decides to amend the Articles of Association.

**Article 363** A resolution on amendment of the Articles of Association adopted at the general meeting of shareholders, shall be subject to the approval of the regulatory institution. The resolution shall become effective after approved by the relevant regulatory institution. In case of a change in registration, the Bank shall handle change registration procedures by law.

**Article 364** The board of directors shall amend the Articles of Association in accordance with the resolution of the shareholders' general meeting on the amendment hereof, and the approval opinions of the relevant regulatory institution.

In case of a change in the Bank's telephone number, fax number and Internet website, the Bank shall amend the relevant contents of the Articles of Association accordingly. However, such amendment does not require a resolution adopted by the shareholders' general meeting.

**Article 365** Any amendment of the Articles of Association, if falling within the scope of the information disclosure as required by the laws and regulations, shall be published according to relevant provisions.

## **CHAPTER 22 NOTIFICATION**

**Article 366** The Bank may issue a notice and information disclosure in the following forms:

- (a) direct delivery;



- (b) registered mail or by fax;
- (c) announcement;
- (d) e-mail;
- (e) websites specified by the Bank and the State Council's securities regulatory authority, the stock exchange under the premise of compliance with relevant laws, regulations and the listing rules at the listing place of the Bank's shares;
- (f) other forms agreed by the Bank or the notifier beforehand, or recognized by the recipient after receiving that notice;
- (g) other forms accepted by the relevant regulatory institution at the listing place of the Bank's shares, or provided by the Articles of Association.

When required by the Hong Kong listing rules, the Bank in consistent with the laws and regulations as well as the relevant listing rules at the listing place, may also send or offer corporate communications to holders of overseas listed foreign shares by electronic means or by releasing relevant information on its website, in place of sending by hand or by prepaid mail.

“Corporate Communication” means any document issued or to be issued by the Bank which is used for the reference of holders of the Bank's securities or used as a basis for them to take action, including but not limited to:

- (a) the Board's report, the Bank's annual accounts and auditors' report and the summary financial report (if applicable);
- (b) the periodic reports (including annual reports, interim report and the summary interim report (if applicable), quarterly reports (if applicable));
- (c) a notice of meeting;
- (d) listing documents;
- (e) circulars;
- (f) a proxy form;
- (g) temporary announcements (including announcements of resolutions of the general meetings, the board of directors and the board of supervisors, and major matters required to be disclosed).

The Bank shall, within two working days after the disclosure of periodic report, file the text and electronic version of the periodic report to the agency of securities regulatory institution of the State Council at the place of the Bank.

**Article 367** A notice issued by the Bank in an announcement form, shall be deemed to have been delivered to all relevant personnel upon issuance of the announcement. Where the Bank issues or provides corporate communications on its website to holders of overseas listed foreign shares, such corporate communications shall be deemed to have been issued and served on the following dates (subject to a later date): (a) the date of issuance of a notice regarding relevant corporate communication posted on the website to holders of overseas listed foreign shares, in accordance with the provisions of the listing rules of Hong Kong; (b) the date of initial posting of corporate communication on the website (if the corporate communication is posted on the website after issuance of such notice).

The announcement described herein may choose either of the following: (a) announcing on domestic newspapers and periodicals designated by the Chinese laws and rules or the securities regulatory agency under the State Council; (b) announcing on website of the Bank or the website designated by the securities regulatory agency of the place where the Bank's stock is listed.

**Article 368** Any notice, information or written statement shall be served by the Bank by hand or by prepaid letter to holders of overseas listed foreign shares based on the registered address of each shareholder. Where the Bank already makes appropriate arrangements or sent a corporate communication by electronic means complying with the *Listing Rules*, then the Bank may issue the corporate communication in the electronic methods as required in *Listing Rules*.

The holders of the Bank's overseas listed foreign shares may choose to receive corporate communications by electronic means or by mail, and may also choose to receive either the Chinese version or the English version, or both. They may modify their ways to receive the foregoing information and language version according to appropriate procedures by making a prior written notice to the Bank within a reasonable time.

**Article 369** A notice regarding the convening of the general meeting of the shareholders in the Bank, shall be issued to holders of overseas listed foreign shares according to Article 367, and to holders of domestic shares in the form of an announcement. Such announcement shall be released in the newspapers meeting the relevant requirements.

Such notice may be delivered to holders of overseas listed foreign shares in other manners stipulated in the Articles of Association, under the premise of compliance with the laws and regulations and related listing rules at the listing place.

**Article 370** For a notice served by direct delivery, the recipient shall sign (or seal) the relevant receipt. The receipt date shall be the date of service; for a notice sent by fax or email or posted on website, the same day of the sending shall be the date of service; for a notice issued by announcement, the date of service shall be the date of the first release of such announcement.

## CHAPTER 23 DISPUTE SETTLEMENT

**Article 371** The Bank shall comply with the following dispute resolution rules:

- (a) Any party concerned should submit for arbitration disputes or claims arising from between holders of overseas listed foreign shares and the Bank, among holders of overseas listed foreign shares, the Bank's directors, supervisors, governor or other senior managers, between holders of overseas listed foreign shares and holders of domestic shares, or related to the Bank's matters on the rights and obligations stipulated by the Articles of Association, *Company Law* and other relevant laws as well as administrative regulations.

Any of the foregoing disputes or claims submitted for arbitration, should be a claim or dispute as a whole; where any person involved in such disputes or claims from the same subject matter, is the Bank or its shareholder, director, supervisor, governor or any other senior manager, the person should be subject to arbitration.

Any dispute regarding the definition of a shareholder, and the register of the shareholders, may not be settled by arbitration.

- (b) The applicant may choose China International Economic and Trade Arbitration Commission (CIETAC) for arbitration, or Hong Kong International Arbitration Centre (HKIAC) for arbitration (according to its securities arbitration rules). After one applicant submits a dispute or claim for arbitration, the other party must attend the arbitration at the arbitration institution selected by the applicant. Where an application chooses HKIAC for arbitration, either party may request the arbitration to take place in Shenzhen in accordance with the provisions of the Securities Arbitration Rules of HKIAC.
- (c) Unless otherwise provided by laws and administrative regulations, any arbitration adopted to the foregoing resolve disputes or claims included in Paragraph (a), shall be governed by the laws of the People's Republic of China.
- (d) Any award made by the arbitration institutions shall be final and binding on the parties concerned.

## CHAPTER 24 SUPPLEMENTARY PROVISIONS

**Article 372** The Articles of Association is written in Chinese language. In case of any discrepancy between the Chinese version and any foreign language version, the Chinese version most recently approved and registered by the banking regulatory agency shall prevail.

**Article 373** Unless otherwise provided herein, the "above", "within", "below", "at least" and "before" referred to herein all include that number, while the "under", "not more than", "lower than", "beyond", "preceding", "exceeding" and "over" all exclude that number; and the "total voting shares" shall include ordinary shares and preference shares with the recovered voting rights only.

**Article 374** In case of matters uncovered herein or any conflict between the Articles of Association and the laws, regulations and administrative rules released or revised after the effectiveness hereof, then the laws, regulations and administrative rules shall prevail.

**Article 375** The board of directors of Chongqing Rural Commercial Bank shall be responsible for the interpretation of the Articles of Association.