

# Articles of Association of China Merchants Bank Co., Ltd.

(Amended in 2025)

**Shenzhen, PRC**

*Please note that the Articles of Association are written in Chinese without an official English version. This English version is for reference only. In case of any inconsistency, the Chinese version shall prevail.*

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**CHAPTER 1 GENERAL PROVISIONS**

Article 1 In order to protect the lawful interests of China Merchants Bank Co., Ltd. (“the Bank” or “China Merchants Bank”), shareholders, employees and creditors, and to regulate the organisation and acts of the Bank, the articles of association (“Articles”) are formulated according to the “Company Law of the People’s Republic of China” (“Company Law”), the “Securities Law of the People’s Republic of China” (“Securities Law”), the “Commercial Banking Law of the People’s Republic of China” (the “Commercial Banking Law”), the “State Council Guidance on the Implementation of Pilot Scheme of Preference Shares”, and the provisions of other relevant laws and administrative regulations.

Article 2 The Bank was previously a comprehensive bank established on 31 March 1987 upon approval of the People’s Bank of China Document Yin Fu [1986] No.175. Following the approval obtained from Shenzhen Securities Administration Office Document Shen Zheng Ban Fu (1994) No.90, the Bank was restructured to become a joint stock commercial bank. The Bank has duly performed the re-registration formalities according to the Company Law, Commercial Banking Law and other relevant regulations. The Bank was registered at the State Administration of Industry and Commerce on 5 September 1994 and obtained a business license. The Bank is currently registered with Shenzhen Market Supervision and Administration Bureau, and holds the “Business License” issued by Shenzhen Market Supervision and Administration Bureau, with the unified social credit code: 9144030010001686XA.

The promoters of the Bank were: China Merchants Steam Navigation Company Limited, China Ocean Shipping (Group) Company, Guangzhou Maritime Transport (Group) Company Limited, China National Offshore Oil Nanhai East Corporation, Guangdong Highways Administrative Bureau, Shandong Province Transport Development and Investment Company, Qinhuangdao Port Affairs Bureau of the Ministry of Communications, Shenzhen Shekou Zhaoyin Investment Services Company.

Article 3 The Bank first issued 1.5 billion RMB ordinary shares to the public on 15 March 2002 upon approval of China Securities Regulatory Commission (“CSRC”) Document Fa Xing Zi [2002] No. 33 and was listed on the Shanghai Stock Exchange on 9 April 2002.

On 10 August 2006, the Bank received from CSRC the “Approval Regarding China Merchants Bank Co., Ltd.’s Issuing Overseas Listed Foreign Shares” (Zheng Jian Guo He Zi [2006] No.12), approving the Bank’s issuance of 2.53 billion or less overseas listed foreign shares (including 330 million shares issued in over-allotment) of RMB1 each. With the approval of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), the Bank increased its share capital by issuing 2.2 billion H Shares, with 220 million H shares issued in over-allotment, which together with the 242 million H Shares converted from the corresponding reduction of the state-owned shares, made up the Bank’s total issued H shares to 2.662 billion.

On 22 December 2017, the Bank issued 275,000,000 domestic preference shares at a par value of RMB100 each non-publicly upon approval of CSRC Document (Zheng Jian Xu Ke [2017] No. 2198) and such shares were listed for transfer on the integrated service platform of Shanghai Stock Exchange on 12 January 2018; on 25 October 2017, the Bank issued 50,000,000 overseas preference shares at a par value of RMB100 each non-publicly upon approval of CSRC Document (Zheng Jian Xu Ke [2017] No.1838) and such shares were listed for transfer on the Hong Kong Stock Exchange on 26 October 2017 subject to applicable settlement rules. In October 2022, the Bank redeemed all of its overseas preference shares in accordance with the terms and conditions of the overseas preference shares.

- Article 4 Registered name of the Bank: 招商銀行股份有限公司 ; Abbreviation: 招商銀行 ; English name of the Bank: CHINA MERCHANTS BANK CO., LTD.
- Article 5 Address of the Bank: No.7088 Shennan Boulevard, Futian District, Shenzhen  
Postcode : 518040
- Article 6 The Bank is a joint stock limited company, capable of perpetual existence.
- Article 7 The chairman of the Board of Directors shall serve as the legal representative of Bank.  
  
If the chairman of the Board of Directors resigns, he/she shall be deemed to have resigned as the legal representative at the same time.
- Article 8 The legal consequences of civil activities performed by the legal representative in the name of the Bank shall be borne by the Bank.  
  
No restriction on the authority of the legal representative set forth in the Articles or by a shareholders' meeting may be asserted against a bona fide third party.  
  
Where the legal representative causes damage to any other person in the performance of his/her duties, the Bank shall assume civil liability for such damage. The Bank may, after assuming such civil liability, claim reimbursement from the legal representative at fault in accordance with the laws or the Articles.
- Article 9 Shares of the Bank falls into ordinary and preference shares, and shares of the same class have same par value. Shareholders' liability shall be limited to the shares subscribed by them. The Bank shall assume liability for all the liabilities of the Bank by way of all its properties.
- Article 10 The Articles became effective upon approval of the banking supervision and administration department under the State Council.  
  
From the date the Articles became effective, the Articles shall become a legally binding document, regulating the organisation and acts of the Bank, and the rights and obligations between the Bank and each shareholder, and between a shareholder and each other shareholder, and binding on the Bank, the shareholders, directors and senior management members. In accordance with the Articles, shareholders may initiate legal proceedings against other shareholders, shareholders may initiate legal proceedings against the directors and senior management members of the Bank, and shareholders may initiate legal proceedings against the Bank, while the Bank may initiate legal proceedings against the shareholders, directors and senior management members.  
  
Initiating legal proceedings referred to above shall include initiating legal proceedings at courts or applying for arbitration at arbitration organs.
- Article 11 In the Articles of the Bank, senior management members shall mean the president, executive vice presidents, person in charge of finance, secretary of the Board of Directors, chief compliance officer or other personnel confirmed by the regulatory authorities, all of whom comprise the senior management of the Bank.

Article 12 The Bank shall adhere to the market-oriented selection and employment mechanism, and the remuneration incentive mechanism, conduct independent auditing and operation, assume its own risks, and be liable for its own profit and loss and exercise self-constraints according to the principles of effectiveness, safety and flexibility.

Article 13 The Bank may invest in other limited liability companies and joint stock limited companies according to law and its liability shall be limited to the capital contribution amount. Upon examination and approval by the banking supervision and administration department under the State Council, the Bank may, in accordance with its business development requirements, establish branch organs within and outside the PRC. The branch organs established outside the PRC shall engage in all banking businesses or other businesses permitted by the decrees of the place of its operation.

The Bank shall implement the management system of a class one legal person and operate by different tiers. Branch organs do not have legal person qualifications and shall commence business within the scope authorised by the head office according to law and the head office shall assume their civil liabilities. The head office shall centralise the leadership and management in relation to the major personnel appointment and removal, business policies, comprehensive planning, basic rules and regulations and foreign affairs of branch organs and implement the financial system of unified auditing, unified transfer of capital and management at various levels in relation to the branch organs.

Article 14 The Bank may establish certain specialised committees under the Board of Directors and internal management organs according to the requirements of business operation and management.

Article 15 In accordance with the requirements of the Constitution of the Communist Party of China and Company Law, an organization of the Communist Party of China shall be established within the Bank to play the leadership role, providing direction, managing the overall situation and ensuring implementation. The working organs of the Party shall be established within the Bank, and shall be equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.

Article 16 The Bank shall implement the strategy of governing the country in accordance with law, realise the goal of governing enterprises in accordance with law, strengthen the construction of the rule of law in enterprises, establish the system of general legal adviser, implement the requirements of the rule of law, and safeguard the compliance with the law in its operation and sustainable and healthy development of the Bank.

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

Article 17 The business objectives of the Bank are: to adhere to the principle of credibility, to conduct businesses in compliance with laws, regulations and after due consideration, and to be always committed to the dynamic, balanced development of quality, efficiency and scale; to practice our value proposition of “customer-centric and creating value for customers” and protect consumer rights and interests; to comply with environmental, social and governance standards, to provide quality and highly effective financial services to the society, and in doing so, to maximise the value for shareholders and stakeholders and serve the transformation and upgrading of the national economy and people’s yearning for a better life with its own high-quality development.

Article 18 Upon approval by the regulatory authorities including the banking supervision and administration department under the State Council and the legal registration, the business scope of the Bank is:

receiving deposits of the public; granting short-term, medium-term and long-term loans; handling settlement; handling bills acceptance and discounting; issuing financial bonds; acting as agents in issuance and payment and underwriting government bonds; buying and selling government bonds; inter-bank borrowings; providing letters of credit services and guarantees; acting as agent in the collection and payment of monies and insurance business; providing safe deposit box services. Foreign exchange deposits; foreign exchange loans; foreign exchange remittances; foreign currency conversion; international settlement; exchange settlement and selling; foreign exchange inter-bank borrowings; acceptance and discounting of foreign exchange notes; foreign exchange borrowings; foreign exchange guarantees; buying and selling and acting as agent in the buying and selling of foreign currency quoted securities other than shares; issuing and acting as agent in the issuance of foreign currency quoted securities other than shares; self-operating and acting as agent in buying and selling of foreign exchanges; credit checking, advisory and witnessing businesses; offshore financial business; sales of securities investment fund, securities investment fund custody and other businesses as approved by the regulatory authorities including the banking supervision and administration department under the State Council.

### CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 19 The shares of the Bank shall be in the form of stocks.

The Bank issues ordinary shares and preference shares. According to its needs and upon the approval by the examination and approval authorities authorised by the State Council, the Bank may issue other classes of shares according to the provisions of the relevant laws and administrative regulations. Ordinary shares refer to the shares of ordinary class generally defined in the Company Law issued by the Bank. Preference shares refer to the shares other than the issued ordinary shares issued by the Bank according to the Company Law, the shareholders of which are preferred in the distribution of profits and remaining assets by the Bank over shareholders of ordinary shares, though their rights to participate in the decision making and management of the Bank are restricted.

Issuance of the shares of the Bank shall adopt the principles of openness, fairness and impartiality.

Each share of the same class shall have the same rights. As regards shares of the same class issued at the same time, the issuing conditions and price of each share shall be the same. As regards the shares subscribed by subscribers, the amount paid for each share shall be the same.

Article 20 The shares issued by the Bank shall be par value shares with a par value, among which the ordinary shares shall have a par value of RMB1 per share and the preference shares shall have a par value of RMB100 per share.

Renminbi referred to in the preceding paragraph shall mean the lawful currency of the People's Republic of China.

Article 21 Subject to filings and approval by the relevant domestic and overseas regulatory authorities such as the securities regulatory organ of the State Council and the banking supervision and administration department under the State Council, the Bank may issue shares to domestic investors and overseas investors.

Overseas investors referred to in the preceding paragraph shall mean investors in foreign countries, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan who subscribe for shares issued by the Bank; domestic investors shall mean investors within the PRC other than the places referred to above who subscribe for shares issued by the Bank.

Article 22 The shares issued by the Bank to domestic investors and subscribed for in Renminbi are known as domestic shares. The shares issued by the Bank to overseas investors and subscribed for in foreign currencies are known as foreign shares. Domestic ordinary shares which are listed within the PRC shall be known as domestically listed domestic shares; while foreign ordinary shares which are listed outside the PRC shall be known as overseas listed foreign shares.

Foreign currencies referred to in the preceding paragraph shall mean the lawful currencies of other countries or regions, other than Renminbi, which are recognized by the State's foreign exchange competent department and which may be used for payment of shares to the Bank.

Overseas listed foreign shares listed in Hong Kong issued by the Bank shall be known as H shares. H shares mean the shares which are approved to be listed on the Hong Kong Stock Exchange, whose par value is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

Upon approval by the securities regulatory organ of the State Council, shareholders of domestic ordinary shares of the Bank may transfer the shares held by them to overseas investors and such shares may be listed and traded overseas. If the transferred shares are listed and traded on overseas stock exchanges, the regulatory procedures, provisions and requirements of the overseas stock markets shall also be complied with. No voting in class meeting will be required for the listing and trading of the transferred shares on overseas stock exchanges.

Article 23 As regards shares issued by the Bank, domestic shares shall be deposited at China Securities Depository & Clearing Corporation Ltd., Shanghai Branch for safe custody. H shares are mainly under the safe custody of an entrusted custody company of Hong Kong Securities Clearing Company Limited and the shares may also be held under the personal names of the shareholders.

Article 24 Upon approval by the examination and approval departments authorised by the State Council, the total number of ordinary shares issued when the Bank was established as a joint stock limited company was 1,122,727,212 shares. The promoters subscribed for 656,071,942 shares, representing 58.44% of the total number of ordinary shares issued by the Bank at that time, of which China Merchants Steam Navigation Company Limited subscribed for 312,257,428 shares, China Ocean Shipping (Group) Company subscribed for 145,676,349 shares, Guangzhou Maritime Transport (Group) Company Limited subscribed for 58,270,540 shares, China National Offshore Oil Nanhai East Corporation subscribed for 30,005,270 shares, Guangdong Highways Administrative Bureau subscribed for 30,000,000 shares, Shandong Province Transport Development and Investment Company subscribed for 30,000,000 shares, Qinhuangdao Port Affairs Bureau of the Ministry of Communications subscribed for 30,000,000 shares and Shenzhen Shekou Zhaoyin Investment Services Company subscribed for 19,862,355 shares. The capital contribution by promoters following restructuring by the Bank as a joint stock limited company was by way of the capital held in the Bank prior to restructuring, common reserve fund, appraisal in value on assessment and partly by cash.

Article 25 As at 31 December 2024, the shareholding structure for ordinary shares of the Bank was as follows: total share capital of 25,219,845,601 shares, including 20,628,944,429 domestic shares, representing 81.80% of the total number of ordinary shares which can be issued by the Bank, 4,590,901,172 H shares, representing 18.20% of the total number of ordinary shares issued by the Bank. Calculation of the share capital referred to above had taken into account the bonus shares issued in the previous years, shares transferred from the capital reserve and the shares issued as a result of the exercise of the conversion rights of the convertible bonds by bond holders. As of 31 December 2024, the Bank's issued and unredeemed preference shares within the PRC are 275,000,000 shares.

Article 26 When issuing preference shares to replenish tier-1 capital, the Bank shall comply with relevant eligibility criteria for capital instruments issued by the banking supervision and administration department under the State Council.

Article 27 In compliance with relevant regulations issued by the banking supervision and administration department under the State Council, the Bank hereby provides the article on the mandatory conversion of preference shares into ordinary shares that upon the occurrence of a trigger event, the Bank may convert a certain class and number of preference shares into corresponding ordinary shares subject to the conversion price and number confirmed by methods agreed in the issuance plan of preference shares.

The ordinary shares converted from preference shares due to the implementation of mandatory conversion shall rank pari passu with the original ordinary shares of the Bank.

Article 28 The registered share capital of the Bank shall be RMB25,219,845,601.

Article 29 The Bank may, depending on the operating and development requirements, approve an increase in its capital pursuant to the relevant provisions of the Articles. The Bank may increase its capital by way of:

- (1) issuing ordinary shares to non-specific targets;
- (2) issuing ordinary shares to specific targets;
- (3) allotting ordinary shares to existing shareholders;
- (4) converting capital reserve to ordinary shares;
- (5) converting preference shares into ordinary shares; and
- (6) other means as permitted by law and administrative regulations.

After the increase in capital and issuance of new shares are approved according to the provisions of the Articles, the Bank shall comply with the procedures set forth in the relevant laws and administrative regulations of the State.

Share conversion in relation to the Convertible Bonds issued by the Bank will result in the increase of the registered capital of the Bank. Share conversion of the Convertible Bonds shall be implemented according to the provisions of the laws and administrative regulations of the State, department rules and the relevant documents including the explanatory statements regarding the Convertible Bonds.

The number of preference shares issued by the Bank shall not exceed 50% of the total number of ordinary shares, while the proceeds of issuance shall not exceed 50% of the net assets before such issuance, provided that the repurchased and converted preference shares shall not be included in the calculation.

Article 30 The substantial shareholders of the Bank shall not transfer the shares of the Bank within five years from the date of the acquisition of the shares (other than in some special circumstances as the banking supervision and administration department under the State Council or its local offices approving them to take steps to control risks or ordering them to transfer their shares, or their shares being subject to judicial enforcement, or their shares being transferred among entities under the control of the same investor).

The substantial shareholders as mentioned in the Articles refer to the shareholders who, directly, indirectly or jointly, hold or control, more than 5% of the voting shares or voting rights of the Bank and less than 5% of the voting shares or voting rights of the Bank but can have significant influence over the operation and management of the Bank.

The “significant influence” mentioned in the preceding paragraph includes but is not limited to the assignment of directors or senior management members to the Bank, affecting through an agreement or in other ways, the decision-making of finance, operation and management of the Bank, and other circumstances affirmed by the banking supervision and administration department under the State Council or its local offices.

Article 31 The Bank does not accept shares of the Bank as the subject of pledges.

Shareholders shall be compliant with the following requirements when pledging their shares in the Bank:

- (1) in case of providing guarantee for themselves or others with their shares in the Bank, the shareholders shall strictly comply with the requirements of laws, regulations and regulatory authorities and give a prior notice to the Board of Directors of the Bank. The office of the Board of Directors of the Bank or other departments delegated by the Board of Directors shall be responsible for the collection, sortation and submission of information relating to share pledge.

Shareholders with representation on the Board of Directors of the Bank, or directly or indirectly, jointly holding or controlling more than 2% of the Shares or voting rights of the Bank, when pledging the Shares of the Bank, shall in advance apply for approval of and file the same with the Board of Directors of the Bank to provide the basic information including the reasons for pledge, numbers of shares, term of pledge and pledgee. The shareholder's application shall not be kept in archives if the Board of Directors identifies that his/her/its pledge will have a material adverse impact on the stability of the Bank's shareholding structure, corporate governance, control on risk and related party transactions. Directors nominated by the shareholders who intend to pledge their equity in the Bank shall abstain from voting when the Board of Directors considers any matter relating to filing.

- (2) after the completion of the registration of share pledge, the Shareholders shall provide the Bank with the information on share pledge in a timely manner as required by the Bank for risk management and information disclosure.
- (3) Shareholders are forbidden from making share pledge if their outstanding borrowing due to the Bank exceeding the value of the audited net shares held by them in the Bank in the previous year.
- (4) the shareholders' voting rights and those of the Directors on behalf of them, shall be restricted when they vote at the meeting of the Board of Directors in the event that numbers of shares they pledged arrives at or exceeds 50% of their respective shares in the Bank.

If a shareholder of the Bank pledges the shares of the Bank, it shall not be prejudicial to the interests of other shareholders or that of the Bank.

Article 32 Directors and senior management members shall report to the Bank in relation to the number of shares (including preference shares) held by them and the relevant changes. The number of shares transferred each year during their term of office as determined upon appointment shall not exceed 25% of the total number of the same class of shares of the Bank held by them and the ordinary shares of the Bank held by them shall not be transferable within one year from the date of listing and trading of such ordinary shares. The persons referred to above shall not transfer shares of the Bank held by them within six months after they cease to be employed except under the circumstance enforced by courts.

Within six months after the expiration of the term of office determined at the time of his/her appointment, if a director or senior management member can reduce his/her shareholding, the annual shareholding reduced through auction trading, block trading, transfer by agreement or other methods shall not exceed 25% of the total number of the shares of the Bank held by him/her, except for changes in shareholding due to judicial enforcement, inheritance, bequests, or division of property in accordance with the law.

In the event that a director or senior management member of the Bank reduces his/her shareholding after dividing his/her shares due to his/her divorce, each of the transferor and the transferee shall transfer shares per year not exceeding 25% of the total number of the shares of the Bank held by each of them during the term of office of the director or senior management member determined at the time of his/her appointment and within six months after the expiry of his/her term of office, and shall continue to comply with the laws, administrative regulations, regulatory requirements and provisions of the Articles of the Bank in respect of the reduction of shareholdings by a director or senior management member.

Directors and senior management who do not hold more than 1,000 shares of the Bank may transfer all of their shares at one time without being subject to the restrictions on the percentage of transfer set forth in paragraphs 1, 2 and 3 of this Article.

Article 33 If any shareholder holding more than 5% of the ordinary shares of the Bank, director or member of the senior management members of the Bank sells shares of the Bank or other equity securities issued by the Bank within 6 months after purchase; or purchases such shares or securities of the Bank within 6 months after selling, the profits obtained therefrom shall belong to the Bank and the Board of Directors of the Bank shall confiscate the profits. Securities company holding more than 5% of the ordinary shares as a result of purchasing and underwriting the remaining shares, and other circumstances specified by the securities regulatory authority of the State Council shall not be subject to such restriction.

Shares of the Bank held by directors, senior management members and natural person shareholders or other equity securities issued by the Bank as mentioned in the preceding paragraph shall include shares of the Bank or other equity securities issued by the Bank which were held by their spouses, parents, children or using accounts of others.

If the Board of Directors of the Bank does not perform according to the provisions of the paragraph 1 of this Article, shareholders shall have the right to demand the Board of Directors to perform the provisions within 30 days. If the Board of Directors of the Bank fails to perform the provisions within the above period, shareholders shall have the right to initiate legal proceedings at the people's court directly in their own names for the benefit of the Bank.

If the Board of Directors of the Bank does not perform according to the provisions in paragraph 1 of this Article, the directors who are held accountable shall be jointly liable according to law.

**CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**

Article 34 According to the provisions of the Articles, the Bank may reduce its registered capital.

Article 35 Reduction of registered capital by the Bank shall be implemented according to the Company Law, Commercial Banking Law and other relevant provisions and the procedures stipulated by the Articles.

Article 36 The Bank shall not acquire its own shares, unless under one of the following circumstances:

- (1) for the purpose of reducing its share capital;
- (2) merging with other companies that hold shares of the Bank;
- (3) using the shares in employee stock ownership plans or as equity incentives;
- (4) shareholders who objected to resolutions on merger or division of the Bank passed at a shareholders' meeting and requested the Bank to take up their shares; and
- (5) using the shares for conversion of corporate bonds which are convertible into shares issued by the Bank;
- (6) being necessary to maintain the value of the Bank and the rights and interests of its shareholders;
- (7) other circumstances permitted by law and administrative regulations.

Any acquisition of the Bank's shares by the Bank as a result of (1) and (2) referred to above shall be resolved at a shareholders' meeting; any acquisition of the Bank's shares by the Bank as a result of (3), (5) and (6) above may, in accordance with the Articles or the authorisation of the shareholders' meeting, be resolved at the Board meeting approved by more than two-thirds of the directors attending the Board meeting.

After the Bank has acquired its shares according to the above provision, in the event of (1), the same shall be cancelled within 10 days from the date of acquisition; in the event of (2) or (4), the same shall be transferred or cancelled within 6 months; in the event of (3), (5) and (6), the total number of shares of the Bank held by the Bank shall not exceed 10% of the total issued shares of the Bank, and shall be either transferred or cancelled within three years.

The Bank shall comply with the relevant laws, administrative regulations as well as the requirements of the securities regulatory authorities in the place where the shares of the Bank are listed when acquiring its own shares.

Subject to approval of the relevant regulatory authority, the Bank may repurchase its shares in open market in a way of centralised transactions or by other means as permitted by the applicable laws and regulations or as recognised by the securities authority of the State Council.

Where the Bank acquires its own shares for any of the circumstances as specified in items (3), (5) and (6) in the first paragraph of Article 36 of the Articles, it shall be conducted by way of public centralised transactions.

Article 37 Shares repurchased by the Bank shall be canceled or transferred within the period prescribed by the applicable laws, administrative regulations or regulatory authorities and any changes to the registered capital arising therefrom shall be filed with the relevant registry for registration of the change of its registered capital. The total par value of the shares so canceled shall be deducted from the registered capital of the Bank.

The total number of outstanding preference shares shall be written down accordingly upon repurchase of preference shares by the Bank pursuant to provisions in laws, administrative regulations, departmental rules, the Articles and the issuance plan of preference shares of the Bank.

Unless otherwise specifically stated, the provisions above in this chapter are only applicable to ordinary shares, and with respect to the repurchase of preference shares by the Bank, relevant provisions in laws, administrative regulations, departmental rules, the Articles and the issuance plan of preference shares of the Bank shall be applicable.

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR ACQUISITION OF SHARES OF THE BANK**

Article 38 The Bank (including branch organs of the Bank) or subsidiaries of the Bank (including subsidiary enterprises of the Bank) shall not provide financial assistance for the acquisition of shares in the Bank or the Bank's parent company by others by way of gifts, advances, guarantees or loans, etc., except for the financial assistance provided by the Bank for the implementation of the employee stock ownership plans or the financial assistance which complies with Article 39 of the Articles.

Article 39 In the interest of the Bank and in compliance with applicable laws, administrative regulations, departmental rules, and the relevant provisions of the securities regulatory authorities at the place where the Bank's shares are listed, the Bank may, upon a resolution of the Board of Directors, provide financial assistance for the acquisition of the shares in the Bank or the Bank's parent company by others, provided that the cumulative total of the financial assistance shall not exceed 10% of the total amount of the issued share capital. Resolutions of the Board of Directors shall be approved by more than two-thirds of all the directors.

## **CHAPTER 6 PARTY ORGANIZATION (PARTY COMMITTEE)**

Article 40 The Committee of the Communist Party of China Merchants Bank (hereinafter referred to as the "Party Committee") shall be established within the Bank. The Party Committee shall consist of one secretary and one or two deputy secretaries as well as several other members. The secretary to the Party Committee and the president of the Bank shall be the same person. One deputy secretary of the Party Committee shall be designated to assist the secretary to the Party Committee in carrying out Party-building. Eligible members of the Party Committee can become members of the Board of Directors and the senior management through legal procedures, while eligible members of the Board of Directors and the senior management can also join the Party Committee in accordance with relevant rules and procedures. The Bank shall be committed to integrating the strengthening of Party leadership with the enhancement of corporate governance, in pursuit of organic alignment, unified advancement, and coordinated synergy. Meanwhile, the Party Committee of the Bank shall establish the Discipline Inspection Committee ("Discipline Committee") in accordance with relevant regulations.

Article 41 The Party Committee shall perform the following duties according to the Constitution of the Communist Party of China and other regulations of the Party:

- (1) thoroughly study and implement Xi Jinping's Socialism Ideology with Chinese characteristics in the new era, enhance the political construction of the Party in the Bank, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics, ensure and supervise the Bank's implementation of the principles and guidelines of the Party and the State, and to implement major strategic decisions of the Party Central Committee and the State Council, as well as important work arrangements of higher-level Party organizations;
- (2) strengthen the leadership and gatekeeping role in the management of the process of selection and appointment of personnel, build the leading team, cadre and talents team 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 senior management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the senior 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 provide comments and suggestions in this regard. Support the shareholders' meeting, the Board of Directors and the senior management in performing their duties in accordance with laws; and support the employee representative meeting in carrying out its work;
- (4) assume the primary responsibility to run the Party Committee 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 Labour 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 Discipline Committee in effectively performing its supervisory responsibilities;
- (5) strengthen the building of the Bank's grassroots Party organizations and of its 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 bankwide to devote themselves into the reform and transformation development of the Bank;
- (6) other important matters that fall within the duty of the Party Committee.

Before the Board of Directors or the senior management makes a decision on a major operation and management matter in accordance with its terms of reference and the prescribed procedures, it shall fulfil the prior procedure of study and discussion by the Party Committee.

**CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

Article 42 The Share certificates of the Bank shall be in registered form. Share certificates shall, other than the matters specified by the Company Law, also contain other items required to be contained therein by the stock exchange where the shares of the Bank are listed.

Article 43 Shareholders of the Bank shall be the persons who lawfully hold the shares of the Bank and whose names are registered in the register of shareholders. The Bank establishes a register of shareholders on the basis of certificates provided by the securities registration and clearing organisations and the register of shareholders is sufficient evidence of shareholders' ownership of the shares of the Bank.

When the Bank convenes a shareholders' meeting, distributes profits, enters into liquidation and engages in other activities that require determination of the identity of shareholders, the Board of Directors or convener of the shareholders' meeting shall determine the record date. Registered shareholders at the close of market on which shall be the shareholders entitled to the relevant rights and interests.

A shareholder shall enjoy rights and assume obligations in accordance with the class of shares he/she holds; shareholders of ordinary shares shall enjoy the same rights and assume the same obligations; shareholders of preference shares shall enjoy rights and assume obligations in accordance with laws, administrative regulations, departmental rules or the provisions herein and the agreements in specific terms of issuance. Shareholders holding preference shares issued in the same batch under same terms shall enjoy the same rights and assume the same obligations.

Investors, together with their related parties and persons acting in concert, who severally or jointly intend to hold for the first time or increase their shareholdings accumulative by more than 5% of total capital or total shares of the Bank, should report to the banking supervision and administration department under the State Council or its local offices for approval. Investors, together with their related parties and persons acting in concert, who severally or jointly, hold more than 1% but within 5% of total capital or total shares of the Bank, should report to the banking supervision and administration department under the State Council or its local offices within ten working days after obtaining their shares.

The shares of the Bank may be held by financial products, but the shares of the Bank accumulatively held by a single investor, issuer or manager and its de facto controller, related parties and persons acting in concert through financial products shall not exceed 5% of total shares of the Bank. A substantial shareholder of the Bank shall not hold shares of the Bank through financial products issued, managed or controlled by it through any other means.

The shareholding ratio of a shareholder and its related parties and persons acting in concert shall be calculated on a consolidated basis.

Article 44 Shareholders of the Bank's ordinary shares shall be entitled to enjoy the following rights:

- (1) receiving dividends and other forms of benefits on the basis of the number of shares held by them;
- (2) requesting to call, convene, chair or attend or appoint proxies to attend shareholders' meeting according to law and to speak up thereat;
- (3) exercising voting rights in proportion to the shares held;
- (4) supervising business operation of the Bank and submitting proposals or inquiries;
- (5) transferring, bestowing, pledging or otherwise dealing with the shares held in accordance with laws, administrative regulations, the relevant regulations of the securities regulatory organs in the place where shares of the Bank are listed as well as the Articles;
- (6) reviewing and making copies of the Articles, the register of shareholders, minutes of shareholders' meeting, resolutions of board meetings and financial and accounting reports, and shareholders who individually or collectively hold more than 3% of the shares of the Bank for more than 180 consecutive days may review the accounting books and certificates of the Bank;
- (7) participating in the distribution of the Bank's remaining property in proportion to the number of shares held by the shareholders upon cessation of the Bank's business or liquidation of the Bank;
- (8) shareholders objecting to resolutions on merger or division passed at the shareholders' meeting can request the Bank to acquire their shares; and
- (9) other rights conferred by laws, administrative regulations as well as the Articles.

Shareholders of preference shares of the Bank shall be entitled to the following rights:

- (1) rights of class voting on specific matters at shareholders' meetings;
- (2) preference in profit distribution;
- (3) preference in the distribution of remaining assets;
- (4) the right of shareholders of preference shares with recovered voting rights to request to convene, chair, and attend or appoint proxies to attend shareholders' meeting;
- (5) other rights provided by laws, administrative regulations, departmental rules or the Articles.

Notwithstanding matters to be approved by shareholders of preference shares required by laws, administrative regulations or the Articles, the shareholders of preference shares shall have neither the right to request to call, convene, chair, and attend or appoint proxies to attend shareholders' meeting nor the right to vote at it.

However, when the Bank fails to pay dividends on preference shares as agreed for a total of three accounting years or for two consecutive accounting years, shareholders of preference shares shall recover their voting rights and have the right to attend shareholders' meeting and vote together with shareholders of ordinary shares from the date following the approval by the shareholders' meeting that the agreed dividends on preference shares would not be paid for the year. Each preference share shall carry pro rata voting right agreed in specific terms of issuance.

The recovery of voting rights owned by shareholders of preference shares said in the preceding paragraph shall stay valid until the Bank pays the dividends for the year in full.

Article 45 Shareholders requesting to review or make copies of relevant materials of the Bank shall comply with the provisions of laws, administrative regulations and the Articles of the Bank. Shareholders shall submit written documents certifying the class and quantity of shares of the Bank held by them when they intend to review or make copies of the information or obtain the documents referred to above. After the Bank verifies the identity of such shareholders, and examines their review needs, subject to the laws, administrative regulations and the provisions of the Articles of the Bank, it shall provide the information and documents as required by such shareholders.

Article 46 If the resolutions of shareholders' meetings and board meetings violate the provisions of laws or administrative regulations, shareholders shall have the right to request the people's court to declare that they are void.

If the convening procedures and voting method of shareholders' meeting and board meetings violate the provisions of laws or administrative regulations or the Articles or the contents of the resolutions violate the Articles, shareholders shall have the right to request the people's court to cancel the same within 60 days from the date of passing of the resolutions. However, there is an exception where there are only minor defects in the convening procedures or voting method of shareholders' meeting and board meetings, which do not materially affect the resolution.

Where the Board of Directors, shareholders and other stakeholders dispute the validity of a resolution of a shareholders' meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a judgement or ruling, such as a cancellation of a resolution, the stakeholders shall execute the resolution of the shareholders' meeting. The Bank, its directors and senior management members shall perform their duties diligently to ensure the normal operation of the Bank.

Where the people's court makes a judgement or ruling on the relevant matter, the Bank shall fulfil its obligations to disclose the information in accordance with laws, regulations and regulatory provisions, fully explain the impact of the judgement or ruling on the Bank, and actively cooperate with the authorities in the enforcement of the judgement or ruling after it has come into effect. Where previous matters need to be corrected, the Bank shall handle the correction in a timely manner and fulfil its obligations to disclose the information accordingly.

Article 47 A resolution of the shareholders' meeting or board meeting of the Bank shall not be valid under any of the following circumstances:

- (1) no shareholders' meeting or board meeting has been convened to pass the resolution;
- (2) the resolution is not voted at the shareholders' meeting or board meeting;
- (3) the number of persons attending the meeting or the number of voting rights held by them does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or the Articles of the Bank;
- (4) the number of persons or the number of voting rights held by them voting for the resolution does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or the Articles of the Bank.

Article 48 If any director(s) or senior management members other than members of the Audit Committee under the Board of Directors in the course of execution of the Bank's duties violate(s) the laws or administrative regulations or the provision of the Articles thus causing any loss to the Bank, shareholders holding more than 1% of the voting shares of the Bank individually or jointly for over 180 consecutive days shall have the right to request the Audit Committee under the Board of Directors in writing to institute proceedings at the people's court (against such director(s) or senior management members); if the Audit Committee under the Board of Directors in the course of execution of the Bank's duties violates the laws or administrative regulations or the provision of the Articles thus causing any loss to the Bank, the shareholders referred to above may in writing request the Board of Directors to institute proceedings at the people's court against the Audit Committee under the Board of Directors.

If the Audit Committee under the Board of Directors or the Board of Directors refuses to institute proceedings upon receipt of the written shareholders' request referred to above or fails to institute proceedings within 30 days after receipt of the request or in case of emergency so that the Bank may suffer irrecoverable loss if proceedings are not instituted immediately, the shareholders referred to above shall have the right to directly institute proceedings at the people's court in their own names for the benefit of the Bank.

If a person infringing the lawful interest of the Bank thus causing loss to the Bank, the shareholders stipulated in the first paragraph may institute proceedings at the people's court according to the provisions of the preceding two paragraphs.

In the event the directors and senior management members of a wholly-owned subsidiary of the Bank violate the law, administrative regulations or the provisions of the Articles in performing their duties, and incur a loss to the Bank, or in the event the legal interests of a wholly-owned subsidiary of the Bank are violated by other parties and a loss is incurred, shareholders, either individually or jointly holding more than 1% of the shares of the Bank for more than 180 consecutive days may, according to the Company Law, submit a written request to the board of directors of the wholly-owned subsidiary for commencing legal proceedings in the people's court, or directly file a lawsuit with the people's court in their own name.

Article 49 If any director(s) or senior management members violate(s) the laws, administrative regulations or the provision of the Articles thus affecting the interests of shareholders, shareholders may institute proceedings at the people's court.

Article 50 Shareholders of the Bank shall assume the following obligations, unless otherwise required with respect to shareholders of preference shares by the Articles or applicable laws and administrative regulations or the listing rules in the places where the shares of the Bank are listed:

- (1) abide by the laws, administrative regulations, regulatory requirements and the Articles;
- (2) pay subscription fees according to the number of shares subscribed by them and the method of capital injection, and shall ensure to invest their own funds that are obtained from legal sources in the Bank, rather than from entrusted funds, debt funds and other funds not owned by themselves, unless otherwise prescribed by any law or administrative regulation or regulatory requirements;
- (3) shall not withdraw their share capital unless otherwise provided by laws and administrative regulations;
- (4) the shareholders and their controlling shareholders, de facto controllers shall not abuse the shareholders' rights or take advantage of related relationships thus damaging the legitimate interests of the Bank, other shareholders and stakeholders; shall not abuse its independent legal person status or the limited liability of shareholders thus damaging the interests of creditors of the Bank;

If any of the shareholders abuse the shareholders' rights or take advantage of related relationships thus causing loss to the Bank, other shareholders or stakeholders, they shall assume the liability of compensation according to law.

If any of the shareholders abuse its independent legal person status and the limited liability of shareholders and evade repayment of debts thus seriously damaging the interests of the creditors of the Bank, they shall assume joint liability for the debts of the Bank.

- (5) the shareholders shall perform their duties of fidelity lawfully to ensure the truth, completeness and effectiveness of the information provided by them;
- (6) the shareholding percentage and the number of shareholding institutions shall comply with the regulatory requirements, shall not authorise any other person to or accept any other person's authorisation to hold shares of the Bank;
- (7) shareholders shall not conduct inappropriate related party transactions with the Bank, or use its influence on the operation and management of the Bank to seek illicit benefits;
- (8) shareholders who fail to apply to the regulatory authority for approval or fail to report to the regulatory authority, despite being required to do so, are not permitted to exercise the right to request convening of a shareholders' meeting, the voting right, right of nomination, right of submitting proposals, and right of disposition, etc.;

- (9) shareholders who transfer or pledge their shares of the Bank or conduct related transactions with the Bank shall comply with the laws and regulatory requirements and shall not harm the interests of other shareholders and the Bank;
- (10) in the event of any risk incident or material violation of the regulations, the shareholders shall cooperate with the regulatory authorities to carry out investigation and handle with the risk;
- (11) for a shareholder that makes any false statement, abuses shareholder's rights or otherwise damages the interests of the Bank, the banking supervision and administration department under the State Council or its local offices may restrict or prohibit related party transactions between the Bank and the shareholder, restrict the limit of share held in the Bank, and share pledge ratio, etc., and restrict its right to request convening of a shareholders' meeting, the voting right, right of nomination, right of submitting proposals, and right of disposition, etc.;
- (12) other obligations imposed by laws and regulatory requirements as well as the Articles.

The Bank shall establish loss absorption and risk defense mechanism in the event of any material risk incident.

Shareholders shall not be liable to any further contribution of the share capital other than such terms as agreed by the subscriber(s) of the relevant shares at the time of subscription.

Article 51 The voting right of a shareholder of the Bank at its shareholders' meetings and that of its despatched director(s) at the meetings of the Board of Directors shall be restricted during the period in which the loan facilities granted by the Bank to that shareholder remains overdue.

Article 52 The credit balance granted by the Bank to an individual entity such as a substantial shareholder, controlling shareholder, de facto controller, related party, party acting in concert or ultimate beneficiary shall not exceed 10% of the net capital of the Bank. The total credit balance granted by the Bank to an individual substantial shareholder and controlling shareholder, de facto controller, related party, party acting in concert and ultimate beneficiary shall not exceed 15% of the net capital of the Bank.

The credits in the preceding paragraph include loans (including trade finances), bill acceptances and discounts, overdrafts, bond investments, special purpose vehicle investments, issuance of letter of credit, factoring, guarantees, loan commitments, and other businesses of which credit risks are essentially borne by the Bank or the wealth management products issued by the Bank. The Bank shall identify the ultimate debtors according to the principle of penetration.

When entering into the sale or purchase or lease of the Bank's own movable or immovable properties; the purchase and sale of credit assets; the receipt and disposal of repossessed assets; transactions relating to services such as credit enhancement, credit assessment, assets assessment, law, information, technology and infrastructure; commissioned or entrusted sales and other transactions with its substantial shareholders, controlling shareholders, de facto controllers, related parties, parties acting in concert or ultimate beneficiaries, the Bank shall comply with laws and regulations and the relevant requirements of the banking supervision and administration department under the State Council, and shall conduct such transactions in accordance with commercial principles which shall be no more favorable than the conditions offered to non-related parties regarding the similar transactions, so as to prevent risk contagion and tunneling.

Article 53 In addition to the obligations that the common shareholders shall assume, a substantial shareholder, when conducting capital injection into the Bank, shall undertake in writing to comply with laws, administrative regulations, regulatory provisions and the Articles and make a statement on the purpose of capital injection to the Bank. At the meantime, the substantial shareholder shall state its shareholding structure level by level to its de facto controller and ultimate beneficiary, as well as its relationship as a related party or a person acting in concert with any other shareholders. A substantial shareholder shall inform the following information to the Bank in a timely, accurate and complete manner:

- (1) its operations, financial information, shareholding structure and investments in other financial institutions;
- (2) sources of fund for capital injection to the Bank;
- (3) controlling shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries and their respective changes;
- (4) the shares of the Bank subject to litigation, arbitration or legal enforcement measures by judicial authorities;
- (5) the shares of the Bank were pledged or released of pledge;
- (6) change of name;
- (7) merger or division;
- (8) imposition of regulatory measures such as suspension of business for rectification, appointment of trustee, takeover or revocation, in the process of dissolution, bankruptcy or liquidation proceedings, or changes in its legal representative, company name, business premises, business scope and other significant matters;
- (9) occurrence of other events that may change its qualifications as a shareholder or change the shares it held in the Bank.

In the event of any changes in the information of substantial shareholders in item (3) of the preceding paragraph, or the circumstances specified in items (4) to (8) of the preceding paragraph occur on any substantial shareholders, such substantial shareholders of the Bank shall inform the Bank in writing in a timely manner in accordance with laws, administrative regulations and regulatory requirements.

Article 54 Shareholders, especially the substantial shareholders shall exercise their rights as capital contributors strictly in compliance with the laws, administrative regulations and the Articles, fulfill the obligations of capital contributor, and shall not seek inappropriate interest or abuse shareholders' rights or utilize influence to intervene in the rights of decision-making and management enjoyed by the Board of Directors and senior management in accordance with the Articles, bypass the Board of Directors and senior management to directly intervene in or utilize their influence to intervene in the operations and management of the Bank, to conduct tunneling, or to damage the legitimate rights and interests of any depositor, the Bank and any other shareholder in any other form.

Article 55 Substantial shareholders shall support the reasonable capital plans formulated by the Board of Directors to enable the Bank to meet regulatory capital requirements constantly.

Substantial Shareholders shall not hinder the replenishment of capital by other Shareholders or the entry of new qualified Shareholders.

Substantial Shareholders shall make written long-term undertaking to the Bank in respect of capital replenishment, which will form a part of the capital plan of the Bank, and shall report their capital replenishment ability to the banking supervision and administration department under the State Council or to its local offices on an annual basis through the Bank.

Article 56 Substantial shareholders of the Bank shall make written commitments and actively fulfill their commitments to provide liquidity support to the Bank.

Article 57 The Bank shall establish a substantial shareholder commitment management system and substantial shareholder commitment archives, from which the Bank evaluates the performance of commitments made by the substantial shareholders regularly, and reports the assessment to the banking supervision and administration department under the State Council or its dispatched office. Substantial shareholders shall truthfully make commitments in accordance with relevant laws, regulations and regulatory requirements, earnestly fulfill their undertakings and actively cooperate with the Bank, the banking supervision and administration department under the State Council or its dispatched offices in carrying out the management and evaluation of the performance of commitments made by the shareholders.

The Board of the Bank assumes the management responsibility of substantial shareholders' commitments, and is responsible for determining the performance of commitments made by the substantial shareholders. The Board of Directors may adopt corresponding restrictive measures for shareholders who violate their undertakings, which shall be implemented after consideration and approval at the shareholders' meeting, and the relevant shareholders or shareholders' representatives shall abstain from voting. Restrictive measures include, but are not limited to, restrictions on the exercise of the rights of requisition, voting, nomination, proposal and disposition of the shareholders' meeting by the relevant shareholders.

Article 58 Any substantial shareholder, its controlling shareholder or de facto controller of the Bank shall not fall under any of the following circumstances:

- (1) being listed as an object subject to joint punishment for dishonesty by relevant departments;
- (2) seriously evading bank debts;
- (3) providing false materials or making false statement;
- (4) assuming significant liability for business failure or material violation of laws or regulations by any commercial bank;
- (5) rejecting or obstructing the lawful implementation of supervision and administration by the banking supervision and administration department under the State Council or its local offices;
- (6) having been investigated and punished by the financial supervision departments or relevant government authorities due to violations of laws or regulations, thus having caused adverse impact;
- (7) other circumstances that may cause adverse impact on the Bank's operation and management.

Article 59 Controlling shareholders and de facto controllers of the Bank shall exercise the rights and fulfil the obligations in accordance with laws and regulations and regulatory requirements, and safeguard the interests of the Bank.

Controlling shareholders and de facto controllers of the Bank shall comply with the following provisions:

- (1) to exercise their rights as shareholders in accordance with the law and not to abuse their control or use their connected relationship to prejudice the legitimate interests of the Bank or other shareholders;
- (2) to strictly fulfil their public statements and various undertakings and not to change or waive such statements and undertakings;
- (3) to fulfil their information disclosure obligations in strict accordance with relevant regulations, proactively cooperate with the Bank in information disclosure and inform the Bank in a timely manner of material events that have occurred or are intended to occur;
- (4) not to appropriate the Bank's funds in any way;
- (5) not to order, instruct, or request the Bank and its relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to make use of the Bank's undisclosed material information to gain benefits, or disclose in any way undisclosed material information relating to the Bank, or engage in insider trading, short-term trading, market manipulation or other illegal and unlawful acts;
- (7) not to prejudice the legitimate interests of the Bank and other shareholders through unfair connected transactions, profit distribution, asset restructuring, external investment or any other means;
- (8) to ensure the integrity of the Bank's assets, and the independence of its personnel, finance, organization and business, and not to affect the independence of the Bank in any way;
- (9) laws, regulations, regulatory provisions and other requirements of the Articles of the Bank.

If the controlling shareholders or de facto controllers of the Bank do not serve as directors of the Bank but are actually carrying out the Bank's affairs, the provisions of the Articles of the Bank relating to the fiduciary duties and diligence of the directors shall apply.

Where a controlling shareholder or de facto controller of the Bank instructs a director or senior management members to engage in an act that is detrimental to the interests of the Bank or its shareholders, he/she shall bear joint and several liability with the director or senior management members.

Where a controlling shareholder or de facto controller pledges the shares of the Bank that he/she holds or effectively controls, he/she shall maintain the stability of the Bank's control and that of its production and operation.

Where a controlling shareholder or de facto controller transfers the shares of the Bank held by him/her, he/she shall comply with the restrictive provisions on the transfer of shares set out in laws, regulations, regulatory provisions, as well as his/her undertakings in respect of restrictions on the transfer of shares.

Where the Bank does not have controlling shareholders or de facto controllers, the Bank's largest shareholder and its ultimate controllers shall comply with the provisions of the Article as if they were controlling shareholders or de facto controllers.

Article 60 The term "controlling shareholders" in relation to the Bank herein shall refer to those who hold more than 50% of the total share capital of the Bank, or hold less than 50% of the total share capital of the Bank but have a significant impact on the resolution of the shareholders' meetings based on its voting right in proportion to shares of the Bank. Where the definition and conditions of a "controlling shareholder" are otherwise provided by laws, administrative regulations, departmental rules and the relevant provisions of the securities regulatory authorities of the place where the Bank's shares are listed, such provisions shall prevail.

The term "acting in concert" in relation to the Bank in the Articles shall mean the act or fact that investors enlarge the number of voting shares that they can control together with other investors through agreement or other arrangement. The relevant investors acting in concert are persons acting in concert.

The term "de facto controllers" in relation to the Bank herein shall mean a person who can effectively control the acts of the Bank through investment relationship, agreement or other arrangements even though he/she is not a shareholder of the Bank.

The term "ultimate beneficiaries" in relation to the Bank herein shall mean persons who actually enjoy the return from the shares of the Bank.

The definition in connection with controlling shareholder, de facto controller, related party, person acting in concert and ultimate beneficiary of the substantial shareholders in the Articles shall be determined in accordance with relevant laws, administrative regulations, departmental rules and relevant requirements of the security regulatory authority in the place where the shares of the Bank are listed.

## **CHAPTER 8 SHAREHOLDERS' MEETINGS**

### **Section 1 General Provisions of Shareholders' Meetings**

Article 61 The shareholders' meeting of the Bank consists of all shareholders. The shareholders' meeting is the organ of power of the Bank and shall exercise its powers according to law.

Article 62 The shareholders' meetings shall exercise the following powers:

- (1) electing and replacing directors other than employee directors, and deciding on matters concerning directors' remuneration;
- (2) examining and approving reports of the Board of Directors;
- (3) examining and approving the Bank's plans for profit distribution and loss make-up;
- (4) examining and approving proposals on changes in the use of proceeds;

- (5) adopting resolutions on increases or reduction of the Bank's registered capital;
- (6) adopting resolutions on plans for issuance of bonds of the Bank, or authorising the Board of Directors to resolve on the issue of bonds of the Bank;
- (7) adopting resolutions on matters such as merger, division, dissolution, liquidation and change of corporate form of the Bank;
- (8) amending the Articles of the Bank;
- (9) adopting resolutions on the engagement or removal or discontinuation of engagement of accounting firms that carry out regular statutory audit on the financial report of the Bank by the Bank;
- (10) examining proposals put forward by the shareholders who individually or jointly hold 1% or more of the total issued voting shares of the Bank;
- (11) examining proposal(s) on matter(s) relating to any single equity investment and other external investment, any single acquisition and disposal of fixed assets (including real estates and other fixed assets, and the term shall be construed accordingly), and any other assets involving an amount exceeding 10% of the net asset value based on the latest published audited accounts of the Bank as well as any acquisition and disposal of significant asset(s), on an accumulated basis, during a period of one year, (including but not limited to equity, fixed assets and other assets) involving an aggregate amount exceeding 30% of the total asset value based on the latest published audited accounts of the Bank;
- (12) examining and approving share incentive plans;
- (13) examining and approving rules of procedures for shareholders' meetings and meetings of the Board of Directors;
- (14) resolving on repurchase of shares of the Bank in accordance with the requirements of laws;
- (15) examining the restrictive measures on shareholders who breach their commitments;
- (16) examining and authorising the Board of Directors for a period of three years to decide on the issue of shares not exceeding 50% of the issued shares;
- (17) examining other issues that shall be approved by the shareholders' meeting as stipulated by laws, administrative regulations, regulatory requirements or the Articles.

The functions and powers of the shareholders' meeting stipulated in the Company Law and other laws, administrative regulations, regulatory provisions and the Articles shall not be delegated to the Board, other institutions or individuals. Matters that should be decided by the shareholders' meeting as stipulated in the laws, administrative regulations, departmental rules, relevant regulations of the securities regulatory authorities of the place where the shares are listed and the provision in the Articles shall be examined at the shareholders' meeting so as to safeguard the decision-making power of the shareholders of the Bank in respect of such matters. Where necessary, reasonable and lawful, the shareholders' meeting may authorise the Board of Directors to decide on specific matters relating to the matters to be resolved which cannot or do not need to be decided immediately at the shareholders' meeting (including matters such as price, quantity, etc., which may change over time). The content of the authorisation shall be clear and specific.

Article 63 There are two types of shareholders' meeting: annual meeting and extraordinary meeting. The annual meeting shall be held once a year within six months after the end of the previous accounting year. If, for any special reasons, a shareholders' meeting is postponed, a report setting out the reasons for such postponement shall be timely issued to the banking supervision and administration department under the State Council as well as the securities regulatory authority in the jurisdictions where the shares of the Bank are listed, and shall also be published.

An extraordinary shareholders' meetings may be convened from time to time. An extraordinary meeting shall be convened within two months from the date of occurrence of any of the following events:

- (1) the number of directors is lower than the minimum quorum stipulated in the Company Law or less than two-thirds of the number stipulated in the Articles;
- (2) the unrecovered loss of the Bank reaches one-third of the Bank's total paid-in share capital;
- (3) upon request in writing by shareholders individually or jointly holding 10% or more of the Bank's voting shares;
- (4) the Board of Directors may deem necessary;
- (5) upon the request by more than half and not less than two independent directors;
- (6) upon the request by the Audit Committee under the Board of Directors; and
- (7) other circumstances stipulated by laws, administrative regulations, departmental rules and the Articles.

The number of shares held referred to in (3) above shall be calculated on the date when the shareholders put forward a written request.

Article 64 The venue for convening a shareholders' meeting shall be the registered office of the Bank or such other place as may be specified in the notice of the shareholders' meeting.

The Bank shall arrange for a venue and the shareholders' meeting shall be held in the form of on-the-spot meeting. The Bank will also provide facilities to the shareholders attending the shareholders' meeting through online voting as required by laws, administrative regulations, provisions of the security regulatory authority under the State Council, stock exchanges or the Articles. Shareholders attending the meeting by way of the above methods shall be deemed as to have attended the meeting.

- Article 65 At the time of convening the shareholders' meeting, lawyers should be engaged to attend the shareholders' meeting and issue legal opinion on the following and make an announcement:
- (1) whether the convening of the shareholders' meeting and the convening procedures comply with the laws, administrative regulations and the Articles;
  - (2) whether the qualifications of the person(s) attending the meeting and the convenor are lawful and valid;
  - (3) whether the voting procedures and voting results of the shareholders' meeting are lawful and valid; and
  - (4) legal opinions issued on other matters as requested by the Bank.

## **Section 2 Convening of Shareholders' Meetings**

Article 66 The Board of Directors shall convene a shareholders' meeting according to the provisions of the Articles.

Article 67 Subject to approval by more than half of, and not less than two of, all the independent directors, independent directors shall have the right to propose to the Board of Directors to convene an extraordinary meeting. As regards the proposal of independent directors in relation to convening an extraordinary meeting, the Board of Directors shall give written replies on whether it agrees or disagrees to the convening of the extraordinary meeting within 10 days after receiving the proposal according to the provisions of laws, administrative regulations and the Articles.

If the Board of Directors agrees to convene an extraordinary meeting, it shall issue a notice on convening the shareholders' meetings within 5 days after passing of the board resolution. However, if otherwise prescribed in laws, administrative regulations, departmental rules and regulations of local securities regulatory authorities where shares of the Bank are listed, relevant provisions shall be observed. If the Board of Directors does not agree to convene an extraordinary meeting, it shall state the reason and publish an announcement.

Article 68 The Audit Committee under the Board of Directors shall have the right to propose in writing to the Board of Directors to convene an extraordinary meeting. The Board of Directors shall give written replies on whether it agrees or disagrees to the convening of the extraordinary meeting within 10 days after receiving the proposal according to the provisions of laws, administrative regulations and the Articles.

If the Board of Directors agrees to convene an extraordinary meeting, it shall issue a notice on convening the shareholders' meeting within 5 days after passing the board resolution. Changes to the original proposal as stated in the notice shall obtain the consent of the Audit Committee under the Board of Directors. However, if otherwise prescribed in laws, administrative regulations, departmental rules and regulations of local securities regulatory authorities where shares of the Bank are listed, relevant provisions shall be observed.

If the Board of Directors does not agree to convene an extraordinary meeting or it does not reply within 10 days after receiving the proposal, it shall be deemed that the Board of Directors cannot perform or has failed to perform the duties to convene a shareholders' meeting and the Audit Committee under the Board of Directors may convene and preside over the meeting.

Article 69 The following procedures shall be complied with when shareholders request to convene an extraordinary meeting or class meeting:

- (1) The shareholders individually or jointly holding more than 10% of the voting shares at the proposed meeting may sign one or several same written requests proposing to the Board of Directors to convene an extraordinary meeting or class meeting and stating the subjects to be considered at the meeting. The number of shares held referred to above shall be calculated on the date the shareholders submit their written request. The Board of Directors shall give written replies as to whether it agrees or disagrees to the convening of the extraordinary meeting or class meeting within 10 days after receiving the request according to the provisions of laws, administrative regulations and the Articles.

If the Board of Directors agrees to convene an extraordinary meeting or class meeting, it shall issue a notice on convening the shareholders' meetings or class meeting within 5 days after passing the board resolution. Any changes to the original proposal as stated in the notice shall be approved by the relevant shareholders. However, if otherwise prescribed in laws, administrative regulations, departmental rules and regulations of local securities regulatory authorities where shares of the Bank are listed, relevant provisions shall be observed.

- (2) If the Board of Directors does not agree to convene an extraordinary meeting or class meeting or it does not reply within 10 days after receiving the request, shareholders individually or jointly holding more than 10% of the voting shares at the proposed meeting shall have the right to propose in writing to the Audit Committee under the Board of Directors to convene an extraordinary meeting or class meeting.

If the Audit Committee under the Board of Directors agrees to convene an extraordinary meeting or class meeting, it shall issue a notice to convene the extraordinary meeting or class meeting within 5 days after receiving the request. Any changes to the original request as stated in the notice shall be approved by the relevant shareholders. However, if otherwise prescribed in laws, administrative regulations, departmental rules and regulations of local securities regulatory authorities where shares of the Bank are listed, relevant provisions shall be observed.

If the Audit Committee under the Board of Directors fails to give notice of the shareholders' meetings or class meeting within the specified time limit, it shall be deemed as not convening or presiding over the meeting, in which case, the shareholders individually or jointly holding more than 10% of the shares of the Bank (such shares shall have voting rights at such proposed meeting) for more than 90 consecutive days may convene and preside over the meeting on their own.

Reasonable expenses incurred from the aforesaid case where shareholders convene the meeting by themselves due to the failure of the Board of Directors or Audit Committee under the Board of Directors to convene the meeting shall be borne by the Bank, and the same shall be deducted from the payment to those directors who failed to perform their duties.

Article 70 If the Audit Committee under the Board of Directors or shareholders decide(s) to convene a shareholders' meeting on their own, a written notice shall be sent to the Board of Directors and filed with the banking supervision and administration department under the State Council and stock exchange. Prior to publication of the announcement on the resolutions passed at the shareholders' meeting, the ratio of the voting shares held by shareholders convening the meeting to total voting shares shall not be less than 10%.

When issuing the notice of shareholders' meeting and the announcement on the resolutions passed at the shareholders' meeting, the Audit Committee under the Board of Directors or the shareholders convening the meeting shall submit the relevant evidence materials to the relevant stock exchanges.

Article 71 If the Audit Committee under the Board of Directors or shareholders convene(s) a shareholders' meeting on their own, the Board of Directors and the secretary of the Board of Directors shall cooperate accordingly. The Board of Directors shall provide the register of shareholders as at the date of the shareholding registration date. If the Audit Committee under the Board of Directors or shareholders convene(s) a shareholders' meeting on their own, the necessary expenses shall be borne by the Bank.

### **Section 3 Proposal(s) and Notice(s) of Shareholders' Meetings**

Article 72 The contents of the proposal(s) shall be within the scope of authority for the shareholders' meeting, shall have definite subject(s) for discussion and specific matter(s) for resolution and shall comply with the relevant provisions of laws, administrative regulations and the Articles.

Article 73 If the Bank convenes a shareholders' meeting, the Board of Directors and the Audit Committee under the Board of Directors have the right to submit proposals in writing to the Bank; the shareholders individually or jointly holding more than 1% of the total issued voting shares of the Bank shall have the right to submit interim proposals in writing to the Bank. However, if a shareholder nominates an executive director or a non-executive director by way of an interim proposal, he/she shall satisfy the shareholding ratio stipulated in Article 127 of the Articles.

Where shareholders referred to above submit interim proposals, the convenor shall issue a supplemental notice to the shareholders' meeting and announce the contents of the interim proposal within two days after receiving the proposal, and provide the contents of the proposal in the form of a supplemental circular or publication of an announcement not less than ten working days prior to the date of the shareholders' meeting. However, except that the interim proposals are in contravention of the laws, administrative regulations or the provisions of the Articles, or are not within the terms of reference of the shareholders' meeting.

Except for those stipulated in the preceding paragraphs, the convenor shall not amend the proposals stated in the notice of shareholders' meeting or include new proposals after the notice of the shareholders' meeting has been issued.

Any proposal(s) which has/have not been stated in the notice of shareholders' meeting or is/are not in compliance with the provisions of Article 72 of the Articles shall not be voted and passed as resolution(s) at the shareholders' meetings.

Article 74 When the Bank convenes a shareholders' meeting, a written notice shall be issued at least 10 working days or 20 days (whichever is longer, and excluding both the date of notice and the date of meeting) prior to the annual meeting and at least 10 working days or 15 days (whichever is longer, and excluding both the date of notice and the date of meeting) prior to the extraordinary meeting by the convenor to all the shareholders whose names are recorded on the register stating therein the matters proposed to be considered at the meeting as well as the time and venue of the meeting. If any laws, administrative regulations and other regulatory documents have other provisions, such provisions shall apply.

Article 75 The notice of the shareholders' meeting shall include:

- (1) the time, venue and duration of the meeting;
- (2) the matters and proposals to be considered at the meeting;
- (3) providing a clear description stating that all the shareholders of ordinary shares (including shareholders of preference shares with recovered voting rights), shareholders with special voting rights and other shareholders shall have the right to attend the shareholders' meeting, and may appoint a proxy in writing to attend and vote at the meeting, and such proxy needs not be a shareholder of the Company;
- (4) the shareholding registration date for shareholders who have the right to attend the shareholders' meeting;
- (5) contact details of the contact person in relation to the shareholders' meeting;
- (6) the time and procedures for voting through the Internet or by other methods shall be clarified;
- (7) the deadline and address for the delivery of proxy form for the shareholders' meeting.

Article 76 If the matters relating to the election of directors are proposed to be discussed at a shareholders' meeting, the notice of the shareholders' meeting shall fully disclose details of the candidates for directors which shall include at least the following:

- (1) personal particulars including education background, working experience, part-time jobs etc;
- (2) any relationship with the Bank or the controlling shareholders and de facto controllers of the Bank;
- (3) the number of shares of the Bank held by him/her; and
- (4) whether he/she was subject to any punishment or enforcement action by the securities regulatory authorities under the State Council, other relevant regulatory authorities and the stock exchange.

Article 77 The notice of the shareholders' meeting and relevant documents shall be delivered by hand or prepaid post to all the shareholders (whether or not such shareholders have a voting right at the shareholders' meeting). The address of the receiving party shall be the address recorded in the register of shareholders. For domestic shareholders, the delivery of the notice of shareholders' meeting and relevant documents may also be made by way of announcement; for holders of overseas listed foreign shares, the notice of shareholders' meeting and relevant documents may, in accordance with laws, administrative regulations, and the listing rules in the place where the Bank's shares are listed, be delivered on the Bank's website and the website of the Hong Kong Stock Exchange.

All shareholders of domestic shares shall be deemed as having received that notice of shareholders' meeting upon the publication of that announcement. If any law, administrative regulation and other regulatory documents have requirements otherwise, their requirements shall be complied with.

Where the matters regarding the notice of preference shareholders' meeting are otherwise provided by the Articles, applicable laws, administrative regulations and the listing rules in the place where the Bank's shares are listed, such provisions shall prevail.

Article 78 The shareholders' meeting and the resolutions of the meeting shall not become void even if there has been any accidental omission to deliver the notice of shareholders' meeting to a person having the right to receive the notice or that such person fails to receive the notice.

Article 79 After issuing the notice of the shareholders' meeting, the shareholders' meeting shall not be postponed or cancelled and the proposals stated in the notice of shareholders' meeting shall not be cancelled without any justified reasons. In the event of any postponement or cancellation, the convenor shall publish another announcement stating therein the reasons at least 2 working days prior to the original date of the meeting.

#### **Section 4 Proceedings at Shareholders' Meetings**

Article 80 The Bank's Board of Directors and other convenors shall adopt necessary measures to warrant the normal order of the shareholders' meeting. Any act which intervenes the shareholders' meeting, causes trouble and affects the lawful interests of shareholders shall be prohibited by adopting the necessary measures and the same shall be reported on a timely basis to the relevant department for inspection and punishment.

Article 81 All shareholders of the Bank's ordinary shares and those of preference shares with recovered voting rights, shareholders with special voting rights and other shareholders recorded in the register on the record date shall have the right to attend the shareholders' meetings and exercise the voting rights in accordance with relevant laws, regulations and the Articles of Association. Such shareholders may attend a shareholders' meeting in person, and also may appoint a proxy to attend and vote on their behalf.

In the event that a shareholder is a recognized clearing house (as defined in the Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) (or its nominee(s)), it may, as it sees fit, appoint one or more persons as its proxy to attend and vote at any shareholders' meeting or class meeting. In the event that more than one person is so appointed, the proxy form shall specify the number and class of the shares relating to each of such proxies. Such proxy may exercise the rights of such recognized clearing house (or its nominee(s)) on its behalf in the same manner as if it was an individual shareholder of the Bank.

Article 82 If a shareholder attends the meeting in person, he/she shall produce his/her own identity card or other valid documents or evidence to prove his/her identity. If a shareholder appoints a proxy to attend the meeting, the proxy shall produce his/her own and the appointor's valid identification documents and the shareholder's power of attorney.

Corporate shareholders shall attend the meeting by legal representatives or proxies appointed by legal representatives. If a legal representative attends the meeting, he/she shall produce his/her own identity card or other valid documents evidencing his/her capacity of legal representative; if a proxy is appointed to attend the meeting, the proxy shall produce his/her own identity card and the legal representatives of corporate shareholders shall produce the written power of attorney according to law.

Article 83 The form of proxy appointing another person to attend a shareholders' meeting produced by a shareholder shall state the following:

- (1) name of the appointor and its proxy;
- (2) the class and number of shares held by the appointor for whom the proxy represents;
- (3) the shareholder's detailed instructions, including instructions as to vote for or vote against or abstain from voting in relation to each matter on the agenda to be examined at the shareholders' meeting, etc.;
- (4) issuing date and validity period of the proxy form; and
- (5) signature (or chop) of the appointor. If the appointor is a domestic corporate shareholder, the corporation's seal shall be affixed.

Article 84 Proxy forms provided by the Board of Directors of the Bank or the convenor to the shareholders in relation to appointing proxies shall provide that shareholders shall be free to elect and instruct a proxy to vote for or against accordingly and give separate instructions on each matter to be voted in relation to each subject for discussion.

Article 85 The proxy form for voting shall be placed at the registered office of the Bank or other places designated in the notice of meeting twenty-four hours before the time appointed for convening the meeting to discuss the relevant matter(s) or twenty-four hours before the time designated for voting. If the proxy form is signed by a person authorised by the appointor, the power of attorney to sign the proxy form or other authorisation documents shall be notarized. The power of attorney or other authorisation documents notarized together with the proxy forms for voting shall be placed at the registered office of the Bank or other places designated in the meeting notice.

Article 86 The register of the persons attending the meeting shall be prepared by the Bank. The register shall set out the names of the persons attending the meeting (or names of the entity he/she is from), their identity card numbers, numbers of shares held or representing voting rights, class of shares, names of the proxied (or names of the entity he/she is from).

Article 87 If, before voting, the entrusting party passed away, lost his/her ability to act, withdrew the entrustment, withdrew the authorisation on the proxy form or transferred all his/her shares, the vote cast by the proxy in accordance with the proxy form shall remain valid so long as the Bank has not received any written notice regarding such matters before the commencement of relevant meeting.

Article 88 The convenor and the lawyers appointed by the Bank shall jointly verify the legality of the shareholders' qualifications according to the shareholders' register provided by the securities registration and clearing service provider and register the names of the shareholders and the numbers of shares held by them with voting rights. Registration of shareholders attending the meeting shall terminate before the chairperson of the meeting announces the number of persons and proxies attending the meeting on the spot and the total number of shares with voting rights.

Article 89 Where the shareholders' meeting requires the directors and the senior management members to attend the meeting as non-voting delegates, the directors and the senior management members shall attend as non-voting delegates and reply to the shareholders' queries.

Article 90 The shareholders' meeting shall be convened by the Board of Directors according to laws and shall be presided over by the chairman who will act as chairman of the meeting. If the chairman is unable to perform his/her duties or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman (if the Bank has two deputy chairmen, by the deputy chairman jointly chosen by more than half of the directors). If the chairman or the deputy chairman is unable to perform his/her duties or fails to perform his/her duties, a director jointly chosen by more than half of the directors shall preside over the meeting and act as chairman of the meeting.

If a shareholders' meeting is convened by the Audit Committee under the Board of Directors, the meeting shall be presided over and chaired by the chairman of the Audit Committee under the Board of Directors. If the chairman of the Audit Committee under the Board of Directors is unable to perform his/her duties or fails to perform his/her duties, a member of the Audit Committee under the Board of Directors jointly chosen by more than half the members of the Audit Committee under the Board of Directors shall chair the meeting.

If a shareholders' meeting is convened by the shareholders, the convenor or a representative chosen by him/her shall preside over and chair the meeting.

During the shareholders' meeting, if the chairperson of the meeting violates the rules of procedures such that the shareholders' meeting cannot proceed, a person shall be elected to act as chairman of the meeting and the meeting can proceed upon obtaining the consent of over one-half of the shareholders with voting rights attending the shareholders' meeting.

Article 91 The Bank shall formulate rules of procedures of the shareholders' meeting setting out in detail the calling, convening and voting procedures of the shareholders' meeting, including notice, registration, examination of proposals, voting, vote counting, announcement of the poll results, passing of resolution(s), minutes and their execution and announcement and abstention of related shareholders, and the principles of granting authorisation to the Board of Directors by the shareholders' meeting. The contents of authorisation shall be precise and specific.

Article 92 At the annual meeting, the Board of Directors shall submit their work reports for the previous year to the shareholders' meeting. Each independent director shall also submit his/her work report.

Article 93 The directors and senior management members shall make explanation and clarification to the shareholders' queries and suggestions at the shareholders' meeting.

- Article 94 Before voting, the chairperson of the meeting shall announce the number of shareholders and proxies attending the meeting in person and the total number of shares held with voting rights. The number of shareholders and proxies attending the meeting in person and the total number of shares held with voting rights recorded on the meeting register shall prevail.
- Article 95 The shareholders' meeting shall have meeting minutes, which shall be taken by the secretary of the Board of Directors. The minutes shall include the following:
- (1) time, venue and agenda of the meeting and the name of the convenor;
  - (2) names of the chairperson of the meeting and the directors, president and other senior management members attending as non-voting delegates;
  - (3) number of voting shares held by shareholders of domestic shares (including proxies) and shareholders of overseas listed foreign shares (including proxies), shareholders of ordinary shares (including shareholders of preference shares with recovered voting rights) and shareholders of class shares attending the meeting and the proportion to the total number of shares of the Bank;
  - (4) the course of examination of each proposal and abstract of speech by the shareholders of domestic shares and shareholders of domestic listed foreign shares, shareholders of ordinary shares (including shareholders of preference shares with recovered voting rights) and shareholders of class shares and voting results of each resolution by the shareholders of domestic shares and shareholders of overseas listed foreign shares;
  - (5) queries or suggestions of the shareholders and the corresponding replies and explanations;
  - (6) names of the lawyers, the vote-counter and the scrutineer(s); and
  - (7) other contents which should be set out in the minutes as stipulated in the Articles.
- Article 96 The convenor shall warrant that the contents of the minutes are true, accurate and complete. The directors, secretary of the Board of Directors, convenor or their representatives and the chairperson of the meeting attending the meeting or attending as non-voting delegates shall sign the minutes. The minutes shall be kept together with the signature register of shareholders attending the meeting in person and proxy forms and valid materials relating to voting through internet or otherwise permanently.
- Article 97 The convenor shall warrant that the shareholders' meeting will proceed continuously until the conclusion of the final resolution is passed. If a shareholders' meeting is suspended or no resolution is made due to special reasons including force majeure, necessary measures shall be adopted in order to resume the shareholders' meeting as soon as practicable or directly adjourn the meeting and make an announcement in a timely manner. At the same time, the convenor shall submit a report to the securities regulatory authorities of the State Council of the jurisdiction where the Bank is situated or its local offices and the relevant stock exchange.

## Section 5 Voting and Resolutions at Shareholders' Meetings

Article 98 Shareholders of ordinary shares (including their proxies) shall exercise their voting rights according to the number of shares held with voting rights. Each share shall have one voting right. The voting rights of shareholders of preference shares with recovered voting rights shall be calculated as agreed in specific terms of issuance. Unless otherwise required by the Articles in respect of class voting with preference shares, the shares held by the shareholders of preference shares shall not carry any voting rights.

In the event of class voting with preference shares, each preference share (excluding preference shares with recovered voting rights) shall have one voting right.

Ordinary and preference shares of the Bank held by the Bank do not have any voting right and such shares shall not be counted in the total number of shares of different classes with voting rights at the shareholders' meeting.

When the shareholders' meeting considers material matters that may influence the interests of minority investors (excluding investors holding preference shares), the votes of minority investors shall be calculated separately. The result of such separate calculation shall be disclosed promptly.

When shareholders' purchase of shares with voting rights of the Bank violates the provisions in paragraphs 1 and 2 of Article 63 of the Securities Laws, the voting rights of shares exceeding the prescribed percentage shall not be exercised within 36 months after the purchase, and shall not be counted in the total number of shares with voting rights at the meetings.

The Board of the Bank, independent directors, shareholders holding more than 1% of voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority of the State Council may publicly collect voting rights from shareholders. While collecting voting rights from the shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being collected. No consideration or other form of de facto consideration shall be involved in the collection of voting rights from the shareholders. Except for statutory conditions, the Bank shall not impose any limitation related to minimum shareholdings on the collection of voting rights.

Article 99 Resolutions of shareholders' meeting shall be divided into ordinary resolutions(s) and special resolution(s).

To adopt an ordinary resolution, votes representing over one half of the voting rights represented by the shareholders with voting rights (including shareholders' proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution, votes representing two-thirds or more of the voting rights represented by the shareholders with voting rights (including shareholders' proxies) present at the meeting must be exercised in favor of the resolution.

Article 100 The following matters shall be approved by an ordinary resolution at a shareholders' meeting:

- (1) work reports of the Board of Directors;
- (2) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (3) appointment and removal of any member of the Board of Directors, their remuneration and manner of payment;
- (4) annual reports of the Bank; and
- (5) matters other than those which are required by laws, administrative regulations or the Articles to be approved by a special resolution.

Article 101 The following matters shall be approved by a special resolution at a shareholders' meeting:

- (1) the increase or decrease of registered capital and the issuance of shares of any class, warrants for share subscription and other similar securities;
- (2) the issue of debentures of the Bank, or authorizing the Board of Directors to make resolutions on specific matters related to the issue of debentures of the Bank;
- (3) the division, merger, change of corporate form, dissolution or liquidation of the Bank;
- (4) amendments to the Articles of Association;
- (5) removal of independent directors of the Bank;
- (6) examination and approval of share incentive plans;
- (7) any purchase or sale of our material assets within one year, or provision of guaranty to others on non-commercial bank businesses within one year where the amount exceeds 30% of the total amount of the Bank's assets as audited in the latest period;
- (8) deciding or authorising the Board of Directors to decide on matters relating to the issuance of preference shares and the issued preference shares of the Bank, including but not limited to making decisions on whether to conduct relevant repurchase, conversion or dividend distribution (but the Board of Directors shall not be authorised to decide on matters of cancellation of part or all of the dividend distribution) thereof;
- (9) authorizing the Board of Directors to decide on the issue of not more than 50% of the issued shares within three years;
- (10) any other matters resolved by the shareholders at a shareholders' meeting, by an ordinary resolution, to be of a nature that may have a material impact on the Bank and should be adopted by a special resolution; and
- (11) other matters that need to be passed by special resolutions as stipulated by laws, regulations, regulatory provisions or the Articles.

Article 102 Except under special circumstances such as the Bank being in crisis, unless approved by a special resolution at a shareholders' meeting, the Bank shall not enter into any contract with any person other than a director, president or other senior management members pursuant to which the management of the Bank's entire or important business shall be entrusted to such person.

Article 103 When a shareholders' meeting examines related party transactions, the related shareholders shall not participate in voting and the number of shares with voting rights represented by them shall not be counted in the total number of valid votes; the voting result announcement of the shareholders' meeting shall fully disclose the voting by unrelated shareholders. If there are special circumstances under which the related shareholders are unable to abstain from voting, the Bank may, after obtaining consent of the relevant department, conduct voting according to the normal procedures and shall explain in details in the voting result announcement of shareholders' meeting.

If, pursuant to the Company Law or the provisions of other laws and administrative regulations or the Hong Kong Listing Rules, any shareholder(s) has/have to abstain from voting on or is restricted to only vote for or against any individual resolution, any votes cast by such shareholders (or their proxies) violating the relevant stipulation or restriction shall not be counted in the total number of valid votes.

Article 104 The list of candidates for directors shall be submitted to the shareholders' meeting as a proposal for voting.

When taking a poll in respect of the election of directors at the shareholders' meeting, the cumulative voting system shall be adopted according to the provisions of the Articles or resolutions of shareholders' meetings. When the shareholders' meeting elects two or more independent directors, the cumulative voting system shall be implemented.

The cumulative voting system referred to in the preceding article means at the shareholders' meeting where director(s) is/are elected, each share shall have the same number of voting rights as the number of director(s) to be elected. Shareholders' voting rights may be used collectively. Except as otherwise provided by laws, administrative regulations and rules, or the relevant cumulative voting system in the listing rules of the place where the Bank's shares are listed, the rules of the cumulative voting system are as follows:

- (1) where the cumulative voting system is adopted for the election of directors, the candidates shall be listed separately in different resolution and proposal groups for submission to the shareholders' meeting according to the categories of executive directors, non-executive directors and independent directors;
- (2) shareholders attending the shareholders' meeting shall, have the same number of votes for each share held as the number of directors to be elected under each resolution and proposal group for which the cumulative voting system is adopted;
- (3) the shareholders may cast all their votes on one candidate or split them on a few candidates in the same proposal group. Shareholders shall vote within the limit of the number of votes of each resolution and proposal group.

Except adopting the cumulative voting system to elect directors, the proposal on each candidate for directors shall be put forward and voted individually.

The shareholders' meeting may elect independent directors by competitive election. If the number of independent directors nominated in accordance with the Articles exceeds the number of directors to be elected, the directors with the most votes shall be elected in order according to the provisions of the Articles.

Article 105 Except for cumulative polling, each of the proposals of the shareholders' meeting shall be voted in sequence, and different proposals concerning the same matter shall be voted in order when the proposals are submitted. Except in the event of force majeure or other special reasons resulting in the termination of the shareholders' meeting or being unable to make a resolution, any proposals proposed at the shareholders' meeting shall not be set aside or reserve for voting.

When considering the issuance of preference shares, the shareholders' meeting shall vote on the following matters item by item:

- (1) class and number of preference shares in such issuance;
- (2) issuance method, issuance target and arrangement of placement to the existing shareholders;
- (3) par value, issuance price or pricing range and the determining basis;
- (4) methods for shareholders of preference shares to participate in profit distribution, including dividend rate and the determining basis thereof, conditions of dividend distribution, methods of dividend payment, any accumulation of dividends and any entitlement to the distribution of remaining profits;
- (5) terms of repurchase, including conditions, period, price and pricing principles of such repurchase and the entity to exercise the repurchase option (if any);
- (6) use of proceeds;
- (7) conditional share subscription contract entered into between the Company and issuance targets (if any);
- (8) validity period of the resolution;
- (9) proposed amendments to the relevant terms hereof in relation to the profit distribution policy for shareholders of preference shares and shareholders of ordinary shares;
- (10) authorisation to the Board to deal with specific matters of the issuance; and
- (11) other matters.

Shareholders of preference shares are not entitled to attend the shareholders' meeting of the Bank and their preference shares do not carry any voting rights. However, the Bank shall notify the shareholders of preference shares about the convening of shareholders' meeting upon occurrence of any of the following circumstances. Whereby, shareholders of preference shares are entitled to attend shareholders' meeting and exercise class voting on the following matters together with shareholders of ordinary shares, with each preference share having one voting right save that the preference shares of the Bank held by the Bank do not have any voting rights:

- (1) amendment to contents relating to preference shares hereof;
- (2) reduction of registered capital of the Bank by over 10% at one time or multiple times together;
- (3) merger, division, dissolution or change of the corporate form of the Bank;
- (4) issuance of preference shares;
- (5) other circumstances stipulated by laws, administrative regulations or the Articles.

According to special procedures for voting by shareholders of different classes under chapter 9 of the Articles, resolution on above matters is not only subject to the approval with more than two-thirds of voting rights held by shareholders of ordinary shares (including shareholders of preference shares with recovered voting rights) attending the meeting, but also subject to the approval with more than two-thirds of voting rights held by shareholders of preference shares (excluding shareholders of preference shares with recovered voting rights, yet including shareholders in person and its proxies) attending the meeting.

There is neither the need of notification to shareholders of preference shares nor the need of class voting thereof, when a plan on cancellation of part or all of the dividend distribution to shareholders of preference shares or a proposal on issuance of ordinary shares is considered at the shareholders' meeting.

Article 106 When the proposals are being examined at the shareholders' meeting, the proposals shall not be amended; otherwise, the amended proposal shall be regarded as a new proposal and shall not be voted at such shareholders' meeting.

Article 107 Any voting at the shareholders' meeting shall be taken by way of the poll of registered voters. The Bank shall announce the poll results in accordance with provision of relevant laws, administrative regulations and the Hong Kong Listing Rules.

Article 108 The same voting right shall only be exercised by attending meeting in person, through the internet or any one of the other voting methods. The vote cast first shall prevail if repeated voting occurs in relation to the same voting right.

Article 109 Before any proposals are being voted at shareholders' meeting, two shareholder representatives shall be elected to participate in vote counting and monitoring. If these shareholders are related to the matters to be examined, the relevant shareholders or their proxies shall not participate in vote counting or monitoring.

When the proposals are being voted at the shareholders' meeting, lawyers and shareholder representatives shall be jointly responsible for vote counting and monitoring and announcing the voting results on the spot. The voting result shall be recorded in the meeting minutes.

Shareholders or their proxies voting through the internet or other means shall have the right to check their own voting results through the corresponding voting system.

Article 110 An on-site shareholders' meeting shall not end earlier than the one held through internet (if applicable) or by other methods. The chairperson or host of the meeting shall announce the details and results of the voting on each proposal, and announce whether a proposal is passed according to the voting results at the meeting.

Article 111 Before announcing the poll results officially, the Bank, the vote-counter, the voting scrutineer, shareholders and the internet service providers involved in the voting at the shareholders' meeting, through the internet or other method shall assume confidentiality obligations.

Article 112 Shareholders present at the shareholders' meeting shall give one of the following comments to the proposals put forward for voting: for, against or abstention. Securities registration and clearing service providers serve as nominal shareholders of shares under the transactions in stock connect mechanisms between mainland China and Hong Kong, save those declare the intent of reporting as actual holders.

If the voting slip has not been completed or has been completed incorrectly or that the writing is illegible or not signed or that the voting slip has not been cast, it shall be treated that the voter has renounced his/her voting rights and the voting results of the relevant number of shares held by him/her shall be counted as "abstain".

Article 113 If the chairperson of the meeting has any doubt on the poll results, he/she may arrange for vote counting. If the chairperson of the meeting does not arrange for vote counting and the shareholders or their proxies attending the meeting object to the results announced by the chairperson, they shall have the right to demand vote counting immediately after announcement of the voting results, and the chairperson of the meeting shall arrange for vote counting immediately.

Article 114 Public announcement of the voting results of a shareholders' meeting, containing the number of shareholders and proxies of each class attending the meeting, the total number of voting shares held by them and its proportion to the total number of voting shares of the Bank, the form of voting, result of each resolution and the detailed content of each resolution passed, shall be issued in time.

Article 115 If a proposal is not passed or a resolution passed at the previous shareholders' meeting is amended at such shareholders' meeting, it shall be set out as a special reminder in the announcement on resolutions of the shareholders' meeting.

#### **CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY SHAREHOLDERS OF DIFFERENT CLASSES**

Article 116 Shareholders holding different classes of shares shall be shareholders of different classes.

Shareholders of different classes shall enjoy the rights and assume the obligations stipulated by the laws, administrative regulations and the Bank's Articles.

Article 117 If the Bank intends to change or abrogate the rights of shareholders of different classes, 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 class meeting convened by the affected shareholders of such class in accordance with Article 119 to Article 123 hereof.

Article 118 Under the following circumstances, rights of shareholders of a certain class shall be deemed to have been changed or abrogated:

- (1) an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class, except the circumstance as contemplated under Article 22 hereof when shareholders of domestic ordinary shares of the Bank transfer their shares to overseas investors and that such shares are listed and traded overseas;
- (2) re-classification of all or part of the shares of such class into the shares of another class, conversion of all or part of the shares of another class into the shares of such class or the grant of a conversion right for such shares, except the circumstance as contemplated under Article 22 hereof when shareholders of domestic ordinary shares of the Bank transfer their shares to overseas investors and that such shares are listed and traded overseas;
- (3) cancellation or reduction of rights attached to such class of shares in relation to the accrued distributable profits or cumulative distributable profits;
- (4) reduction or cancellation of rights attached to such class of shares in relation to the priority to distributable profits or property distribution during liquidation of the Bank;
- (5) increase, cancellation or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issues or rights to acquire securities of the Bank attached to such class of shares;
- (6) cancellation or reduction of rights attached to such class of shares to receive amounts payable by the Bank in a specified currency;
- (7) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to the shares of such class;
- (8) an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (9) issue of rights to subscribe for, or convert into, the shares of such class or another class;
- (10) an increase in the rights and privileges of the shares of another class;
- (11) the restructuring plan of the Bank may result in disproportionate liabilities to be borne by shareholders of different classes during the restructuring;
- (12) an amendment to or abrogation of the terms stipulated in the Articles.

The change or abrogation of the rights of shareholders of preference shares is limited to the circumstances set forth in the paragraph 3 under Article 105 hereof.

Article 119 Shareholders of the affected class, whether they originally have voting right at shareholders' meeting or not, shall enjoy voting rights at class meeting of shareholders upon occurrence of events contemplated under Article 118 (2) to (8), (11) to (12). However, interested shareholders shall not have voting rights at class meeting of shareholders.

Interested shareholders referred to in this Article shall have the following meaning:

- (1) where the Bank has made a repurchase offer to all shareholders on a pro rata basis or made repurchase by means of an open offer at the stock exchange, "interested shareholders" refer to the controlling shareholders defined in Article 60 hereof;
- (2) where the Bank has made repurchases by means of agreement off the stock exchange, "interested shareholders" refer to the shareholders who are related to that agreement;
- (3) for the purpose of the Bank's restructuring plan, "interested shareholders" refer to those shareholders who assume less responsibilities than other shareholders of the same class or those shareholders who enjoy different rights and interests from other shareholders of the same class.

Article 120 Resolutions of class meeting of shareholders shall be made only after it is adopted through voting by more than two-thirds of voting shares represented by the shareholders present at the class meeting of shareholders according to Article 119.

Article 121 For convening class meetings of shareholders, the Bank shall issue a written notice in accordance with the requirements of the Articles, informing all shareholders of such class of shares recorded in the register of the matters to be considered at the meeting and the date and venue of the meeting.

Article 122 A notice of class meeting of shareholders only needs to be sent to those shareholders who have voting right at the meeting. The procedures to convene class meeting of shareholders shall resemble those of shareholders' meeting as far as possible. Terms concerning the procedures to convene shareholders' meeting shall be applicable to class meeting of shareholders.

Article 123 Except shareholders of other classes of shares, shareholders of domestically listed domestic shares and shareholders of overseas listed foreign shares shall be regarded as shareholders of different classes. Shareholders of ordinary shares and shareholders of preference shares shall also be regarded as shareholders of different classes.

Special procedures for voting by shareholders of different classes shall not be applicable to the following circumstances:

- (1) after approval by the shareholders' meeting by special resolution(s), the Bank issues domestically listed domestic shares and overseas listed foreign shares every twelve months, whether separately or jointly, and the domestically listed domestic shares and overseas listed foreign shares to be issued shall not exceed 20% of the issued and outstanding shares of the respective class of shares;
- (2) the plan to issue domestic shares and overseas listed foreign shares upon establishment of the Bank was completed within fifteen months from the date of approval by the securities regulatory organ of the State Council; and
- (3) shareholders of ordinary domestic shares of the Bank transfer their shares to overseas investors and the shares are listed and traded overseas as referred to in Article 22.

**CHAPTER 10 BOARD OF DIRECTORS****Section 1 Directors**

Article 124 A director of the Bank shall be a natural person who is not required to hold any shares of the Bank. Directors of the Bank comprise of executive directors and non-executive directors (including independent directors) and employee director.

Executive director means a director of the Bank who assumes the responsibilities of senior management in addition to holding directorship.

Non-executive director means a director of the Bank who does not hold any position other than a director and does not assume the responsibilities of senior management.

An employee director means a director of the Bank who is an employee representative and is not a senior management of the Bank.

Article 125 The following persons shall not assume the roles of directors:

- (1) he/she does not possess civil capacity or possesses limited civil capacity;
- (2) he/she was convicted of corruption, bribery, infringement of property or misappropriation of property or other offences which disrupted the socialist market economic order, or he/she has been deprived of his/her political rights within a period of five years after the sentence was served, or he/she has been imposed probation, where less than two years have elapsed since the expiration of the probationary period;
- (3) he/she was a former director, factory manager or manager of a company or an enterprise which has been liquidated and was personally liable for the dissolution or liquidation of such company or enterprise within a period of three years after the date of completion of the dissolution or liquidation of such company or enterprise;
- (4) he/she was a former legal representative of a company or an enterprise whose business license was revoked or which was ordered to close down as a result of violation of law and was personally liable for such revocation within a period of three years after the date of the revocation of said business license or the date of being ordered to close down;
- (5) he/she has been listed by the people's court as a dishonest judgment debtor due to a relatively substantial amount of debts which have become overdue and outstanding;
- (6) he/she was prohibited to participate in the market by the securities regulatory organ of the State Council to enter the securities market and the time limit has not expired;

- (7) he/she was publicly deemed by a stock exchange as unsuitable to serve as a director and senior management of a listed company, and the time limit has not expired;
- (8) there were other laws, regulations and normative documents that prohibit him/her from serving as directors or senior management of the Bank.

Any persons who are disqualified by the banking supervision and administration department under the State Council in accordance with law shall not act as directors of the Bank. If the nomination or election of directors violates this Article, such nomination or election shall be invalid. If any of the circumstances described in this Article occurs during the term of office of a director, the Bank shall remove the director from the position and stop the director from performing his/her duty.

In addition to the obligations imposed by law, administrative regulations or the listing rules of the place in which shares of the Bank are listed, the Bank's directors owe the following obligations to each shareholder in exercising the functions and powers conferred to them by the Bank:

- (1) not to cause the business of the Bank to exceed the business scope stipulated in its business license;
- (2) not to make use of any insider information for their own and other's benefits;
- (3) not to expropriate the Bank's property in any manner, including (but not limited to) opportunities advantageous to the Bank;
- (4) not to expropriate the individual rights of shareholders, including (but not limited to) distributions rights and voting rights, except pursuant to a restructuring of the Bank which has been submitted to the shareholders' meeting for approval in accordance with the Articles.

Article 126 Non-employee directors shall be elected or removed by the shareholders' meeting, and can be removed by the shareholders' meeting before the expiry of his/her term of office. The employee director shall be elected and removed by employee representative meeting, the employee meeting or other democratic procedures. The term of office of a director shall be three years. A director's term of office shall commence from the date on which the Bank receives the approval of the qualification for the position from the banking supervision and administration department under the State Council. Upon expiry of his/her term of office, a director may be re-elected and re-appointed. Where no new appointment is made upon expiry of the term of a director, the original director shall, prior to the newly appointed director assumes his/her office, continue to perform his/her duties as a director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association.

Subject to compliance with the relevant laws and administrative regulations, the shareholders' meeting may, by ordinary resolution, remove director (other than independent directors and employee director) prior to the expiry of his/her term of office (but claims for compensation under any contract shall not be affected by this provision).

The qualification of directors of the Bank shall be approved by the banking supervision and administration department under the State Council prior to the assumption of their office in the Bank. If a director becomes disqualified for serving as a director of the Bank during his/her term of office, the Bank has the right to require him/her to proceed with rectifications or terminate his/her term of office in the Bank, and report the relevant information to the regulatory authorities.

Pursuant to the requirements of the laws, administrative regulations and the Articles, after a director is elected, the Bank shall timely enter into an appointment contract with such director specifying the rights and obligations between the Bank and the director, term of office of the director, liability of the director for violating the laws, administrative regulations and the Articles and compensation for early termination by the Bank of the above contract due to certain reasons.

After a director has been elected, he/she shall attend trainings, learn about the rights and duties of directors, familiarise with relevant laws and administrative regulations and obtain relevant knowledge in accordance with relevant requirements.

Article 127 The nomination and election of non-employee directors shall comply with the following requirements:

- (1) the candidates for directors may be nominated by the Nomination Committee of the Board of Directors within the number of directors stipulated by the Articles of Associations; the candidates for directors may also be nominated to the Board of Directors by the shareholders individually or jointly holding more than 3% (or a lower ratio as stipulated by the banking supervision and administration department under the State Council) of the total number of the Bank's issued and outstanding shares carrying voting rights.
- (2) the Nomination Committee of the Board of Directors shall conduct preliminary verification on the qualification and conditions of appointment of the candidates for directors, and propose the qualified candidates to the Board of Directors for consideration; and propose them to the shareholders' meeting by way of written resolutions after they are considered and approved by the Board of Directors. For candidates for directors nominated by the shareholders individually or jointly holding more than 3% (or a lower ratio as stipulated by the banking supervision and administration department under the State Council) of the total issued voting shares of the Bank through interim proposals according to Article 73 of the Articles, the Nomination Committee of the Board of Directors shall conduct preliminary certification on their qualifications and conditions to serve as directors in accordance with the relevant laws, administrative regulations and the Articles, report the certification results to the convenor of the shareholders' meeting, and propose the interim proposals to the shareholders' meeting for consideration.
- (3) the candidates for directors shall, before the convening of the shareholders' meeting, make written undertakings, express their consent to their nomination, confirm the truthfulness and completeness of their publicly disclosed information and undertake that they will duly perform their duties upon election.
- (4) the Board of Directors, before the convening of the shareholders' meeting, shall disclose the detailed information on the candidates for directors to all the shareholders of the Bank in accordance with the laws, administrative regulations and the Articles of Association of the Bank, so as to ensure that the shareholders will have sufficient knowledge on the candidates when casting their votes.

- (5) for candidates for directors nominated by the shareholders individually or jointly holding more than 3% (or a lower ratio as stipulated by the banking supervision and administration department under the State Council) of the total issued voting shares of the Bank according to Article 73 of the Articles, the Nomination Committee of the Board of Directors shall conduct preliminary certification on the qualifications and conditions of such candidates for directors to serve as directors in accordance with the relevant laws, administrative regulations and the Articles, report the certification results to the convenor of the shareholders' meeting, and submit interim proposal to the shareholders' meeting for consideration for the qualified candidates.
- (6) the number of directors nominated by the same shareholder and his/her/its related parties in principle shall not exceed one-third of the total number of the members of the Board of Directors, unless otherwise authorised by the State.
- (7) in the event that the above provisions apply to the nomination and election of independent directors and the shareholders nominate independent directors to the Board of Directors or nominate independent directors through interim proposals, such shareholders shall individually or jointly hold more than 1% of the total issued voting shares of the Bank. In addition, the nomination and election of independent directors shall also be subject to the provisions of Article 144 of the Articles.

Article 128 Directors shall have the right to learn about the operating status of various businesses and the financial position of the Bank, and supervise the performance of duties by other directors and senior management members in accordance with law.

Article 129 Directors shall comply with the laws, administrative regulations and the Articles, bear fiduciary duties towards the Bank, take measures to avoid conflicts of interest between themselves and the Bank and shall not exploit their powers to obtain improper interests.

A director owes the following fiduciary duties to the Bank:

- (1) not to make use of their powers to accept bribes or other unlawful income or not to appropriate the Bank's properties;
- (2) not to misappropriate the Bank's funds;
- (3) not to deposit the Bank's assets or funds into accounts under their own names or the name of other individuals;
- (4) not to lend the Bank's funds to others or provide guarantees in favor of others with the Bank's properties as collaterals which does not fall due in the ordinary course of business of the Bank without the approval of the shareholders' meeting or the Board in violation of the Articles;
- (5) not to enter into contracts or to deal with the Bank directly or indirectly without reporting to the Board of Directors or shareholders' meeting, and passing of the resolution of the Board of Directors or shareholders' meeting in accordance with the provisions of the Articles;
- (6) not to make use of their positions to procure business opportunities for themselves or others that shall have otherwise been available to the Bank, except for those business opportunities that cannot be exploited by the Bank after reporting to the Board of Directors or shareholders' meeting, and passing of the resolution of the shareholders' meeting or according to laws, administrative regulations or the provisions of the Articles;

- (7) not to operate for their own benefit or manage on behalf of others businesses similar to those of the Bank without reporting to the Board of Directors or shareholders' meeting, and passing of the resolution of the shareholders' meeting;
- (8) not to accept commission in any deal conducted by others with the Bank for their own benefits;
- (9) not to disclose confidential information of the Bank without authorisation;
- (10) not to take advantage of their connected relationship to prejudice the interests of the Bank;
- (11) to perform other fiduciary duties specified in the laws, administrative regulations, departmental rules and the Articles.

Income generated by directors in violation of paragraph 2 of this Article shall belong to the Bank. A director who incurs any loss to the Bank shall be liable to the Bank for compensation.

Close relatives of the directors, enterprises directly or indirectly controlled by the directors or their close relatives, and related persons with other connected relationship with the directors, enter into contracts or transactions with the Bank subject to the provisions under item (5) of paragraph 2 of this Article.

Article 130 The directors shall comply with the laws, administrative regulations and the Articles, perform their duties of diligence to the Bank, and perform duties with reasonable care that managers should ordinarily exercise in the best interests of the Bank.

A director owes the following diligent duties to the Bank:

- (1) shall exercise the rights conferred to him/her by the Bank prudently, conscientiously and diligently in order to ensure that the commercial acts of the Bank comply with the State's laws and administrative regulations and the requirements of various economic policies of the State. The scope of commercial activities shall not exceed the business scope stipulated in the business licence;
- (2) shall be accountable to the Bank and all shareholders in performing their duties, and treat all the shareholders fairly;
- (3) shall familiarise with and put continuous attention to the operating and management conditions of the Bank in a timely manner and shall have the right to require the senior management to provide relevant information reflecting the operation and management conditions of the Bank in a comprehensive, timely and accurate manner or to give explanations on relevant issues;
- (4) shall participate in meetings of the Board on time, fully reviewing matters considered by the Board, expressing opinions in an independent, professional and objective manner, and voting independently on the basis of prudent judgment;
- (5) shall assume responsibility for the resolutions of the Board;
- (6) shall supervise the implementation of the resolutions of the shareholders' meeting and the Board meetings by the senior management;

- (7) shall sign written confirmations on the regular reports of the Bank in order to ensure that all information disclosed by the Bank is true, accurate and complete;
- (8) shall inform the relevant status and provide the relevant information to the Audit Committee of the Board of Director in accordance with the facts, and shall not hinder the Audit Committee of the Board of Director in exercising their powers;
- (9) shall take active participation in trainings organised by the Bank and regulatory authorities, understand the rights and obligations of directors, be familiar with relevant laws, regulations and regulatory requirements, and continue to possess expertise and capabilities required to perform their duties;
- (10) shall practice high standards of professional ethics and consider the legitimate rights and interests of stakeholders;
- (11) shall perform their duties conscientiously and prudently, and ensure sufficient time and commitment to perform their duties;
- (12) other diligence obligations stipulated by laws, administrative regulations, departmental rules and the Articles.

Article 131 A director shall not act on behalf of the Bank or the Board of Directors in his/her own name without complying with the provisions of the Articles of the Bank or obtaining the lawful authorisation of the Board of Directors. If a director acts in his/her own name and a third party reasonably considers that such director acts on behalf of the Bank or the Board of Directors, such director shall declare his/her position and identity in advance.

Article 132 If a director or other enterprises in which he/she holds a post directly or indirectly has interests with any existing or proposed contract, transaction, arrangement of the Bank (except employment contract), the nature and extent of such interests shall be disclosed to the Board of Directors as soon as possible irrespective of whether the relevant matter is required to be approved by the Board of Directors or not under normal circumstances.

Subject to the provisions of the Hong Kong Listing Rules or the exceptions permitted by the Hong Kong Stock Exchange, a director shall not vote for the approval of any Board resolution in relation to any contract or arrangement or any other proposal in which he/she or any of his/her close associates (as defined in the Hong Kong Listing Rules) has material interest. He/she shall not be counted in determining whether a quorum is present at the meeting.

Unless the director having interests makes disclosure to the Board of Directors in accordance with the requirements of the preceding paragraph of this Article and the Board of Directors approves such matter at a meeting in which such director is not counted in the quorum of the Board of Directors and does not participate in the voting, the Bank shall have the right to cancel such contract, transaction or arrangement, except in the case of a bona fide party who is unaware of directors' breaches of his/her obligations.

Article 133 When performing the above obligations, a director shall state the relevant circumstances in writing to the Board of Directors. The Board of Directors shall confirm whether the director is a related person in the relevant transaction in accordance with the share dealing rules of the stock exchange in the place where the shares are listed.

The avoidance and voting procedures of a related director are as follows: a related director may avoid on his/her own or that the other directors or director representatives participating in the Board of Directors make a request on his/her behalf.

Article 134 Independent directors shall work on-site at least 15 working days each year in the Bank, and the directors serving as chairman of the Audit Committee of the Board of Directors, the Related Party Transactions Management and Consumer Rights Protection Committee of the Board of Directors and the Risk and Capital Management Committee of the Board of Directors shall work at least 20 working days each year in the Bank.

A director shall attend personally at least two-thirds of the site board meetings each year.

If a director fails to attend a board meeting in person on two occasions consecutively and fails to appoint another director on his/her behalf to attend the board meeting, the director shall be deemed as failing to discharge his/her duties. The Board of Directors shall put forward a proposal at the shareholders' meeting to remove such director. Directors shall express independent, professional and objective opinions at the meetings of the Board of Directors.

Article 135 The Bank shall establish directors' profiles and make a complete record of attendance of directors at the meetings of the Board of Directors, their respective opinions and advices and the status of adoption of their opinions and advices, which may be used as the pursuance for making appraisals on its Directors.

Article 136 A director may resign before his/her term of office expires. If a director resigns, he/she shall submit a resignation report in writing to the Bank. The Bank shall disclose the relevant situation within two trading days.

The shareholders' meeting may resolve to dismiss a director, and the dismissal shall take effect on the date of the resolution. In the event that a director is dismissed before the expiration of his/her term of office without a valid reason, the director may request the Bank to compensate him/her.

In the event of any of the following circumstances, the resigning director shall discharge his/her duties in accordance with laws, administrative regulations, departmental rules and the provisions of the Articles of Association of the Bank before the newly appointed director assumes his/her office:

- (1) the normal operation of the Bank is affected or the number of directors of the Board of Directors is less than two-thirds of the number of directors of the then session of the Board of Directors due to the resignation of a director;
- (2) no new appointment is made upon expiry of the term of a director, or the resignation of a director during his/her term of office results in the number of members of the Board of Directors falling below the minimum quorum;
- (3) the resignation of a member of the Audit Committee of the Board of Directors results in the number of members of the Audit Committee of the Board of Directors falling below the minimum quorum, or the lack of accounting professionals;
- (4) the resignation of an independent director results in the proportion of independent directors in the Board of Directors or its specialized committees not complying with the provisions of laws and regulations or the Articles, or the lack of accounting professionals among the independent directors (except for resignation and removal due to loss of independence).

If the Bank is dealing with material risks, the Directors shall not resign without the approval of the regulatory authorities.

Other than the circumstances set out in the preceding paragraph, resignation of a director shall take effect at the time of submission of the resignation report to the Board of Directors.

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

Upon the expiration of the term of office of the directors, or when the number of directors falls below the minimum number stipulated in the Company Law or two-thirds of the number stipulated in the Articles, the Bank shall promptly initiate the election of directors and convene a shareholders' meeting for election of directors.

Article 137 The Bank has established a management system for director resignations, clearly specifying the accountability and compensation measures for unfulfilled public commitments and other outstanding matters. A director shall complete all the handover formalities with the Board of Directors when his/her resignation takes effect or his/her term of office expires. The fiduciary obligations owed to the Bank and shareholders shall not be discharged before his/her resignation report becomes effective or within a reasonable period after such report becoming effective and within a reasonable period after expiry of his/her term of office. His/her obligation of preserving confidentiality in order to protect the commercial secrecy of the Bank shall still be subsisting after expiry of his/her term of office until such commercial secrecy becomes public information. The subsisting period of other obligations shall be determined in accordance with the principle of fairness depending on the duration of the time between the occurrence of the event and the time he/she ceases to be employed by the Bank and the circumstances and conditions under which his/her relationship with the Bank ends. The responsibility that a director bears during his/her term of office due to the performance of his/her duties shall not be waived or terminated upon leaving office.

Article 138 If the director causes damage to others while performing his/her duties in the Bank, the Bank shall assume responsibility of compensation. If the director acts with intent or gross negligence, he/she shall also assume responsibility of compensation. A director shall assume compensation liability if such director performs his/her duties to the Bank in violation of the laws, administrative regulations, departmental rules or the provisions of the Articles of the Bank and thus causing losses to the Bank.

Article 139 The Bank purchases liability insurance for the compensation liability assumed by directors in performing their duties in the Bank.

## **Section 2 Independent Directors**

Article 140 Independent directors of the Bank refers to directors who do not hold any position other than as directors and have no relation with the Bank and its shareholders and de facto controllers that have direct or indirect interests, or may affect their independent and objective judgment.

The independent directors have the fiduciary and diligence obligation to the Bank and all shareholders. The independent directors shall comply with laws, administrative regulations, the provisions of the securities regulatory authority of the State Council and the banking supervision and administration department under the State Council, the business rules of the stock exchange, and the provisions of Articles, conscientiously perform their duties, and play a role in the Board of Directors by participating in decision-making, overseeing check-and-balance and providing professional advice, thus safeguarding the overall interests of the Bank and protecting the legitimate interests of minority shareholders, in particular ensuring that the lawful interests of the financial consumers and minority shareholders shall not be prejudiced.

Article 141 Independent directors of the Bank shall satisfy the following basic requirements:

- (1) satisfying the qualifications for holding the position of director in a listed company as stipulated by the laws, regulations and other relevant requirements;
- (2) satisfying independence requirements stipulated in the Articles;
- (3) performing independently their duties without any interference from the Bank and the substantial shareholders, de facto controllers of the Bank, or other entities or individuals having interests in the Bank and the substantial shareholders, de facto controllers of the Bank;
- (4) having basic knowledge about the operation of a listed company and operation and management of commercial banks and being familiar with the relevant laws, administrative regulations, regulations and rules;
- (5) having an education background beyond undergraduate level (consisting of at least an undergraduate degree) or a job title at above middle level in the related profession;
- (6) having more than five years' working experiences in law, accounting or economics, etc. required for performing the duties of an independent director;
- (7) being able to read, understand and analyse statements on credit statistics and financial statements of commercial banks;
- (8) having good personal morality and no adverse record such as material dishonesty;
- (9) having enough time and energy to effectively perform the duties of an independent director; a natural person may serve as independent directors in a maximum of five domestic and overseas enterprises at the same time, may not serve as independent directors in more than three domestic listed companies and serve as independent directors in more than two commercial banks at the same time. For those who also serve as independent directors in the Bank and other banking and insurance institutions, the aforementioned banking and insurance institutions should have no associated relationship and conflict of interest with the Bank;
- (10) other conditions prescribed by laws, administrative regulations, securities regulatory authority of the State Council and the banking supervision and administration department under the State Council, business rules of the stock exchange and the Articles and determined by regulatory authorities.

Article 142 Independent directors must possess independence. The following persons shall not act as an independent director of the Bank:

- (1) Shareholders who directly or indirectly hold more than 1% of the issued shares of the Bank or persons who work in such shareholder entities and their close relatives (the shareholding of the person and his/her close relatives shall be calculated in aggregate), or natural person shareholders among the top ten shareholders of the Bank and their spouses, parents, children, or persons who work in the top five shareholder entities of the Bank and their spouses, parents, children;
- (2) The person or his/her close relatives who work in an institution that cannot repay the Bank's loans on schedule;
- (3) Persons who work in the Bank or its subsidiaries and their spouses, parents, children, and major social relations; or persons who work in the subsidiaries of the controlling shareholders or de facto controllers of the Bank and their spouses, parents, children;
- (4) Persons who work in the Bank or enterprises controlled/actually controlled by the Bank or core connected persons of the Bank as defined under the Hong Kong Listing Rules and their close relatives;
- (5) Persons who have worked in the Bank or enterprises controlled/actually controlled by the Bank within the three years prior to their appointment and their spouses, parents, children, grandparents, maternal grandparents, siblings;
- (6) Persons who have material business dealings with the Bank and its controlling shareholders, de facto controllers or their respective subsidiaries or core connected persons of the Bank as defined under the Hong Kong Listing Rules, or who have or had material interests in major commercial activities, or persons who work in entities with material business dealings and their controlling shareholders and de facto controllers;
- (7) Persons who provide financial, legal, consulting, sponsorship and other services to the Bank and its controlling shareholders, de facto controllers or their respective subsidiaries, including but not limited to all members of the project team of the intermediary institutions providing services, reviewers at all levels, persons who sign on reports, partners, directors, senior management and key responsible persons;
- (8) Persons or their close relatives who work in institutions that have business connections with the Bank in terms of law, accounting, auditing, management consulting, guarantee cooperation, sponsorship, etc., or have creditor-debtor or other interest relationships that may hinder their independence in performing their duties;
- (9) Persons who have obtained any securities interests in the Bank from the Bank or core connected persons of the Bank as defined under the Hong Kong Listing Rules in the form of gifts or other financial assistance;
- (10) Any other persons and their close relatives who may be controlled by or subject to significant influence through various means by the Bank, its major shareholders, or senior management of the Bank, which may hinder their independence in performing their duties;
- (11) Persons who serve as members of the Board of Directors for the purpose of protecting the interests of any entity other than the overall interests of the shareholders of the Bank;

- (12) Persons who have had any of the circumstances listed in item (1) and item (6) above within the past year;
- (13) Persons who have had any of the circumstances listed in item (3) and item (7) above within the past two years;
- (14) Persons who are financially dependent on the Bank and its subsidiaries or core connected persons of the Bank as defined under the Hong Kong Listing Rules;
- (15) Other persons who are prohibited from serving as independent directors as stipulated by laws, administrative regulations, the securities regulatory authority of the State Council and banking supervision and administration department under the State Council, the business rules of stock exchanges, these Articles of Association and as identified by regulatory authorities.

The term “close relatives” in this Article refers to spouses, parents, children, siblings, grandparents, maternal grandparents, grandchildren, and maternal grandchildren; “major social relations” refer to siblings, spouses of siblings, parents of spouses, siblings of spouses, spouses of children, and parents of children’s spouses, etc.

Independent directors shall conduct self-examination of their independence annually and submit the self-examination results to the Board of Directors. The Board of Directors shall evaluate the independence of incumbent independent directors annually and issue a special opinion, which shall be disclosed simultaneously with the annual report.

Article 143 Independent directors shall comprise of more than one-third of the members of the Board of Directors and at least one accounting professional.

If an independent director fails to satisfy the requirement of independence, or on the occurrence of certain events rendering him/her not appropriate to perform the duties of independent directors independently which result(s) in the number of independent directors to fall below the number required by the Articles, the Bank shall make up for the number of independent directors in accordance with the relevant provisions.

Article 144 Nomination, election and replacement of independent directors, in addition to being subject to the provisions of Article 127, shall also meet the following requirements:

- (1) The Nomination Committee under the Board of Directors, Audit Committee under the Board of Directors, any shareholder who individually or in aggregate holds more than 1% of the issued voting shares of the Bank and other entities that comply with laws, regulations and regulatory requirements may nominate candidate(s) for independent director(s), and the shareholders who have already nominated the candidate(s) for director(s) and their related parties shall not nominate the candidate(s) for independent director(s). The same shareholder may only nominate one candidate for independent director. The investor protection institution established in accordance with the law may publicly request the shareholders to entrust them to exercise the right to nominate independent directors on their behalf. The aforementioned nominator shall not nominate persons with interests or other close associates who may affect the performance of their duties as independent director candidates.

- (2) The person nominating a candidate for independent director shall obtain the consent of the person being nominated before the nomination. The person nominating such candidate shall fully understand the occupation, education, position, detailed working experience and all part-time jobs of the person being nominated, and whether there are any bad records such as major dishonesty, etc., and shall give opinions on his/her independence and other conditions for serving as an independent director. The nominee shall make a public declaration as to his/her independence and other conditions for serving as an independent director.

Before convening the shareholders' meeting for election of independent directors, the Board of Directors of the Bank shall publish an announcement incorporating the above in accordance with the relevant provisions.

- (3) The qualification of candidates nominated for serving as independent directors shall be verified by the Nomination Committee under the Board of Directors, and a clear review opinion shall be formed with a focus on their independence, professional knowledge, experience and capability.
- (4) The election and appointment of independent directors shall mainly follow market principles.
- (5) Before convening the shareholders' meeting for election of independent directors, the Bank shall submit the materials relating to all the persons being nominated to the relevant stock exchange. If the Board of Directors of the Bank has any disagreement on the relevant circumstances in which the person is nominated, written opinions of the Board of Directors shall be submitted at the same time.
- (6) Where two or more independent directors are elected at the shareholders' meeting of the Bank, the cumulative voting system shall be adopted. The voting results of the minority shareholders shall be separately counted and disclosed.
- (7) Independent directors are appointed for the same term as that of the Bank's directors and they may stand for re-election upon expiry of their terms, but the term of office of the independent directors of the Bank shall not be longer than an aggregate of six years.

Article 145 As a member of the Board of Directors, an independent director has a duty of loyalty and diligence to the Bank and all its shareholders, and shall prudently perform the following duties:

- (1) to participate in the decision-making of the Board of Directors and express clear opinions on matters discussed;
- (2) to oversee potential material conflicts of interest between the Bank and its controlling shareholders, de facto controllers, directors and senior management, to promote decision-making by the Board of Directors in alignment with the overall interests of the Bank, and to protect the legitimate interests of minority shareholders;
- (3) to provide professional and objective advice on the operation and development of the Bank and promote the enhancement of the decision-making level of the board of directors;
- (4) other duties as stipulated by laws, administrative regulations, provisions of the securities regulatory authority of the State Council and the banking supervision and administration department under the State Council and the Articles.

Article 146 Independent directors shall exercise the following special powers:

- (1) to independently engage an intermediary to audit, consult on or verify specific matters of the Bank;
- (2) propose to the Board of Directors to convene an extraordinary shareholders' meeting;
- (3) propose to convene a board meeting;
- (4) publicly solicit shareholders' rights from shareholders according to laws;
- (5) independently give opinions in respect of the influence of issuance of preference shares on the interests of shareholder of different classes;
- (6) independently give opinions on matters that may damage the rights and interests of the Bank or minority shareholders;
- (7) other duties and powers stipulated in laws, administrative regulations, the relevant provisions of the banking supervision and administration department under the State Council, the securities regulatory authority of the State Council and stock exchanges, Hong Kong Listing Rules and the Articles.

The exercise of the duties and powers referred to in (1) to (3) of preceding paragraphs by the independent directors shall obtain the consent of more than one-half of all the independent directors. The Bank shall disclose in a timely manner when independent Directors exercise the powers listed in (1) above of the preceding paragraph. If the above powers cannot be exercised normally, the Bank shall disclose the specific circumstances and reasons.

Article 147 The following matters shall be approved by more than one-half of all independent directors of the Bank and submitted to the Board of Directors for consideration thereafter:

- (1) related party transactions that are required to disclose;
- (2) proposals for changes in or waivers of commitments by the Bank and its related parties;
- (3) decisions made and measures taken by the Board of Directors regarding the acquisition when the Bank is acquired;
- (4) other matters prescribed by laws, administrative regulations, provisions of the securities regulatory authority of the State Council, the banking supervision and administration department under the State Council, Hong Kong Listing Rules and the Articles.

Article 148 The Bank shall regularly or irregularly convene a meeting attended by all of its independent directors (hereinafter referred to as the "Special Meeting of Independent Directors") to research on issues related to performance of duties.

The following matters shall be handled in accordance with the special powers granted to independent directors by laws and regulations or submitted to the Board of Directors for consideration, subject to the discussion and deliberation of Special Meeting of Independent Directors and the approval of more than half of all the independent directors:

- (1) matters set out in the items (1) to (3) in the first paragraph of Article 146 of the Articles;

- (2) the matters set out in Article 147 of the Articles;
- (3) other matters required by laws, administrative regulations, securities regulatory authority of the State Council and the banking supervision and administration department under the State Council and the Articles.

Where the Board of Directors considers the related transactions and other matters, prior approval shall be obtained at the Special Meeting of Independent Directors. Special Meeting of Independent Directors may, as needed, study and discuss other matters of the Bank.

The Special Meeting of Independent Directors shall be convened and presided over by an independent director jointly elected by more than half of the independent directors. When the convener fails to perform his/her duties or fails to perform his/her duties, the two or more independent directors may convene and elect one representative to preside over the meeting.

Minutes of Special Meeting of Independent Directors shall be prepared in accordance with the provisions, and the opinions of the independent directors shall be recorded therein. The independent directors shall sign to confirm the minutes.

The Bank shall provide convenience and support for the convening of any Special Meeting of Independent Directors.

**Article 149** If there are major defects in the corporate governance mechanism or failures in the corporate governance mechanism of the Bank, independent directors shall report relevant information to the regulatory authorities in time. Other than to report the relevant information to the regulatory authorities, independent directors shall keep the Bank's secrets confidential.

The "failures in corporate governance mechanism" referred to in the Articles, shall include (but not limited to): it is unable to form a Board of Directors for more than one year; there are conflicts among the directors of the Bank for long term which the Board of Directors could not make effective resolutions and are unable to be resolved through the shareholders' meeting; the Bank is unable to convene the shareholders' meetings for more than one year. The percentage stipulated by law or the Articles cannot be achieved on a poll taken at a shareholders' meeting and it is unable to pass effective resolutions at the shareholders' meeting for more than one year; it is unable to pass the proposals for capital increase due to capital inadequacy ratio or insolvency; other circumstances where the governance mechanism fails to operate which result in severe difficulties of the Bank's operation and management or other circumstances as decided by the regulatory authorities.

**Article 150** The independent directors shall issue their independent opinions to the Board of Directors or the shareholder's meeting with respect to the matters as below:

- (1) significant related party transactions;
- (2) nomination, appointment and removal of directors;
- (3) appointment or removal of senior management members;
- (4) remunerations of directors and senior management members;
- (5) profit distribution plans;

- (6) the appointment or removal of accounting firms of the Bank to carry out regular audit for financial reports;
- (7) matters which may prejudice the legitimate rights and interests of the Bank, minority shareholders, financial consumers;
- (8) other matters stipulated by laws, administrative regulations, regulatory requirements and the Articles and regulatory authorities.

Independent directors shall express one of the following opinions on the above matters: consent; qualified opinions and reasons; objection and reasons; unable to express opinions and the impediments. If the relevant matters belong to matters which require to be disclosed, the Bank shall announce the opinions of the independent directors. If the opinions of independent directors differ, the Board of Directors shall disclose the opinions of each independent director separately.

Article 151 To ensure the effective performance of the duties and powers by independent directors, the Bank shall provide the following necessary working conditions for independent directors:

- (1) The Bank shall take measures to ensure that independent directors have the same right to information as other directors. In order to ensure the effective exercise of the independent directors' powers and functions, the Bank shall keep the independent directors informed of the Bank's operations on a regular basis, provide them with information, and organize or cooperate with them in conducting on-site inspections. The Bank may organize independent directors to participate in research and discussion sessions before the Board of Directors scrutinizes on major and complicated matters, so as to fully listen to the views of independent directors and provide timely feedback to independent directors on the adoption of their views. The Bank shall give notice of board meetings to the independent directors in a timely manner, provide relevant meeting information no later than the deadline for notice of board meetings stipulated in laws, administrative regulations, rules of the regulatory authorities of the State Council and the banking supervision and administration department under the State Council, and the Articles of Association, and provide the independent directors with an effective communication channel. If two or more independent directors consider that the materials for a meeting are incomplete, insufficiently argued or not provided in a timely manner, they may propose in writing to the Board of Directors to delay the convening of the meeting or delay the deliberation of the matter, and the Board of Directors shall adopt such proposal.
- (2) The directors, senior management and other relevant personnel of the Bank shall cooperate positively and shall not refuse to act, hinder or conceal relevant information and shall not interfere with the independent exercise of the independent directors' powers and duties. Where an independent director encounters obstacles in exercising his/her functions and powers according to law, he/she may explain the situation to the Board of Directors, request the director, senior management and other relevant personnel to cooperate, and record the specific circumstances and solutions of the obstacles in his/her work records; if the obstacles still cannot be removed, they can report to the securities regulatory authority under the State Council and stock exchange. Where the performance of duties by an independent director involves information that should be disclosed, the Bank shall handle the disclosure in a timely manner; in the event that the Bank does not disclose such information, the independent director may directly apply for disclosure or report the same to the securities regulatory authority under the State Council and stock exchange;

- (3) The Bank bears the expenses incurred by the independent directors in engaging professional organizations and exercising other duties and responsibilities.
- (4) The Bank shall provide independent directors with allowances appropriate to their responsibilities. The criteria for the allowance should be formulated by the Board of Directors and approved by the shareholders' meeting, and disclosed in the Bank's annual report. Except for the above allowances, independent directors shall not obtain other benefits from the Bank and its major shareholders, de facto controllers, or interested entities and personnel.

Article 152 Independent directors shall attend board meetings on schedule, understand the business and operation conditions of the Bank, actively investigate and obtain the relevant information required for making a decision. Independent directors shall submit an annual report on work at the annual meeting of the Bank and state the circumstances for the performance of their powers and duties. Independent director(s) may appoint other independent director(s) to attend board meetings, but each director shall, in person, attend at least two-thirds of the board meetings each year. If an independent director fails to attend a board meeting in person for two times consecutively, and does not appoint another independent director to attend the meeting on his/her behalf, the Board of Directors shall propose the convening of a shareholders' meeting to remove him/her from his/her position within 30 days from the date of occurrence of such facts.

Except the above circumstances and the circumstances that are listed under the Company Law or the Commercial Banking Law and other related regulations which prohibit a person from acting as director or independent director, an independent director can be removed from office through legal procedures before his/her term of office expires. If an independent director is removed from office before his/her term of office expires, the Bank shall promptly disclose the specific reasons and justifications. Where an independent director has any objection, the Bank shall disclose it in a timely manner.

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

Article 153 The Bank shall establish a Board of Directors. The Board of Directors shall comprise of eleven to nineteen directors and shall have one chairman and one to two vice chairman/chairmen. The composition of Board of Directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles. Specifically, at least one of the directors shall be the employee director, and the total number of executive directors and employee directors shall not exceed one-third of the total number of directors.

Article 154 The chairman and vice chairman of the Board of Directors shall be appointed amongst the directors and shall be elected and removed by over one-half of all the directors. The term of office of the chairman and vice chairman shall be three years and may be re-elected and re-appointed.

Article 155 The Board of Directors shall be accountable to the shareholders' meeting, take ultimate responsibility for the operation and management of the Bank and shall exercise the following functions and powers:

- (1) to be responsible for the convening of shareholders' meetings and shall report on the work to the shareholders' meetings;
- (2) to implement the resolutions passed at the shareholders' meetings;

- (3) to review and approve the Bank's annual financial budget and final accounts plans, and to determine the Bank's business plans, investment proposals and important asset disposal proposals;
- (4) to formulate the development strategy and capital management strategy of the Bank, pay special attention to such ancillary strategies as the talent strategy and the IT strategy and supervise the implementation of such strategies;
- (5) to determine compliance management objectives and perform compliance management duties required by laws and regulations;
- (6) to formulate the Bank's profit distribution proposal and loss recovery proposal;
- (7) to formulate proposals on the increase or reduction of the Bank's registered capital, issuance of bonds or other securities and listing;
- (8) to draw up plans for significant acquisition, repurchase of the Bank's shares or merger, division or dissolution or change of mode of the Bank;
- (9) to decide on matters including equity investment and other external investment, acquisitions and disposals of fixed assets and other assets, disposals and written-off of assets, assets pledge, external guarantees, related party transactions and external donations within the scope stipulated by the Articles and authorised by the shareholders' meeting;
- (10) to decide on the establishment of the Bank's internal management organs and the establishment, upgrading and termination of the Bank's domestic and overseas branches (except for authorized matters);
- (11) to appoint or remove the Bank's president and secretary of the Board of Directors; and to appoint or remove the Bank's senior management members including the executive vice presidents and the person in charge of finance in accordance with the recommendations of the president;
- (12) to decide on the senior management's remunerations, rewards and punishment; and to monitor and ensure the effective performance of their management duties by the senior management of the Bank;
- (13) to decide the allocation ratio in proportion to the total profits in relation to the reward fund to the president;
- (14) to formulate the Bank's basic management system;
- (15) to formulate proposals on the amendments to the Articles, formulate the rules of procedures for shareholders' meetings of the Bank and the rules of procedures for meetings of the Board of Directors, and consider and approve the work rules for the specialised committees under the Board of Directors;
- (16) to formulate the vocational guidelines and value standards with which the Board of Directors and senior management members shall comply;
- (17) to take charge of information disclosure of the Bank and take ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the accounting and financial reports of the Bank;

- (18) to propose at a shareholders' meeting to appoint or replace the accounting firm which undertakes regular auditing work of financial statements for the Bank;
- (19) to hear the president's work report and inspect the president's work;
- (20) to regularly assess and improve the status of corporate governance of the Bank;
- (21) to formulate the overall strategy for the management of consolidated financial accounts of the Bank, approve and supervise the formulation and implementation of the specific implementation plan on the management of consolidated financial accounts, and establish a mechanism of regular review and assessment;
- (22) to formulate the Bank's capital plans, perform the Bank's ultimate duty for capital management, leverage ratio management, and solvency management, set limits on risk exposure and the capital adequacy objective, approve and supervise the implementation of capital planning, consider and approve the implementation of the advanced capital measurement method, and perform the duty of capital management required by the banking supervision and administration department under the State Council;
- (23) to formulate policies on risk tolerance level, risk management and internal control of the Bank and assume ultimate responsibility for comprehensive risk management;
- (24) to formulate the Bank's data strategy, approve or authorise the approval of major matters related to data governance, and assume the ultimate responsibility for data governance;
- (25) to review the Bank's environmental, social and governance (the "ESG") development strategy, basic management system and related work reports, and approve or authorise the approval of major ESG-related matters;
- (26) to consider and approve the management system for provision for impairment of loans and its material changes;
- (27) to establish and improve the accountability mechanism for material loss of the Bank and formulate an accountability system for senior management;
- (28) to assume the ultimate management responsibility for shareholders' affairs, establish the mechanism for identification, verification and management of the conflict of interest between the Bank and shareholders, in particular substantial shareholders;
- (29) to protect the legitimate interests of financial consumers and other interested parties;
- (30) to decide on matters relating to the issuance of preference shares and the issued preference shares of the Bank, including but not limited to making decisions on whether to conduct relevant repurchase, conversion or dividend distribution (except for the matters of cancellation of part or all of the dividend distribution) thereof within the scope authorised by the shareholders' meeting;
- (31) to assume the ultimate responsibility for the establishment, operation and maintenance of the internal audit system, as well as the independence and effectiveness of internal audit; and
- (32) to exercise any other duties and powers conferred by laws, administrative regulations, the Articles and the shareholders' meeting.

Items (6), (7), (8), (11), (12), (15) and (30) and other issues set out in Article 39 and Article 167 of the Articles shall be voted for by two-thirds of the directors and the remaining items shall be voted for by over one-half of the directors. The Board of Directors shall fully take into consideration the opinions of external auditors when performing its duties.

The powers of the Board of Directors shall be exercised collectively by the Board of Directors of the Bank. In principle, the functions and powers of the Board of Directors stipulated in the Company Law shall not be delegated to the chairman of the Board of Directors, directors, other institutions or individuals to exercise. Where it is necessary to authorise any of the aforesaid persons or institutions to make a decision on a specific matter, it shall be done by means of resolution of the Board of Directors in accordance with the laws (including but not limited to the Board of Directors entrusting the Bank's Board of Directors' specialised committees or the Bank's senior management to exercise the powers granted and delegated by laws, administrative regulations, departmental regulations or the Articles by formulating relevant authorization management systems). The Board of Directors shall only authorise its power on a case-by-case basis, and shall not grant its power to any other institution or individual in a general or permanent manner.

Article 156 The Board of Directors of the Bank shall explain the modified audit opinion issued by registered accountants in respect of the Bank's financial reports at the shareholders' meeting.

Article 157 The chairman of the Bank shall be the first responsible person in handling the shareholding management of the Bank. The secretary of the Board of Directors shall assist the chairman and shall be the direct responsible person in handling the shareholding management.

The Board of Directors of the Bank, at least evaluate the qualifications of substantial shareholders, their financial position, shareholding, pledge of shares, related party transactions, exercise of shareholders' rights, the performance of responsibilities, obligations and commitments, implementation of the Articles and the terms of the agreements and the compliance with laws, regulations and regulatory requirements of substantial shareholders annually, and submit the assessment reports to the banking supervision and administration department under the State Council or its local offices in a timely manner.

Article 158 The Board of Directors shall formulate the rules of procedure of the Board of Directors, in order to ensure that the Board of Directors implements the resolutions of the shareholders' meeting, thereby improving work efficiency and ensuring scientific policy making.

Article 159 The Board of Directors shall define its authority in relation to investment and disposal of the Bank's assets and establish strict examination and policy making procedures; shall arrange for the relevant experts and professionals to assess and examine significant investment projects and asset disposals and submit a report of the same to the shareholders' meeting for approval.

The equity investments or other external investments and the acquisition or disposal of fixed assets or other assets each involving an amount not exceeding 10% of the net asset value based on the latest published audited accounts of the Bank shall be approved by the Board of Directors; and any single acquisition or disposal involving an amount which is in excess of the aforementioned limit shall be approved at the shareholders' meeting. Any assets investment and disposal by the senior management shall be authorised by the Board of Directors.

In principle, the total annual external charitable donations of the Bank shall not exceed 1% of the Bank's audited net profit (group basis) of the previous year, and shall be approved by the Board of Directors; external donations in excess of the above limit shall be approved by the shareholders' meeting. The authority of the senior management for external donations is authorised by the Board of Directors.

Article 160 The chairman shall be entitled to exercise the following powers:

- (1) to preside over shareholders' meetings and to convene and preside over board meetings;
- (2) to supervise and examine the implementation of the resolutions of the board meeting;
- (3) to sign any material documents of the Board of Directors and documents which shall be signed by the legal representative of the Bank;
- (4) to exercise the functions and powers of a legal representative;
- (5) in the event of an occurrence of any severe natural disaster or any force majeure event, to exercise his special power of disposition in relation to the affairs of the Bank in compliance with the legal provisions and in the interests of Bank and, subsequently report such disposition to the Board of Directors and shareholders' meeting; and
- (6) other powers conferred by the Board of Directors.

If the chairman cannot perform his/her duties or fails to perform his/her duties, the vice chairman shall perform the duties accordingly (if the Bank has two vice chairmen, the vice chairman selected by more than one-half of the directors shall perform the relevant duties); if the vice chairman cannot perform his/her duties or fails to perform his/her duties, a director selected by more than one-half of the directors shall perform the relevant duties.

Article 161 There are two types of board meeting: regular meeting and extraordinary meeting. The Board of Directors shall hold at least one regular meeting on a quarterly basis, and the board meeting shall be convened by the Chairman of the Board of Directors. Notice of regular meeting shall be sent to all directors in writing at least fourteen days before the date of the meeting.

Article 162 An extraordinary meeting of the Board of Directors may be held by the chairman within ten days, if:

- (1) it is deemed necessary by the chairman;
- (2) it is proposed by more than one-third of the directors;
- (3) it is proposed by more than two of the independent directors;
- (4) it is proposed by the Audit Committee of the Board of Directors;
- (5) it is proposed by the president;
- (6) it is proposed by shareholders (including shareholders of ordinary shares and shareholders of preference shares with recovered voting rights) representing more than 10% of the voting rights; and
- (7) other circumstances stipulated by laws, administrative regulations, departmental rules or the Articles.

Article 163 The notice of extraordinary meetings of the Board of Directors shall be delivered to all directors within a reasonable time prior to the meeting.

Article 164 Notice of meeting of the Board of Directors shall contain:

- (1) date and venue of the meeting;
- (2) duration of the meeting;
- (3) reasons for and discussion topics of the meeting; and
- (4) date of issuance of the notice.

Article 165 A meeting of the Board of Directors shall only be held if it has a quorum of over one-half of the directors. Each director shall have one vote. Resolution(s) adopted at the board meeting must be approved by over one-half of the directors. Where there is an equality of votes for and against a particular resolution, the chairman shall be entitled to have a casting vote.

When a director and the enterprises or individuals involved in the resolution(s) of the board meeting has related relations, the director shall promptly report it in writing to the Board of Directors. Such director who has related relations shall not exercise his/her voting rights on such proposal nor can he/she exercise any voting rights on behalf of other directors. The meeting may be held if it is attended by over one-half of the unrelated directors. The resolution(s) of the board meeting shall be passed by over one-half of unrelated directors. If the number of unrelated directors attending the board meeting is less than three, such matter shall be put forward to the shareholders' meeting for discussion.

Article 166 Voting of resolutions of the Board of Directors shall proceed by the following methods: voting by a show of hands or voting by poll.

Article 167 The meetings of the Board of Directors may be convened by members attending in person (including on-site, video and telephone conferences to ensure that participants can communicate and discuss in real time) or by way of signature in written form.

Meetings of the Board of Directors may be convened by way of signature in written form provided that the directors have fully expressed their views and comprehended the matters and topics for discussion at the meeting and the directors attending the meeting shall sign accordingly.

Important matters including profit distribution proposals, remuneration plans, proposals on significant investment and significant asset disposal, appointment or removal of senior management members and capital replenishment plans shall not adopt the voting by way of signature in written form and such matters shall be approved by more than two-thirds of the directors of the Board of Directors.

Article 168 Directors shall attend the board meeting in person. If a director cannot attend the meeting due to certain reasons, he/she may appoint another director in writing to attend on his/her behalf. However, an independent director shall not appoint a non-independent director to attend the meeting on his/her behalf. In principle, a director can accept the appointment of up to two directors. When considering related party transactions, non-related directors shall not appoint related directors to attend the meeting on their behalf.

The proxy form shall state the name of the proxy, the relevant matters, authority domain, personal opinion, voting intention and validity period and shall be signed by the appointor or a chop shall be affixed.

The Directors attending the meetings on their behalf shall exercise the rights of Directors within the scope of authorisation. If a director fails to attend a meeting of the Board of Directors or appoint a representative to attend such meeting, he/she shall be deemed to have waived his/her right to vote at such meeting.

Directors' responsibilities for voting matters should not be exempted by appointing other directors to attend the meeting.

Article 169 Minutes shall be taken for the matters discussed at the meeting and the directors attending the meeting, secretary to the Board of Directors and the person taking the minutes shall sign on the minutes. Directors attending the meeting shall have the right to request to record in the minutes details of the speech made by them at the meeting. The minutes of the board meeting shall be kept as the Bank's files permanently.

Article 170 The minutes of the meeting of the Board of Directors shall include the following:

- (1) date and venue of the meeting and the name of the convenor;
- (2) names of the directors attending the meeting and names of the directors (proxies) appointed by others to attend the board meeting;
- (3) agenda of the meeting;
- (4) main points of the speeches of the directors; and
- (5) method and results of the voting for each proposal (the voting results shall state the numbers of votes for or against the proposal or abstention).

Article 171 Directors shall sign on the board resolutions and shall be responsible for the board resolutions. If the board resolutions violate the relevant laws, regulations, the Articles or resolutions of the shareholders' meeting thus causing losses to the Bank, the directors participating in the resolutions shall be liable to compensate the Bank for the losses. However, on verification that a director had stated his/her objection when voting and the same was recorded in the minutes, such director may be exempted from such liability.

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

Article 172 The Board of Directors of the Bank has established specialised committees, i.e. the Strategy and Sustainable Development Committee, the Audit Committee, the Related Party Transactions Management and Consumer Rights Protection Committee, the Risk and Capital Management Committee, the Remuneration and Appraisal Committee and the Nomination Committee. Each of the specialised committees is responsible directly to the Board of Directors. They provide professional opinions to the Board of Directors, or make decisions in respect of professional issues in accordance with the authorisation of the Board of Directors, and regularly discuss with senior management and relevant departments on the operation and risk status of the Bank and put forward opinions and advices.

All specialized committees of the Board of Directors comprise of directors, and each committee shall have at least three members. In particular, the members of the Audit Committee of the Board of Directors shall not be the directors who are the senior management of the Bank, of which independent directors shall account for more than half, and the chairman shall be an accounting professional among the independent directors, its members shall have expertise and work experience in finance, auditing, accounting or law, etc., and the employee director can serve as member of the Audit Committee; at least one-third of the members of the Remuneration and Appraisal Committee of the Board of Directors shall be financial professionals, and independent directors shall account for

more than half of the members of the Remuneration and Appraisal Committee of the Board of Directors and the Nomination Committee of the Board of Directors and serve as the chairmen, and at least one member of the Nomination Committee of the Board of Directors shall be of a different gender; the proportion of independent directors in the Related Party Transactions Management and Consumer Rights Protection Committee of the Board of Directors and the Risk and Capital Management Committee of the Board of Directors shall not be less than one-third in principle; the chairman of the Related Party Transactions Management and Consumer Rights Protection Committee of the Board of Directors shall be an independent director.

Article 173 The major duties of the Strategy and Sustainable Development Committee under the Board of Directors include:

- (1) formulate the operational goals and medium-to-long term development strategies, and make an overall assessment on its strategic risk;
- (2) consider material investment and financing projects and make proposals to the Board of Directors;
- (3) supervise and review the implementation of the annual operational and investment plans;
- (4) evaluate and monitor the implementation of Board resolutions;
- (5) put forward proposals and plans on important issues for discussion and determination by the Board of Directors;
- (6) formulate data governance strategies and major matters related to data governance;
- (7) review the ESG development strategy and basic management system, review ESG-related work reports, supervise the implementation and achievement of ESG development strategies and regularly assess their implementation, and promote the implementation of other ESG-related work in accordance with regulatory requirements;
- (8) other matters authorised by the Board of Directors; and
- (9) other duties and powers granted by laws, administrative regulations, departmental regulations and regulatory authorities.

Article 174 The major duties of the Audit Committee under the Board of Directors include:

- (1) make recommendations to the Board on the appointment or dismissal of the person in charge of financial affairs;
- (2) be responsible for the annual audit work, make recommendations to the Board on the disclosure of financial information in the financial reports and regular reports, and give opinions on the authenticity, accuracy, completeness and timeliness of the information set out in the audited financial report and appoint, in the name of the Bank, registered accountants and practicing accountants to assist in reviewing such information should any doubt arises;
- (3) review the profit distribution plans, and submit opinions on the compliance and reasonableness of the profit distribution plans;
- (4) examine the accounting policy and financial reporting procedure; submit opinions to the Board on changes in accounting policies, accounting estimates or correction of major accounting errors due to reasons other than changes in accounting standards;

- (5) formulate policies, procedures and relevant internal control systems for the selection and appointment of an Accounting Firm as authorized by the Board of Directors; propose the initiation of work related to the selection and appointment of an Accounting Firm; deliberate selection and appointment documents, determine evaluation factors and scoring criteria, and supervise the selection and appointment process; make recommendations on the proposed selection and appointment of an Accounting Firm and audit fees, and submit them to the decision-making body for decision; supervise and evaluate the audit work performed by the Accounting Firm; report periodically (at least annually) on the evaluation of the performance of the Accounting Firm engaged and on the performance of the supervisory duties of the Audit Committee of the Board of Directors;
- (6) guide and supervise the internal audit work and have the right to request the Board of Directors and senior management to provide audit-related information, evaluate the work procedures and work results of the internal audit department; coordinate the communications between internal auditors and external auditors;
- (7) examine the internal control system and put forward suggestions on the improvement of internal control; and make proposals to the Board of Directors for the disclosure of assessment report on internal control;
- (8) review and supervise the mechanism for employees to whistleblow any misconducts in respect of financial reports, internal control or other aspects, so as to ensure that the Bank always handles the whistleblowing issues in a fair and independent manner and takes appropriate actions;
- (9) supervise the adoption by the Board of Directors of prudent business philosophy and value standards and formulate suitable development strategies in line with the actual situations of the Bank, evaluate the scientificity, reasonableness and robustness of the Bank's development strategy and prepare an evaluation report; with main focus on supervising its operation decisions, internal control, risk management of the Bank;
- (10) supervise the objectivity and reasonableness of the remuneration management system and its implementation of the whole Bank and the remuneration packages for its senior management members;
- (11) supervise the process of election and appointment of directors;
- (12) supervise the actual performance of duties by directors, and senior management members of the Bank, conduct overall assessment on the performance of duties by directors, and senior management members of the Bank, and report the final assessment results to the banking supervision and administration department under the State Council and report the same to the shareholders' meeting of the Bank; require the directors and senior management members to proceed with rectifications within a designated period and take accountability when they violate the relevant laws, administrative regulations, departmental rules and the Articles of the Bank and resolutions of the shareholders' meeting, or engage in any activities damaging the interests of the Bank, and report to the regulatory authority when necessary;
- (13) represent the Bank in negotiating with its directors and senior management members, and make written or verbal proposals to them, give directions, conduct discussions, raise questions and require formal replies when necessary; and initiate legal proceedings against them according to the provisions of the Company Law;
- (14) review the resignations of directors, and senior management members when necessary;

- (15) put forward proposals to the shareholders' meeting; propose to convene extraordinary meetings; convene and preside over shareholders' meetings if the Board of Directors fails to perform the duty of convening and presiding over shareholders' meetings according to the provisions of the laws, administrative regulations and the Articles of Association;
- (16) the Bank's important decisions shall be reported to the Audit Committee of the Board of Directors in advance, and the information on operation conditions, financial conditions, important contracts, important events and cases, audit issues and significant changes in personnel shall be provided according to the requirements of the Audit Committee of the Board of Directors; the Audit Committee of the Board of Directors shall conduct investigation when becoming aware of any unusual operating situation;
- (17) communicate with the banking supervision and administration department under the State Council or its branches on the status of the Bank on a regular basis; and
- (18) other matters as provided by laws, administrative regulations, departmental rules and management organs and the Articles of Association, and other matters as authorized by the Board of Directors.

For the duties mentioned above, disclosure of financial information, evaluation report on internal control, appointment or removal of accounting firms and appointment or removal of the person in charge of financial affairs in financial reports and regular reports, changes in accounting policy or accounting estimate or correction of significant accounting error for reasons other than a change in accounting standards, and other matters as stipulated by the laws and regulations, regulatory authorities and the Articles shall be passed by more than half of members of the Audit Committee of the Board of Directors and shall be submitted to the Board of Directors for consideration.

Article 175 The Audit Committee of the Board of Directors shall convene at least one meeting every quarter.

An extraordinary meeting may be convened when proposed by two or more members of the Audit Committee, or the convener considers it is necessary. Meetings of the Audit Committee under the Board of Directors may only be held if more than two-thirds of the members are present.

Any resolution of the Audit Committee under the Board of Directors shall be approved by over half of the members of the Audit Committee under the Board of Directors.

Each member of the Audit Committee under the Board of Directors shall have one vote for any resolution.

The Audit Committee under the Board of Directors shall prepare minutes in respect of any resolution as required, which shall be signed by the members of the Audit Committee under the Board of Directors present at such meetings.

The Board of Directors is responsible for establishing the working procedures of the Audit Committee under the Board of Directors.

Article 176 The major duties of the Related Party Transactions Management and Consumer Rights Protection Committee under the Board of Directors include:

- (1) identify related parties;

- (2) examine, monitor and review material Related-Party Transactions and Continuing Related-Party Transactions and control the risks associated with Related-Party Transactions;
- (3) review the measures on the management of Related-Party Transactions and supervise the establishment and improvement of the relevant management system of Related-Party Transactions;
- (4) review the announcement(s) in respect of Related-Party Transaction(s);
- (5) review and consider the strategies, policies and objectives of consumer rights protection;
- (6) review reports on consumer rights protection efforts and relevant proposals;
- (7) supervise and evaluate the comprehensiveness, promptness and effectiveness of consumer rights protection efforts as well as the duty performance of the senior management in consumer rights protection;
- (8) instruct and supervise the establishment and improvement of the management system for consumer rights protection;
- (9) any other matters authorised by the Board of Directors; and
- (10) other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

Article 177 The major duties of the Risk and Capital Management Committee under the Board of Directors include:

- (1) supervise the status of risk control by the senior management members in relation to credit risk, market risk, operation risk, liquidity risk, strategic risk, compliance risk, reputation risk, country risk and other risks;
- (2) make regular assessment on the risk policies, management status, risk-withstanding ability and capital status;
- (3) perform the relevant duty of the advanced capital measurement method under the authorisation of the Board of Directors;
- (4) submit opinions and proposals on perfecting the management of risks and capital;
- (5) arrange and instruct risk prevention works in accordance with the authorisation of the Board of Directors;
- (6) instruct and promote construction of legal institutions and compliance management;
- (7) evaluate, supervise and govern the risk management policies and practices of relevant overseas institutions, including those of the Bank in the United States, in accordance with overseas regulatory requirements;
- (8) any other matters authorised by the Board of Directors; and
- (9) other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

Article 178 The major duties of the Remuneration and Appraisal Committee under the Board of Directors include:

- (1) study and draft the assessment standards of directors and senior management members and make assessment depending on the actual conditions of the Bank;
- (2) study, draft and review the remuneration policies and proposals in respect of directors and senior management members; draft and review the remuneration policies and proposals in respect of directors and senior management members, including remuneration determination mechanism, decision-making process, payment and cessation of payment recovery arrangements;
- (3) draft or modify share incentive plans, employee stock ownership plans, ensure the granting of rights to incentive recipients and the conditions for the exercise of such rights by incentive recipients are met, and conduct the arrangement of stock ownership plans for directors and senior management members in the event of a proposed spin-off of a subsidiary;
- (4) review the remuneration management system and policies of the Bank;
- (5) evaluate the performance of the executive directors and approve the terms of service agreements for the executive directors;
- (6) any other matters authorised by the Board of Directors; and
- (7) other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

If the Board of Directors does not adopt or does not fully adopt the recommendation of the Remuneration and Appraisal Committee under the Board of Directors, it shall record and disclose the recommendation of the Remuneration and Appraisal Committee under the Board of Directors and the specific reasons for not adopting such recommendation in the resolution of the Board of Directors.

Article 179 The major duties of the Nomination Committee under the Board of Directors include:

- (1) study and draft the selection criteria and procedures of directors and senior management;
- (2) promote the diversity of the members of the Board of Directors, including but not limited to the diversity of gender, age, culture, education background and professional experience, and regularly review the implementation of the diversity;
- (3) review the structure, number of directors and composition (including their skills, knowledge and experience) of the Board of Directors regularly according to the business activities, asset scale and shareholding structure of the Bank, and put forward proposals in respect of any intended changes to the Board of Directors in line with the strategies of the Bank;
- (4) search extensively for qualified candidates for directors and senior management members;
- (5) conduct preliminary examination on candidates for directors and senior management members;
- (6) any other matters authorised by the Board of Directors; and

- (7) other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

If the Board of Directors does not adopt or does not fully adopt the recommendation of the Nomination Committee under the Board of Directors, it shall record and disclose the recommendation of the Nomination Committee under the Board of Directors and the specific reasons for not adopting such recommendation in the resolution of the Board of Directors.

Article 180 The specialised committees under the Board of Directors may appoint intermediary institutions to provide professional advice and the relevant costs shall be borne by the Bank.

Article 181 If the specialised committees under the Board of Directors convene a meeting, the Bank shall, in principle, provide relevant information no later than three days prior to the meeting of the specialised committees under the Board of Directors. Meetings of the specialised committees under the Board of Directors are generally held on-site. The meetings may be held via video, telephone or other means in accordance with the procedures, if necessary, to ensure that all participating directors are able to fully communicate and express their opinions.

## CHAPTER 11 SENIOR MANAGEMENT MEMBERS

Article 182 The Bank shall practise a system wherein the president shall assume full responsibility under the leadership of the Board of Directors. The Bank shall appoint one president and, appoint other senior executives to assist the president. The president, executive vice presidents and Chief Compliance Officer may be appointed or removed by the Board of Directors, and the chairman of the Board of Directors and the President of the Bank shall be held separately. The qualifications of the President, executive vice presidents and Chief Compliance Officer shall be submitted to the banking supervision and administration department under the State Council for assessment.

The senior management is accountable to the Board of Directors and is subject to the supervision of the Audit Committee under the Board of Directors, and shall, in accordance with the requirements of the Board of Directors and the Audit Committee under the Board of Directors, report the operation and management of the Bank in a timely, accurate and complete manner and provide relevant information.

The senior management shall carry out operation and management activities in accordance with the Articles and the authorisation of the Board of Directors and actively implement the resolutions of the shareholders' meeting and the resolutions of the Board of Directors.

The operation and management activities of the senior management in accordance with the law are not subject to undue interference by the shareholders and the Board of Directors.

The provisions of Article 125 of the Articles in relation to the conditions prohibiting a person from acting as a director of the Bank shall be applicable to the senior management members of the Bank.

Article 183 If a senior management member is appointed in violation of the provisions of the Articles, such appointment shall be invalid. If a senior management member is subject to the circumstances under Article 125 of the Articles of the Bank during his/her tenure, the Bank shall dismiss his/her position and cease his/her performance of duties.

Persons holding executive posts other than as directors and supervisors at the controlling shareholder's entities of the Bank shall not act as senior management members of the Bank.

The Bank's controlling shareholders, de facto controllers and its related parties shall not interfere with the normal selection and appointment procedures of senior management, and shall not directly appoint or remove senior management by bypassing the Board. Members of the senior management only receive remuneration from the Bank and are not paid by the controlling shareholders on behalf of them.

Article 184 The president shall have a term of office of three years and may be re-appointed.

Article 185 The president shall be accountable to the Board of Directors and shall perform the following functions and powers:

- (1) taking charge of the day-to-day administration, operation and financial management of the Bank, implementing the board resolutions and reporting the work to the Board of Directors;
- (2) implementing the annual plans and investment proposals;
- (3) drafting proposals on establishing the Bank's internal management organs;
- (4) drafting the basic management system of the Bank;
- (5) formulating specific regulations of the Bank;
- (6) nominating the executive vice presidents, person in charge of finance and Chief Compliance Officer and proposing to the board their appointment or removal and the appointment or removal of other management members including the persons in charge of internal management bodies and branch organs other than those who shall be engaged or removed by the Board of Directors;
- (7) formulating proposals on wages, benefits, rewards and punishment of the Bank's staff and deciding on the appointment and dismissal of the Bank's staff (excluding employee directors' remuneration received for acting as directors of the Bank);
- (8) authorising other senior management members and principals of the internal management bodies and branches to engage in business activities;
- (9) proposing to convene extraordinary board meetings;
- (10) deciding the establishment and termination of domestic secondary branches of the Bank and the establishment, upgrading and termination of sub-branch outlets;
- (11) adopting emergency measures on occurrence of significant events including bank run and promptly report them to the banking supervision and administration department under the State Council, the Board of Directors and the Audit Committee under the Board of Directors; and
- (12) other functions and powers conferred by the Articles or the Board of Directors.

Executive vice presidents shall assist the president in his/her work; in case the president is unable to exercise his/her powers, the executive vice presidents shall do so in order on his/her behalf.

- Article 186 The president shall attend board meetings and a non-director president does not have voting rights at the board meeting.
- Article 187 The president shall formulate detailed work rules of president and submit the same to the Board of Directors for approval before implementation.
- Article 188 The detailed work rules of the president shall include the following:
- (1) conditions and procedures for convening a president meeting and the participating personnel;
  - (2) specific duties and division of work of the senior management members;
  - (3) use of funds and assets, authority of entering into material contracts and the system on reporting to the Board of Directors; and
  - (4) other matters which are deemed necessary by the Board of Directors.
- Article 189 The senior management of the Bank shall abide by the laws, regulations, regulatory requirements and the Articles, have good professional ethics and adhere to high standards of professional ethics, and assume his/her obligation of fidelity and diligence to the Bank, perform his/her duties in good faith, conscientiously and prudently, and ensure sufficient time and efforts are available to perform his/her duties, and shall not be slack in performing his/her duties or exceed his/her authority, so as to safeguard the best interests of the Bank and all shareholders. The provisions of the Articles relating to the fiduciary duties and diligent duties of the directors shall also apply to the senior management.
- The senior management members shall be liable for compensation under the law for any damage caused to the interests of the Bank and public shareholders as a result of their failure to faithfully perform their duties or breach of fiduciary duties. The Bank shall be liable for any damages caused to others by senior management members in the performance of their duties with the Bank; the senior management members shall be liable for compensation if there is intent or gross negligence on their part. If the senior management members and staff at all levels violate(s) the laws and regulations, engage(s) in malpractices or commit(s) other serious acts involving dereliction of duties thus causing economic losses to the Bank, they shall assume such economic and legal liabilities.
- Article 190 The president may resign before the expiration of his/her term of office. The resignation of senior management members shall be determined by the Board of Directors, with specific procedures and measures based on the relevant provisions of laws, administrative regulations and department rules. The president and other senior management members must complete the relevant examination procedures before leaving the employment of the Bank.
- Article 191 The Bank shall have one secretary of the Board of Directors. The secretary of the Board of Directors is a senior management officer of the Bank and shall be accountable to the Board of Directors.
- Article 192 The secretary of the Board of Directors shall possess necessary expertise and banking experience in compliance with the qualification requirements of the regulatory authorities and laws and regulations.

Article 193 The Board Secretary assists the Directors in the daily operations of the Board. Their main duties are:

- (1) ensuring that the Bank has complete organisational documents and records;
- (2) ensuring that the Bank prepares and submits the reports and documents required by the competent authorities according to law;
- (3) ensuring that the Bank's register of shareholders is properly set up and ensuring that the persons entitled to obtain the relevant records and documents shall obtain the relevant records and documents in a timely manner;
- (4) being responsible for the information disclosure of the Bank, coordinating the information disclosure of the Bank, organizing the formulation of the information disclosure management system of the Bank, and urging the Bank and the relevant information disclosure obligors to comply with the relevant regulations on information disclosure;
- (5) being responsible for the management of investor relationship and coordinating the information communication between the Bank and securities regulatory authorities, investors and de facto controllers, intermediary institutions and the media;
- (6) being responsible for preparing and organising board meetings and shareholders' meetings, attending shareholders' meetings, meetings of the Board of Directors and relevant meetings of the senior management, being responsible for taking the minutes and giving signature;
- (7) being responsible for the confidentiality of information disclosure of the Bank, and immediately reporting and disclosing to the stock exchange in the event of material information leakage that has not been made public;
- (8) paying attention to media reports and taking the initiative to verify the facts and urging the relevant entities such as the Bank to respond to the inquiries from the stock exchange in a timely manner;
- (9) organising trainings for directors and senior management of the Bank on relevant laws and regulations and relevant provisions of stock exchanges, and assisting the aforesaid personnel in understanding their respective responsibilities in information disclosure;
- (10) being responsible for urging directors and senior executives to abide by laws and regulations, relevant regulations of the stock exchange and the Articles, and earnestly fulfill their commitments. When learning that the Bank, directors and senior executives have made or may make resolutions that violate relevant regulations, they should be reminded and should report to the stock exchange immediately and truthfully;
- (11) being responsible for the management of changes in the Bank's shares and derivatives thereon;
- (12) performing other duties as required by the laws, administrative regulations and departmental rules of the place where the Bank's shares are listed.

Article 194 An executive director and senior management member of the Bank may serve as the Bank's secretary of the Board of Directors concurrently. A registered accountant of any accounting firms and a lawyer of any law firms that are engaged by the Bank are forbidden to act as the secretary of the Board of Directors. If an executive director acts as the secretary of the Board of Directors and an act is required to be performed by a director and the secretary of the Board of Directors separately, such person who is at the same time an executive director and the secretary of the Board of Directors shall not perform such act in both capacities.

Article 195 The secretary of the Board of Directors shall be nominated by the chairman and shall be appointed or removed by the Board of Directors. The secretary of the Board of Directors shall apply to the banking supervision and administration department under the State Council for qualification review or filing in accordance with the regulatory requirements.

## **CHAPTER 12 FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING**

Article 196 The Bank shall establish its financial and accounting systems in accordance with laws, administrative regulations and the requirements of the relevant departments of the State.

Article 197 A financial report shall be prepared at the end of each accounting year, audited by an accounting firm according to law, and reported in a timely manner to the banking supervision and administration department under the State Council, the People's Bank of China, and competent financial authority of the State Council.

Article 198 The Bank shall submit and disclose its annual reports to the securities regulatory organ of the State Council or its agencies and the stock exchanges where the shares of the Bank are listed within 4 months from the ending date of every accounting year. The Bank shall submit and disclose interim reports to the securities regulatory organ of the State Council or its agencies and stock exchanges where the shares of the Bank are listed within 2 months from the ending date of the first half year of every accounting year.

The above annual reports and interim reports shall be prepared in accordance with the relevant laws, administrative regulations and rules of the securities regulatory organ of the State Council and the stock exchanges where the shares of the Bank are listed.

Article 199 The Board of Directors of the Bank shall present to the shareholders, at annual meeting, such financial reports prepared by the Bank as required by applicable laws, administrative regulations and departmental rules.

Article 200 The Bank's financial reports shall be made available for shareholders' inspection at the Bank's offices twenty days prior to the date of annual meeting.

Article 201 The Bank shall announce its financial reports at least two times every accounting year. An interim financial report of the Bank shall be published within two months after the end of the first six months of each accounting year and an annual financial report shall be published within four months after the end of each accounting year.

Article 202 The Bank shall not keep financial records other than those required by law. As regards the Bank's fund, they shall not be deposited into any account opened in an individual name.

Article 203 In order to consistently implement the principle of “Technology-driven” strategy and accelerate the transformation into a “Digital bank”, the Bank will continue to increase investment in Fintech when formulating its annual financial budget plan. The overall budget for investing in Fintech per annum shall not be less than 3.5% of the Bank’s audited operating income (calculated on the Group’s statistical calibre) for the previous year; among which the budget allocated to the “CMB Fintech Innovation Project Fund” established with the authority of the Board of Directors shall, in principle, not be less than 1% of the Bank’s audited operating income (calculated on the Group’s statistical calibre) for the previous year.

Article 204 The profit after taxation of the Bank shall be allocated according to the following order and sequence:

- (1) make up for the losses of the previous year;
- (2) allocate 10% of the profits to the statutory common reserve fund;
- (3) allocate general reserve;
- (4) distribute dividends on preference shares;
- (5) allocate discretionary common reserve fund; and
- (6) distribute dividends to shareholders of ordinary shares.

When the accumulated amount of the statutory common reserve fund reaches 50% or above of the registered capital of the Bank, allocation is no longer required.

After making allocation to the statutory common reserve fund and general reserve from profits after taxation, the Bank distributes dividends on preference shares according to the decision of the Board of Directors with authority from the shareholders’ meeting or the decision of relevant director with authority delegated from the Board of Directors.

After making up for the losses, making allocation to the statutory common reserve fund and general reserve and distributing dividends on preference shares, the Bank may also allocate discretionary common reserve fund from profits after taxation after a resolution has been passed at the shareholders’ meeting.

After making up for the losses, making allocation to the common reserve fund and general reserve and distributing dividends on preference shares, the remaining profit after taxation shall be distributed according to the shareholding ratios of shareholders of ordinary shares, except those allocations to be made not in accordance with the shareholding ratios as stipulated in the Articles.

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

Before making up for the losses, making allocation to the statutory common reserve fund and general reserve, the distribution of dividend or other distribution by way of bonus shall be prohibited. If the shareholders’ meeting distributes profits to the shareholders in violation of provisions of the Company Law, the shareholders shall return to the Bank the profits which are distributed in violation of the provisions. In the event of any loss caused to the Bank, shareholders and liable Directors and senior management members shall assume liabilities.

Article 205 The premium received from issuance of shares at an issue price exceeding the par value of the shares, the amount of proceeds from issuance of shares with nil par value not credited to the registered capital, and any other item which shall be included in the capital reserve fund as stipulated by the finance department under the State Council shall be included in the capital reserve fund of the Bank.

Article 206 The common reserve fund of the Bank shall apply for the following purposes:

- (1) to cover losses for the Bank's losses;
- (2) to expand the Bank's operation scale; and
- (3) to convert the common reserve fund into share capital after a resolution has been passed at the shareholders' meeting. Upon approval by the banking supervision and administration department under the State Council, the Bank may issue bonus shares or increase the par value of the shares. However, when the statutory common reserve fund is converted into an increase in the share capital, the amount remaining in such reserve fund shall not be less than 25% of the registered capital prior to the conversion.

In order to compensate the losses of the Bank with the common reserve fund, the discretionary common reserve fund and the statutory common reserve fund shall be utilised first; where the losses remain uncompensated, the capital common reserve fund may be used in accordance with applicable regulations.

Article 207 If the Bank still has losses after covering losses in accordance with the provisions of the paragraph 2 under Article 206 of the Articles, it may reduce its registered capital to cover the losses. When reducing registered capital to cover losses, the Bank shall not distribute profits to shareholders, nor shall it exempt shareholders from the obligation to pay capital contributions or share subscriptions.

When reducing registered capital in accordance with the preceding paragraph, the Bank shall make an announcement in a newspaper or the National Enterprise Credit Information Publicity System within thirty days from the date the shareholders' meeting passes the resolution to reduce registered capital.

After the Bank reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the cumulative amount of the statutory reserve fund and the discretionary reserve fund reaches 50% of the Bank's registered capital.

Article 208 The Bank's policies and plans for profit distribution shall be prepared by the Board of Directors and approved by the shareholders' meeting. In the course of making specific plans for profit distribution, the Board of Directors and the shareholders' meeting shall in accordance with the Bank's profit distribution policy, fully consider the views of independent directors, the Audit Committee of the Board of Directors and public investors, communicate with public investors through a variety of channels and accept the inspections on the Bank's profit distribution by independent directors, the Audit Committee of the Board of Directors and public investors. Independent directors shall review the policies and plans for profit distribution presented for consideration and approval at the shareholders' meeting and form a written opinion.

After the resolution on profit distribution has been passed at a shareholder's meeting of the Bank, or after the Board of Directors of the Bank formulates a specific plan based on the conditions and upper limit of interim dividends for a year as considered and approved by the shareholders' meeting, the Bank's Board of Directors shall complete the distribution of cash profits (or shares) paid to ordinary shareholders within 2 months.

The Bank shall adjust its profit distribution policies in accordance with the industry regulatory policies, changes in the external regulatory environment, its operation status and long-term development. The adjusted profit distribution policies shall not violate the laws, regulations and the relevant provisions of the regulatory authority in the place where the shares of the Bank are listed. The Bank shall strictly implement the cash dividend policy stipulated in the Articles and the cash dividend proposal considered and approved at the shareholders' meetings. Should there be any necessity to adjust or amend the cash dividend distribution policy stipulated in the Bank's Articles, the conditions stipulated in the Bank's Articles of Association must be met, and after detailed demonstration, the corresponding decision-making procedures must be carried out and approved by more than two-thirds of the votes of the Shareholders attending the shareholders' meeting of the Bank.

Provisions in preceding paragraphs herein only apply to the profit distribution to shareholders of ordinary shares by the Bank, and matters relating to dividend payment to shareholders of preference shares by the Bank shall be dealt with pursuant to the paragraph 2 under Article 209 hereof and other relevant provisions.

Article 209 The profit distribution policies for ordinary shares of the Bank are:

- (1) Profit distribution of the Bank shall focus on reasonable returns to investment of the shareholders, and such policies shall maintain continuity and stability;
- (2) The Bank may distribute profits in cash, shares or a combination of cash and shares, and the Bank shall distribute profits mainly in the form of cash. The Bank's cash dividend policy objective is to strive for maintaining a stable and growth dividend. Subject to compliance with prevailing laws, regulations and the requirements of relevant regulatory authority on the capital adequacy ratio, as well as the requirements of general working capital, business development and the need for substantial investment, merger and acquisition plans of the Bank, the cash dividends to be distributed by the Bank to shareholders of ordinary shares each year in principle shall not be less than 30% of the net profit after taxation attributable to shareholders of ordinary shares, audited in accordance with PRC accounting standards for that year. If the audit report of the Bank in the most recent year is a non-unqualified opinion or an unqualified opinion with a paragraph on material uncertainty related to going concern, or in case of other circumstances specified by the laws, regulations, or the regulatory authorities of the listing place of the Bank, profit distribution may not be made;
- (3) The Bank may pay interim cash dividend, the upper limit of interim dividends for a year as considered by the shareholders' meeting shall not exceed the net profit attributable to ordinary shareholders of the Bank during the corresponding period;
- (4) If the Bank generated profits in the previous accounting year but the Board of Directors did not made any cash profit distribution plan after the end of the previous accounting year, the Bank shall state the reasons for not distributing the profit and the usage of the profit retained in the periodic report and the independent directors shall give an independent opinion in such regard;

- (5) In the event the Board of Directors considers that the share price of the Bank no longer matches the scale of its share capital or it is deemed necessary by the Board of Directors, subject to the satisfaction of the aforesaid conditions in respect of profit distribution in cash, the Bank may propose the profit distribution plan in shares, and implement it after consideration and approval by the shareholders' meeting;
- (6) The Bank shall pay cash profits and other amounts to holders of domestically listed domestic shares and such sums shall be calculated, declared and paid in Renminbi. The Bank shall pay cash profits and other amounts to holders of H shares and such sums shall be calculated and declared in Renminbi and be paid in Hong Kong dollars. The foreign currencies required by the Bank for the payment of cash profits and other sums to shareholders of overseas listed foreign shares shall be handled according to the relevant provisions on foreign exchange administration of the State;
- (7) Where fund appropriation to a shareholder is found to be in violation of relevant rules, the Bank shall make deduction against the cash dividend to be paid to the shareholder, and such amount shall be used to repay the funds appropriated; and
- (8) The Bank shall disclose its implementation of the cash dividend policy and other relevant matters in its periodic report in accordance with the relevant requirements.

The dividend distribution policies for preference shares of the Bank are:

- (1) Fixed dividend rate or floating dividend rate may apply to the preference shares issued by the Bank, which shall be calculated according to agreements in the issuance document of preference shares;

Unless otherwise provided by laws and regulations or otherwise resolved at the shareholders' meeting of shareholders, a dividend rate adjustable by stage is adopted for the issued and surviving preference shares of the Bank, that is, the dividend shall be paid at fixed dividend rate for each adjustable stage;

- (2) The Company shall distribute dividends to shareholders of preference shares if there are distributable profits after taxation, provided that the Bank has the right to cancel the distribution of part or all of the dividends on preference shares and such cancellation shall not constitute a breach of agreement in accordance with the requirements of the banking supervision and administration department under the State Council. In the event that the Company cancels the distribution of part or all of the dividends on Offshore Preference Shares, the Bank will not distribute any profit to shareholders of ordinary shares during the period from the date following the adoption of relevant resolution at the shareholders' meeting to the restoration of full dividend payment to the shareholders of preference shares;
- (3) Where the Bank does not distribute dividend to shareholders of preference shares in full for a particular year, the difference will not be carried forward to the following year;
- (4) Where the dividend is distributed to shareholders of preference shares by Bank as agreed, they shall not be entitled to the distribution of the remaining profit;
- (5) The Bank shall pay dividends and other amounts to shareholders of domestic preference shares and such sums shall be calculated, declared and paid in Renminbi. The Bank shall pay dividends and other amounts to shareholders of overseas preference shares and such sums shall be calculated and declared in Renminbi, and paid in foreign currencies. The payment shall be handled according to the relevant provisions on foreign exchange administration of the State.

Article 210 The decision-making procedures of profit distribution policies for ordinary shares of the Bank are as follow:

- (1) The Board shall diligently study and evaluate matters such as the timing, conditions, minimum proportion, adjustment conditions and decision-making procedure requirements for cash dividends of the Bank, shall thoroughly discuss the rationality of the profit distribution plan and submit it to the shareholders' meeting for consideration and approval upon formulating profit distribution plan.
- (2) If independent directors believe that a specific cash dividend plan may harm the interests of the Bank or minority shareholders, they have the right to express an independent opinion. If the Board does not adopt or only partially adopts the opinions of independent directors, the independent directors' opinions and the specific reasons for not adopting them shall be included in the Board resolution and disclosed.
- (3) Before the shareholders' meeting deliberates on the profit distribution plan, the Bank shall proactively communicate and engage with shareholders, particularly minority shareholders, through various channels, fully listen to the opinions and concerns of minority shareholders and promptly address their questions.
- (4) When considering the profit distribution plan at the shareholders' meeting, the Bank shall provide shareholders with online voting if permitted by the applicable laws, administrative regulations and listing rules of the listing place.
- (5) When convening the shareholders' meeting to review the annual profit distribution plan, the Bank may approve: conditions for interim cash dividends in the following fiscal year, ratio or upper limit and amount or upper limit of such interim dividends. The Board shall formulate specific interim dividend plans subject to profit distribution conditions in accordance with the resolution of the shareholders' meeting.

Article 211 The Bank shall appoint a receiving agent for the holders of the overseas listed foreign shares. Such receiving agent shall receive distributable profit and other sums in relation to the overseas listed foreign shares of the Bank on behalf of such holders.

The receiving agent appointed by the Bank shall meet the relevant requirements of the laws of the listing place or the relevant regulations of the stock exchange of the listing place.

The receiving agent appointed for holders of overseas listed foreign shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

The Bank may exercise the right to forfeit unclaimed dividends, subject to the requirements of the regulations of the jurisdictions in which the shares of the Bank are listed, but the right can only be exercised six years or more after the dividend declaration date.

Article 212 The Bank shall establish an internal audit system which specifies the leadership mechanism, responsibility and authority, staffing, financial security, use of audit results and accountability in respect of internal audit work.

The internal audit system shall be implemented upon approval of the Board of Directors, and disclosed to the public.

Article 213 The internal audit organization of the Bank supervises and inspects the business activities, risk management, internal control, financial information and other matters of the Bank.

The internal audit organization shall be responsible to the Board of Directors. The internal audit organization shall be subject to the supervision and instruction of the audit committee of the Board in the course of supervision and inspection of the business activities, risk management, internal control and financial information of the Bank. If any material issues or clues identified, the internal audit organization shall report immediately and directly to the audit committee of the Board.

The internal audit organization is responsible for the specific organization and implementation of the Bank's internal control evaluation. Based on the evaluation report issued by the internal audit organization and reviewed by the Audit and Risk Control Committee, as well as relevant materials, the Bank shall issue its annual internal control evaluation report.

When the audit committee communicates with external auditors such as accounting firms and national audit organizations, the internal audit organization shall actively cooperate and provide necessary support and collaboration. The audit committee participates in the evaluation of the head of internal audit.

### **CHAPTER 13 APPOINTMENT OF ACCOUNTING FIRM(S)**

Article 214 The Bank shall appoint an independent accounting firm complying with the relevant stipulations of the State to carry out audit of accounting statements, verification of net assets and other related consulting services for a period of one year subject to re-appointment.

Article 215 The accounting firm appointed and dismissed by the Bank shall be determined at the shareholders' meeting. The Board shall not appoint an accounting firm before a shareholders' meeting is held.

Article 216 The Bank shall guarantee that the accounting evidence, accounting books, financial reports and other accounting information provided to the accounting firm it engages are true and complete and it shall not refuse or withhold any such information nor shall it provide any false information.

Article 217 The audit fee of the accounting firm shall be determined at the shareholders' meeting.

Article 218 When the Bank removes or does not re-appoint an accounting firm, it shall give advance notice to the accounting firm. The accounting firm shall have the right to make representations at the shareholders' meeting. Where the accounting firm resigns, it shall state in the shareholders' meeting whether or not there are any circumstances of irregularities in the Bank.

### **CHAPTER 14 MERGER OR DIVISION**

Article 219 The merger of the Bank may take the form of either merger by absorption or merger by establishment of a new company.

Matters relating to the division and merger of the Bank shall comply with the stipulations of the Company Law and Commercial Banking Law.

If the consideration paid by the Bank for a merger does not exceed 10% of the Bank's net assets, the merger may be effected without a resolution of the shareholders' meeting. If the Bank's merger pursuant to the preceding paragraph is not resolved by the shareholders' meeting, it shall be resolved by the Board of Directors.

In the event of a merger, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Bank shall notify its creditors within ten days from the date of passing of the resolution on merger and publish an announcement in a newspaper designated by the Bank or National Enterprise Credit Information Publicity System within thirty days.

After the merger, the creditors' rights and debts of the parties involved in the merger shall be assumed by the company surviving the merger or the new company established after the merger.

Article 220 Where there is a division of the Bank, its assets shall be divided accordingly.

In the event of a division, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Bank shall notify its creditors within ten days from the date of passing of the resolution on division and publish an announcement in a newspaper designated by the Bank or National Enterprise Credit Information Publicity System within thirty days.

The companies after the division shall be jointly liable for the debts of the Bank incurred prior to the division unless otherwise agreed in writing between the Bank and the creditors in relation to the settlement of debts prior to the division.

Article 221 The creditors shall have the right to demand the Bank to settle the debts or provide the relevant guarantees within thirty days from the date of receiving the notice or within 45 days from the date of announcement for those who have not received the notice. If the Bank fails to settle the debts or provide the relevant guarantees, merger or division shall not be conducted.

Article 222 The Bank shall, in accordance with law, apply for registration of the change with the company registration authorities where a change in any item in its registration arises as a result of any merger or division. Where the Bank is dissolved, the Bank shall apply for cancelling its registration in accordance with law. Where a new company is established, the Bank shall apply for registration thereof in accordance with law.

## CHAPTER 15 DISSOLUTION AND LIQUIDATION

Article 223 The Bank shall be dissolved and liquidated according to law upon any of the following circumstances:

- (1) Other reasons for dissolution as prescribed by the Articles;
- (2) A resolution for dissolution is passed by shareholders at a shareholders' meeting;
- (3) Dissolution is necessary as a result of merger or division;
- (4) The business licence is revoked according to law or the Bank is ordered to close down or revoke; and
- (5) the Bank encounters grave difficulties in its operation and management, continued existence shall cause material harm to shareholders' interest, and the problems could not be solved through other means. In such case, the shareholders who hold more than 10% of the voting rights of the Bank (including ordinary shareholders and holders of preference shares with restored voting rights) may make a petition to the people's court for the dissolution of the Bank.

Matters relating to the liquidation and dissolution of the Bank shall comply with the provisions of the Company Law and Commercial Banking Law.

Article 224 In the case of dissolution of the Bank under the circumstances set out in item (1) and (2) of Article 223, and if no property has been distributed to the shareholders, the Bank may continue to exist by amending the Articles or by resolution of the shareholders' meeting.

Any amendment to the Articles in accordance with the provisions of the preceding paragraph or any resolution of the shareholders' meeting shall be subject to approval by more than two-thirds of the voting rights held by shareholders attending the shareholders' meeting.

Article 225 In the case of dissolution of the Bank under the circumstances set out in item (1), (2), (4) and (5) of Article 223, it shall be liquidated. The directors shall be the liquidation obligors of the Company, and a liquidation committee shall be formed within 15 days from the date when the reasons for dissolution occur to carry out liquidation.

The liquidation committee shall comprise directors or other personnel determined by the shareholder's meeting by way of an ordinary resolution.

If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation.

Article 226 The liquidation committee shall, within ten days of its establishment, notify the creditors, and within sixty days of its establishment, publish an announcement in newspapers designated by the Bank or on the National Enterprise Credit Information Publicity System.

Article 227 Creditors shall, within thirty days of receipt of the notice, or for creditors who have not received such notice, shall within forty-five days of the date of the first announcement, claim their rights to the liquidation committee. In claiming their rights, the creditors shall provide a statement and evidence with respect thereof. The liquidation committee shall register creditor's rights. In claiming their rights, the liquidation committee may not reimburse any such creditor.

Article 228 During liquidation, the liquidation committee shall exercise the following functions and powers:

- (1) to dispose of the Bank's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to give notice or make announcement to the creditors;
- (3) to deal with and liquidate the uncompleted businesses of the Bank;
- (4) to effect payment of all outstanding taxes and the taxes arising during the process of liquidation;
- (5) to settle creditors' rights and debts;
- (6) to distribute the remaining assets after settlement of the Bank's debts; and
- (7) to represent the Bank in any civil proceedings.

Article 229 Following the disposal of the Bank's assets and the preparation of a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation proposal and present it to the shareholders' meeting or to the relevant governing authorities for confirmation.

The Bank's assets shall be distributed according to the following order:

- (1) to pay the liquidation costs;
- (2) to pay the wages of staff and workers, social insurance premiums and statutory compensation monies;
- (3) to pay all outstanding taxes;
- (4) to settle the Bank's debts; and
- (5) to make allocation according to the class and ratio of shares held by shareholders.

Allocations shall not be made to the shareholders before the Bank's assets are settled according to the provisions stipulated in (1) to (4) above.

Any remaining assets of the Bank subsequent to the settlement of its debts in accordance with the foregoing provisions shall be distributed to the shareholders on the basis of the class of shares and in the proportion of shares being held.

Shareholders of preference shares are preferred in the distribution of remaining assets of the Bank over shareholders of ordinary shares, at a sum of principal and dividend that is resolved to be paid but not yet paid for the current period, and in the event that the remaining assets are not sufficient to satisfy these payments, such assets will be distributed among shareholders of domestic preference shares and shareholders of overseas preference shares on a pro rata basis.

During liquidation, after settlement of liquidation costs, outstanding staff wages and labour insurance premiums, the assets of the Bank shall be firstly used to pay the principals and interests of personal savings deposits.

After establishment of the liquidation committee, the duties and powers of the Board of Directors and president shall cease immediately. During liquidation, the Bank shall not commence any new business activities.

Article 230 If the liquidation committee, having liquidated the Bank's assets and prepared a balance sheet and an inventory of assets, is aware that the Bank's assets are insufficient to repay its debts in full, bankruptcy shall be declared by the people's court according to law with the consent of the banking supervision and administration department under the State Council. Upon the acceptance of bankruptcy application by the people's court, the liquidation committee shall transfer to the bankruptcy administrator appointed by the people's court all matters arising out of the liquidation.

Article 231 Following completion of liquidation, the liquidation committee shall prepare a liquidation report, which shall be submitted to the shareholders' meeting or the relevant competent authorities for confirmation, and despatched to the company registration authorities for application for cancellation of registration.

Article 232 Members of the liquidation committee are subject to fiduciary and diligent duties in the performance of their liquidation obligations.

Members of the liquidation committee shall assume compensation liability for any loss caused to the Bank as a result of negligence in performing their liquidation obligations; members of the liquidation committee shall assume compensation liability for any loss caused to the creditors as a result of the deliberate or gross default.

Article 233 Upon the declaration of bankruptcy of the Bank, the Bank shall execute bankruptcy and liquidation according to relevant laws regarding bankruptcy of enterprises.

#### **CHAPTER 16 PROCEDURES FOR AMENDING THE ARTICLES**

Article 234 The Bank may amend the Articles in accordance with the requirements of law, administrative regulations and the Articles of the Bank.

Article 235 The Bank will amend the articles of association when any of the following occurs:

- (1) After amendments to the Company Law, Commercial Banking Law or the relevant laws and administrative regulations, the matters stipulated in the Articles are in conflict with the provisions of the amended laws or administrative regulations;
- (2) There are changes in the conditions of the Bank thereby making them inconsistent with the matters set out in the Articles; and
- (3) A decision is made at the shareholders' meeting to amend the Articles.

The shareholders' meeting may authorise the Board of Directors of the Bank to do the following by way of an ordinary resolution: (1) if the Bank increases its registered capital, the Board of Directors of the Bank shall have the right to amend the contents in relation to the registered capital of the Bank contained in the Articles according to the actual circumstances; (2) as regards the Articles approved at the shareholders' meeting, if changes in relation to wording or order of the articles have to be made when the Articles are submitted to the relevant competent authorities for registration, verification or approval, the Board of Directors of the Bank shall have the right to make corresponding amendments according to the requirements of the competent authorities.

Article 236 If the amendments to the Articles approved at a shareholders' meeting have to be examined and approved by the competent authorities, the same shall become effective after obtaining the approval of the original examination and approval competent authorities. If corporate registration matters are involved, the Bank shall apply for registration of the changes according to law.

Article 237 The Board of Directors shall amend the Articles of the Bank according to the resolutions on amending the Articles passed at a shareholders' meeting and the approval opinions of the relevant competent authorities.

Article 238 Where the amendments to the Articles involve matters requiring disclosure by law and regulations, the amendments shall be announced in accordance with the relevant provisions.

**CHAPTER 17 NOTICE AND ANNOUNCEMENT**

Article 239 Notice of the Bank shall be issued in the following manner:

- (1) by hand;
- (2) by post;
- (3) by way of an announcement;
- (4) by electronic mails or publication on websites designated by the Bank and the local stock exchange(s), subject to laws, administrative regulations and relevant provisions of the securities regulatory authorities of the place(s) where the Bank's shares are listed; and
- (5) any other forms recognized by the relevant regulatory authorities at places where the shares of the Bank are listed and stipulated in the Articles.

Article 240 If a notice of the Bank is issued by way of an announcement, it shall be deemed to have been received by all the relevant personnel once announced.

Unless the context otherwise requires, the announcement issued to shareholders of domestic shares or the announcement issued in the PRC according to the relevant provisions and the Articles, shall mean publication of relevant information disclosure on the media in compliance with the conditions prescribed by the securities regulatory organ of the State Council and on the websites of the stock exchanges; the announcement issued to shareholders of overseas listed foreign shares or the announcement issued in Hong Kong according to the relevant provisions and the Articles, must be published on the websites of the Bank and the Hong Kong Stock Exchange and other websites or newspapers stipulated by the listing rules at the places where the shares of the Bank are listed according to the requirements of the listing rules at the places where the shares of the Bank are listed.

China Securities Journal, Shanghai Securities News and Securities Times designated by the Bank and their websites that are in compliance with the requirements of the securities regulatory organ of the State Council and the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange and the website of the Bank shall be the media that publish the announcements of the Bank and other information that needs to be disclosed. The "newspapers designated by the Bank" set out in the Articles refer to the China Securities Journal, the Shanghai Securities News or the Securities Times.

Article 241 Any notices, circulars, relevant documents or written statements issued to the holders of overseas listed foreign shares by the Bank shall be delivered by hand or prepaid post to shareholders at their registered addresses, or may be delivered by electronic mails or publication on the Bank's website and the website of the Hong Kong Stock Exchange, subject to compliance with laws, administrative regulations and listing rules of the place(s) where the Bank's shares are listed.

Article 242 As regards a notice of convening a shareholders' meeting, it shall be issued to holders of overseas listed foreign shares according to the provisions of Article 241 of the Articles and shall be issued to holders of domestically listed shares by way of announcement.

Article 243 The notice of convening a board meeting shall be issued in writing, by telephone, fax or email.

Article 244 If a notice of the Bank is issued by way of an announcement, the date of the first publication of the announcement shall be regarded as the date of delivery. If a notice of the Bank is issued by way of telephone or fax, the date on which the call is answered by an authorised recipient or a letter in writing has been effectively issued shall be regarded as the date of delivery. If a notice of the Bank is delivered by e-mail or website publication, save as otherwise provided in the listing rules of the place where the shares of the Bank are listed, the date of sending or publication shall be regarded as the date of delivery, which shall be referred to the records of the despatch of the e-mail or uploading of the same on web servers. Accidental omission to serve a notice on, or non-receipt of any such notice by, such person who is entitled to receive the same shall not invalidate the meeting and the resolutions passed at the meeting.

Article 245 Where relevant provisions of regulatory authorities of the place where the Bank's shares are listed require the Bank to deliver, mail, distribute, issue, publish or provide its relevant documents in English and Chinese versions, or in other ways, if the Bank has made appropriate arrangements on determining that its shareholders wish only to receive either the English version or the Chinese version, the Company may, to the extent permitted by and in accordance with applicable laws and regulations, only deliver either the English or the Chinese version to relevant shareholders according to their wishes.

## CHAPTER 18 SUPPLEMENT

Article 246 The Board of Directors may formulate detailed rules of the articles according to the provisions of the Articles. Detailed rules of the articles shall not be in conflict with the provisions of the Articles. If matters are not dealt with in the Articles and detailed rules of the articles, the same shall be dealt with according to the relevant laws and regulations of the PRC and the actual circumstances of the Bank.

Article 247 The Articles shall be written in Chinese and English. The two versions shall have the same effect. If there is any discrepancy between the two versions, the latest Chinese version verified by the banking supervision and administration department under the State Council shall prevail.

Article 248 For the purpose of the Articles, references to "above", "within", "below" and "not exceed" shall include the actual figures, while references to "less than", "lower than", "under", "beyond" and "exceed" shall exclude such actual figures.

Article 249 Unless otherwise specified by the Articles, only ordinary shares and preference shares with recovered voting rights shall be counted in the calculations herein for requesting to convene extraordinary shareholders' meeting, convening and chairing shareholders' meeting, submitting interim proposal to shareholders' meeting and determining the shareholding ratio of relevant shareholders.

Article 250 In accordance with the provisions of these Articles of Association, the Bank has separately formulated corporate governance system documents such as the rules of procedures for shareholders' meetings and rules of procedures of meetings of the Board of Directors, etc., which shall not conflict with the provisions of the Articles.

Article 251 The Board of Directors of the Bank shall be responsible for the interpretation of the Articles.