

**ARTICLES OF ASSOCIATION**

**of**

**BANK OF CHINA LIMITED**

(Revised in 2023)

**November 20, 2023**

## **Revision Record**

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# Bank of China Limited Articles of Association

## Chapter 1 General Provisions

**Article 1** The Articles of Association (hereinafter referred to as the “Articles”) is formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as “Securities Law”), Commercial Banking Law of the People’s Republic of China (hereinafter referred to as “Commercial Banking Law”), Special Provisions on Companies Limited by Shares Issuing Shares and Offshore Public Listing by the State Council (hereinafter referred to as “Special Provisions”), Prerequisite Clauses of Articles of Association of Companies Seeking for Offshore Public Listing (hereinafter referred to as “Prerequisite Clauses”) and other relevant laws, administrative regulations and rules, for the purpose of protecting the legitimate rights and interests of Bank of China Limited (hereinafter referred to as the “Bank” or “BOC”), its shareholders and creditors, and regulating the organization and activities of the Bank.

**Article 2** Obtained the consent of the State Council and approved under Yin Jian Fu [2004] No. 123 by China Banking Regulatory Commission, the original Bank of China (established in 1912) has been reorganized and reformed as a joint stock limited company on August 26, 2004 by sponsorship, and also undertaken registration of changes with the State Administration for Industry and Commerce and changed for a newly-issued business license on August 26, 2004. The Bank holds a business license with the unified social credit code 911000001000013428.

The promoter of the Bank is Central Huijin Investment Ltd.

**Article 3** Registered name of the Bank: 中国银行股份有限公司; or 中国银行 for short; full English name: Bank of China Limited; or Bank of China for short.

**Article 4** Domicile of the Bank: No. 1 Fuxingmennei Avenue, Beijing, 100818.

Telephone: (86) 010-66596688, Fax number: (86) 010-66016871.

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

**Article 6** In accordance with the relevant regulations of the Constitution of the Communist Party of China and the Company Law of China, organizations of the Communist Party of China (hereinafter the “Party”) shall be established; the Party

Committee shall play the leadership role, providing direction, managing the overall situation and promoting implementation. The working organs of the Party shall be established, equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organizations.

**Article 7** The legal representative of the Bank shall be the chairman of its board of directors.

**Article 8** The capital of the Bank shall be divided into shares and for the same class of shares each share shall have equal value. The respective liability of the shareholders shall be limited to the shares subscribed for by them. The Bank shall be held liable for its debts with all its assets.

**Article 9** The Articles shall enter into force upon the approval by the banking regulatory authority of the State Council. The original Articles of Association of the Bank shall automatically expire on the effective date of the Articles.

The Articles shall become a legally binding document that regulates the organization and acts of the Bank as well as the rights and obligations between the Bank and its shareholders and among the shareholders from the date on which it becomes effective.

The Articles shall be binding upon the Bank and its shareholders, directors, supervisors, president and other senior management personnel. All the above persons may make claims related to matters of the Bank in accordance with the Articles.

The Bank shall have the right to sue its shareholders, directors, supervisors, or senior management personnel of the Bank in accordance with the Articles. The shareholders shall have the right to sue the Bank, other shareholders, or directors, supervisors and senior management personnel of the Bank in accordance with the Articles.

For the purposes of the above paragraph, the term "sue" shall include the initiation of proceedings in a court or the application of arbitration to an arbitration organization.

**Article 10** For the purpose of the Articles, "senior management personnel" shall include the president, executive vice president, executive assistant president, board secretary, chief financial officer, chief risk officer, chief audit officer and other senior management personnel recruited or appointed by the board of directors, and all senior management personnel are collectively referred to as the "senior management"; the qualification of senior management personnel shall be in compliance with relevant regulations issued by regulatory authorities.

**Article 11** The Bank shall establish and improve a labor and social security system in accordance with relevant laws and administrative regulations. The operating activities of the Bank shall be subject to the supervision and administration of relevant regulatory

authorities.

**Article 12** In accordance with the demand of business development and subject to the approval of relevant regulatory authorities, the Bank may set up branches within/or outside Chinese territory. The overseas entities established by the Bank may operate all banking businesses or other businesses permitted by local laws and regulations. Such entities shall include, without limitation, subsidiaries, branches and representative offices.

**Article 13** The Bank may invest in other limited liability enterprises and joint stock enterprises in accordance with law and shall be held responsible for the enterprises in which the Bank has invested within the limitation of the amount of the Bank's capital contribution.

## **Chapter 2 Mission and Scope of Business**

**Article 14** The mission of the Bank is to operate with a customer-focused and market-oriented approach, strengthen corporate governance, pursue a stable and sustainable development and provide high-quality services, with a view to achieve the corporate governance goal of becoming a bank operating safely, adequately capitalized and with strict internal control, thus enhancing its international competitive strength and protecting the interests of its shareholders.

The Bank establishes a vision of high-quality development, promotes a corporate culture of honesty, trustworthiness and innovation, establishes a prudent and compliant operation philosophy, and abides by the fair, safe and orderly competition order of the industry.

The Bank implements the development philosophy of innovation, coordination, greenness, openness and sharing, pays attention to environmental protection, actively fulfills its social responsibilities, maintains a good social reputation and creates harmonious social relations.

**Article 15** The business scope of the Bank, as approved by the regulatory authorities such as the banking regulatory authority of the State Council and registered by registration authorities, is: absorbing RMB deposits, offering short-term, mid-term and long-term loans, arranging settlement, handling discount of negotiable instruments, issuing financial bonds, issuing and cashing as an agent, underwriting treasury bonds, buying and selling treasury bonds, undertaking interbank borrowing and lending, offering letter of credit service and guarantees, handling receipts and payments business as an agent, providing safe box service, foreign currency deposit, foreign currency loan, foreign exchange remittance, undertaking foreign currency exchange, arranging international settlement, undertaking foreign currency interbank borrowing and lending, handling acceptance and discount of foreign exchange negotiable instruments, offering foreign exchange loans, providing foreign exchange guarantees, trading in and selling foreign exchange, issuing and issuing as agent foreign exchange securities

excluding stocks, buying/selling and buying/selling as an agent securities excluding stocks, foreign exchange trading, foreign exchange trading as an agent, issuing foreign exchange credit cards and issuing and handling payments of foreign credit cards as an agent, credit investigation, consultation and certifying business, organizing or participating in syndicated loans, globally buying and selling precious metals, operating all financial business permitted by local laws through overseas entities, issuing or participating as an agent in issuing local currency in compliance with local laws and regulations by branches in Hong Kong and Macao, insurance agency business, other businesses as approved by the regulatory authorities such as the banking regulatory authority of the State Council.

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

**Article 16** The Bank shall have ordinary shares at all times. The Bank may have preference shares or other kinds of shares upon completion of performing the relevant procedures of the securities regulatory authority of the State Council or the department authorized by the State Council. Preference shares shall mean, pursuant to the Company Law, another class of shares as specifically provided in addition to the ordinary shares as generally provided. The holders of such preference shares are entitled to receive the distributions of profits and remaining assets of the Bank in priority over the holders of ordinary shares, while the rights to participate in the management and decision-making of the Bank and other rights of the holders of such preference shares shall be restricted.

The issued preference shares of the Bank shall not exceed 50% of the total number of ordinary shares of the Bank, and the proceeds raised shall not exceed 50% of the net asset value of the Bank prior to such issuance (any preference shares repurchased or converted shall not be included in the calculation).

Pursuant to the regulatory requirements on the capital of commercial banks, the Bank has prescribed provisions that the preference shares will be compulsorily converted into ordinary shares, meaning upon the occurrence of a trigger event, the Bank will convert the preference shares into ordinary shares according to contractual agreement. When the circumstances for the compulsory conversion of preference shares into ordinary shares arise, the Bank shall report to the banking regulatory authority of the State Council for review and determination. The compulsory conversion price of the preference shares is as follows: The initial compulsory conversion price shall be the average trading prices of the ordinary shares of the Bank in the 20 trading days prior to the announcement date of the board resolution on the preference shares issuance. After the issuance of the preference shares, in the event of any distribution of bonus shares, recapitalization, issuance of new shares at a price lower than the market price (excluding any increase of share capital due to conversion of financing instruments convertible to ordinary shares issued by the Bank), or rights issue for the ordinary shares of the Bank, the Bank will make an adjustment to the compulsory conversion price to reflect each of such events on a cumulative basis in the order of the occurrence of the events above, but the Bank will not make an adjustment to the compulsory conversion price to reflect distribution of cash dividends for ordinary shares.



**Article 17** The shares shall take the form of stocks with par value and each ordinary share bears a par value of RMB 1 while each preference share bears a par value of RMB 100.

**Article 18** The issuing of the shares shall be conducted based on the principles of fairness and justness. Each share of the same class shall carry equal rights and benefits.

**Article 19** The Bank may issue shares to investors inside the Chinese mainland and the investors outside the Chinese mainland following approvals from the banking regulatory authority of the State Council, and upon completion of performing the relevant procedures of the securities regulatory authority of the State Council or the department authorized by the State Council.

For the purposes of the preceding paragraph, the term "investors outside the Chinese mainland" shall refer to investors from foreign countries or from Hong Kong, China, Macao, China, or Taiwan, China that subscribe for shares issued by the Bank, and the term "investors inside the Chinese mainland" shall refer to investors inside the Chinese mainland (excluding the above-mentioned regions) that subscribe for shares issued by the Bank.

**Article 20** Shares issued by the Bank to investors inside the Chinese mainland and to be subscribed for in Renminbi shall be referred to as "domestic investment shares". Shares issued by the Bank to investors outside the Chinese mainland and to be subscribed for in foreign currency shall be referred to as "foreign investment shares". Foreign investment shares listed outside the Chinese mainland shall be referred to as "overseas-listed foreign shares".

For the purpose of the preceding paragraph, the term "foreign currency" shall refer to legal currencies of other countries or regions other than Renminbi, which currencies may be used to make share price payment to the Bank and shall be acceptable by Chinese foreign exchange administration authority.

After the Bank's IPO and public trading, upon the approval of the State Council or its authorized approving authorities, the domestic investment shares may be converted to shares listed overseas.

**Article 21** Following the approval of the State Council or the examination and approval authorities authorized by the State Council, the total number of ordinary shares that the Bank may issue as at December 31, 2021 is 294,387,791,241. The number of shares issued to the sponsors at the time of establishment is 186,390,352,497, representing approximately 63.31% of the total number of ordinary shares that may be issued by the Bank as at December 31, 2021; the total number of preference shares that the Bank may issue as at December 31, 2021 is 1,197,865,300.

**Article 22** After its establishment, and up to completion of the initial public offering

of its overseas and domestic listed shares, the Bank issued 67,448,809,512 ordinary shares, including 6,493,506,000 domestic investment shares and 29,403,878,000 overseas-listed foreign shares , accounting for approximately 22.91% of the total number of ordinary shares that may be issued by the Bank.

As at December 31, 2021, the composition of the Bank's share capital is: 294,387,791,241 ordinary shares and 1,197,865,300 preference shares, of which the sponsor, Central Huijin Investment Ltd., held 188,461,533,607 ordinary shares, other holders of domestic investment shares held 22,303,981,239 ordinary shares and holders of overseas-listed foreign shares held 83,622,276,395 ordinary shares.

**Article 23** Upon completion of performing relevant procedures of the securities regulatory authority of the State Council or the department authorized by the State Council regarding the plan for issuing overseas-listed foreign shares and domestic investment shares, the board of directors of the Bank may arrange for implementation of such plan by means of separate issuing.

The Bank's plan for separate issuance of overseas-listed foreign shares and domestic investment shares in accordance with the preceding paragraph may be implemented separately within 15 months upon completion of performing relevant procedures of the securities regulatory authority of the State Council or the department authorized by the State Council.

Where the Bank issues overseas-listed foreign shares and domestic investment shares separately within the total number of shares specified in the issuing plan, every such share issuance shall be fully subscribed at the same time. Where special circumstances make it impossible for full subscription at one time, the shares may be issued in several stages, upon completion of performing relevant procedures of the securities regulatory authority of the State Council or the departments authorized by the State Council.

**Article 24** The registered capital of the Bank shall be RMB 294,387,791,241.

**Article 25** In light of the demands of operation and business development and based on relevant laws and administrative regulations, after obtaining resolutions of the shareholders' meeting and the approval of the banking regulatory authority of the State Council, the Bank may increase its capital through the following ways:

1. public offering;
2. private placing;
3. issuing rights of new shares to existing shareholders;
4. allotting new shares to existing shareholders;
5. transferring capital reserve funds;
6. issuing convertible bonds; and

7. other methods permitted by competent supervisory authorities or by laws and administrative regulations.

The Bank's increase of its capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant State laws and administrative regulations after having been approved in accordance with the Articles.

**Article 26** Unless otherwise provided by laws and administrative regulations or required by the banking regulatory authority of the State Council, the Bank's shares may be transferred according to law free of any encumbrances.

**Article 27** Since the Bank is a joint stock company converted from a wholly state-owned commercial bank, the owners or title holders of the title of various assets such as real estate, land use right and intellectual property (including, without limitation, trademarks, patents) shall be changed from the original "Bank of China" to "Bank of China Limited".

#### **Chapter 4 Reduction of Shares and Share Repurchase**

**Article 28** The Bank may reduce its registered capital in accordance with the provisions of the Articles. The reduction of registered capital shall follow the procedures set forth in the Company Law, the Commercial Banking Law and other laws, administrative regulations and provisions of the Articles.

**Article 29** When the Bank is to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Bank shall notify its creditors within ten days of adopting the resolution to reduce its registered capital and shall publish a public announcement in newspapers within 30 days of the said date. Creditors shall, within 30 days since receiving a written notice or within 45 days since the date of the public announcement for those who have not received a written notice, be entitled to require the Bank to pay off its debts in full or to provide a corresponding guarantee for repayment.

The reduced registered capital of the Bank may not be less than the statutory minimum.

**Article 30** If permitted under applicable laws, administrative regulations and the listing rules of the places of listing, after being approved under the procedures stipulated by the Articles and obtaining approvals from the banking regulatory authority of the State Council and other relevant regulatory authorities, the Bank may repurchase shares of the Bank in the following circumstances:

1. to reduce the registered capital of the Bank;

2. to merge with other companies holding the shares of the Bank.
3. to use the shares for employee stock ownership plan or share incentive scheme;
4. to be requested to repurchase the shares by the shareholders who object to the resolutions adopted at the shareholders' meeting concerning consolidation and division of the Bank;
5. to use the shares for the conversion of corporate bonds issued by the Bank that are convertible into shares;
6. where it is necessary for the Bank to maintain its corporate value and shareholders' interests; and
7. other circumstances where laws and administrative regulations so permit.

Where the Bank purchases its shares due to the circumstances stated in items (1) and (2) of the preceding paragraphs, resolutions of the shareholders' meeting shall be adopted; where the Bank purchases its shares due to the circumstances stated in items (3), (5) and (6) of the preceding paragraphs, resolutions of the board meeting with more than two thirds of directors present shall be adopted, upon special authorization by the shareholders' meeting held at that time.

After the Bank purchases the shares of the Bank in accordance with the provisions of the first paragraph, the shares repurchased shall be cancelled within ten days from the date of acquisition under the circumstance of item (1), or the shares shall be transferred or cancelled within six months under the circumstances of items (2) and (4); the total number of the Bank's shares held by the Bank shall not exceed ten percent of the total issued shares of the Bank, and such shares shall be transferred or cancelled within three years under the circumstances of items (3), (5) and (6). Where the acquisition of the Bank's overseas-listed foreign shares is involved, the requirements of regulatory provisions of the places of listing shall also be complied with.

The Bank shall perform information disclosure obligations specified in laws after the Bank repurchases the Bank's shares.

The Bank shall have the right to redeem all or part of the preference shares on the annual dividend distribution date of the preference shares at the price of the par value of the preference shares plus the dividend payable in the relevant period to after the expiry of five years from the date of issuance of each batch of such preference shares. The right to redeem preference shares rests with the Bank and is subject to the approval of the banking regulatory authority of the State Council, while shareholders of preference shares shall have no right to request the Bank to redeem preference shares. The Bank's exercise of its redemption rights shall be subject to the following conditions: the Bank uses capital instruments of equal or higher quality to replace the redeemed preference shares and such replacement shall only be made when the Bank has a sustainable income generating capacity; or the Bank's regulatory capital after such redemption will remain substantially higher than the regulatory capital requirements prescribed by the banking regulatory authority of the State Council.

**Article 31** The repurchase of the Bank's shares, upon the approval by relevant State

authorities, may be conducted in any of the following manners:

1. making a repurchase offer pro rata to all shareholders;
2. repurchase through open and centralized transactions in a stock exchange;
3. repurchase through contractual arrangements outside a stock exchange; or
4. other methods recognized by laws, administrative regulations and relevant regulatory authorities.

Where the Bank purchases the Bank's shares under circumstances stated in items (3), (5) and (6) of the first paragraph of Article 30 of the Articles, it shall be conducted through open and centralized transactions.

**Article 32** When the Bank is to repurchase shares through contractual arrangements outside a stock exchange, prior approval shall be obtained from the shareholders' meeting in accordance with the procedures provided in the Articles. Upon prior approval of the shareholders' meeting obtained in the same manner, the Bank may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purposes of the above paragraph, contracts for the repurchase of shares shall include (but not limited to) agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Bank may not assign contracts for the repurchase of its own shares or any of its rights thereunder.

**Article 33** The Bank shall apply to the Administration for Industry and Commerce for the change of the registered capital registration in the event that the repurchased shares are cancelled due to the repurchase thereof and which results in the change of the Bank's registered capital.

The amount of the Bank's registered capital shall be reduced by the total par value of the shares so cancelled.

**Article 34** Unless the Bank has already entered the liquidation stage, it must comply with the following provisions in buying back its issued and outstanding shares:

1. Where the Bank buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of a new share issuance made to repurchase the old shares;
2. Where the Bank repurchases shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and/or from the proceeds of a new share issuance made to repurchase the old shares; and the portion in excess of the

par value shall be handled according to the following methods:

- (1) Where the shares bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profit;
- (2) Where the shares bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or from the proceeds of a new share issuance made to repurchase the old shares; however, the amount deducted from the proceeds of the new share issuance may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Bank 's capitalreserve funds account (including the premiums from the new share issuance) at the time of repurchase;
3. The amount paid by the Bank for the purposes set forth below shall be paid out of the Bank 's distributable profits:
  - (1) acquisition of the right to repurchase its own shares;
  - (2) modification of any contract for repurchase of its own shares; and
  - (3) release from any of its obligations under any repurchase contracts.
4. After the par value of the cancelled shares has been deducted from the registered capital of the Bank in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to repurchase shares at the par value shall be included in the Bank's capital reserve account.

## **Chapter 5 Financial Assistance for the Purchase of the Bank's Shares**

**Article 35** The Bank or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Bank. Such purchasers of the Bank's shares referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Bank.

The Bank or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligors in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 37.

**Article 36** For the purposes of this Chapter, the term "financial assistance" shall include (but not limited to) the financial assistance in the forms set out below:

1. gift;

2. guarantee (including the undertaking of liability or provisions of property by the guarantor in order to secure the performance of the obligation by the obligator), indemnity (not including, however, indemnity arising from the Bank's own fault) and release or waiver of rights;
3. provision of a loan or conclusion of a contract under which the obligations of the Bank are to be fulfilled prior to the obligation of performance by the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract; and
4. financial assistance in any other form when the Bank is insolvent or has no net assets or when such assistance would lead to a major reduction in the Bank's net assets.

For the purposes of this Chapter, the term "undertake obligations" shall include the undertaking of an obligation by the obligator by concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligator individually or jointly with any other person) or by changing its financial position in any other way.

**Article 37** The acts listed below shall not be regarded as acts prohibited under Article 35 of this Chapter:

1. where the Bank provides the relevant financial assistance truthfully for the benefit of the Bank and the main purpose of the financial assistance is not to purchase shares in the Bank, or the financial assistance is an incidental part of an overall plan of the Bank;
2. lawful distribution of the Bank's property in the form of dividends;
3. distribution of dividends in the form of shares;
4. reduction of registered capital, buy-back of shares, shareholding structure adjustment, etc., in accordance with the Articles;
5. provision of a loan by the Bank within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Bank or that if the same constitutes a reduction, the financial assistance is paid out of the Bank's distributable profits); and
6. the provision of funds by the Bank for an employee shareholding plan (provided that the same does not lead to a reduction in the net assets of the Bank or that if the same constitutes a reduction, the financial assistance is paid out of the Bank's distributable profits).

## **Chapter 6 Share Certificates and Register of Shareholders**

**Article 38** The Bank's shares shall be in registered form.

In addition to the particulars provided in the Company Law, the share certificates of the Bank shall clearly state such other particulars as required to be specified by the stock exchange(s) on which the Bank's shares are listed.

The Bank's overseas-listed foreign shares may be in the form of foreign stock depository receipts or in other derivations pursuant to the laws and practices relating to securities registration and depository of the place where the Bank's shares are listed.

**Article 39** The share certificates of the Bank shall be signed by the chairman of the board of directors. Where the signatures of the president or other senior management personnel of the Bank are required by the stock exchange(s) on which the Bank's shares are listed, the share certificates shall also be signed by the president or such other senior management personnel. The signature of the chairman of the board of directors, the president or other senior management personnel on the share certificates may also be in printed form.

The share certificates shall become effective after the Bank seal is affixed thereto or printed thereon. Affixing of the Bank seal on the share certificates shall be subject to the authorization of the board of directors. Under the circumstances of scripless issuance and trading of the Bank's shares, specific regulations issued by the securities regulatory authorities of the places of listing of the Bank's shares shall apply.

**Article 40** The Bank shall keep a register of shareholders, in which the following particulars shall be recorded:

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

Unless proved to the contrary, the register of shareholders is a sufficient proof for the shareholding of shares in the Bank by shareholders.

**Article 41** The Bank may, pursuant to an understanding or agreement reached between the securities regulatory authority of the State Council and a securities regulatory organization outside the Chinese mainland, keep outside the Chinese mainland its register of shareholders of overseas-listed foreign shares for inspection by shareholders,



and entrust the administration thereof to an agent outside the Chinese mainland.

The Bank shall keep at its domicile a duplicate of the register of shareholders of overseas-listed foreign shares. The appointed agent outside the Chinese mainland shall ensure that the register of shareholders of overseas-listed foreign shares and its duplicate are consistent at all times.

When the original and duplicate of the register of shareholders of overseas-listed foreign shares are inconsistent, the original shall prevail.

**Article 42** The Bank shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

1. a register kept at the Bank's domicile other than those provided under items (2) and (3) of this paragraph;
2. the register(s) of shareholders of overseas-listed foreign shares kept in the place(s) of the stock exchange(s) outside the Chinese mainland on which the shares are listed; and
3. the registers of shareholders kept in such other places as the board of directors may decide necessary for listing purposes.

**Article 43** The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Any changes to or correction of any parts of the register of shareholders shall be conducted in accordance with the laws of the place where such parts of the register of shareholders are kept.

**Article 44** Except for the circumstances specified under Article 26, all fully-paid overseas-listed foreign shares may be freely transferred pursuant to the Articles, provided that the board of directors may refuse to accept any transfer instrument without stating any reasons unless the following conditions are met:

1. Any transfer instruments and other documents relating to or affecting the title to any shares shall be registered, and fees equivalent to HK\$2.5 (for each copy of transfer instruments) or more as determined by the board of directors shall be paid to the Bank for registration, provided that such fees may not exceed the maximum fees prescribed in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Listing Rules");
2. The transfer instruments are only in relation to overseas-listed foreign shares listed in Hong Kong;

3. Stamp duty payable has been paid on the transfer instruments;
4. Relevant share certificates and evidence establishing the transferor's right to transfer the shares as the board of directors may reasonably request shall be provided;
5. If the shares are to be transferred to shareholders under joint name, the number of such shareholders may not exceed four;
6. Relevant shares are free of all lien of the Bank.

If the Bank refuses to register a share transfer, the Bank shall, within two months since the formal application of such share transfer was submitted, deliver a notice to both the transferor and the transferee in respect of the refusal of registering such share transfer.

The transfer of all overseas-listed shares shall be conducted by written transfer instruments in general or ordinary format or in other format acceptable to the board of directors; the written transfer instruments may be signed in person. If the transferor or the transferee of the Bank's shares is a recognized settlement and clearing entity ("Recognized Clearing Entity") or its agent as defined in the Hong Kong Securities and Futures Ordinances (Chapter 571 of Hong Kong Law), the written transfer instruments may be executed in machinery printing form.

**Article 45** Where changes resulting from share transfers are made to the register of shareholders prior to a shareholders' meeting or prior to the record date set by the Bank for the purpose of distribution of dividends, laws, administrative regulations, rules and the relevant requirements issued by the securities regulatory authorities of the places of listing of the Bank's shares shall be complied with.

**Article 46** When the Bank is to convene a shareholders' meeting, distribute dividends, liquidate or carry out other acts requiring confirmation of the identities of shareholders, the board of directors or the conveners of the shareholders' meeting shall determine the share registration date. Shareholders whose names appear on the register of shareholders as at market close shall be entitled to rights and interests.

**Article 47** Any person that challenges the register of shareholders and requests his/her name to be entered into or removed from the register may apply to a competent court to correct the register.

**Article 48** Any shareholder who is registered in the register of shareholders or requests his/her name to be entered into the register of shareholders may apply to the Bank for issuance of a replacement certificate in respect of such shares ("Relevant Shares") if his/her share certificate ("Original Share Certificate") is lost.

Applications for the replacement of share certificates from shareholders of domestic investment shares who have lost their certificates shall be dealt with in accordance with relevant provisions of the Company Law.

Applications for the replacement of share certificates from shareholders of overseas-listed foreign shares who have lost their certificates may be dealt with in accordance with the laws, stock exchange rules and other relevant regulations of the place where the original register of shareholders of overseas-listed foreign shares is kept.

**Article 49** Where shareholders of overseas-listed foreign shares apply for replacement of their certificates after losing their certificates, such replacement shall comply with the following requirements:

1. The applicant shall submit the application in the form prescribed by the Bank accompanied by a notarized certificate or a statutory declaration. The notarized certificate or statutory declaration shall include the applicant's reason for the application, the circumstances and proof of the loss of the share certificate and a declaration that no other person may require registration as a shareholder in respect of the relevant shares.
2. The Bank shall not have received any declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate.
3. If the Bank decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the board of directors; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days. Relevant public announcement will be published in newspapers in compliance with relevant provisions.
4. Before publishing the public announcement of its intention to issue a replacement share certificate, the Bank shall submit a copy of the announcement to be published to the stock exchange where it is listed and may proceed with publication after having received a reply from the stock exchange confirming that the announcement has been displayed in the relevant stock exchange. The Bank shall display the public announcement in the stock exchange for a period of 90 days.

If the application for issuance of a replacement share certificate was made without consent of the registered holder of the relevant shares, the Bank shall mail to such shareholder a photocopy of the public announcement that it intends to publish;

5. Upon the expiration of the 90-day period provided for in items (3) and (4) hereof, if the Bank has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant;

6. When the Bank issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders; and
7. All expenses of the Bank for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Bank shall be entitled to refuse to take any action until the applicant has provided reasonable security.

**Article 50** After the Bank has issued a replacement share certificate in accordance with the Articles, it shall not delete from the register of shareholders the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he/she is a bona fide purchaser).

**Article 51** The Bank shall not be liable for any damages suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Bank.

## **Chapter 7 Rights and Obligations of Shareholders**

**Article 52** The Bank's shareholders are persons that lawfully hold shares of the Bank and whose names are recorded in the register of shareholders. Shareholders shall enjoy rights and have obligations according to the category and number of shares held by them. Shareholders of shares of the same category shall enjoy equal rights and have equal obligations.

Under the circumstances of joint shareholders, the following shall apply:

1. If one of the joint shareholders dies, only the remaining persons among the joint shareholders shall be regarded as the owners of relevant shares by the Bank, while the board of directors has the right to request death evidencing documents as it deems appropriate for the purpose of amendment to the shareholder register;
2. Regarding the joint shareholders of any shares, only the joint shareholder listed at the first place in the shareholder register has the right to receive the share certificate of relevant shares from the Bank, receive notices from the Bank, attend the Bank's shareholders' meetings or exercise all the voting rights attached to relevant shares; any notices delivered to such shareholder shall be deemed as delivered to all joint shareholders of relevant shares.

If any one of the joint shareholders issues a receipt in respect of any dividends, bonus or capital paid to such joint shareholders by the Bank, such receipt shall be regarded as a valid and effective receipt issued by the joint shareholders to the Bank.

**Article 53** Shareholders of the Bank shall enjoy rights as follows (where the Articles provides otherwise in relation to the rights of shareholders of preference shares, such provisions shall prevail):

1. collect dividends and other kinds of interests distributed based on the number of shares held by them;
2. attend or entrust a proxy to attend and speak at shareholders' meetings;
3. exercise voting rights based on the number of shares held by them;
4. supervise the business operation of the Bank, and make suggestions and enquiries accordingly;
5. transfer, donate or pledge shares held by the shareholders in compliance with laws, administrative regulations and the Articles;
6. obtain relevant information in accordance with laws, administrative regulations and the Articles, including:
  - (1) obtaining the Articles after paying relevant cost;
  - (2) inspecting and making copies of the following documents after paying reasonable costs:
    - i. minutes of shareholders' meetings;
    - ii. status of share capital and counterfoil of bonds of the Bank;
    - iii. financial and accounting reports and interim reports as well as annual reports which have been publicly announced by the Bank;
    - iv. all parts of the register of shareholders;
    - v. reports of the aggregate par value, number of shares, and highest and lowest prices of each category of shares bought back by the Bank since the last fiscal year as well as all the expenses paid by the Bank therefor;
7. participate in the distribution of the Bank's remaining assets based on the number of shares held by the shareholders when the Bank is terminated or liquidated; and
8. other rights permitted by laws, administrative regulations and the Articles.

When shareholders apply to inspect relevant aforesaid information or require copies of the documents, written documents that could prove the type and number of the Bank's shares held by them shall be provided to the Bank, and the Bank shall provide such information in accordance with shareholders' requirements after verification of their identities.

**Article 54** The Bank shall protect the shareholders' legitimate rights and treat all shareholders equally. In case that any shareholder's legitimate rights and interests are infringed upon, the shareholder has the right to require such infringement be stopped

and claim for damages in accordance with laws, administrative regulations and the Articles.

**Article 55** Shareholders of the Bank shall undertake the following obligations (where the Articles provides otherwise in relation to the obligations of shareholders of preference shares, such provisions shall prevail):

1. abide by the Articles;
2. contribute share capital according to the number of shares subscribed by them and the methods of capital contribution;
3. unless otherwise stipulated by laws and administrative regulations, shareholders shall not require the Bank to repurchase its shares;
4. shareholders shall use self-owned funds which are from legitimate sources to make capital contributions to the Bank. Unless otherwise stipulated by laws, regulations and administrative regulations, shareholders shall not use non-self-owned funds such as entrusted fund and debt fund to make capital contributions;
5. the shareholding percentage and the number of shareholding institutions shall comply with regulatory requirements, and shareholders shall not entrust others or accept the entrustment of others to hold the shares of the Bank;
6. shareholders shall honestly provide the Bank with financial information, shareholding structure, sources of the capital contribution funds, controlling shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries, investments in other financial institutions and other information in accordance with laws, regulations and regulatory requirements;
7. where there are changes in shareholders' controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries, relevant shareholders shall timely notify the Bank of the changes in writing in accordance with laws, regulations and regulatory provisions;
8. in the event that shareholders encounter merger or division or are ordered to suspend business for rectification, designation of trusteeship, takeover, cancellation, etc., or enter into dissolution, liquidation, bankruptcy proceedings, or experience changes to material issues such as their legal representatives, company names, business premises, business scopes, shareholders shall timely notify the Bank of relevant information in writing in accordance with laws, regulations and regulatory provisions;
9. where the Bank's shares held by the shareholders are involved in litigation, arbitration, legal compulsory measures taken by judicial authorities, pledged or released, shareholders shall timely notify the Bank of relevant information in writing in accordance with laws, regulations and regulatory provisions;
10. shareholders who transfer, pledge the Bank's shares held by them, or carry out connected transactions with the Bank, shall abide by laws, regulations and regulatory provisions, and shall not damage the interests of other shareholders and the Bank;

11. shareholders and their controlling shareholders and de facto controllers shall not abuse the shareholders' rights or use connected relationships to damage the legitimate rights and interests of the Bank, the Bank's other shareholders and stakeholders. They shall not interfere in the decision-making power and management power enjoyed by the board of directors and the senior management under the Articles. They shall not bypass the board of directors and the senior management to interfere directly in the Bank's operation and management;
12. where risk events or major violation of regulations occurred to the Bank, shareholders shall cooperate with the regulatory authorities to carry out investigations and handle risks; and
13. other obligations imposed by laws, administrative regulations, regulatory provisions and the Articles.

Other than the conditions agreed by the subscribers of shares at the time of subscription, shareholders shall not be liable to subscribe for any additional share capitals subsequently.

The corresponding loss absorbency and risk mitigation mechanism in the event of material risk shall be established.

**Article 56** The shareholders of the Bank shall abide by laws, administrative regulations, regulatory provisions and the Articles, exercise the shareholders' rights according to law, and not damage the interests of the Bank and of other shareholders by abusing the shareholders' rights; they shall also not damage the interests of the Bank's creditors by abusing the independent legal person status of the Bank and the limited liabilities of shareholders.

Where the shareholders of the Bank abuse the shareholders' rights and cause damages to the Bank and other shareholders, such shareholders shall be responsible for compensating for any loss caused thereof according to law.

Where the shareholders of the Bank evade repayment of debts by abusing the independent legal person status of the Bank and the limited liabilities of the shareholders in a way which materially damage the interests of the Bank's creditors, such shareholders shall assume joint and several liabilities for the Bank's debts.

Shareholders who are required to obtain approval from the regulatory authorities but fail to do so, or who fail to report to the regulatory authorities shall not exercise their rights to request the convening of the shareholders' meeting, rights to vote, rights to nominate, rights to propose or rights to dispose, etc.

For shareholders who make false statements, abuse shareholders' rights, or have other acts that damage the interests of the Bank, the banking regulatory authority of the State Council can restrict or prohibit the Bank from carrying out connected transactions with them, and limit the quota of shares they can hold in the Bank and percentage of share pledges, etc. Their rights to request the convening of the shareholders' meeting, rights to vote, rights to nominate, rights to propose and rights to dispose, etc. can also be restricted.

If major shareholders violate their commitments to the Bank, the banking regulatory authority of the State Council shall have the right to take corresponding restricted measures against them.

**Article 57** Shareholders of the Bank shall support the board of directors of the Bank in making reasonable capital plans to keep the capital of the Bank consistent with regulatory requirements.

Major shareholders shall replenish the Bank's capital when necessary or make long-term commitments to the Bank in writing that they will replenish the Bank's capital when necessary, except for administrative organs and government departments of the State, Central Huijin Investment Ltd., National Council of Social Security Fund and other shareholder entities approved to be exempted by the banking regulatory authority of the State Council.

**Article 58** When the Bank is having liquidity difficulty as prescribed by valid laws, administrative regulations and relevant provisions concerning settlement risks of commercial banks by the banking regulatory authority of the State Council, shareholders who have borrowed from the Bank and hold 5% or more voting shares of the Bank shall immediately repay loans that are due, and loans that are not yet due should also be repaid in advance.

**Article 59** Shareholders, especially major shareholders, of the Bank shall fulfill the duty of honesty to the Bank in accordance with the law, shall exercise their rights as investors in strict compliance with laws, regulations and the Articles, and shall not seek improper benefits or impair the interest of the Bank or lawful interest of other stakeholders.

In addition to obligations imposed by laws, administrative regulations or the listing rules of the places of listing, while exercising voting rights, the controlling shareholders shall not make such decisions to the detriment of all or part of the shareholders' interests as below:

1. relieving a director or supervisor of the responsibility to act honestly in the best interest of the Bank;
2. approving the action of a director or a supervisor (for his/her own or other person's benefit) to deprive the Bank of its property in any form, including (but not limited to) any opportunities that are favorable to the Bank; or
3. approving the action of a director or a supervisor (for his/her own or other person's benefit) to deprive other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Bank submitted to and adopted by the shareholders' meeting in accordance with the Articles.

**Article 60** The nomination of candidates for directors and supervisors of the Bank by



the controlling shareholders shall strictly comply with the conditions and procedures as provided in relevant provisions of laws, administrative regulations, provisions and rules issued by regulatory authorities of the places of listing and in the Articles. The candidates for directors and supervisors nominated by the controlling shareholders shall have relevant professional knowledge and capability of decision-making and supervision. The resolutions adopted at the shareholders' meeting for election of personnel and the resolutions adopted at the meeting of the board of directors regarding personnel appointment do not require any process of shareholder's approval. Any act by a shareholder to bypass the shareholders' meeting and/or the meeting of the board of directors to appoint any senior management personnel of the Bank shall be null and void.

Shareholders who have nominated non-independent directors and their related parties shall not nominate independent directors anymore.

**Article 61** The "major shareholders" referred to in the Articles shall mean shareholders who hold or control more than 5% of the shares or voting rights of the Bank, or shareholders who hold less than 5% of total capital or total shares but exert substantial influence over the decision-making, operation and management of the Bank.

"Substantial influence" referred to in the preceding paragraph includes but is not limited to the nomination or appointment of directors, supervisors or senior management personnel to the Bank, exerting influence on the Bank's financial affairs, operation and management decisions and other circumstances recognized by the regulatory authorities through agreement or by other means.

The term "controlling shareholder(s)" in the Articles shall refer to the person(s) satisfying any of the following conditions:

1. Acting alone or in concert with others, has the power to elect half or more number of the directors;
2. Acting alone or in concert with others, has the power to exercise or control the exercise of 30% or more of the Bank's voting rights;
3. Acting alone or in concert with others, hold 30% or more of the voting shares of the Bank; or
4. Acting alone or in concert with others, can obtain actual control of the Bank in any other manner.

The term of "acting in concert" stated herein shall mean two or more parties reaching an agreement through contract or agreement (either orally or in writing) so that any contracting party may exercise the voting rights in order to control or strengthen control over the Bank.

**Article 62** The Bank may not accept its own shares as the subject matter of pledge.

Shareholders shall strictly comply with applicable laws, regulations and regulatory requirements and provide advance notice to the board of directors if they use the shares

of the Bank to set up security interest for themselves or others. The department designated by the board of directors shall be responsible for the daily work of collecting, sorting and reporting the Bank's equity pledge information.

A shareholder who has the right to appoint any director or supervisor of the Bank or who directly, indirectly or jointly holds or controls 2% or more of the total voting shares of the Bank shall, prior to creating any pledge over the shares of the Bank held by it, first file an application with the board of the Bank, specifying the reason for creating the pledge, the number of shares to be pledged, the term of the pledge, the pledgee and other basic information. If the board determines that there would be any material adverse effect on the stability of the equity, corporate governance, risk control and connected transaction control of the Bank, the application will be denied. The directors nominated by the shareholder who files the application shall be excluded from any discussion or decision on such application by the board of directors.

Upon completion of the share pledge registration, the shareholder shall timely provide the Bank with information relating to the share pledge for the purpose of risk management, corporate governance and information disclosure. If the number of shares of the Bank pledged by such shareholder is equal to or greater than 50% of the shares held by such shareholder in the Bank, the voting right attached to the pledged shares may not be exercised at the shareholders' meeting, and the directors nominated by such shareholder may not vote at a board meeting or be included in the number of board meeting attendees.

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

If a major shareholder of the Bank pledges more than 50% of their shareholding in the Bank, such major shareholder and the directors nominated by him/her shall not exercise their voting rights in the shareholders' meeting and the board meeting.

"Major shareholder" referred to in the preceding paragraph means a shareholder of the Bank who meets one of the following conditions:

- (1) shareholder(s) who hold more than 15% of the equity in the Bank;
- (2) shareholder(s) who actually hold the most shares in the Bank, and whose shareholding percentage is not less than 5% (including the shareholders holding the same number of shares);
- (3) shareholder(s) who nominates more than two directors;
- (4) shareholder(s) who has controlling impact on the operation management of the Bank as deemed by the board of directors; and
- (5) other circumstances determined by the banking regulatory authority of the State Council.

The shareholding percentage of a shareholder and its related parties and persons acting

in concert shall be calculated on an aggregate basis. Where the aggregate shareholding percentage satisfies the aforesaid requirements, the relevant shareholders shall be deemed to be and managed as major shareholders.

**Article 63** The Bank shall not provide more preferential conditions to its shareholders than other clients who apply for the same type of credit facility.

**Article 64** When shareholders owe overdue facility to the Bank, the Bank shall have the right to withhold the dividends of such shareholders as the repayment of their overdue loans. Any assets to be distributed to such shareholders in the Bank's liquidation process shall also be used in priority for the repayment of the Bank's outstanding loans.

Major shareholders, who owe overdue facility to the Bank shall be disqualified from exercising voting right during the facility overdue period and shall not be included in the quorum of the shareholders' meeting, and the directors nominated by such shareholders shall not exercise their voting right at the board meeting and shall not be included in the quorum of the board meeting. The Bank shall have the right to restrict relevant rights of other shareholders who owe overdue facility to the Bank based on actual circumstances.

**Article 65** If an investor and its related parties and persons acting in concert, either individually or jointly intend to initially or accumulatively hold more than 5% of the total issued shares of the Bank, the approval from the banking regulatory authority of the State Council shall be obtained in advance.

If an investor and its related parties and persons acting in concert, either individually or jointly hold not less than 1% but not more than 5% of the total issued shares of the Bank, they shall report to the banking regulatory authority of the State Council through the Bank within ten working days from the date of obtaining such equities.

## **Chapter 8 Organizations of the Communist Party of China (The Party Committee)**

**Article 66** The Committee of the Communist Party of China of Bank of China Limited (hereinafter the "Party Committee") shall be established within the Bank. The Party Committee shall consist of one secretary, two deputy secretaries and several other members. The chairman of the board of directors of the Bank and the secretary of the Party Committee shall be the same person, and one deputy secretary shall be designated to assist the secretary in carrying out Party-building work. Eligible members of the Party Committee can join the board of directors, the board of supervisors and the senior management through legal procedures, while eligible members of the board of directors, the board of supervisors and the senior management can also join the Party Committee in accordance with relevant rules and procedures. Meanwhile, disciplinary inspection and supervision agencies shall be established in accordance with relevant requirements.

**Article 67** The Party Committee shall, in accordance with the Constitution of the Communist Party of China and other internal laws and regulations of the Party, perform the following duties:

1. thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, enhance political building of Party in the Bank, uphold the fundamental system, basic systems, and important systems of the Socialism with Chinese Characteristics; ensure and supervise the Bank's implementation of policies and guidelines of the Party and the State, and implement major strategic decisions of the Central Committee of the Party and the State Council, as well as important work arrangements of higher-level Party organizations;
2. strengthen its leadership and gate keeping role in the management of the process of selection and appointment of personnel, strengthen the building of leadership teams, cadre teams and talent teams of the Bank, focusing on standards, procedure, evaluation, recommendation and supervision, uphold the integration of the principle that the Party manages the officials with the function of the board of directors in the lawful selection of the management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the management;
3. research and discuss the reform, development and stability of the Bank, major operational and management issues and major issues concerning employee interests, and put forth comments and suggestions; support the shareholders' meeting, the board of directors, the board of supervisors and the senior management of the Bank in performing their duties in accordance with law and support the Congress of Employees in carrying out its work;
4. assume the primary responsibility to run the Party comprehensively with strict discipline, lead the Bank's ideological and political work, the United Front work, the cultural and ethical progress, corporate culture cultivation as well as the work of groups such as the Labor Union of the Bank and the Communist Youth League, lead the construction of the Party's working style and its clean and honest administration, and support the disciplinary inspection and supervision agencies in earnestly performing its supervisory responsibilities;
5. strengthen the building of the Bank's grassroots Party organizations and of its contingent of Party members, give full play to the role of Party branches as strongholds and to the role of Party members as pioneers and fine examples, and unite and lead officials and employees bank-wide to devote themselves into the reform and development of the Bank; and
6. other material matters that fall within the duty of the Party Committee.

## **Chapter 9 Shareholders' Meeting**

**Article 68** The shareholders' meeting shall be the body of authority of the Bank. It shall exercise the following functions and powers according to law:

1. decide on the business operation policies, review and approve material investment plans of the Bank that are required to be submitted to the shareholders' meeting for approval;
2. elect and replace directors and decide on matters concerning the remuneration of directors;
3. elect and replace the supervisors appointed from the shareholder representatives and external supervisors, and decide on matters concerning the remuneration of supervisors;
4. examine and approve reports of the board of directors;
5. examine and approve reports of the board of supervisors;
6. examine and approve proposals on the Bank's annual financial budget and financial statements;
7. examine and approve the Bank's plans for profit distribution and loss make-up;
8. adopt resolutions concerning the increase or reduction of the Bank's registered capital;
9. adopt resolutions on matters such as merger, division, dissolution, liquidation or change of nature of organization of the Bank;
10. adopt resolutions on bonds issuance by the Bank;
11. adopt resolutions on any other issuance of securities, purchase of shares of the Bank and public listing plans;
12. amend the Articles of the Bank, examine and approve the procedural rules of the shareholders' meeting, board of directors and board of supervisors;
13. adopt resolutions on the appointment or dismissal of accounting firms that conduct regular statutory audits of the Bank's financial reports;
14. examine and approve the purchase or sale of material assets that exceeding 30% of the latest audited total assets, of the most recent year;
15. examine and approve the change of use of capital raised;
16. examine and approve share incentive scheme;
17. examine and approve proposals raised by the shareholders individually or in aggregate representing 3% or more of the Bank's voting shares;
18. decide or authorize the board of directors to decide any matters in relation to the preference shares issued by the Bank, including but not limited to redemption, conversion and payment of dividends; and
19. examine and approve other matters to be resolved by the shareholders' meeting under laws, administrative regulations, listing rules of the places of listing and the Articles.

Under necessary, reasonable and legal circumstances, the shareholders' meeting may authorize the board of directors to decide on specific matters which are related to such resolution matters but cannot or are not necessary to be determined in the shareholders' meeting immediately.

Regarding the authorization by the shareholders' meeting to the board of directors, if the authorized matters shall be approved by ordinary resolutions, such authorization shall be adopted by at least a majority of the voting rights held by the shareholders present at the shareholders' meeting (including proxies); if the matters shall be approved by special resolutions, such authorization shall be adopted by at least two-third of the voting rights held by the shareholders present at the shareholders' meeting (including proxies). The authorization shall be clear and specific.

Shareholders of preference shares shall not attend any shareholders' meeting and the shares held by them shall not carry voting right, except in the event of any of the following:

1. amendment to any provision of the Articles relating to preference shares;
2. reduction by more than 10% of the registered capital of the Bank singly or cumulatively;
3. consolidation, division, dissolution or change of corporate form of the Bank;
4. issuance of preference shares; and
5. any other circumstances provided under the Articles.

In addition to the approval of more than two-thirds of the voting rights held by shareholders of ordinary shares (including shareholders of preference shares with recovered voting rights) present at the meeting, resolutions on the above matters shall also require the approval of more than two-thirds of the voting rights held by shareholders of preference shares (excluding shareholders of preference shares with recovered voting rights) present at the meeting. The Bank shall provide online voting to shareholders, if a shareholders' meeting is convened for matters relating to the issuance of preference shares.

**Article 69** Without the prior approval of the shareholders' meeting by means of special resolution, the Bank may not conclude any contract with any person other than a director, supervisor, president or other senior management personnel of the Bank for the delegation of the whole business management or part of the important business management of the Bank to such person.

**Article 70** The venue of a shareholders' meeting of the Bank shall be the domicile of the Bank or any other place resolved by the board of directors.

**Article 71** There are two types of shareholders' meetings: the annual general meetings

and the extraordinary general meetings. The shareholders' meeting shall be convened by the board of directors. The annual general meeting shall be held once a year within six months after the end of the last fiscal year. In cases where the meeting is postponed for special reasons, the banking regulatory authority of the State Council and other regulatory authorities shall be timely informed and provided with the reasons therefor.

**Article 72** The extraordinary general meeting shall be convened within two months upon the occurrence of any of the following circumstances:

1. the number of directors is less than the number stipulated by the Company Law, or less than two-third of the number required by the Articles;
2. the outstanding balance of the Bank's loss that had not been made-up reaches one-third of the Bank's total paid-in share capital;
3. shareholder(s) who individually or jointly holds (or hold) 10% or more of the Bank's shares shall present a written request to convene an extraordinary general meeting;
4. the board of directors deems it as necessary or the board of supervisors proposes that the meeting be convened;
5. at least half (no less than two) of independent directors propose that the meeting be convened;
6. at least half (no less than two) of external supervisors propose that the meeting be convened; and
7. other circumstances as stipulated by the laws, administrative regulations, departmental rules or the Articles.

In respect of item (2) above, the limitation of time for convening an extraordinary general meeting shall be calculated from the date when the Bank knows the occurrence of such circumstance.

The number of shares held by shareholders requesting for the extraordinary general meeting in item (3) shall be counted based on the record of the date the written request is presented by the shareholders.

**Article 73** The shareholders' meeting shall take the form of a physical meeting. A physical meeting refers to a meeting held on site, by video, telephone, or any other means sufficient to ensure instant communication and discussion among the attendants.

The Bank shall, in accordance with laws, administrative regulations, listing rules of the places of listing and the Articles, establish a safe, economical, and convenient network or adopt other means to provide convenient conditions for shareholders, especially minority shareholders to participate in the shareholders' meeting.

**Article 74** When the Bank is to convene a shareholders' meeting, it shall issue a written notice prior to the meeting, informing all the registered shareholders who are entitled to attend the shareholders' meeting of the matters to be examined at the meeting as well as the date and place of the meeting. The notice of the annual general meeting shall be issued 20 days prior to the meeting. The notice of the extraordinary general meeting shall be issued 15 days prior to the meeting. Where the regulatory rules of the place of overseas listing contain more stringent requirements, such requirements shall prevail.

**Article 75** The notice of a shareholders' meeting shall meet the following requirements:

1. it shall be made in writing;
2. it shall specify the place, date and time of the meeting;
3. it shall state the date on which equity of shareholders entitled to attend the shareholders' meeting;
4. it shall describe the matters to be discussed at the meeting;
5. it shall provide necessary information and explanations to the shareholders so as to enable them fully to understand the matters to be discussed and make decisions accordingly. This principle shall apply (but not limited to) when the Bank proposes a merger, repurchase of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contracts (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;
6. it shall disclose the nature and extent of conflict of interests, if any, of any director, supervisor, president or other senior management personnel in any matter to be discussed; and provide an explanation of the differences, if any, between the way in which the matter to be discussed would affect such director, supervisor, president or other senior management personnel in his/her capacity as shareholders and the way in which such matter would affect other shareholders of the same category;
7. it shall contain the full text of any special resolutions proposed to be adopted at the meeting;
8. it shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder;
9. it shall state the time and place for the delivery of the meeting's proxy's forms; and
10. the name and telephone number of the permanent contact person for the meeting.

**Article 76** Unless otherwise stipulated by relevant laws, regulations, rules of the places of listing and the Articles, the notice of a shareholders' meeting shall be delivered to the



shareholders who are entitled to attend such meeting (whether or not entitled to vote on the shareholders' meeting) by courier or prepaid mail to the recipient's address shown in the register of shareholders. For shareholders of domestic investment shares, the notice of a shareholders' meeting may also be given by public announcement.

The public announcement referred to in the preceding paragraph shall be published on the websites of the stock exchanges and on the media which satisfies the requirements of the securities regulatory authority of the State Council during the period stipulated by the Articles. Once the announcement is made, all shareholders of domestic investment shares shall be deemed to have received the notice of the relevant shareholders' meeting.

**Article 77** A meeting and the resolutions adopted to thereof shall not be invalidated as a result of accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

**Article 78** Any shareholders entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (who need not be shareholders) as his/her proxies to attend and vote on his/her behalf. Shareholders shall entrust the proxy in writing, which shall be signed by the entrusting party or the agent authorized by the shareholders in writing. If the entrusting party is a legal person, the instrument shall be sealed with the legal person's stamp or signed by its director or formally authorized agent. Such proxy may exercise the following rights according to his/her entrustment by the shareholder:

1. the shareholder's right to speak at the shareholders' meeting;
2. the right to demand a ballot by himself/herself or in conjunction with others; and
3. the right to vote by hand or by ballot, except that if a shareholder has appointed more than one proxy, the proxy may only exercise the voting rights by ballot.

**Article 79** Individual shareholder attending the meeting in person shall present his/her identification card, effective certificate/proof of his/her identification and certificate of shareholding. When a proxy attends the meeting in place of the shareholder, he/she shall present his/her valid identification card, written proxy or authorization letter issued by the individual shareholder.

Legal person shareholders shall be represented by its legal representative or proxy entrusted by its legal representative to attend the meeting. Legal representative attending the meeting shall present his/her identification card, effective proof of his/her qualification as a legal representative. When a proxy is entrusted to attend the meeting, he/she shall present his/her identification card, written proxy or authorization letter issued by the legal representative of the legal person shareholder.

**Article 80** The proxy letter issued by a shareholder to entrust proxy to attend the shareholders' meeting shall contain the following contents:

1. name of the proxy;
2. proxy's voting right;
3. instructions on each item to be discussed on the agenda of the shareholders' meeting, stating whether the shareholder agrees to, objects to or abstains from voting the resolution respectively;
4. whether the proxy has voting right on special motions possibly to be put on the agenda of the shareholders' meeting; if he/she has, specific instructions on what kind of voting right he/she shall exercise;
5. the issuing date of proxy letter and its effective period; and
6. signature or seal of the entrusting party or the proxy entrusted by it in writing; if the entrusting party is legal person, the proxy letter shall be sealed by it or signed by its director or duly authorized proxy.

**Article 81** Proxy letter shall be placed at the domicile of the Bank at least 24 hours before the convening of relevant meetings or within 24 hours prior to the specified time of voting, or at other places designated in the notice of the meeting. If a proxy letter is signed by a person authorized by the entrusting party, the authorization letter of signing the proxy letter or other authorization documents shall be notarized. Notarized authorization letter or other authorization instruments and voting right proxy letter shall be put at the domicile of the Bank, or at other places designated in the notice of the meetings.

If the entrusting party is a legal person, its legal representative or such other person as is empowered by resolutions of its board of directors or other decision-making bodies shall attend the shareholders' meeting of the Bank.

If the shareholder is a Recognized Clearing Entity or its agent, the shareholder may authorize at least one person as it deems appropriate to be its proxy in any shareholders' meeting or any classified shareholders' meeting; however, if two or more persons are so authorized, the authorization letter shall specify the number and the category of shares involved in the authorization to each of such person. The person(s) so authorized shall exercise the rights on behalf of the Recognized Clearing Entity or its agent as if such authorized person is one natural person shareholder of the Bank.

**Article 82** Any form issued by the board of directors of the Bank to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative, negative or abstention vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The proxy letter shall specify that in the absence of instructions from the shareholder, the proxy may vote as he/she thinks fit.

**Article 83** Where the entrusting party has died, lost capacity to act, revoked the proxy or the signed instrument of appointment prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of proxy letter shall remain valid as long as the Bank did not receive a written notice of the event before the commencement of the relevant meeting.

**Article 84** Signing book for attending persons shall be prepared by the Bank, stating names (or company names), identification card numbers, addresses of domicile, numbers of shares held or represented with voting right, and names (or company names) of the entrusting parties, etc.

**Article 85** Independent directors shall have the right to request to the board of directors to convene an extraordinary general meeting. Where independent directors request an extraordinary general meeting, the board of directors shall in accordance with laws, administrative regulations, and the Articles give written response on whether such request is consented to within ten days from the date of receipt of such requests. If the board of directors agrees to convene an extraordinary general meeting, it shall give a notice on convening the extraordinary general meeting within five days from making the board resolutions; if the board of directors does not agree to convene an extraordinary general meeting, it shall explain the reasons and make an announcement.

**Article 86** The board of supervisors has the right to request the board of directors to convene an extraordinary general meeting. The board of supervisors shall submit to the board of directors in writing the subject of the meeting and proposals with complete contents, and also make sure that the contents of the proposal are in compliance with laws, administrative regulations and the Articles. In accordance with laws, administrative regulations, and the Articles, give written response on whether such request is consented to within ten days from the date of receipt of such requests.

If the board of directors agrees to convene an extraordinary general meeting, it shall give notice on convening the shareholders' meeting within five days from making the board resolutions. For any change to the original proposals stated in the notice, it shall obtain the board of supervisors' consent.

Where the board of directors does not agree to convene an extraordinary general meeting, or fails to give feedback within ten days from the date of receipt of such request, the board of directors shall be deemed to be unable to perform or have failed to perform its duty of convening an extraordinary general meeting, and the board of supervisors may by themselves convene and preside over an extraordinary general meeting.

**Article 87** Shareholders who individually or jointly hold more than 10% of the total voting shares of the Bank have the right to request the board of directors to convene an extraordinary general meeting. The requests shall be made in writing. The board of directors in accordance with laws, administrative regulations and the Articles give written response on whether such request is consented to within ten days from the date of receipt of such request.

If the board of directors agrees to convene an extraordinary general meeting, it shall give notice on convening the extraordinary general meeting within five days from making the board resolutions. For any change to the original proposals stated in the notice, it shall obtain relevant shareholders' consent.

Where the board of directors does not agree to convene an extraordinary general meeting, or fails to give feedback within ten days from the date of receipt of such request, a shareholder or shareholders who individually or jointly hold more than 10% of the total voting shares of the Bank shall have the right to request the board of supervisors to convene an extraordinary general meeting in writing.

If the board of supervisors agrees to convene an extraordinary general meeting, it shall give a notice on convening the extraordinary general meeting within five days from the date of receipt of the request. For any change to the original proposals stated in the notice, it shall obtain the relevant shareholders' consent.

If the board of supervisors fails to issue notice of a shareholders' meeting within the prescribed period, it shall be deemed that the board of supervisors refuses to convene and preside over the shareholders' meeting, a shareholder or shareholders individually or jointly holding more than 10% of the total voting shares of the Bank for over 90 consecutive days may voluntarily convene and preside over such meeting.

Two or more shareholders jointly holding more than 10% of the total voting shares of the Bank may sign one or more written requests of identical form and content requesting the board of directors to convene a class of shareholders' meeting. The aforesaid shares shall be calculated as of the date on which the written request is made by the shareholder(s).

**Article 88** Where the board of supervisors or shareholders decide to convene a shareholders' meeting on its/their own initiative, it/they shall notify the board of directors in writing and at the same time notify the stock exchanges. The notice shall comply with the relevant provisions of the Articles, and the venue of the meeting shall be the Bank's domicile.

The shares held by the convening shareholders shall not fall less than 10% before the poll result announcement of the shareholders' meeting is published.

The convening shareholders shall, upon issuing notice of the shareholders' meeting and the poll result announcement of the shareholders' meeting, submit relevant certificate documentations to the stock exchanges.

The expenses necessary for the shareholders' meeting convened by the board of supervisors or shareholders on its/their own initiative shall be borne by the Bank.

**Article 89** The chairman of the board of directors shall act as the chairman of the shareholders' meeting. Where the chairman of the board of directors cannot act as the chairman of the meeting, the vice chairman shall act as the chairman of the meeting; where neither the chairman nor the vice chairman can act as the chairman of the meeting, a director jointly elected by more than half of the directors shall act as the chairman of the meeting.

The chairman of the board of supervisors shall act as the chairman of the shareholders' meeting convened by the board of supervisors itself. If the chairman of the board of supervisors cannot act as the chairman of the meeting, a supervisor jointly elected by more than half of the supervisors shall act as the chairman of the meeting.

The chairman of the shareholders' meeting convened by the shareholders themselves shall be a representative elected by the conveners.

If, for any reason, the shareholders fail to elect the chairman of the meeting, the shareholder (including shareholder proxy) who attends the meeting with the most voting shares shall act as the chairman of the meeting.

During the shareholders' meeting, if the chairman of the meeting violates the procedural rules so that the meeting cannot continue, the shareholders' meeting may elect one person to act as the chairman of the meeting to continue the meeting upon the consent of more than half of the shareholders present at the meeting with voting rights.

**Article 90** The board of directors, the board of supervisors, and any shareholders who hold, individually or in aggregate, 3% or more of the total number of voting shares of the Bank shall have the right to propose a resolution in the shareholders' meeting.

Any shareholders who hold, individually or in aggregate, 3% or more voting shares of the Bank shall have the right to propose and submit in writing to the board of directors interim proposals ten days prior to the convening of the shareholders' meeting. The Bank shall notify other shareholders within two days of receipt of such proposals and include in the agenda for the meeting the matters in the proposals that fall within the scope of duties of the shareholders' meeting.

The contents of an interim proposal shall fall within the scope of duties of the shareholders' meeting and shall contain definite subject and specific matters to be decided.

Except as prescribed for in the above paragraph, after having circulated the notice for the shareholders' meeting, the convener shall not change the proposals included in the notice for the shareholders' meeting or add any new proposals.

Shareholders shall not vote and resolve on a proposal which is not included in the notice for a shareholders' meeting or one which is not in compliance with Article 91.

**Article 91** Proposals for the shareholders' meeting shall satisfy the following conditions:

1. The content shall not be in conflict with laws, administrative regulations and the Articles, and shall be covered within the business scope of the Bank and function scope of the shareholders' meeting;
2. The proposals shall have definite subjects and specific items for resolution; and

3. The proposals shall be given or served to the board of directors in writing.

**Article 92** The board of directors of the Bank shall examine the proposals of shareholders' meetings in consideration of the maximum interests of the Bank and its shareholders and based on the conditions provided herein.

**Article 93** When the board of directors decides not to put proposals of the shareholders' meeting onto the meeting's agenda, it shall explain and clarify the reasons in the shareholders' meeting.

**Article 94** When the proposing shareholders dissent with the board of directors' decision of excluding the proposal raised by the proposing shareholders on the agenda of the shareholders' meeting, they may request to call for an extraordinary general meeting by themselves based on relevant procedures stipulated in the Articles.

**Article 95** Shareholders of ordinary shares (including their proxies) exercise voting rights according to the voting shares they hold, and each share shall have one voting right. When shareholders of preference shares (including their proxies) conduct a class voting separate from shareholders of ordinary shares, each preference share shall have one voting right.

If no dividend is paid by the Bank (as agreed) for a cumulative period of three accounting years or a consecutive period of two accounting years, then from the date immediately following the date when the shareholders' meeting approves the distribution of profit for that year not in accordance with the agreement, the shareholders of preference shares shall be entitled to attend a shareholders' meeting and vote together with shareholders of ordinary shares. After the voting rights of the preference shares are recovered, each holder of such preference shares shall be entitled to such number of votes as would result from the simulated conversion of such preference shares in accordance with the simulated conversion price. The initial simulated conversion price shall be the average trading prices of the ordinary shares of the Bank in the 20 trading days prior to the announcement date of the board resolution on the preference shares issuance. The adjustment method applicable to the simulated conversion price shall be consistent with the adjustment method applicable to the compulsory conversion price as specified in Article 16 of the Articles. The recovered voting rights for the shareholders of preference shares shall continue until the dividend of the relevant year is fully paid by the Bank.

Where the Articles imposes any restrictions on a shareholder's voting rights, such restrictions shall prevail. The shares of the Bank held by the Bank shall not carry voting right.

**Article 96** Any vote of shareholders at the shareholders' meeting shall be taken by poll.

**Article 97** The chairman of the shareholders' meeting may decide to allow a resolution which relates to a procedural or administrative matter to be voted by a show of hands.

**Article 98** When a ballot is held, shareholders (including proxies) having the right to two or more votes need not use all of their voting rights in the same way.

**Article 99** When the number of votes for and against a resolution is equal, regardless whether the vote is taken by raising hands or by ballot, the chairman of the meeting shall be entitled to one additional vote.

**Article 100** There are two types of shareholders' meeting resolutions: (i) ordinary resolutions, and (ii) special resolutions.

Ordinary resolutions made by the shareholders' meeting shall be adopted by more than half of the voting shares represented by the shareholders attending the shareholders' meeting (including their proxies).

Special resolutions made by the shareholders' meeting shall be adopted by at least two-third of voting shares represented by the shareholders attending the shareholders' meeting (including their proxies).

Where class voting for shareholders of preference shares is concerned, special provisions of the Articles on the voting of preference shares shall also be complied with.

**Article 101** Resolutions on the following items shall be adopted in the form of ordinary resolutions by a shareholders' meeting:

1. working report of the board of directors and the board of supervisors;
2. plans made by the board of directors on profit distribution and loss make-up;
3. nomination and removal of members of the board of directors and the board of supervisors (except for the removal of independent directors and nomination and removal of the employee supervisors), their remunerations and methods of payment;
4. annual budget, final accounts, balance sheet, profit statement and other financial statements of the Bank;
5. appointment or dismissal of accounting firms that conduct regular statutory audits of the Bank's financial reports; and
6. items other than those stipulated by laws, administrative regulations or the Articles to be adopted by special resolutions.

**Article 102** The following items shall be adopted in the form of special resolutions:

1. increase or reduction of the Bank's registered capital or issuance of any category of shares, warrants of share subscription or other similar securities;
2. issuance of the Bank's bonds;
3. plans for issuance of other securities or public listing;
4. purchase or sale of material assets or provision of security interest with value of more than 30% of the Bank's total assets within a one-year period;
5. division, spin-off, merger, dissolution, liquidation or change of nature of organization of the Bank;
6. amendment to the Articles;
7. removal of independent directors;
8. repurchase of shares of the Bank;
9. share incentive scheme; and
10. other matters stipulated by the laws, regulations, the Articles and resolutions via ordinary resolutions of a shareholders' meeting as having significant impact on the Bank and requiring adoption by way of special resolution.

**Article 103** Methods and procedures of the nomination of directors and supervisors are as follows:

1. Any shareholder who holds by himself or jointly with others 3% or more of the total number of voting shares of the Bank may, by submitting a written proposal to the shareholders' meeting, recommend candidates for directors and candidates for supervisors other than those to be appointed from employees, provided the number of candidates nominated shall be in accordance with the provisions of the Articles and not exceed the number to be elected. Such proposal submitted by a shareholder to the Bank shall be served to the Bank at least fourteen days prior to the convening of the shareholders' meeting.
2. List of candidates for directors and supervisors other than those to be appointed from employees may be recommended respectively by the board of directors and the board of supervisors within the number of candidates stipulated in the Articles and according to the number to be elected. Based on the nomination of the board of directors, the Personnel and Remuneration Committee shall preliminarily review the qualifications and conditions of candidates for directors, and refer those qualified candidates to the board of directors for further examination. The board of supervisors shall review and examine the qualification and conditions of candidates for supervisors. After the board of directors' and the board of supervisors' approval by resolutions, the candidates shall be referred to the shareholders' meeting in written proposals.



3. The recommendation of independent directors shall be in compliance with Article 135 of the Articles. Nomination of external supervisors shall be made in accordance with Article 176 of the Articles.
4. Prior to the convening of a shareholders' meeting, the candidates for directors or supervisors shall undertake in writing to accept the nomination, guarantee the accuracy and completeness of the disclosed materials, and to fulfill the obligations of the directors or the supervisors after being elected. Such undertakings in writing and other written materials in connection with such candidates shall be delivered to the Bank at least seven days prior to the shareholders' meeting. The board of directors or the board of supervisors shall disclose to the shareholders detailed information on candidates for directors or supervisors in accordance with relevant laws, regulations and the Articles prior to the convening of the shareholders' meeting to ensure that the shareholders have sufficient knowledge of the candidates before they vote.
5. The time period for the delivery of the written undertakings and materials as described in Paragraph 4 above (commencing on the date after the delivery of the notice of the shareholders' meeting) shall be no less than seven days.
6. The shareholders' meeting shall vote on each candidate for director and supervisor separately.
7. When directors, shareholder representative supervisors and external supervisors need to be added or filled on an ad hoc basis, the board of directors, the board of supervisors and shareholders qualified for nomination may raise the proposal and suggest the shareholders' meeting to elect or replace.

**Article 104** Votes for each agenda item shall be counted by at least two shareholder representatives and one supervisor ("counting representatives"), and the counting representatives shall announce the voting result on the spot.

**Article 105** The chairman of the meeting shall decide whether resolutions are passed and announce the voting results in the meeting. The decision shall be final. The result of voting upon the resolutions shall be recorded in the meeting minutes.

**Article 106** If the chairman of the meeting has any doubt on the voting results of resolutions, he/she may re-count the votes. If the chairman does not re-count the votes and the attending shareholders or their proxies challenge the voting result announced by the chairman, the shareholders or their proxies can request for a re-count immediately after the announcement of the result, and the chairman shall re-count the votes immediately. If re-counting of votes is held during a shareholders' meeting, the result of the counting shall be recorded in the minutes of the meeting. The minutes of the meeting and the attendance records signed by the attending shareholders and proxies shall be kept at the Bank's domicile.

**Article 107** When connected transactions are examined in a shareholders' meeting, connected shareholders shall be abstained from voting, and the voting shares held by them shall not be counted into valid votes.

Connected shareholders may abstain from voting themselves or upon the request by other shareholders or their proxies attending the shareholders' meeting.

Where any shareholder is, under the listing rules of the places where the shares of the Bank are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder (or proxies) in contravention of such requirement or restriction shall not be counted.

**Article 108** Any shareholder who holds severally or jointly with others 5% or more of voting shares of the Bank shall have right to present enquiries to the shareholders' meeting. The board of directors, the board of supervisors, or other relevant senior management personnel shall attend the shareholders' meeting, accept enquiries, and answer or explain accordingly.

**Article 109** Minutes of meeting shall be kept for the shareholders' meeting, and the secretary of the board of directors shall be responsible for such minutes. The meeting minutes shall record the following information:

1. the number of voting shares held by shareholders who attend the shareholders' meeting, and its proportion to the total number of the voting shares of the Bank;
2. the convening date and venue of the meeting;
3. name of the chairman of the meeting, agenda of the meeting and the name of the convener;
4. key points of the speech by each speaker on every item for resolution;
5. the voting result on each item for resolution;
6. the resolutions regarding the proposals raised by shareholders shall list out the name or trade name of the shareholders, the shareholding percentage and the content of such proposals;
7. shareholders' enquiries and suggestions, and the answers and explanation of the board of directors and the board of supervisors;
8. names of lawyer, tally clerk and scrutineer; and
9. other contents deemed as necessary by the shareholders' meeting and stipulated under the Articles to be recorded in minutes of the shareholders' meeting.

**Article 110** Minutes of the shareholders' meeting shall be signed by the chairman of the meeting, attending directors, supervisors, the secretary of the board of directors, and the convener or its representative, and filed by the board secretary at the Bank's domicile for record at the Bank's domicile, together with the signature book of the attending directors and proxy letters of the proxies.

**Article 111** Shareholders may examine photocopies of the minutes of meetings during the Bank's office hours free of charge. If any shareholder demands from the Bank a photocopy of relevant minutes of meetings, the Bank shall send such photocopies within seven days since receiving payment of reasonable charges.

**Article 112** Minutes of the shareholders' meeting shall be kept permanently.

**Article 113** The board of directors shall engage lawyers to issue legal opinions, and make announcement in respect of the following issues:

1. whether the taking place of and the procedures for the shareholders' meeting is in compliance with the laws, regulations and the Articles;
2. whether the qualification of the person attending the shareholders' meeting and the person convening the shareholders' meeting are valid;
3. whether the voting procedure and consequence are valid; and
4. other matters as required by the Bank.

## **Chapter 10 Special Voting Procedures for Shareholders of Different Categories**

**Article 114** Shareholders who hold different categories of shares shall be shareholders of different categories. Shareholders of different categories shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles.

In addition to shareholders of other categories of shares, shareholders of domestic investment shares and overseas-listed foreign shares shall be deemed as shareholders of different categories of shares.

The shares of the Bank held by founding shareholders are common shares that are tradable both onshore and offshore and enjoy the same and equal rights with all other shares. After the Bank's IPO and public trading, upon the approval of the State Council or its authorized approving authorities, such common shares may be totally or partially converted to foreign investment shares and become publicly tradable on the overseas stock exchange. The conversion of the Bank's shares held by the founding shareholders to foreign investment shares does not need the approval from the regulatory authorities of the places of listing or the approval of other shareholders of the Bank.

**Article 115** If the Bank intends to change or abrogate the rights of shareholders of different categories, it may do so only after such change or abrogation has been approved by way of a special resolution of the shareholders' meeting and by a separate shareholders' meeting convened by the affected shareholders of different categories in accordance with Articles 117 to 121 of the Articles.

Any change or abolition of any rights of shareholders of a certain category resulted from a change of domestic or overseas laws, administrative regulations and the listing rules of the places of listing and as a result of any decisions or orders legally announced by domestic or overseas regulatory authorities shall not be subject to approval of the shareholders' meeting or meeting of shareholders of different categories.

**Article 116** The rights of shareholders of a certain category shall be deemed to have been changed or abrogated in the following conditions:

1. an increase or decrease in the number of shares of such category or an increase or decrease in the number of shares of a category having voting rights, distribution rights or other privileges equal or superior to those of the shares of such category;
2. a change of all or part of the shares of such category into shares of another category, a conversion of all or part of the shares of another category into shares of such category or the grant of the right to such change;
3. a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such category;
4. a reduction or removal of a dividend preference or property distribution preference during liquidation of the Bank, attached to shares of such category;
5. an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Bank attached to shares of such category;
6. a removal or reduction of rights to receive amounts payable by the Bank in a particular currency attached to shares of such category;
7. a creation of a new category of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that category;
8. an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such category;
9. an issuance of rights to subscribe for, or convert into, shares of such category or other categories;
10. an increase in the rights and privileges of shares of other categories;
11. restructuring of the Bank causes shareholders of different categories to bear liability to different extents during the restructuring; or

12. an amendment or cancellation of the provisions of this Part.

**Article 117** Shareholders of the affected category, whether having the right to vote at the shareholders' meeting, shall have the right to vote at meetings of shareholders of different categories in respect of matters referred to in items (2) to (8) and (11) to (12) of the preceding article, except that interested shareholders shall not have the right to vote at meetings of shareholders of different categories.

For the purposes of the preceding paragraph, the term "interested shareholders" shall have the following meanings:

1. if the Bank has made a repurchase offer to all shareholders in the same proportion or has bought back its own shares through public transactions on a stock exchange in accordance with Article 31 hereof, the controlling shareholders as defined hereof shall be "interested shareholders";
2. if the Bank has bought back its own shares by an agreement outside a stock exchange in accordance with Article 31 hereof, shareholders in relation to such agreement shall be "interested shareholders"; or
3. under a restructuring proposal of the Bank, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same category, or shareholders who have an interest in a restructuring proposal of the Bank that is different from the interest in such restructuring proposal of other shareholders of the same category shall be "interested shareholders".

**Article 118** Resolutions of a meeting of shareholders of different categories may be passed only by at least two-thirds of the voting rights of that category represented at the meeting in accordance with the preceding article.

**Article 119** When the Bank is to convene a meeting of shareholders of different categories, it shall issue a written notice prior to the meeting informing all the registered shareholders of that category of the matters to be examined at the meeting as well as the date and place of the meeting.

The time for the issuance of such notices shall be determined in accordance with the relevant provisions of the Articles.

**Article 120** The notice of a meeting of shareholders of different categories needs to be delivered only to the shareholders entitled to vote thereat.

The procedures according to which a meeting of shareholders of different categories is held shall, to the extent possible, be identical to the procedures according to which a shareholders' meeting is held. Provisions of the Articles relevant to procedures for the holding of a shareholders' meeting shall be applicable to meetings of shareholders of different categories.

**Article 121** The special voting procedures for shareholders of different categories shall not apply in the following circumstances:

1. where, as approved by way of a special resolution of the shareholders' meeting, the Bank issues, either separately or concurrently, domestic investment shares and overseas-listed foreign shares every 12 months, and the number of the domestic investment shares and overseas-listed foreign shares intended to be issued does not exceed 20% of the issued and outstanding shares of the respective categories; or
2. where the plan to issue of domestic investment shares and overseas-listed foreign shares is completed within 15 months since being approved by the securities regulatory authority of the State Council; and
3. the shares of the Bank held by founding shareholders are converted into foreign investment shares upon the approval of the State Council or its authorized approving authorities and publicly tradable on overseas stock exchange.

## **Chapter 11 Board of Directors**

### **Section 1 Directors**

**Article 122** Directors of the Bank shall be natural persons, and shall be elected or replaced by the shareholders' meeting. Directors are not required to hold shares of the Bank. Directors of the Bank are composed of Executive Directors and Non-executive Directors that include Independent Directors. The term "Executive Director" shall refer to a director who serves as the president, vice-president or holds positions of other managerial positions in the Bank. The term "Non-executive Director" shall refer to a director who does not serve as the president, vice-president or holds other managerial positions in the Bank. Independent directors shall refer to persons specified in Article 132 of the Articles.

The Executive Directors shall, in the course of managing the business proactively provide advice and information to the board of directors so as to facilitate the decision making by the board of directors. The Executive Directors shall also, in the course of managing the business, explain and clarify the resolutions adopted by the board of directors to the senior management so that the senior management can manage the business in accordance with the decisions approved and adopted by the board of directors.

The number of directors who serve as the president, executive vice president and holds other managerial positions of the Bank shall not exceed one third of the total number of directors of the Bank.

**Article 123** Directors shall be elected by the shareholders' meeting and serve a term of office of three years calculated from the day approved by the banking regulatory authority of the State Council. A director may serve consecutive terms if re-elected upon the expiration of his/her term. The shareholders' meeting may remove by ordinary resolution any non-independent directors and remove by special resolution any independent directors (but without prejudice to any claims for damages under any contracts) prior to the expiry of the term of office of such directors. Prior to the expiration of the term of the directors, the shareholders' meeting shall re-elect succeeding directors timely.

Where re-election is not carried out promptly after the expiry of the term of office of a director, the former director shall still perform the duties of a director and exercise the director's power pursuant to laws, administrative regulations and the Articles before the re-elected director begins to serve the position.

**Article 124** The directors are entitled to be made aware of all the business operation conditions, financial status and material issues of the Bank, and have the right to supervise the performance of other directors and senior management personnel.

Three or more directors are entitled to jointly move a motion to the board of directors.

**Article 125** The directors bear the fiduciary duty and duty of diligence to the Bank and all the shareholders, and shall use the power and authority conferred to him/her by the Bank prudently, earnestly and diligently, and undertake that:

1. the commercial activities of the Bank are in compliance with laws, regulations and economic policies of the State, and not beyond the business scope stipulated in the business license;
2. all the shareholders shall be treated fairly and equally;
3. the directors shall carefully review all the business and financial reports of the Bank, and be aware of the business operation and management status of the Bank in a timely manner;
4. the directors shall personally exercise the Bank's managerial powers legally conferred to them, and not to be manipulated by other persons and not to delegate the exercise of such discretion to other parties unless permitted by laws and regulations or with the consent of the shareholders' meeting that has been informed;
5. the directors shall take an active interest in the Bank's affairs and follow up anything untoward that comes to their attention; and
6. the directors shall accept lawful supervision over their performance of duties by the board of supervisors and accept reasonable suggestions.

**Article 126** A director shall not represent the Bank or the board of directors in his/her own name, unless otherwise provided in the Articles or legally authorized by the board of directors. When a director acts in his/her own name, if there is a possibility that a third party may reasonably believe that the director is representing the Bank or the board of directors, the director shall announce his/her position and identity.

**Article 127** A director shall attend personally at least two thirds of the physical meeting of the board of directors each year.

The director shall be deemed to be incapable of fulfilling his/her duty if he/she fails to attend the board meeting either personally or by entrusting other directors to attend on his/her behalf twice consecutively, the board of directors shall propose to the shareholders' meeting to replace such directors.

If an independent director fails to attend the board meeting personally for three times consecutively, the board of directors shall propose to the shareholders' meeting to replace such independent director.

**Article 128** A director may resign prior to the expiry of his/her term. When a director resigns, he/she shall submit a written resignation to the board of directors in which he/she shall provide information to all shareholders, the board of directors and the board of supervisors regarding any circumstance related to his/her resignation or any circumstance that he/she believes as necessary to draw the attention of the Bank's shareholders and creditors.

**Article 129** If the resignation of a director causes the number of directors on the Bank's board of directors to fall below the minimum number of directors required by law or two-thirds of the number of directors specified in the Articles, before a new director takes office, the director who resigns shall continue performing his/her duties. If the resignation of an independent director causes the number of independent directors on the Bank's board of directors to fall below the minimum number of independent directors required by law, before a new independent director takes office, the independent director shall continue performing his/her duties and responsibilities, except for resignation and removal due to loss of independence.

Unless the resignation falls within the circumstances stated above, the resignation becomes effective when the resignation report is submitted to the board of directors.

The board of directors shall convene an extraordinary general meeting at the earliest opportunity to elect a director to fill the vacancy.

Where the number of the directors of the board of directors falls below the quorum required by the Company Law or required for voting by the board of directors due to



removal of a director by the shareholders' meeting, death or loss of independence of an independent director or other situations where the director is not able to perform his/her duties, the powers and functions of the board of directors shall be exercised by the shareholders' meeting until the number of directors meets the requirements.

**Article 130** Within the scope permitted under applicable laws, administrative regulations and the Articles, the Bank may purchase and maintain any liabilities insurance for the Bank's past and present directors.

The Bank will indemnify every past and present director out of its own assets against any liability incurred when he/she served as director of the Bank to the maximum extent permitted by law and administrative regulations or alternatively to the extent that it is not prohibited by law and administrative regulations unless it is established that the director has not acted honestly or in good faith in performing his duties.

## **Section 2 Independent Directors**

**Article 131** The Bank shall have independent directors. Independent directors shall especially pay attention to the interests of depositors and medium and minority shareholders when performing their duties.

Unless otherwise provided in this Section, the qualifications and obligations of independent directors shall meet the requirements for directors as specified in Section 1 of this Chapter and Chapter 15.

**Article 132** The term "independent director of the Bank" means a director who does not hold any position in the Bank other than as a director and who has no relationship with the Bank and its major shareholders that may impair his/her independent decision making and objective judgments. An independent director may not concurrently hold positions in more than two commercial banks. Independent directors shall be elected and appointed from domestic and overseas well-known persons who are professionally qualified with a good creditability and reputation, and shall also satisfy the following conditions:

1. satisfy the qualification requirements set forth by laws, administrative regulations and other relevant stipulations for persons holding the position of director in a listed company;
2. independently perform the duties and responsibilities without any interference from the principal shareholders or any person who has de facto control of the Bank, or other entities or individuals that have a material interest in the Bank;
3. have a bachelor degree or above, or intermediate or higher titles of relevant professions;

4. have basic knowledge related to the operation of a listed company and are familiar with relevant laws, administrative regulations and rules;
5. have no less than five-year experiences in law, economics, financial, accounting or other working experiences required for performing the duties and responsibilities of an independent director;
6. be familiar with laws and administrative regulations related to the operation and management of commercial banks;
7. be able to read, understand and analyze credit report and financial report of commercial banks; and
8. undertake to have sufficient time and energy to effectively perform duties of an independent director.

**Article 133** The following persons shall be prohibited from holding the position of an independent director:

1. persons holding a position in the Bank or entities in which the Bank controls majority shares or is the de facto controller;
2. shareholders who hold 1% or more of all the voting shares of the Bank, or such shareholders' controlling shareholder or de facto controller, or any persons holding a position in the aforesaid entity shareholders (excluding the position of independent director);
3. persons who hold a position (excluding the position of independent director) in the Bank or entities in which the Bank controls majority shares or has de facto control in a three-year period prior to being appointed to such position;
4. persons who hold a position in enterprises owing overdue loans to the Bank;
5. persons who hold a position in entities that have business connection or interests with the Bank in areas of law, accounting, audit and management consultation, etc.;
6. other persons who may be controlled or materially influenced through various ways by the Bank;
7. the close relatives of the above persons (the term "close relatives" refers to spouses, parents, children, grandparents and siblings); and
8. other persons specified or determined by the banking regulatory authority of the State Council, the regulatory authorities of the places of listing and other regulatory authorities.

**Article 134** At least three of the members of the board of directors shall be independent directors, including at least one accounting professional, and the independent directors shall account for at least one third of the total board members. When an independent

director fails to satisfy the independence requirements or there are other circumstances that he/she is not fit to continuously perform the duty as an independent director, causing the number of independent directors fail to meet the requirement hereof, the Bank shall elect supplementary independent directors in accordance with relevant stipulations.

**Article 135** Independent directors shall be elected through methods set forth below:

1. The Bank's board of directors, board of supervisors and shareholders who severally or jointly hold no less than 1% of the voting shares in the Bank may nominate candidates for independent director. The independent directors shall be decided through election by the shareholders' meeting;
2. The consent of the nominees shall be obtained before nominating such persons as independent directors. The nominator shall be fully aware of such details of the nominee as his/her occupation, educational background, professional title, career details, and all concurrent positions, etc., and shall declare his/her opinion on the nominee's qualification and independence for holding the position as an independent director. The nominee shall make a public statement that no relationship between himself/herself and the Bank will affect his/her independent decision making and objective judgment.
3. The Bank's board of directors shall make the afore-mentioned information public in accordance with applicable regulations and stipulations before the convening of the shareholders' meeting at which the independent directors is to be elected.
4. The Bank shall simultaneously submit relevant materials of all the nominees to the banking regulatory authority of the State Council after the convening of the shareholders' meeting at which the independent director is to be elected.

**Article 136** The appointment of independent directors shall be submitted to the banking regulatory authority of the State Council for a qualification review and be examined and verified as per the requirements of the securities regulatory authorities at the places of listing before the independent shareholders take the posts. Independent directors shall make a statement to the board of directors of the Bank before taking the posts, undertaking to have sufficient time and energy to perform their duties diligently.

Independent directors shall work no less than 15 business days per year at the Bank.

**Article 137** The term of office of independent directors shall be three years. An independent director can be re-elected upon term expiration. An independent director shall not serve as an independent director of the Bank for more than six years in aggregate.

**Article 138** In addition to the functions and powers granted to the directors of the Bank, independent directors shall be granted the following special functions and powers:

1. significant connected transactions shall be submitted to the board of directors for discussion after the approval of the independent directors. Before rendering their judgments, independent directors may engage intermediary agents to issue independent financial advisory report as a basis for their judgment;
2. they may independently engage external auditing and consulting organizations such as law firms and accounting firms for assistance;
3. if the independent directors, during the performance of their duties and functions, discover any violation of laws, administrative regulations or any circumstances provided herein by the board of directors of the Bank, any directors, senior management personnel or other staff members of the Bank, they shall request such violations to be timely corrected and report to the banking regulatory authority of the State Council;
4. independent directors shall express objective, impartial and independent opinions on issues discussed and reviewed at the board meeting, focusing on the following:
  - (1) the legitimacy and fairness of significant connected transactions;
  - (2) the plan of profit distribution and the amendment to the profit distribution policy;
  - (3) the nomination, appointment and removal of directors and the appointment and dismissal of senior management personnel;
  - (4) the remuneration of directors and the senior management;
  - (5) events which may cause severe damage to the Bank;
  - (6) events which may cause damage to the legal rights and interests of depositors, medium and minority shareholders and other stakeholders;
  - (7) the appointment of external auditors, etc.
5. to exercise other functions and powers granted by laws, administrative regulations, relevant regulatory authorities or the Articles of the Bank.

Independent directors shall obtain the consent of at least half of independent directors to exercise the functions and powers under items (1) and (2) above.

If the independent directors engage any of the aforesaid external institutions when he/she is performing his/her special functions and powers, any cost incurred thereof shall be borne by the Bank.

**Article 139** If any foregoing proposal is not accepted or any of the foregoing functions and powers cannot be normally exercised, the Bank shall publicly disclose relevant situations thereof.

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

**Article 140** The Bank shall establish a board of directors. The board of directors shall be accountable to the shareholders' meeting.

**Article 141** The board of directors shall be composed of 12 to 17 directors, including one chairman of the board and one vice chairman of the board.

**Article 142** The board of directors shall exercise the following functions and powers:

1. to be responsible for convening the shareholders' meeting and to report its work to the shareholders' meeting;
2. to implement the resolutions of the shareholders' meeting;
3. to formulate the development strategy of the Bank and to supervise its implementation;
4. to formulate the annual financial budgets and final accounts of the Bank;
5. to formulate the plans for profit distribution, loss recovery and risk capital distribution of the Bank;
6. to formulate plans for the increase or reduction of registered capital of the Bank, the issuance or public listing plans of other securities or issuance of bonds of the Bank;
7. to formulate plans for substantial acquisition, acquisition of the Bank's shares or plans for merger, division, dissolution or change of nature of organization of the Bank;
8. to review and approve the Bank's outbound investment, asset purchase, asset disposal and write-off, asset collateral, connected transactions, outbound donations, data governance and other matters in accordance with laws and regulations, regulatory provisions, the Articles and authorization plan of the Bank;
9. to review and approve the establishment of the Bank's basic administrative system, internal management framework and important sub-entities;
10. to appoint or dismiss the Bank's senior management personnel; to study and determine the chairmen and members of the special committees under the board of directors;

11. to review and approve corporate governance policies of the Bank;
12. to review and approve the policies regarding law and regulation compliance and the relative basic management system of the Bank;
13. to formulate proposals for amendment of the Articles of the Bank, formulate the procedural rules of the shareholders' meeting and board of directors, to review and approve the working rules of the special committees under the board of directors;
14. to examine the Bank's human resources and remuneration strategies, review and determine the remuneration strategies for the Bank's senior management personnel; to be responsible for performance evaluation of senior management personnel; to decide on the material rewards and punishment matters for senior management personnel;
15. to review and approve the information disclosure policy and system of the Bank; to be responsible for the information disclosure of the Bank, and to assume ultimate responsibility for the authenticity, accuracy, completeness and timeliness of the accounting and financial reports;
16. to propose to the shareholders' meeting to appoint or dismiss the accounting firms that conduct regular statutory audits of the Bank's financial reports;
17. to hear the work report from the president and other senior management personnel of the Bank and urge them to perform the management duties;
18. to hear the report of the rectification opinion regarding the Bank issued by relevant regulatory authorities and the execution status of rectification by the Bank;
19. to hear the report by external auditors on a regular or irregular basis;
20. to review and approve the Bank's annual report;
21. to formulate the Bank's capital plans and assume ultimate responsibility for capital management;
22. to formulate the Bank's risk tolerance, risk management and internal control policies and assume ultimate responsibility for overall risk management;
23. to regularly evaluate and improve the corporate governance of the Bank;
24. to safeguard the legitimate rights and interests of financial consumers and other stakeholders;
25. to establish mechanisms to identify, review and manage conflicts of interest between the Bank and its shareholders, especially major shareholders;
26. to assume responsibility for the management of shareholders' affairs;
27. to exercise other functions and powers prescribed by laws, administrative regulations or the Articles, and those granted by the shareholders' meeting.

Under necessary, reasonable and legal circumstances, the board of directors may, within

the scope authorized by the shareholders' meeting, formulate the authorization plan for the president and other senior management personnel for specific matters that are related to board matters but cannot or are not necessary to be determined in the board meetings immediately.

Regarding the authorization by the board of directors to the president and other senior management personnel, if the authorized matters shall be approved by ordinary resolutions, such authorization shall be adopted by at least a majority of all directors; if the matters shall be approved by special resolutions, such authorization shall be adopted by at least two thirds of all directors. The authorization shall be clear and specific.

**Article 143** The preceding procedures of research and discussion by the Party Committee shall be implemented before the board of directors or the senior management decides on material operation and management matters of the Bank.

**Article 144** The board of directors of the Bank shall provide explanations to the shareholders' meeting with respect to any audit report submitted by the certified public accountant regarding the Bank's financial reports that contains qualified opinions, negative opinions or opinions being unable to be issued.

**Article 145** The board of directors shall formulate comprehensive procedural rules of the board of directors, including meeting notice, meeting convening, document preparation, voting procedures, proposing mechanism, meeting minutes and endorsement, authorization rules and so on, and submit the same to the shareholders' meeting for approval before its implementation, in order to ensure the board works efficiently and makes logical decisions.

**Article 146** The scope of authorization to the board of directors regarding decision power on equity investment, bond investment, assets purchase, assets disposal, assets write-off, assets mortgage, outbound donations or other non-commercial-banking-business regarding security interest matters shall be determined by the shareholders' meeting. The board of directors shall establish stringent examination and decision-making procedure in respect of its exercise of the aforesaid authorization. The Bank shall establish an accountability system for violation of the approval authorization and review procedures with respect to the afore-mentioned security interest matters.

The Bank shall organize relevant experts and professionals to examine and evaluate material equity investment, bond investment, assets purchase, assets disposal, assets write-off, assets mortgage or other non-commercial-banking-business regarding security interest matters and report to the shareholders' meeting for approval in accordance with laws, administrative regulations and the listing rules of the places of listing.

**Article 147** When the board of directors disposes of fixed assets, and the sum of the expected value of the consideration for the proposed disposal and the value of the consideration for disposed fixed assets in the four months period immediately preceding the proposed disposal exceeds 33% of the value of the fixed assets shown in the last balance sheet presented at the shareholders' meeting, the board of directors may not dispose of or agree to dispose of the fixed assets without the prior approval of the shareholders' meeting.

For the purposes of this Article, the term "disposal of fixed assets" shall include the assignment of certain interest in assets other than by way of providing security interest by using fixed assets as collaterals.

The validity of transactions whereby the Bank disposes of fixed assets shall not be affected by the breach of the first paragraph hereof.

**Article 148** The chairman and the vice chairman of the board shall be directors of the Bank. They shall be elected and removed by more than half of all the directors. The legal representative or the principal personnel of the controlling shareholder(s) shall not serve as the chairman of the board of directors. The vice chairman shall assist the chairman in his/her work.

**Article 149** The chairman of the board shall exercise the following functions and powers:

1. to preside over the shareholders' meeting and to convene and preside over meetings of the board of directors;
2. to convene and preside over the special board meetings;
3. to supervise, urge and examine the work of the special committees and nominate the candidates for chairmen of the special committees;
4. to supervise, urge and examine the implementation of resolutions of the board of directors;
5. to sign stocks, bonds and other security certificates issued by the Bank;
6. to sign important documents of the board and other documents that shall be signed by the legal representative of the Bank;
7. to exercise the legal representative's functions and powers;
8. to exercise part of the board's functions and powers under the authorization of the board of directors when the board is not in session; and
9. other functions and powers granted by the board of directors.

**Article 150** If the chairman of the board is unable or fails to perform his/her duties, the vice chairman shall exercise such duties; if the vice chairman is unable or fails to do



so, a director shall be recommended by half or more directors jointly to exercise such duties on his/her behalf.

**Article 151** The board of directors shall hold at least one regular meeting each quarter. Meetings of the board of directors shall be convened by the chairman of the board. Meeting notice shall be served in writing 14 days before and other relevant documents shall be served ten days before the meeting is held to all the directors and supervisors.

**Article 152** The chairman of the board shall convene and preside over a special board meeting within five working days under one of the following circumstances:

1. shareholders representing one tenth or more voting rights so propose;
2. the chairman of the board considers necessary;
3. at least one third of the directors so propose jointly;
4. at least two independent directors so propose;
5. the board of supervisors so proposes; and
6. the president of the Bank so proposes;

**Article 153** The notification for the board to convene a special board meeting shall be made by the methods specified under Article 254 of the Articles; the notification and other relevant documents shall be served to all the directors within a reasonable period before the meeting is held.

**Article 154** The notice for a board meeting shall include the following items:

1. the date and venue of the meeting;
2. the term of the meeting;
3. the reason and subject matters for discussion; and
4. the date of issuing the notice.

**Article 155** Meetings of the board of directors may be held only if more than half of the directors (including proxies) attend. Resolutions of the board of directors shall be adopted by the affirmative votes of more than half of all the directors.

Each director shall have one vote on the resolution of the board of directors.

**Article 156** A board meeting may be convened in the form of physical meeting on the spot and circulation of written resolutions. The Bank shall record the physical board meeting through audio recording or video recording and keep the audio recording or

video recording permanently. Physical meeting refers to a meeting held physically or by means of video, telephone, etc. that can ensure immediate communication and discussion of participants.

A board meeting convened by telephone conference or video conference shall ensure each attending director can hear other directors' speech clearly and can communicate with each other. Should any director not be able to timely sign the meeting minutes during such meeting, such director shall attend voting orally and complete the signature in writing as soon as possible. The oral vote by the director shall have equal effect as the written signature, provided the later signature shall comply with the oral vote during the meeting. Should such later signature become different from the oral vote, the oral vote shall prevail.

If a board meeting is convened by means of circulation of written resolutions, i.e. by delivering the resolution for review severally in counterparts or by circulating the resolution for review in turn among the directors in adopting such resolution, the directors shall clearly write "agree" or "object" on the resolution.

Besides the provisions specified in Article 157 of the Articles, in order for written resolutions to become legal and effective, they shall be signed by a majority of directors or their proxies who are entitled to receive the notice of board meeting. The written notice confirming such written resolution signed by relevant directors or their proxy directors shall be deemed as their signature on such written resolution. Such written resolution may be composed of several documents, each of which shall be signed by one or more directors or their proxy directors. A resolution signed by the directors or their proxy directors and delivered through telegram, fax, telex or other electronic means shall be deemed as having been signed by the directors.

**Article 157** Resolutions by the board of directors may be passed by the affirmative vote of more than half of the directors except for the following matters which shall require the affirmative votes of at least two-thirds of the directors and may not be voted by means of circulation of written resolutions:

1. profit distribution or loss make-up plans;
2. remuneration plan;
3. risk capital distribution plan;
4. capital replenishment plan;
5. plans for the increase or reduction of registered capital of the Bank, the issuance or public listing plans of other securities or issuance of bonds of the Bank;
6. plans for substantial acquisition, repurchase of the Bank's shares or merger, division and dissolution of the Bank;

7. plans for substantial investment or disposal of substantial assets;
8. financial restructuring;
9. the annual financial budgets and final accounts of the Bank;
10. the amendments to the Articles;
11. proposal to the shareholders' meeting in respect of the appointment or dismissal of accounting firms that conduct regular statutory audits of the Bank's financial reports;
12. recruitment or dismissal of senior management personnel, etc.;
13. the remuneration strategy, performance evaluation and material awards and punishment of the senior management personnel of the Bank; and
14. other affairs that the board deems as in conflict with the material interest of shareholders or directors.

**Article 158** Meetings of the board of directors shall be attended by the directors personally. If a director cannot attend a meeting for any reason, he/she may entrust in writing another director to attend the meeting on his/her behalf, but independent directors shall not entrust non-independent directors to attend the meeting.

A director in principle can accept the entrustment from at most two directors who cannot attend the meeting in person. When reviewing matters regarding connected transactions, non-connected directors shall not entrust connected directors to attend the meeting on their behalf.

The written proxy shall specify the proxy's name, entrusted matters, the scope of authorization, the valid term, and the personal opinions and voting intentions of the directors on the proposal, and be signed by or affixed with the seal of the entrusting director.

A director who attends a meeting on behalf of another director shall exercise the rights of that director within the scope of entrusted authority. If a director fails to attend a meeting of the board of directors and also fails to entrust a proxy to attend on his/her behalf, he/she shall be deemed to have waived his/her voting rights at that meeting.

**Article 159** The voting on resolutions of the board in the board meeting shall, in principle, be made by poll. Upon the approval by two-thirds of all the directors, the voting may also be made orally.

**Article 160** The board of directors shall keep minutes of its decisions on the matters examined at the board meetings. Directors and clerks attending the meeting shall sign their names on the minutes. Directors attending the meeting shall have the right to request to add to the minutes the descriptive contents of their statements made at the meeting. The minutes of board meetings shall be kept by the board secretary as the

Bank's archives. Decisions, resolutions and minutes of board meetings shall be filed to the banking regulatory authority of the State Council within the shortest possible time after the end of the meeting. Minutes of the directors' meeting shall be kept permanently.

**Article 161** The minutes of a board meeting shall include the following:

1. the date, venue and name of the convener of the meeting;
2. the names of directors and the names of other entrusted directors (proxies) attending the board meeting;
3. agenda of the meeting and the parties making the proposals;
4. the key points of directors' speeches (including any doubt or objections raised by directors);
5. the voting method and result of each resolution (the voting result of a resolution shall state the numbers of votes for and against the resolution and the number of votes having been abstained); and
6. other contents as required by laws, administrative regulations and regulatory documents.

**Article 162** Directors shall sign the resolutions of a board meeting and be responsible for the resolutions made at the meeting. Directors who participate in adopting a resolution in violation of laws, administrative regulations or the Articles, resolutions of the shareholders' meeting and causing severe damages suffered by the Bank as a result shall be held liable to the Bank for such severe damages, provided that, if the above directors can prove that they have objected to the resolution during the voting therefor, as recorded in the minutes of the meeting, such directors shall not be held liable for the damages caused hereto.

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

**Article 163** Special committees are set up under the board of directors, which shall assist the board of directors to fulfill its functions in accordance with laws, administrative regulations, bylaws and regulatory rules and under the authorization of the board. The special committees set up under the board of directors include, without limitation: Strategic Development Committee, Audit Committee, Risk Policy Committee, Personnel and Remuneration Committee, Connected Transactions Control Committee, and Corporate Culture and Consumer Protection Committee, etc. Each special committee is responsible to the board of directors and is composed of at least three members who must be directors. The chairmen of the Audit Committee, Personnel and Remuneration Committee and Connected Transactions Control Committee shall be served by independent directors. The board of directors can establish other committees or make adjustment to the existing committees according to its needs. The

board of directors will formulate procedures of all special committees.

**Article 164** The main duties of the Strategic Development Committee are:

1. to review and examine the Bank's strategic development plans submitted by the senior management and supervise the implementation of the strategic development plan;
2. to review and examine strategy adjustment plans submitted by the senior management after evaluating factors possibly affecting the Bank's strategies and their implementation in accordance with international and domestic economic and financial circumstances and market trends;
3. to review and examine the Bank's annual budget;
4. to review and examine the capital plans of the Bank, and urge the senior management to make efforts in capital management;
5. to review and examine the information technology strategic development plans of the Bank;
6. to review and examine the green credit strategy, and supervise the Banks' implementation of the green credit strategy;
7. to review and examine the business development strategic plan, basic management systems of the Bank's inclusive finance business; to review and examine the annual business plan, assessment methods and evaluation, etc. for the Bank's inclusive finance business;
8. to review and examine the significant investment and financing plans of the Bank submitted by the senior management;
9. to review and examine the merger and acquisition plans of the Bank submitted by the senior management;
10. to review and examine substantial internal reorganization and adjustment plans of the Bank;
11. to review and examine strategic development plans, policies and systems, etc. in relation to strategic development needs, other regulatory requirements and operational needs, and to supervise the implementation thereof;
12. to submit advice and suggestions to the board of directors regarding the above matters; and
13. other duties authorized by the board of directors.

**Article 165** The main duties of the Audit Committee are as follows:

1. to review and examine the appointment, renewal and replacement of the external auditor, and the related audit fees; evaluate the external auditor's performance

- and oversee its independence, work process, quality and results;
2. to review and examine the external auditor's annual report, the audited annual financial statements, discussion and analysis of the operation and any interim financial statements; prepare a judgmental report regarding the truthfulness, completeness and correctness of the financial information contained in the audited annual financial statements of the Bank; review the external auditor's findings and recommendations relating to the financial management and control processes; review with the external auditor significant issues regarding the application of accounting principles and the preparation of financial statements; review and examine the annual plan and scope of work of the external auditor; review and examine significant accounting and auditing policies and important auditing regulations; review and examine the disclosure of financial information of the Bank;
  3. to review and examine the Internal Auditing Charter and other important policies, reports and organizational structure of the audit department; review and examine the medium and long-term audit plans and annual audit plan, and guide, evaluate and appraise the internal audit work;
  4. to review and examine the appointment of the chief audit officer and, when appropriate, propose the termination and replacement of the chief audit officer, who shall report directly to the board of directors and the Audit Committee; review the qualifications, performance and independence of the chief audit officer and his/her compensation;
  5. to urge the Bank to implement internal controls and management; review and examine the significant audit findings to the senior management prepared by the internal audit department and the senior management's response thereto; review and examine the senior management's plans to address significant deficiencies and material weaknesses in the design or operation of internal controls and financial reporting; discuss the adequacy of the Bank's internal controls with the chief audit officer and the external auditor, and any special audit steps adopted in light of material control deficiencies; review and examine the report on fraud cases;
  6. to review and examine employee reporting system and urge the Bank to conduct fair investigation and to take appropriate measures regarding the matters reported by the employees;
  7. to raise advice and suggestions on the above matters to the board of directors; and
  8. other duties authorized by the board of directors.

**Article 166** The main duties of the Risk Policy Committee are:

1. to review and examine the risk culture and the Bank's risk management status, formulate risk management strategies, review and re-examine major risk management policies and procedures, and review and examine risk preference;

2. to review and examine the comprehensive risk management report, supervise the senior management carrying out comprehensive risk management, and ensure the establishment of risk limits;
3. to review and examine matters related to the performance appraisal of the chief risk officer;
4. to urge the implementation of the Bank's risk management strategy, policy and procedure;
5. to supervise the status of the Bank's compliance with regulations; review and examine compliance policy of the Bank, and hear and examine the report of implementation status of the compliance policy of the Bank;
6. to organize and guide the case prevention work in accordance with regulatory requirements;
7. to raise advice and suggestions on the above matters to the board of directors; and
8. other duties authorized by the board of directors.

**Article 167** The main duties of the Personnel and Remuneration Committee are:

1. to review and examine the Bank's human resources and remuneration strategies; urge the implementation of relevant strategies;
2. to re-examine the structure, size and composition of the board of directors on a regular basis, and make suggestions regarding the scale and composition of the board of directors in accordance with the Bank's strategic plan, operation situation, size of assets and shareholding structure;
3. to re-examine the selection standards, nomination and recruitment process of directors, members in each special committee and senior management personnel on a regular basis;
4. to identify individuals suitably qualified to become directors;
5. to perform preliminary review of the qualification and conditions of candidates for directors; perform preliminary review of the candidates for president of the Bank, board secretary and chairmen of the special committees nominated by the chairman of the board in accordance with the selection standards and nomination process; perform preliminary review of the candidates for executive vice president, executive assistant president, chief financial officer, chief risk officer and other senior management personnel of the Bank nominated by the president; and perform preliminary review of the candidate for chief audit officer nominated by the Audit Committee;
6. to select and nominate the candidates for members of the special committees;
7. to review and examine, and urge and supervise implementation of the remuneration and incentive policies of the Bank; review and examine the remuneration distribution plan and incentive plan of directors and senior management personnel; review and examine the evaluation standards for senior management personnel; and appraise the directors for fulfilling their duties;

8. to raise advice and suggestions on the above matters to the board of directors; and
9. other duties authorized by the board of directors.

**Article 168** The main duties of the Connected Transactions Control Committee of the board of directors are as follows:

1. to manage the connected transactions of the Bank in accordance with the provisions of laws and regulations, and review and examine the corresponding management system for connected transactions;
2. to define the connected transactions of the Bank in accordance with the provisions of the laws, regulations and the Articles of the Bank;
3. to examine the connected transactions pursuant to the provisions of the laws and regulations and based on the business principles of justice and fairness;
4. to issue, by the member who is an independent director, a written report on the fairness and compliance of significant connected transactions and the performance of the internal approval procedure;
5. to review and examine the significant connected transactions and upon acceptance by the independent director, submit them for approval based on the transaction amount;
6. to review and examine the matters of information disclosure of the significant connected transactions of the Bank;
7. to raise advice and suggestions on the above matters to the board of directors; and
8. other duties authorized by the board of directors.

**Article 169** The main duties of the Corporate Culture and Consumer Protection Committee are:

1. to review and examine the Bank's corporate culture development plans and policies, etc., and urge the implementation of the above plans and policies, etc.;
2. to urge the senior management to examine and assess the implementation of the Bank's values, and guide the refinement and elaboration, promotion and popularization, education and training, and implementation of the value concepts system;
3. to urge the senior management to build a corporate culture work evaluation system, and oversee and assess the development and implementation of the Bank's corporate culture;
4. to review and examine the Bank's employee code of conduct and urge the senior management to put in place a matching implementation mechanism;
5. to review and examine the Bank's consumer protection strategies, policies, objectives, etc., and supervise and evaluate the Bank's consumer protection work;



6. to review and examine the Bank's environmental, social and governance related development plans, policies and reports; urge the senior management to identify, assess and manage important issues regarding environment, society and governance, and review and examine appropriate and effective environmental, social and governance risk management and internal control systems established and submitted by the senior management;
7. to regularly hear the reports on the Bank's corporate culture building, environmental, social and governance and consumer protection work;
8. to raise advice and suggestions on the above matters to the board of directors; and
9. other duties authorized by the board of directors.

**Article 170** Each special committee may engage intermediate agencies to issue professional opinions and the relevant cost will be borne by the Bank.

A director who serves as the president of the Audit Committee, the Connected Transaction Control Committee or the Risk Policy Committee shall work at the Bank for at least 25 business days each year.

## **Chapter 12 Secretary to the Board of Directors**

**Article 171** The board of directors shall establish the position of the board secretary. The board secretary is a senior management personnel of the Bank and is appointed by the board of directors and is responsible to the board of directors.

**Article 172** The board secretary shall be a natural person with a bachelor's or higher educational degree who has worked as an executive secretary or management personnel or other work relating to equity shares for at least three years. The board secretary shall have the necessary professional knowledge and experiences in areas such as accounting, tax, law, finance and business management, etc. and have good character and work ethics. The board secretary shall strictly abide by all relevant laws, administrative regulations and rules, be able to dutifully perform his/her duties and have good ability to handle public affairs.

The provisions specifying persons that cannot serve as directors of the Bank shall also apply to the board secretary.

**Article 173** The main duties of the board secretary shall be:

1. to assist the directors in dealing with daily work of the board; to be responsible for communications between the directors and relevant departments of the Bank and ensure that the directors are provided with necessary information and

- documents to fulfill their duties; to continuously advise, remind and ensure the directors to understand with the regulations, policies and requirements of the relevant regulatory authorities regarding the Bank's operations; to assist directors and the president to abide by laws, regulations, rules, relevant provisions by the securities regulatory authorities of the places of listing, the Articles and other relevant provisions in their exercise of authority and functions;
2. to organize, prepare for and attend the board of directors meetings and the shareholders' meetings; to be responsible for taking and signing minutes of board meetings; to ensure the resolution and the decisions made in the meeting in compliance with legal procedures; to proactively monitor the implementation of the board resolutions and to respond to directors' questions concerning relevant meeting procedures and applicable rules;
  3. to attend meetings of the board of supervisors and relevant meetings of the senior management personnel;
  4. to ensure that the Bank keeps complete organizational documents and records;
  5. to ensure that the Bank prepares and submits according to law the documents and reports required by relevant authorities;
  6. to keep the register of shareholders, the seal of the board of directors and other related information; to handle matters related to management, registration and depositing of the equity shares of the Banks; to ensure that the Bank's register of shareholders is properly established and that persons entitled to relevant records and documents of the Bank could obtain such records and documents in a timely manner;
  7. to be responsible for information disclosure of the Bank and to ensure the Bank's information disclosures are timely, accurate, legal, true and complete;
  8. to assist the board of directors and its special committees to exercise their delegated authorities;
  9. to be responsible for organization of market promotion; to coordinate with visits and reception work; to deal with investors' relationship; to maintain relationship with regulatory authorities, investors and intermediate agencies; to coordinate public relationship;
  10. to consult and advise on significant strategic decisions of the Bank;
  11. to organize and assist the directors of the Bank with trainings in relation to applicable laws, regulations and rules of relevant securities regulatory authorities of the jurisdiction where the stocks of the Bank are listed; and
  12. other duties set forth in the Articles or authorized by the board of directors.

**Article 174** The Bank's directors or senior management personnel may hold the position of the board secretary concurrently. However, the supervisors of the Bank

cannot hold the position of the board secretary concurrently. No certified accountant from the accounting firm or lawyer from the law firm as engaged by the Bank may concurrently hold the position of the board secretary of the Bank.

**Article 175** The board secretary shall be nominated by the chairman of the board of directors and appointed or dismissed by the board of directors. If a director of the Bank holds the position of the board secretary concurrently, in the case that any action needs to be taken by the director and the board secretary respectively, such person holding the positions of director and the board secretary concurrently shall not take such action in both of his/her capacities.

## **Chapter 13 Board of Supervisors**

### **Section 1 Supervisors**

**Article 176** The board of supervisors shall be composed of employee supervisors, external supervisors and shareholder supervisors. The employee supervisors and the external supervisors shall account for no less than one-third of all the supervisors of the Bank respectively.

External supervisors shall be nominated by the board of supervisors, or by a shareholder holding (or a group of shareholders holding in aggregate) at least 1% of voting shares of the Bank.

The Bank's external supervisor shall mean a supervisor who does not hold any position in the Bank other than supervisor and who has no relationship with the Bank and its shareholders or de facto controllers that may affect his/her independent decision making and objective judgments. Unless otherwise provided in this Chapter, the provisions in Chapter 11 of the Articles regarding the qualification, nomination, election and replacement of independent directors shall also apply to external supervisors.

The supervisors shall diligently perform their supervisory functions in accordance with laws, administrative regulations and the Articles.

**Article 177** Directors, president and other senior management personnel may not serve as supervisors concurrently.

**Article 178** The term of office of each supervisor shall be three years. A supervisor may serve consecutive terms if re-elected upon the expiration of his/her term. A person may not serve as an external supervisor of the Bank for more than six years in aggregate. Shareholder supervisors and externalsupervisors shall be elected and replaced by the

shareholders' meeting and employee supervisors shall be elected and replaced by the employee representative meeting.

**Article 179** A supervisor can attend the board meetings, the meetings of special committees of the board of directors and the meetings of the senior management and shall have the right to question or advise on matters decided at the meetings.

**Article 180** A supervisor may resign prior to the expiration of his/her term of office. The provisions in Chapter 11 hereof regarding resignation of a director shall also apply to resignation of a supervisor.

**Article 181** The Bank may establish necessary insurance coverage for supervisors' liabilities to reduce the risks possibly resulted from the ordinary performance of supervisors' duties.

## **Section 2 Board of Supervisors**

**Article 182** The Bank shall have a board of supervisors. The board of supervisors shall be composed of five to nine supervisors, one of whom shall be elected as the chairman of the board of supervisors. The chairman of the board of supervisors shall be elected and replaced by two thirds or more of all the supervisors. The chairman of the board of supervisors shall be a full-time employee, and shall at least have professional knowledge and working experience in one of such areas as finance, auditing, banking and law. Offices shall be set up under the board of supervisors in charge of coordination and implementation of work of the board of supervisors.

**Article 183** The board of supervisors is the supervisory authority of the Bank, and shall be responsible to the shareholders' meeting and perform the following duties:

1. to supervise the board of directors to establish a stable operation concept, principles of values and a development strategy suitable for the Bank; to evaluate the reasonableness and robustness of the Bank's development strategy and to form evaluation reports;
2. to examine and supervise the financial activities of the Bank;
3. to supervise the performance of the Bank's duties by the directors, supervisors and senior management personnel of the Bank; to supervise the election and appointment procedures of directors; to conduct comprehensive appraisal on performance of duties by the directors, supervisors and senior management personnel; and to propose the dismissal of the directors and senior management personnel who violate laws, administrative regulations, the Articles or resolutions of the shareholders' meeting;
4. to require the directors, the president, and other senior management personnel

- of the Bank to correct any act that is harmful to the Bank's interests;
5. to audit the directors and senior management personnel upon his/her departure, if necessary;
  6. to supervise and inspect the business decision-making, risk management and internal controls of the Bank, and to urge rectification, if necessary;
  7. to verify and raise comments on financial information such as financial reports, business reports, profit distribution plans, etc. that the board of directors intends to submit to the shareholders' meeting and, if in doubt, to be able to appoint, in the name of the Bank, a certified accountant or practicing auditor to assist in reviewing such information;
  8. to make enquiries of the directors, the chairman of the board of directors, and senior management personnel;
  9. to supervise the appropriateness and reasonableness of the remuneration management system and policies of the Bank and the remuneration plan for senior management personnel; to make proposals in relation to remunerations (or allowances) of supervisors, and submit the same to the shareholders' meeting for consideration;
  10. to propose to convene a meeting to enquire the chairman, directors and the senior management of the Bank in relation to the Bank's operating decision, risk management and internal control, if necessary; to propose to convene an extraordinary general meeting to supervise, inspect and urge rectifications; and to convene and preside over a shareholders' meeting when the board of directors fails to perform its duty of convening and presiding over such meeting under the Company Law;
  11. to make proposals to the shareholders' meetings;
  12. to represent the Bank in negotiating with or instituting legal proceedings against a director or senior management personnel; and
  13. other duties provided for in laws, administrative regulations and the Articles or authorized by the shareholders' meetings.

The directors, senior management personnel shall urge relevant personnel to honestly provide to the board of supervisors relevant information and documents and shall not disturb the performance of functions by the board of supervisors or any supervisors.

**Article 184** The Duty Performance and Due Diligence Supervision Committee and the Finance and Internal Control Supervision Committee are set up under the board of supervisors. The board of supervisors may set up new special committees and restructure existing committees when needed. All special committees under the board of supervisors shall be responsible to the board of supervisors and assist the board of

supervisors in performing its duties. The board of supervisors will formulate procedural rules for each special committee under the board of supervisors.

The Duty Performance and Due Diligence Supervision Committee shall be responsible for supervising the performance of duties by the Bank's board of directors, senior management and their members.

The chief of the Finance and Internal Control Supervision Committee shall be assumed by an external supervisor. The committee is responsible for the supervision of the Bank's financial management, internal control, risk management and compliance management, etc.

The internal audit departments of the Bank shall, in a timely manner, submit to the board of supervisors the complete results of auditing and examination of the internal functional departments and the branches of the Bank.

**Article 185** The board of supervisors may engage professional entities such as law firms and accounting firms for assistance in its performance of duties, with all relevant expenses incurred therefrom borne by the Bank.

**Article 186** The chairman of the board of supervisors shall perform the following responsibilities:

1. convene and preside at the supervisors' meeting;
2. organize and perform of the duties of the board of supervisors;
3. convene a special supervisors' meeting when he/she deems as necessary;
4. sign the reports and other important documents of the supervisors' meeting;
5. report their work to the shareholders' meeting on behalf of the board of supervisors;  
and
6. other duties as stipulated by laws, administrative regulations and the Articles and authorized by the board of supervisors.

When the chairman of the board of supervisors is unable or fails to perform his/her duty, a supervisor shall be jointly recommended by half or more supervisors to perform his/her duty on his/her behalf.

**Article 187** The board of supervisors shall formulate procedures of the board of supervisors and clarify the manner of proceedings and voting procedures of the board of supervisors to ensure the efficiency and scientific decision-making of the board of supervisors.

**Article 188** The board of supervisors shall hold at least four regular meetings each year.

The chairman of the board of supervisors shall be responsible for convening a special meeting of the board of supervisors within five working days if such a meeting is deemed necessary by him/her or if other supervisors propose.

**Article 189** A written notice of and other documents relating to a regular meeting of the board of supervisors shall be given to all supervisors five working days before the intended commencement of the meeting. A notice of and other documents relating to a special meeting of the board of supervisors shall be delivered within a reasonable period before the intended commencement of the meetings.

**Article 190** A notice of the meeting of the board of supervisors shall specify:

1. the date and venue of the meeting;
2. the term of the meeting;
3. the matters and topics to be proposed to the meeting for discussion; and
4. the date of the notice.

**Article 191** More than half of the supervisors shall constitute the legal quorum of any meeting of the board of supervisors.

**Article 192** A supervisor shall attend meetings of the board of supervisors personally after receiving written notice. If a supervisor fails to attend a meeting in person for any reason, he/she may entrust by a written proxy another supervisor to attend the meeting on his/her behalf. An external supervisor may also entrust another external supervisor to attend the meeting on his/her behalf. A supervisor shall not accept the entrustment by more than two supervisors at a meeting of the board of supervisors.

The proxy shall specify the name of the proxy supervisor, entrusted matters, scope of authority, effective period, the supervisor's personal opinions and voting intentions of the proposals, and shall be signed by and affixed with the seal of the entrusting supervisor.

A supervisor who attends a meeting on behalf of another supervisor shall exercise the rights of that supervisor within the scope of entrusted authority. If a supervisor fails to attend a meeting of the board of supervisors and to appoint a proxy to attend on his/her behalf, he/she shall be deemed to have waived his/her voting rights at that meeting.

**Article 193** A supervisor shall attend at least two thirds of the physical meetings of the board of supervisors in person each year.

Should a supervisor fail to attend two consecutive meetings of the board of supervisors personally and to appoint other supervisors to attend on his/her behalf, or should a supervisor fail to attend at least two-thirds of meetings of the board of supervisors

personally in a year, the supervisor shall be deemed to be incompetent to perform his/her duties and the board of supervisors shall propose that the supervisor be dismissed by the shareholders' meeting or the employee representative meeting.

Supervisors shall engage in supervisory work for the Bank no less than 15 business days per year.

Employee supervisors shall accept the supervision by the employee representative meeting, the employee meeting or other democratic forms, and report to the employee representative meeting, etc. on a regular basis.

**Article 194** The board of supervisors shall perform its duties by holding meetings of the board of supervisors.

**Article 195** Meetings of the board of supervisors may be convened in the form of physical meeting and by circulation of written resolutions.

A meeting of the board of supervisors convened in the form of telephone or video shall ensure each attending supervisor can hear other supervisors' speech clearly and can communicate with each other. The meetings of the board of supervisors by such means shall be recorded through video recording or audio recording, and the relevant record or video tape shall be kept permanently.

The board of supervisors shall not adopt the form of circulation of written resolutions when reviewing the annual work report submitted by the board of supervisors to the shareholders' meeting, or when reviewing major issues such as the Bank's annual report and profit distribution plan.

**Article 196** In principle, proposals discussed at a meeting of the board of supervisors shall be voted on an item-by-item basis. Each supervisor shall have one vote on each resolution of the board of supervisors.

**Article 197** In principle, each supervisor shall vote at the meetings of the board of supervisors by registered ballot. If a meeting of the board of supervisors is convened in the form of telephone or video, and the supervisors are not able to timely sign the meeting minutes during such meeting, such supervisors shall vote orally and complete the written signatures as soon as possible. The oral votes by the supervisors shall have equal effect as the written signatures, provided the written signatures shall be the same as the oral votes during the meeting. If such written signatures are different from the oral votes, the oral votes shall prevail.

Resolutions shall be announced by the board of supervisors and it shall be reported on whether a resolution has been adopted according to the voting result. The voting result for any resolution shall be recorded in the minutes of the meetings.



**Article 198** Any relevant resolution or report of the board of supervisors shall be subject to the approval by at least two thirds of all the supervisors.

In case that any supervisor disagrees in principle with any resolution or report, such disagreement shall be included in the relevant resolution or report.

**Article 199** Each supervisor shall sign his/her name on each resolution of the board of supervisors and shall be responsible to the board of supervisors. However, if it is proven that a supervisor has raised objection to such resolution during the meeting and it is recorded in the minutes of the meeting, the supervisor may be released from his/her above responsibility.

**Article 200** The board of supervisors shall take minutes of decisions made on matters discussed at the physical meetings. Minutes shall be signed by each supervisor attending and the clerk of the meeting. Supervisors attending the meeting shall have the right to request to add in the minutes the descriptive contents of their statements made at the meeting. The minutes of meetings of the board of supervisors shall be kept by the board of supervisors as the Bank's archives permanently.

**Article 201** The minutes of the meetings of the board of supervisors shall contain the following contents:

1. the date and venue of the meetings and the name of supervisor who convenes the meeting;
2. the names of supervisors who attend the meeting and the proxy supervisors who attend the meeting on behalf of other supervisors;
3. the agenda of the meeting;
4. the key points of the supervisors' speeches; and
5. the voting method and result for each resolution (the voting result shall state the numbers of votes for and against the resolution and the number of votes abstained).

**Article 202** The resolutions and meeting minutes of the board of supervisors shall be submitted to the banking regulatory authority of the State Council for record.

## **Chapter 14 President**

**Article 203** The Bank shall adopt a president responsible system under the leadership of the board of directors, in which the president shall be a member of the board of directors, accountable to and be appointed or dismissed by the board of directors. The Bank shall have one president, and may have other senior management personnel to assist the president's work if necessary.

The term of each president is three years and may be re-appointed and serve consecutive terms.

**Article 204** The president shall have the right to carry out business activities and management of the Bank in compliance with laws, administrative regulations, rules, the Articles and authorizations of the board of directors. The president shall have the right to exercise the following powers:

1. in charge of daily administration, business operation and accounting management of the Bank, and report to the board of directors;
2. organize the implementation of the Bank's annual business plans and investment plans;
3. organize the implementation of resolutions of the board of directors;
4. submit operation and significant investment plans to the board of directors on behalf of senior management personnel, and implement such plans upon the approval of the board of directors;
5. formulate the annual financial budget plan and final accounts of the Bank and propose to the board of directors;
6. formulate the plans for profit distribution and loss make-up plan of the Bank and propose to the board of directors;
7. formulate plans for the increase or reduction in the registered capital of the Bank, the issuance and listing of other securities, and the issuing of bonds of the Bank and propose to the board of directors;
8. formulate the Bank's basic administrative system, internal management framework and plans for establishing important branches of the Bank and report to the board of directors for approval;
9. draft the legal and compliance policy of the Bank and related basic management system and report to the board of directors for approval; formulate the basic rules and regulations of the Bank;
10. propose to the board of directors for the appointment or dismissal of senior management personnel, such as executive vice president, executive assistant president, chief financial officer, chief risk officer, etc.;
11. appoint or dismiss officers in-charge of all internal departments and branches; however, the appointment or dismissal of the officer in-charge of the Bank's audit department shall be reviewed and approved by the Audit Committee under the board of directors of the Bank;
12. review and determine wages, welfares, rewards and punishment plans of the Bank's employees; decide on or authorize subordinated managers to appoint and dismiss employees according to their power and authorization scope;

13. propose the convening of special meeting of board of directors;
14. authorize senior management personnel, officers in-charge of internal departments and branches to conduct business activities within the authorization of the board of directors;
15. actively cooperate with special committees under the board of directors, implement decisions made by special committees in accordance with the Articles;
16. exercise the special authority at his/her disposal in relation to the Bank's affairs in accordance with laws and the Bank's interests upon the occurrence of major emergencies or other urgent circumstances, and report to the board of directors and the shareholders' meeting thereafter; and
17. other powers authorized by the Articles or the board of directors.

**Article 205** On a regular basis or upon the requirements of the board of directors or the board of supervisors, the president and other senior management personnel shall report to the board of directors or the board of supervisors regarding the Bank's business performance, important contracts, financial status, risk exposures, business outlook and significant events, etc. The president and other senior management personnel shall undertake the authenticity of the report.

The president and other senior management personnel shall reasonably perform their duties and functions within the authorized scope and in accordance with relevant laws, administrative regulations and the Articles without interference by shareholders and directors.

**Article 206** The president and other senior management personnel shall abide by laws, administrative regulations and the Articles, and perform his/her duties honestly and diligently.

**Article 207** The president may resign before his/her term of office expires. Detailed procedures and rules regarding resignation of the president shall be set forth in the engagement contract between the president and the Bank. The president shall be subject to audit before he/she leaves his/her post.

**Article 208** The Bank may establish necessary insurance system for president's liabilities and other senior management personnel's liabilities to reduce the risks possibly resulted from the ordinary performance of duties and functions by the president and other senior management personnel.

**Article 209** When the Bank is reviewing and approving policies and by-laws related to the employees' interest such as employees' salary, welfare, production safety, labor protection, labor insurance, dismissal of employees of the Bank, etc., it shall consult

the labor union for its opinions and suggestions and also hear employees' opinions and suggestions through employee representative meeting or other forms in advance.

## **Chapter 15 Qualifications and Obligations of the Bank's Directors, Supervisors, President and Other Senior Management Personnel**

**Article 210** In accordance with relevant regulations of the banking regulatory authority of the State Council, the qualifications of the Bank's directors and other senior management personnel shall be examined and approved by the banking regulatory authority of the State Council.

**Article 211** None of the following persons may serve as a director, supervisor, president or other senior management personnel of the Bank:

1. persons without capacity or with limited capacity for civil acts;
2. persons who have been sentenced for crimes for corruption, bribery, encroachment or embezzlement of property or disruption of the social or economic order where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime where five years have not lapsed following the serving of the sentence;
3. directors, or factory directors or managers who bear personal liability for the bankruptcy or liquidation of their companies or enterprises due to mismanagement where three years have not lapsed following the date of completion of such bankruptcy or liquidation;
4. the legal representatives of companies or enterprises that had their business licenses revoked for breaking the law, where such representatives bear individual liability therefor and three years have not lapsed following the date of revocation of such business licenses;
5. persons that have been removed from office by any other commercial banks or institutions for violating their fiduciary duty and to honestly and diligently perform their duties;
6. persons that used to serve as principal officers of high-risk financial institutions and that are unable to prove they are not liable for the cancellation or loss of assets of such financial institutions;
7. individuals or employees of enterprises that have overdue loans to the Bank;
8. persons with relatively heavy individual debts that have not been settled upon maturity;
9. persons who have cases established for investigation by the judicial authorities as a result of violation of the criminal law, and have not been closed;

10. persons who may not act as leaders of enterprises by virtue of laws and administrative regulations;
11. non-natural persons;
12. persons who are banned by the banking regulatory authority of the State Council to serve as a director, supervisor, president or other senior management personnel of banking and financial entities;
13. persons who are currently banned from the market by the securities regulatory authority of the State Council and have not been released yet; and
14. persons who have been ruled by relevant competent authority as having violated securities laws and administrative regulations, where such violation involved fraudulent or dishonest acts and five years have not lapsed following the date of the ruling.

Election and appointment of directors and supervisors or engagement of senior management personnel that are in violation of the preceding paragraph of this Article shall be invalid. The Bank shall dismiss any directors, supervisors or senior management personnel from their posts when the conditions set out in the preceding paragraph of this Article become applicable to them during their term of office.

Directors and supervisors of the Bank who encounter the conditions set out in item (7) of paragraph 1 of this Article shall be abstained from reviewing transactions between the Bank and the enterprises with overdue loans.

**Article 212** The validity of an act of a director, the president and other senior management personnel of the Bank on behalf of the Bank towards a bona fide third party shall not be affected by any irregularity in his/her current position, election or qualifications.

**Article 213** In addition to obligations imposed by laws, administrative regulations or listing rules of the stock exchange(s) on which shares of the Bank are listed, the Bank's directors, supervisors, president and other senior management personnel shall have the following obligations to each shareholder in the exercise of the functions and powers granted to them by the Bank:

1. not to cause the Bank to act beyond the scope of business stipulated in its business license;
2. to act honestly in the best interests of the Bank;
3. not to deprive the Bank of its property in any way, including (but not limited to) any opportunities that are favorable to the Bank; and
4. not to deprive any shareholders of their individual rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Bank submitted to and adopted by the shareholders' meeting

in accordance with the Articles.

**Article 214** The Bank's directors, supervisors, president and other senior management personnel shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their acts with due care, diligence and skills as a reasonable and prudent person should do under similar circumstances.

**Article 215** The Bank's directors, supervisors, president and other senior management personnel must, in the exercise of their duties, abide by the principles of honesty and credibility and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following obligations:

1. to act honestly in the best interests of the Bank;
2. to exercise powers within the scope of their functions and powers and not to act beyond such powers;
3. to personally exercise the discretion invested to him/her, not to allow himself/herself to be manipulated by another person and, not to delegate the exercise of his/her discretion to another party unless permitted by laws and administrative regulations or with the consent of the shareholders' meeting that has been informed;
4. to be impartial to shareholders of the same category and fair to shareholders of different categories;
5. not to conclude a contract or enter into a transaction or arrangement with the Bank except as otherwise provided in the Articles or with the consent of the shareholders' meeting that has been informed, except for those falling within the Bank's ordinary business scope and in compliance with the Bank's rules for management of related-party transactions;
6. not to use the Bank's property for his/her own benefit in any way without the consent of the shareholders' meeting that has been informed;
7. not to use his/her functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate the Bank's property in any way, including (but not limited to) any opportunities that are favorable to the Bank;
8. not to accept commissions in connection with the Bank's transactions without the consent of the shareholders' meeting that has been informed;
9. to abide by the Articles, perform his/her duties faithfully, protect the interests of the Bank and not to seek personal gain with his/her position, functions and powers in the Bank;
10. not to compete with the Bank in any way without the consent of the shareholders' meeting that has been informed;

11. not to embezzle the Bank's funds or lend them to others in violation of applicable regulations, not to deposit the Bank's assets in accounts opened in his/her own or in another's name, not to use the Bank's assets to provide security interest for the debts of the Bank's shareholders or other individuals; and
12. not to disclose confidential information relating to the Bank that was acquired by him/her during his/her term of office without the consent of the shareholders' meeting that has been informed, and not to use such information except for the interests of the Bank; however, such information may be disclosed to the court or other government authorities if:
  - (1) required by law;
  - (2) required in the public interest; or
  - (3) required in the own interest of such director, supervisor, president or other senior management personnel.

All income obtained by a director and senior management personnel in violation of the said provisions shall belong to the Bank.

**Article 216** A director, a supervisor, the president or other senior management personnel of the Bank may not procure the following persons or organizations ("Connected Persons") to do what such director, supervisor, president or other senior management personnel may not do:

1. the spouse or minor children of such director, supervisor, president or other senior management personnel of the Bank;
2. the trustee of a director, supervisor, president or other senior management personnel of the Bank or of any person referred in item (1) hereof;
3. the partner of a director, supervisor, president or other senior management personnel of the Bank or of any person referred in items (1) and (2) hereof;
4. a company over which a director, supervisor, president or other senior management personnel of the Bank, individually or jointly with any person referred to in items (1), (2) and (3) hereof or any other director, supervisor, president or other senior management personnel of the Bank, has actual control; and
5. a director, a supervisor, the president or other senior management personnel of the company being controlled as referred to in item (4) hereof.

**Article 217** The fiduciary duties of the Bank's directors, supervisors, president and other senior management personnel do not necessarily cease with the termination of their term of office. Their confidentiality obligation in relation to the Bank's trade secrets shall remain in effect after termination of their term of office. The term for continuance of other obligations shall be determined in accordance with the principle of fairness and

depends on the time lapsed between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Bank terminates.

**Article 218** A director, a supervisor, the president or other senior management personnel of the Bank may be relieved from liability for a specific breach of obligations by the shareholders' meeting which has been fully informed, except the circumstances as specified in Article 59 hereof.

**Article 219** In cases where a director, a supervisor, the president or other senior management personnel of the Bank has directly or indirectly vested a material interest in any contract, transaction or arrangement concluded or planned by the Bank (except his/her engagement contract with the Bank), he/she shall disclose the nature and extent of his/her interest to the board of directors and the board of supervisors at the earliest opportunity, whether or not the matter is normally subject to the approval of the board of directors.

A director, a supervisor, the president or other senior management personnel of the Bank shall be deemed to be connected with any contract, transaction or arrangement in which a Connected Person or contact person of such director, supervisor, president or other senior management personnel is connected or has a material interest with the Bank.

Any directors of the Bank who have a material interest in the entities involved in the matters subject to the board resolution shall not exercise voting right over such resolution and shall not vote as proxy of other directors. Such board meeting can be convened upon the presence of more than half uninterested directors, and the resolution shall be adopted by more than half of the uninterested directors. If the uninterested directors present at the board meeting are less than three persons, such matter shall be submitted to the Bank's shareholders' meeting for approval.

Unless the interested director, supervisor, president or other senior management personnel of the Bank has disclosed such interest to the board of directors as required under the preceding paragraph hereof and the matter has been approved by the board of directors at a meeting in which he/she was not counted in the quorum and had abstained from voting, the Bank shall have the right to void the contract, transaction or arrangement, except where the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor, president or other senior management personnel concerned.

**Article 220** If a director, a supervisor, the president or other senior management personnel of the Bank gives a written notice to the board of directors before the conclusion of the contract, transaction or arrangement is first considered by the Bank, stating that due to the contents of the notice, he/she has an interest in the contract, transaction or arrangement that may subsequently be made by the Bank, such director, supervisor, president or other senior management personnel shall be deemed for the purposes of the preceding articles of this Part to have declared his/her interest, insofar



as attributable to the scope stated in the notice.

**Article 221** A director, a supervisor, the president and other senior management personnel shall compensate for the losses sustained by the Bank caused by his/her willful dereliction of duty before the conclusion of his/her term of office.

**Article 222** The Bank may not in any manner pay taxes on behalf of its directors, supervisors, president or other senior management personnel.

**Article 223** The Bank shall not offer credit loans to related parties; the Bank shall not provide guaranteed loans to its related parties on terms and conditions more favorable than the similar types of loans provided to other borrowers.

The related parties stated above shall mean:

1. the directors, supervisors, management personnel, credit/borrowing staff of the Bank and their respective lineal relatives; or
2. companies, enterprises and other economic entities in which the above-mentioned persons invest in or hold senior management positions.

**Article 224** If the Bank provides any loans in violation of the preceding article, the party receiving such loans shall repay them immediately regardless any loan conditions.

The Bank may not be compelled to perform a guarantee or security provided by the Bank in violation of the preceding article, except for the following circumstances:

1. when the loan is provided to a Connected Person of a director, a supervisor, the president or other senior management personnel of the Bank or its parent company, the loan provider is not aware of the condition; and
2. the guarantee provided by the Bank has been lawfully assigned by the loan provider to a bona fide purchaser.

**Article 225** For the purposes of the preceding article, the term "guarantee" shall include any act whereby a guarantor assumes liability or provides property to guarantee or secure the performance of obligations by an obligor.

**Article 226** If a director, a supervisor, the president or other senior management personnel of the Bank breaches his/her obligations to the Bank, the Bank shall, in addition to any rights and remedies provided by laws and administrative regulations, have a right to:

1. require the relevant director, supervisor, president or other senior management personnel to compensate for the losses sustained by the Bank as a consequence of his/her dereliction of duty;

2. rescind any contract or transaction concluded by the Bank with the relevant director, supervisor, president or other senior management personnel and contracts or with a third party (where such third party is aware or should be aware that the director, supervisor, president or other senior management personnel representing the Bank was in breach of his/her obligations to the Bank);
3. require the relevant director, supervisor, president or other senior management personnel to surrender the gains derived from the breach of his/her obligations;
4. recover any funds received by the relevant director, supervisor, president or other senior management personnel that should have been received by the Bank, including (but not limited to) commissions; and
5. require the relevant director, supervisor, president or other senior management personnel to return the interest earned or possibly earned on the funds that should have been paid to the Bank.

**Article 227** The Bank shall execute a written contract with each director and supervisor of the Bank concerning his/her emoluments. Such contract shall be approved by the shareholders' meeting before it is entered into. The above-mentioned emoluments shall include:

1. emoluments in respect of his/her service as a director, supervisor or senior management personnel of the Bank;
2. emoluments in respect of his/her service as a director, supervisor or senior management personnel of a subsidiary of the Bank;
3. emoluments for providing other services to the management of the Bank or any subsidiary thereof; and
4. compensation for the director or supervisor for his/her loss of office or retirement.

A director or supervisor may not sue the Bank for his/her benefits due to him/her on the basis of the above-mentioned matters, except under a contract as mentioned above.

**Article 228** The Bank shall specify in the contract concluded with a director or supervisor of the Bank concerning his/her emoluments that in the event of a takeover of the Bank, a director or supervisor of the Bank shall, subject to prior approval of the shareholders' meeting, have the right to receive the compensation or other funds obtainable for loss of office or retirement.

For the purposes of the preceding paragraph, the term "a takeover of the Bank" shall refer to any of the following circumstances:

1. anyone makes a general offer to all the shareholders; or
2. anyone makes a general offer so that the offeror becomes a controlling shareholder as defined hereof.

If the relevant director or supervisor has failed to comply with this Article, any fund received by him/her shall belong to those persons that have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such fund on a pro rata basis shall be borne by the relevant director or supervisor and may not be paid out of such fund.

## **Chapter 16 Accounting System, Distribution of Profits, Internal Control and Audit**

### **Section 1 Accounting System**

**Article 229** The Bank shall formulate its accounting system in compliance with laws, administrative regulations and relevant stipulations in the general accepted accounting principles of China formulated by the financial regulatory authorities and the regulations promulgated by the banking regulatory authority of the State Council.

**Article 230** The Bank shall not establish any separate accounting books other than the statutory accounting books. The assets of the Bank shall not be put in any individual bank account.

**Article 231** The Bank's fiscal year shall be the period from January 1 and end on December 31 of each calendar year.

**Article 232** The Bank shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and verified according to law.

The financial statements of the Bank shall be prepared not only in accordance with the China's generally accepted accounting principles, laws and regulations but also in accordance with international accounting standards or the accounting standards of the place(s) outside the Chinese mainland where shares of the Bank are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting principles, such differences shall be stated in the notes appended to such financial statements.

For purposes of the Bank's distribution of after-tax profits in a given fiscal year, the smaller amount of after-tax profits shown in the above-mentioned two kinds of financial statements shall prevail.

**Article 233** The board of directors of the Bank shall submit to the shareholders at each shareholders' meeting such financial reports as relevant laws, administrative regulations and normative documents promulgated by the local government and the authorities-in-charge require the Bank to prepare.

**Article 234** The financial reports of the Bank shall be made available for inspection by shareholders 20 days prior to an annual general meeting. Each shareholder of the Bank shall have the right to obtain a copy of the financial reports referred to in this Chapter.

The Bank shall, no later than 21 days prior to a shareholders' meeting, serve or send:

1. the report of the board of directors, the balance sheet (including all documents required to be attached by relevant rules) and the profit and loss statement or income statement; or
2. the financial summary report in compliance with relevant regulations

by the delivery methods stipulated in the Articles or by prepaid mail to each shareholder of overseas-listed foreign shares. The recipient's address shall be the address as shown in the register of shareholders.

**Article 235** The Bank shall publish two financial reports each fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year.

Interim results or financial information published or disclosed by the Bank shall be prepared in accordance with China's generally accepted accounting principles, laws and regulations as well as international accounting standards or the accounting standards of the place(s) outside the Chinese mainland where shares of the Bank are listed.

**Article 236** The capital reserve shall include the following funds:

1. the premiums obtained from the issue of shares in excess of the par value; and
2. other revenue required by the financial regulatory authorities of the State Council to be included in the capital reserve.

**Article 237** The Bank shall distribute the after-tax profit in accordance with the following order:

1. make up the accumulated losses of the previous year;
2. draw 10% of the after-tax profit as statutory reserve funds as required by law;
3. draw general reserves;
4. pay dividends to shareholders holding preference shares;
5. draw discretionary reserve funds; and
6. pay dividends to shareholders holding ordinary shares.

If the accumulative amount of the Bank's statutory reserve funds has reached 50% of the Bank's registered capital, the Bank is not required to draw further statutory reserve funds. After drawing the statutory reserved funds, it shall be subject to the shareholders'

meeting's discretion to resolve whether to draw the discretionary reserve funds. The Bank shall not distribute dividends to shareholders before making-up the Bank's losses and drawing the statutory reserve funds and the general reserves.

Profits shall not be distributed to the Bank shares held by the Bank itself.

The Bank shall not distribute dividends or make other distribution of profits in other form of dividends before making-up losses and drawing statutory reserve funds.

The dividends of the Bank do not carry any interest, unless the Bank fails to pay the dividends to the shareholders on the dividends payment day.

**Article 238** When the shareholders' meeting resolves to convert the reserve funds to share capital, the new shares shall be distributed to its shareholders holding ordinary shares based on the original share-holding ratio after such capital increase has been approved by the banking regulatory authority of the State Council. However, the remaining amount of the legal reserved funds shall be no less than 25% of the Bank's registered capital.

**Article 239** After the shareholders' meeting adopts a resolution for a plan of using statutory reserve to increase share capital, the board of directors shall complete the share capital increase within two months after the shareholders' meeting.

**Article 240** Distribution of profits of the Bank should comply with the following principles:

1. The Bank shall take full account of the return to shareholders, and shall also take into account the long-term interests of the Bank, the overall interests of all shareholders and the sustainable development of the Bank;
2. The Bank shall make the profit distribution annually in accordance with the proportion stipulated in the Articles;
3. The Bank shall adopt cash dividend as the priority form of the profit distribution; and
4. The profit distribution policy shall maintain continuity and stability.

The profit distribution policy of the Bank in connection with shareholders holding ordinary shares is as follows:

1. The Bank could adopt cash, shares, or the combination of cash and shares as the form of dividend distribution.
2. Except under special circumstances, the Bank shall adopt cash as the form of dividend distribution where there is profit in that year and the accumulated undistributed

profit is positive, and the cash distribution of dividend shall not be less than 10% of the profit after tax attributable to the shareholders of the Bank holding ordinary shares. The special circumstances shall include the material investments of the Bank; the Bank's capital adequacy ratio is lower than the requirements of the banking regulatory authority of the State Council and other regulatory authorities, or the banking regulatory authority of the State Council and other regulatory authorities take regulatory measures to limit the Bank's dividend; occurrence of war, natural disasters and other force majeure events which have a significant impact on the operation of the Bank.

3. When the Bank is operating in good condition, and the board of directors considers the share price of the Bank does not correlate with the scale of the Bank's share capital, and the share dividend is conducive to the overall interests of all shareholders of the Bank, the board of directors could propose the plan of share dividend distribution if the requirements of cash dividend above are satisfied. Dividend distribution by shares shall be adopted as a resolution at the shareholders' meeting and reported to the banking regulatory authority of the State Council for approval.

In case of the occurrence of force majeure events, such as war and natural disasters, significant changes in the regulatory policies, changes in the external operating environment of the Bank which have significant impact on the operation of the Bank, or significant changes in the Bank's own operation condition, the Bank could amend the profit distribution policy.

The board of directors shall make a special disquisition on amendments to the Bank's profit distribution policy, demonstrate the detailed reasons for the amendments and prepare a written report thereon, and shall at the same time seek opinion from the independent directors and then submit the amendments to the shareholders' meeting of the Bank for approval as a special resolution. If permitted under applicable laws, administrative regulations and the listing rules of the places of listing, while considering the amendments to the profit distribution policy, the Bank shall offer on-line voting to the shareholders.

The profit distribution plan of the Bank shall be formulated by the president and submitted to the board of directors and the board of supervisors for consideration. The board of directors shall have sufficient discussion on the rationale of the profit distribution plan, reach a resolution and submit it to the shareholders' meeting for approval. If permitted under applicable laws, administrative regulations and the listing rules of the places of listing, while considering the profit distribution plan, the Bank shall offer on-line voting to the shareholders.

In the event where the cash dividend does not reach the proportion stipulated in the Articles due to the aforesaid special circumstances, the board of directors shall explain the reasons therefor in the proposed resolution of the shareholders' meeting.

In the event where the Bank does not distribute cash dividend due to the aforesaid special circumstances, the board of directors shall make a special statement relating to

non-distribution, the specific use of the reserved funds, the expected investment return and other related matters. Such statement shall be submitted to the independent directors for their opinion and then be submitted to the shareholders' meeting for approval. The aforesaid statement shall also be disclosed in such media chosen by the Bank.

After a resolution on distribution of dividends in cash is approved by the shareholders' meeting, the Bank shall complete the distribution of dividends within two months after the shareholders' meeting. If the dividend is to be distributed in the form of shares, the distribution shall be completed within two months after the resolution being adopted by the shareholders' meeting and approved by the banking regulatory authority of the State Council. Any amount paid up in advance of calls on any shares by a shareholder may carry interest, but shall not entitle the shareholder to participate in any dividend distribution declared prior to the due date of such amount in respect of such prepaid amount.

The profit distribution policy of the Bank in connection with shareholders holding preference shares is as follows:

The shareholders of the Bank holding preference shares shall be entitled to profit distribution at the stated dividend payout ratio as agreed, having priority over shareholders holding ordinary shares. The Bank shall pay dividends in cash to shareholders holding preference shares, and shall not distribute profits to shareholders holding ordinary shares until the Bank has fully paid the agreed dividends to shareholders holding preference shares.

The dividend rate of the preference shares issued by the Bank is determined through the market inquiry method or other methods recognized by regulatory authorities. The Bank's issued and existing preference shares shall be subject to a dividend payout ratio that can be adjusted at different intervals. The dividend payout ratio is the benchmark interest rate plus a fixed interest margin, that is, the dividend rate remains unchanged for a certain period after the issuance of the preference shares, and the benchmark interest rate thereafter is adjusted every certain period, and the dividend payout ratio during each adjustment period shall remain the same. The dividend payout ratio of the preference shares of the Bank issued under the non-public issuance shall not be higher than the Bank's average ratio of the annual weighted average return on equity for the two most recent financial years prior to the issuance.

The dividends on preference shares of the Bank shall not be cumulative, i.e. any shortfall in dividend which has not been paid to shareholders holding preference shares shall not be carried forward to the following year.

After dividends are paid at the agreed dividend payout ratio to shareholders holding preference shares which have been issued by the Bank, shareholders holding such preference shares shall not participate in distribution of the remaining profits with shareholders holding ordinary shares.

The Bank is entitled to cancel dividend payment on preference shares and such cancellation shall not constitute an event of default. The Bank may use the cancelled dividends to repay other due debts. Such cancellation shall not constitute other restrictions on the Bank except for profit distribution to shareholders holding ordinary shares.

**Article 241** The payment of dividends or other amounts to the shareholders of domestic shares by the Bank shall be calculated, declared and paid in RMB; however, such payment may also be paid in foreign currencies if in compliance with relevant laws, administrative regulations, listing rules of the places of listing and approved by relevant regulatory authorities; the payment of dividends or other amounts to the shareholders of foreign shares by the Bank shall be calculated and declared in RMB but paid in foreign currencies.

The payment of foreign currencies to shareholders of foreign shares by the Bank shall be made in compliance with relevant provisions of foreign exchange administration of the state.

The Bank shall withhold and make payment on behalf of individual shareholders the tax payables over the dividend income in accordance with China's tax laws and regulations.

**Article 242** The Bank shall appoint recipient agents for shareholders of overseas-listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of overseas-listed foreign shares.

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

After complying with relevant PRC laws, administrative regulations and rules, the Bank may expropriate dividends no one claims for, but such right of expropriation shall only be exercised upon the expiration of six years or longer period after the date of announcement of such dividends, or the expiration of any other shorter applicable statutory limitation.

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

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



1. The Bank has distributed dividends on such shares at least three times in a period of twelve years and no one claims for such dividends; and
2. After the expiration of the twelve-year period, the Bank makes a public announcement in one or more newspapers in the places of listing, stating its intention to sell such shares and notifies the securities regulatory authorities of the places of listing of the Bank's shares. Such public announcement shall be made in newspapers qualified for relevant rules.

## **Section 2 Internal Control and Internal Audit**

**Article 243** The Bank shall establish and improve internal control system, specify internal control responsibilities, optimize internal control measures, strengthen internal control guarantee, and continuously carry out the evaluation and supervision on internal control.

**Article 244** The Bank shall establish the system of internal audit and shall have full-time auditors to conduct internal audit and report on the Bank's operations and internal control.

**Article 245** The internal audit policy and the function of the internal auditors of the Bank shall be implemented after being approved by the board of directors.

## **Chapter 17 Engagement of Accounting Firm**

**Article 246** The Bank shall engage an independent accounting firm that complies with relevant State regulations to audit the annual financial reports, financial statements and other financial reports of the Bank, and to perform net assets verification and to provide other relevant consultative services.

The first accounting firm of the Bank may be engaged by the inaugural meeting prior to the first annual general meeting. Such accounting firm shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting does not exercise its power under the preceding paragraph, the board of directors shall exercise such power. The term of engagement of an accounting firm engaged by the Bank shall be between the end of the annual general meeting of the Bank and the end of the next annual general meeting.

**Article 247** The appointment, dismissal, refusal of or renewal of the appointment of an accounting firm shall be decided upon by the shareholders' meeting and reported to the securities regulatory authority of the State Council.

When a shareholders' meeting passes a resolution to engage an accounting firm other than the incumbent one, to fill vacancy of an accounting firm, or to reappoint an

accounting firm engaged by the board of directors to fill the vacancy, or to remove an accounting firm before the expiration of its term, the following provisions shall apply:

1. Before sending out notice of a shareholders' meeting, a copy of the engagement or dismissal proposal shall be sent to the accounting firm proposed to be engaged, and to the firm which is leaving its post or having left its post in the relevant fiscal year. Leaving includes leaving by removal, resignation and retirement.
2. If the leaving accounting firm makes a statement in writing and requests the Bank to disclose such statement to the shareholders, the Bank shall, unless the statement is received too late, take the following actions:
  - (1) in the notice sent out for the purpose of a resolution, state the fact that the leaving accounting firm has made the statement; and
  - (2) send a copy of the statement as appendix to such notice to every shareholder in the manner stipulated by the Articles.
3. If the statement of the accounting firm is not sent by the Bank in accordance with subsection 2 above, the accounting firm may request the statement to be read out at the shareholders' meeting and may make further representations.
4. An accounting firm which is leaving shall be entitled to attend:
  - (1) the shareholders' meeting at which its term of office would otherwise have expired;
  - (2) any shareholders' meeting which will fill the vacancy caused by its removal; and
  - (3) any shareholders' meeting which is convened due to its resignation;

and to receive all notices of, and other communications relating to, any aforesaid meeting, and to speak on any issues which concern it as the former accounting firm of the Bank at any such meeting.

**Article 248** The accounting firm engaged by the Bank shall have the following rights:

1. The right of access at all times to the financial books, records or vouchers of the Bank and the right to require directors, the president and other senior management personnel of the Bank to provide relevant materials and explanations;
2. The right to require the Bank to take all reasonable measures to provide materials and explanations of its subsidiaries necessary for the performance of duties by the accounting firm; and
3. The right to attend the shareholders' meeting, to receive any notice or other information concerning the meeting which shareholders have rights to receive, and to speak at the shareholders' meeting on matters related to its service scope and position as the accounting firm of the Bank.

**Article 249** If a vacancy of the position of accounting firm arises, the board of directors may appoint an accounting firm to fill such vacancy before the holding of a shareholders' meeting, but such appointment shall be confirmed in the next annual general meeting. However, if there are other engaged accounting firms of the Bank while such vacancy still exists, such accounting firms shall continue to serve.

**Article 250** The remuneration or method of remuneration of an accounting firm shall be decided upon by the shareholders' meeting. The payment scheme to an accounting firm appointed by the board of directors shall be determined by the board of directors and approved by the shareholders' meeting.

**Article 251** When the Bank dismisses or does not renew the engagement of an accounting firm, it shall give a notice 15 days in advance to the accounting firm. The accounting firm shall have the right to present its views at the shareholders' meeting. Where an accounting firm tenders its resignation, it shall explain to the shareholders' meeting whether there is any irregular matter in the Bank.

An accounting firm may resign its office by depositing at the Bank's registered address a notice in writing to that effect and containing:

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

Any such notice shall become effective on the date when it is deposited or on such later date as may be specified therein.

The Bank shall, within 14 days after receiving the said written notice, send a copy of the notice to the relevant regulatory authorities. If the notice contains a statement referred to in the above item (2), the Bank shall also deposit a copy of the said statement in the Bank for the shareholders' review. A copy of the said statement shall also be sent by prepaid mail or any other delivery methods stipulated in the Articles to each shareholder of overseas-listed foreign shares and to each shareholder of domestic investment shares at the recipient's address shown in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement of any circumstance stated above, it may require the board of directors to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

**Article 252** The shareholders' meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of engagement, notwithstanding any provisions in the engagement contract between the accounting firm and the Bank,

without prejudice to such accounting firm's right, if any, to claim damages from the Bank in respect of such dismissal.

**Article 253** When the Bank engages a new accounting firm, the succession of the firms shall be conducted properly.

## **Chapter 18 Notices**

**Article 254** Notices, communications or any other written materials of the Bank may be sent out by following means

1. in person;
2. by mail;
3. by fax or email;
4. by making announcement in the Bank's website or the websites designated by Hong Kong Stock Exchange in compliance with laws, administrative regulations and listing rules of the places of listing;
5. by public announcements;
6. by other means recognized by the Bank, or agreed by the recipient of the notice in advance or recognized by the recipient of the notice after receiving such notice; or
7. through other means recognized by regulatory authorities or stipulated under the Articles.

Whether or not the Articles otherwise provides for the delivery methods of any notice, communication or any other written material, the Bank may publish its communications by the means specified in item (4) of paragraph 1 of this clause to replace the means of sending written documents to each shareholder of overseas-listed foreign shares in person or by prepaid mail without prejudice to relevant regulations of securities regulatory authorities in the places of listing. The said communications refer to any documents sent or to be sent by the Bank to the shareholders for reference or taking action, including but not limited to report of the board of directors (together with balance sheet and income statement), annual report (including annual financial report), interim report (including interim financial report), meeting notice, listing documents, circulars, proxy forms and reply slips, etc.

Unless the context otherwise specifies, the "public announcements" used herein shall mean, with respect to announcements made to the shareholders of domestic investment shares or announcements that are required to be made within the Chinese mainland in accordance with relevant regulations and the Articles, the announcements published on the website of the stock exchanges and through the media in line with the conditions prescribed by the securities regulatory authority of the State Council; with respect to announcements made to the shareholders of foreign investment shares or

announcements that are required to be made within Hong Kong in accordance with relevant regulations and the Articles, such announcements must, following the requirements of the Hong Kong Listing Rules, be published on the website of the Bank, website of Hong Kong Stock Exchange and other means stipulated by the Hong Kong Listing Rules.

**Article 255** Unless otherwise provided in the Articles, the means specified in the preceding article shall apply to all notices of the shareholders' meetings, the meetings of the board of directors and the board of supervisors held by the Bank.

**Article 256** When a notice from the Bank is sent out in person, the recipient of the notice shall sign (or seal) on the return receipt of delivery. The date of the recipient's signature shall be deemed to be the delivery date. When the notice of the Bank is sent out via mail, the delivery date shall be 48 hours after such notice is delivered to the post office. When the notice of the Bank is sent out by fax or email or published on website, the delivery date shall be the date when the fax or email is sent out. When the notice of the Bank is sent out by public announcement, the delivery date shall be the first date of publication of such announcement. Relevant announcement shall be published in newspapers or websites that meet relevant requirements.

**Article 257** A notice sent by the Bank may be made by way of an announcement; once announced, the notice is deemed as being received by all relevant parties.

**Article 258** When the listing rules of the places of listing requires the Bank to send, mail, pass, deliver, issue or provide relevant documents of the Bank in both English and Chinese, if the Bank has made appropriate arrangement to ensure whether its shareholders expect to receive an English copy only or a Chinese copy only, the Bank may (based on the intention clearly presented by its shareholders) send an English copy or a Chinese copy only to relevant shareholders within the scope permitted by applicable laws and regulations and in accordance with such applicable laws and regulations.

## **Chapter 19 Merger, Division, Dissolution and Liquidation**

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

**Article 259** The Bank may conduct merger and division in compliance with relevant laws and regulations.

The Bank may undertake a merger in two ways: merger by absorption and merger by new establishment.

Merger or division of the Bank shall be in compliance with the relevant provisions stipulated under the Company Law and the Commercial Banking Law.

**Article 260** Any merger or division of the Bank shall be conducted in accordance with the following procedures:

1. The board of directors shall propose a merger or division plan;
2. The shareholders' meeting shall adopt a resolution of the merger or division in accordance with the Articles;
3. The parties involved in the merger or division shall enter into a merger or division agreement;
4. Certain approvals shall be obtained pursuant to relevant laws and regulations;
5. The Bank shall arrange all matters involved in the merger or division such as settlement of debts and credits; and
6. The Bank shall register the dissolution, or any other change caused by the merger or division with relevant government authorities.

**Article 261** The parties involved in the merger or division of the Bank shall execute merger or division resolutions, prepare balance sheets and lists of assets. The Bank shall notify its creditors within ten days from the date on which the merger or division resolution is passed by the shareholders' meeting, and shall publish announcement at least three times on newspapers within 30 days.

**Article 262** Any creditor of the Bank shall have the right to claim for debt settlement or relevant security interest to the Bank within 30 days from the date on which the creditors receive the notice on the merger or division from the Bank, or within 45 days from the date on which the first announcement is published in case of not receiving the Bank's notice.

**Article 263** The board of directors shall take necessary methods to protect the legal interest of shareholders who object to the merger or division of the Bank. Shareholders that oppose such proposal on merger or division of the Bank shall have the right to require the Bank or shareholders that are in favour of such proposal to purchase their shares at a fair price.

**Article 264** The contents of resolutions approving the merger or division of the Bank shall be compiled in a special document for inspection by shareholders. The shareholders of overseas-listed foreign shares which are publicly listed in Hong Kong shall be served copies of the above-mentioned document by mail or other means stipulated by the Articles.

**Article 265** Upon completion of the merger of the Bank, the company that continues to

exist or is newly established shall succeed to the claims and debts of all the parties involved in the merger.

**Article 266** If the Bank is to be divided, its property shall be divided accordingly.

The liabilities of the Bank prior to its division shall be severally and jointly born by its successor companies after such division, except for those liabilities on which the creditors have entered into a written agreement regarding settlement and payment prior to the division.

**Article 267** Where the merger or division of the Bank involves any change in registered matters, such change shall be registered with governing registrar according to law. The dissolution of the Bank shall be registered for cancellation according to law. The establishment of any new company shall be legally registered.

## **Section 2 Dissolution and Liquidation**

**Article 268** Should any of the following circumstances occur, the Bank shall be dissolved and liquidated pursuant to law:

1. if the shareholders' meeting resolves to dissolve the Bank;
2. if a dissolution is necessary as a result of the merger or division of the Bank;
3. if the Bank is declared bankrupt pursuant to law because it is unable to pay off matured debts;
4. if the Bank is dissolved by the court in accordance with Article 270 hereof; or
5. if the Bank is lawfully declared to be closed as a result of violation of laws and administrative regulations.

Dissolution and liquidation of the Bank shall be in compliance with the relevant provisions stipulated under the Company Law and the Commercial Banking Law.

**Article 269** Where the Bank is to be dissolved pursuant to item (1) of the preceding Article, a liquidation committee shall be established within 15 days. The members of the liquidation committee shall be determined by the shareholders' meeting in the form of general resolution.

Where the Bank is to be dissolved pursuant to item (2) of the preceding Article, the relevant liquidation matters shall be arranged by the parties of the merger or division in accordance with the agreement reached thereof.

Where the Bank is to be dissolved pursuant to item (3) or (4) of the preceding Article, the people's court shall, pursuant to relevant laws, arrange shareholders, relevant authorities and professionals to establish a liquidation committee to carry out the

liquidation process.

Where the Bank is to be dissolved pursuant to item (5) of the preceding Article, the relevant authorities in charge shall arrange the shareholders, relevant authorities and professionals to establish a liquidation committee to carry out the liquidation process.

**Article 270** Where the Bank has serious difficulties in its operation and management, and its continued existence will cause great loss to the shareholders' interests, shareholders holding 10% or more of the Bank's total voting shares may request the court to dissolve the Bank if no other solutions can be pursued.

**Article 271** If the board of directors decides that the Bank should be liquidated(except the liquidation as a result of the Bank's declaration of bankruptcy), the notice of the shareholders' meeting convened for such purpose shall include a statement to the effect that the board of directors has made full investigation into the position of the Bank and that the board holds the opinion that the Bank can pay its debts in full within 12 months after the announcement of liquidation.

The functions and powers of the board of directors shall terminate immediately after the shareholders' meeting has adopted a resolution to carry out liquidation.

The liquidation committee shall follow the instructions from the shareholders' meeting, and report to the shareholders' meeting at least once a year on the committee's income and expenditure, the business of the Bank and the progress of the liquidation. It shall make a final report to the shareholders' meeting when the liquidation is completed.

**Article 272** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

1. notify creditors by notices or public announcements;
2. thoroughly examine the assets of the Bank and prepare a balance sheet and assets list respectively;
3. dispose of unfinished business of the Bank which is related to the liquidation;
4. pay off outstanding taxes and those taxes arising from liquidation;
5. clear up credits and debts;
6. dispose of and distribute the remaining assets after paying off all debts; and
7. participate in civil litigations on behalf of the Bank.

**Article 273** The liquidation committee shall notify creditors within a period of ten days from the date of its establishment and publish announcement at least three times on newspapers within the 60 day period from the establishment date of the liquidation committee.



**Article 274** Creditors shall claim their rights to the liquidation committee within the certain period specified under laws and administrative regulations and other regulatory documents. Creditors shall explain the matters related to their claim and provide relevant evidence of such claims. Claims shall be registered by the liquidation committee.

**Article 275** After the liquidation committee has thoroughly examined the Bank's assets and prepared a balance sheet and assets lists, it shall formulate a liquidation plan and submit such plan to the shareholders' meeting or relevant authorities for confirmation.

**Article 276** The Bank shall pay off its debts in the following order of priority:

1. the liquidation expenses;
2. employee salary, social insurance cost and statutory compensation;
3. principal and interest of customer deposits;
4. outstanding taxes and the taxes and fees generated during the liquidation process;
5. the Bank's other debts; and
6. distribute the remaining assets to shareholders according to their class of shares and shareholding ratio.

Assets of the Bank shall not be distributed to shareholders before the items (1) to (5) in this Article are paid off.

If the Bank is liquidated due to dissolution, insolvency or etc., the remaining assets arising after assets of the Bank have been used to discharge liabilities in accordance with applicable laws shall be used to firstly pay shareholders holding preference shares in respect of undistributed dividends and the par value of the preference shares; and in the case of insufficiency of payment, the remaining assets shall be distributed in proportion to the shareholding percentage of each shareholder holding preference shares.

During the process of liquidation, the Bank shall not conduct any new business operations.

**Article 277** If the Bank is liquidated due to dissolution and the liquidation committee, having thoroughly examined the Bank's property and prepared a balance sheet and assets lists, discovers that the Bank's assets are insufficient to pay off its debts, the committee shall immediately apply to the court for a declaration of bankruptcy. After the declaration of bankruptcy of the Bank by the court, the liquidation committee shall transfer all liquidation affairs to the people's court.

**Article 278** Following the completion of liquidation, the liquidation committee shall

formulate a liquidation report, revenue and expenditure statement and accounting books in respect of the liquidation period, and, after verification thereof by a PRC certified public accountant, submit the documents to the shareholders' meeting or relevant authorities for confirmation.

Within 30 days from the date of confirmation of the above-mentioned documents by the shareholders' meeting or relevant authorities, the liquidation committee shall register for cancellation of the Bank in registrar authority of the Bank and publicly announce the Bank's termination. Relevant announcements shall be published in newspapers that meet relevant requirements.

**Article 279** Members of the liquidation committee shall faithfully perform their duties, lawfully perform the liquidation responsibilities, not accept bribes or other illegal incomes by using their position, and not misappropriate the Bank's assets.

The members of the liquidation committee shall be liable for damages and losses if such damages or losses are caused by their intentional acts or gross negligence to the Bank or its creditors.

## **Chapter 20 Amendment of the Articles**

**Article 280** The Bank may amend the Articles in accordance with laws, administrative regulations and the provisions of the Articles.

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

1. if any term contained in the Articles becomes inconsistent with the provisions of the amended laws and administrative regulations after the Company Law, Commercial Banking Law or other relevant laws and regulations are amended;
2. if certain changes of the Bank occur resulting in the inconsistency with certain terms specified in the Articles; or
3. if the shareholders' meeting adopts a resolution to amend the Articles.

**Article 281** Amendments of the Articles passed by the resolution of the shareholders' meeting shall be subject to the approval of the relevant authorities. Where an amendment involves matters provided for in the Prerequisite Clauses, it shall be subject to the approval of the approval authority for corporate matters authorized by the State Council and the securities regulatory authority of the State Council. Where an amendment in the Articles shall be subject to registration, the Bank shall register the amendment according to law.

**Article 282** The board of directors shall amend the Articles based on the resolution and authorization of the shareholders' meeting and the approval opinion issued by

governmental authorities.

## **Chapter 21 Settlement of Disputes Involving Shareholders of Overseas-Listed Foreign Shares**

**Article 283** The Bank shall abide by the following dispute settlement procedures:

1. If any disputes or claims related to the Bank's business based on the rights or obligations provided in the Articles, the Company Law and other relevant laws or administrative regulations arise between the shareholders of overseas-listed foreign shares and the Bank, between the shareholders of overseas-listed foreign shares and the directors, supervisors and other senior management personnel of the Bank or between the shareholders of overseas-listed foreign shares and other shareholders, the parties concerned may submit such disputes or claims for arbitration.

When such disputes or claims as described above are submitted for arbitration, such disputes or claims shall be submitted in their entirety, and all persons that have a cause of action due to the same events or whose participation is necessary for the settlement of such disputes or claims, and if such persons being the Bank or shareholders, directors, supervisors, president or other senior management personnel of the Bank, shall abide by the arbitration result.

Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration.

2. A dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic or Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must carry out arbitration in the arbitration institution selected by the applicant.

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

3. Unless otherwise provided by laws or administrative regulations, the laws of the Chinese mainland shall apply to the settlement by means of arbitration of disputes or claims referred to in item (1).
4. The award of the arbitration institution shall be final and binding upon each party.

## **Chapter 22 Miscellaneous**

**Article 284** The Bank shall have the right to enact the procedures of the shareholders' meeting, of the board of directors and of the board of supervisors. The board of directors shall have the right to enact implementation rules based on the Articles. The procedures of meetings of the shareholders, of the board of directors and of the board of supervisors and the implementation rules shall not be inconsistent with the Articles. Matters specified in neither the Articles nor the implementation rules shall be dealt with pursuant to laws, administrative regulations and listing rules of the places of listing based on the actual circumstances of the Bank. Should the Articles conflict with any newly issued and implemented laws, administrative regulations and listing rules of the places of listing, the newly issued and implemented laws, administrative regulations and listing rules of the places of listing shall apply.

**Article 285** The Articles is written in Chinese. Should any inconsistency occur between the Articles and the translation of the Articles in other languages or provided in other versions, the latest Chinese version of the Articles approved and registered by the banking regulatory authority of the State Council shall prevail.

**Article 286** Unless otherwise provided herein, terms of "at least", "within" and "no more than" shall include the number specified; however, terms of "more than", "less than" and "excluding" shall exclude the number specified; "the total number of voting shares" shall include ordinary shares and preference shares with the recovered voting rights only.

**Article 287** The board of directors shall be responsible for the interpretation of the Articles.