

# ARTICLES OF ASSOCIATION OF BANK OF ZHENGZHOU CO., LTD.

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** For the purpose of regulating the organization and activities of Bank of Zhengzhou Co., Ltd. (the “Bank”) and protecting the legitimate rights and interests of the Bank, its shareholders and stakeholders, the Articles of Association (the “Articles”) are hereby formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), Securities Law of the People’s Republic of China, Law of the People’s Republic of China on Commercial Banks (the “Commercial Banking Law”), Special Regulations of the State Council concerning the Offering and Listing of Shares Overseas by Joint Stock Limited Companies, Mandatory Provisions for Articles of Association of Companies Listing Abroad, Guidelines on the Corporate Governance of Commercial Banks and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) as well as other relevant laws and regulations in light of the actual condition of the Bank.

**Article 2** The Bank is a commercial bank established in the form of a joint stock limited company in accordance with the Company Law, the Commercial Banking Law and other applicable laws.

The Bank was established by way of promotion on 6 August 1996 with the approval of the People’s Bank of China (Yin Fu (1996) No. 198 and Yin Fu (1996) No. 245). The Bank was registered with the Henan Administration for Industry & Commerce on 16 November 1996 and obtained its business license. The uniform social credit code of the Bank is 914100001699995779.

**Article 3** The Bank is under the supervision and administration of the banking regulatory and administrative authorities under the State Council and its agency (hereinafter collectively referred to as the banking regulatory and administrative authorities under the State Council) and the relevant regulatory authorities of the State in accordance with laws.

**Article 4** Registered name of the Bank:  
Chinese name: 鄭州銀行股份有限公司, in short: 鄭州銀行  
Full English name: BANK OF ZHENGZHOU CO., LTD.  
English in short: BANK OF ZHENGZHOU.  
Domicile of the Bank: No. 22 Shangwu Waihuan Road, Zhengdong  
New District, Zhengzhou City, Henan, the PRC  
Postal code: 450046  
Telephone: +86-0371-67009868  
Fax: +86-0371-67009898

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

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

**Article 7** The Bank is an independent legal person registered with the industrial and commercial administration authorities and carries out its business operations according to laws without interference from any entity and individual. The Bank is entitled to independent legal person properties and has properties rights as a legal person. Shareholders of the Bank shall bear the liabilities of the Bank to the extent of their respective shareholdings and the Bank shall bear liability for its debts to the extent of all its assets.

**Article 8** From the date on which it becomes effective, the Articles shall become a legally binding document that regulates the organization and acts of the Bank, as well as the rights and obligations between the Bank and its share holders, and amongst the shareholders themselves.

The Articles shall be binding on the Bank and the shareholders, directors, supervisors, president and other senior management personnel of the Bank. The aforementioned persons can enforce their rights on matters relating to the Bank in accordance with the Articles.

According to the Articles, shareholders may initiate legal proceedings against other shareholders, against directors, supervisors, president and other senior management personnel of the Bank as well as against the Bank itself. The Bank may initiate legal proceedings against its shareholders, directors, supervisors, president and other senior management personnel.

The term of “initiating legal proceedings” referred to in the preceding paragraph shall include the initiation of legal proceedings at courts or the application of arbitration to arbitration institutions.

**Article 9** The term of “other senior management personnel” referred to in the Articles shall mean the Bank’s vice president, assistant to the president, Secretary to the Board of Directors, finance chief and other senior management personnel as determined by the Board of Directors.

Chairman, vice chairman, directors, president, vice president, assistant to the president, Secretary to the Board of Directors, finance chief and other personnel of the Bank whose qualifications shall be subject to the audit by regulatory authorities such as the banking regulatory and administrative authorities under the State Council shall have the qualifications as required by the regulatory authorities and shall have their qualifications approved by or filed with the regulatory authorities.

**Article 10** The Bank may invest in other limited liability companies, joint stock limited companies and other corporate bodies and shall assume responsibilities to the invested corporation to the extent of its capital contribution or subscribed shares.

**Article 11** The Bank adopts the “tier-one legal person and uniform accounting” system. Based on the needs of its business development and subject to review and approval by the banking regulatory and administrative authorities under the State Council, the Bank may establish branches inside and outside the PRC. Such branches shall not have the status of legal person, and shall legally carry out their business operations within the scope of powers delegated to them by the head office, and their civil liability shall be borne by the head office.

**Article 12** In accordance with the relevant regulations of the Constitution of the Communist Party of China and the Company Law of China, organizations of the Communist Party of China shall be established; the Party Committee shall play the core leadership role, providing direction, managing the overall situation and ensuring implementation. The working organs of the Party shall be established, equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.

## CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE OF BUSINESS

**Article 13** The business objectives of the Bank are: to pursue a market-oriented and customer-focus policy, to carry out business operations in compliance with laws and regulations following the principles of “equality, free will, fairness and integrity”, to provide quality financial services to the society, to create maximum economic benefits for shareholders on the basis of prudent operation and sound development, to assume social responsibilities and to promote and support local economic development and social progress.

The Bank shall adhere to the operating principles of safety, liquidity and profitability, while conducting independent operations, bearing its own risks, assuming sole responsibility for its own profit or loss, being self-constrained and pursuing self-development.

**Article 14** The business scope of the Bank is as follows:

- (1) Public deposits-taking;
- (2) Short-term lending, medium-term lending and long-term lending;
- (3) Domestic and overseas clearing;
- (4) Bill acceptance and discounting;
- (5) Financial bond issuances;
- (6) Acting as agents in issuance and honoring and underwriting of government bonds;
- (7) Buying and selling government bonds and treasury bonds;
- (8) Inter-bank borrowings;
- (9) Foreign exchange deposits, foreign exchange loans, foreign exchange remittances and foreign currency conversion;
- (10) Bank card businesses;

- (11) Providing letters of credit services and guarantees;
- (12) Acting as agents in the collection and payment of money and insurance business;
- (13) Providing safe deposit box services; and
- (14) Any other business approved by the banking regulatory and administrative authorities under the State Council.

## **CHAPTER 3 SHARES AND REGISTERED CAPITAL**

### **Section 1 Shares Issue**

**Article 15** The registered capital of the Bank is RMB5,921,931,900, which is paid-in capital, being the aggregate amount of capital contributed by shareholders of the Bank. The paid-in capital of the Bank is divided into shares with equal par value. All of the ordinary shares issued by the Bank shall be ordinary shares with a par value of RMB1 each.

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

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

**Article 16** The shares in the Bank shall be issued in a fair and equal manner and each share of the same class shall have the same rights. For shares of the same class that are issued in the same tranche, the issue terms and price shall be identical. Any entity or individual subscribing for shares shall pay the same price for each share.

**Article 17** Upon approval of the banking regulatory and administrative authorities under the State Council, the securities regulatory and administrative authorities under the State Council and other relevant regulatory authorities, the Bank may issue shares to domestic investors and overseas investors.

The term of “overseas investors” referred to in the preceding paragraph shall mean investors from foreign countries and from the Hong Kong Special Administrative Region (“Hong Kong”) of the People’s Republic of China (the “PRC”), Macao Special Administrative Region and Taiwan Region who have subscribed for the shares issued by the Bank. The term of “domestic investors” referred to in the preceding paragraph shall mean investors other than those mentioned above who have subscribed the shares issued by the Bank and are located within the PRC.

**Article 18** Shares issued by the Bank to the domestic investors which are subscribed in RMB shall be referred to as “domestic shares”. Shares issued by the Bank to the overseas investors which are subscribed in foreign currency shall be referred to as “foreign shares”. Foreign shares that are listed abroad shall be referred to as “overseas listed foreign shares”.

Shares that are listed domestically shall be referred to as “domestically listed shares”.

Ordinary shares issued with approval from authorities authorized by the State Council and listed and traded on overseas stock exchanges with approval from overseas securities regulatory authorities shall be referred to as “overseas listed shares”.

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

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



The foreign currencies mentioned in the preceding paragraph refer to the legal tenders, other than RMB, of other countries and districts and are recognized by the PRC foreign exchange administration authorities for payment to the Bank for share capital.

**Article 19** The Bank was established by promotion. Promoters of the Bank include the former union operation department of Zhengzhou City Cooperative Credit Union, all of the original shareholders of 47 city cooperative credit unions, Zhengzhou Finance Bureau as a promoter as well as other 14 legal person enterprises. Capital was contributed by the former union operation department of Zhengzhou City Cooperative Credit Union and 47 city cooperative credit unions through conversion of net assets to shares and by other promoters in cash on 6 August 1996.

**Article 20** Shares of the Bank shall be in the form of share certificates.

Share certificates represent share certificates issued by the Bank to its shareholders to evidence their equity interests in the Bank or other certificates evidencing their holding of shares in the Bank.

**Article 21** The total number of ordinary shares that the Bank can issue upon approval by the examination and approval departments authorized by the State Council is 5,921,931,900.

The Bank's ordinary share capital structure is: 5,921,931,900 ordinary shares, including 4,403,931,900 domestically listed shares, representing 74.37% of the total shares issued by the Bank; and 1,518,000,000 H shares, representing 25.63% of the total shares issued by the Bank.

The number of preference shares issued overseas by the Bank is 59,550,000.

**Article 22** Subject to approval and verification of the Bank's plan to issue overseas listed shares and domestically listed shares by the securities regulatory and administrative authorities under the State Council, the Board of Directors of the Bank may implement arrangements regarding the issuance of the shares respectively.

The Bank may respectively implement its plan to issue overseas listed shares and domestically listed shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval and verification by the securities regulatory and administrative authorities under the State Council.

**Article 23** In the event that there are overseas listed shares and domestically listed shares included in the total number of shares stated in the issue plan, such shares shall be fully subscribed for at their respective offerings. If these shares cannot be fully subscribed due to special circumstances, such shares may be issued in separate tranches subject to the approval and verification by the securities regulatory and administrative authorities under the State Council.

## **Section 2 Increase or Reduction and Repurchase of Shares**

**Article 24** The Bank may, based on its operating and development needs and in accordance with the laws and regulations, subject to respective resolutions adopted in the shareholders' general meeting and the approval by the relevant competent authorities, increase its capital in the following ways:

- (1) Public offering of shares;
- (2) Non-public offering of shares;
- (3) Placing new shares to existing shareholders;
- (4) Distributing bonus shares to existing shareholders;
- (5) Transferring reserve funds to increase share capital; and
- (6) Other methods required by applicable laws or permitted by relevant competent authorities of the State.

After being approved according to the Articles, the Bank's increase of capital by issuing new shares shall be conducted in accordance with the procedures provided in relevant laws and administrative regulations.

**Article 25** The Bank may reduce its registered capital. The reduction of the registered capital of the Bank shall be conducted in accordance with the procedures stipulated by the Company Law, the Commercial Banking Law and other applicable laws and provisions of the Articles.

**Article 26** The Bank may, in accordance with the provisions under the laws, administrative regulations, departmental rules and the Articles, repurchase its issued shares in the following circumstances:

- (1) Reduction of the Bank's registered capital;
- (2) Merging with another company holding shares in the Bank;
- (3) Granting of shares to employees of the Bank as reward;
- (4) Requests for the Bank to repurchase its own shares from shareholders who have voted against the resolutions passed at a shareholders' general meeting on the merger or division of the Bank;
- (5) In case there are other regulations about repurchase of preference shares issued by the bank under the laws, administrative regulations, rules, the Articles and preference share issue plan of the Bank, such regulations prevail; or
- (6) Other circumstances permitted by applicable laws and permitted by the relevant competent authorities of the State.

The Bank shall not repurchase its own shares other than in the above circumstances.

**Article 27** Approval shall be obtained at a shareholders' general meeting when the Bank is to repurchase its own shares because of the circumstances set out in (1) to (3) of the preceding article. After the Bank has repurchased its own shares in accordance with the preceding article, the shares so repurchased shall be cancelled within ten (10) days from the date of purchase (under the circumstances set out in (1)), or shall be transferred or cancelled within six (6) months (under the circumstances set out in (2) and (4)).

The shares of the Bank repurchased by the Bank under the circumstances set out in (3) of the preceding article shall not exceed 5% of the total issued shares of the Bank. The funds for repurchase of such shares shall be paid out of the Bank's profits after taxation, and the acquired shares shall be transferred to the Bank's employees within one (1) year.

**Article 28** The Bank may, with approval from relevant competent authorities of the State, repurchase its shares in one of the following ways:

- (1) Making a repurchase offer to all shareholders on a pro rata basis;
- (2) Repurchasing shares through open transactions on a stock exchange;
- (3) Repurchasing shares via an off-market agreement; or
- (4) Other manners as permitted by the laws, administrative regulations, and relevant competent authorities of the State.

An application to change the Bank's registered capital for the portion of shares cancelled due to the repurchase of the Bank's own shares shall be legally filed with the industrial and commercial administration authorities. The aggregate par value of the shares cancelled shall be deducted from the registered capital of the Bank.

**Article 29** Where the Bank is to repurchase its shares via an off-market agreement, prior approval shall be obtained at a shareholders' general meeting in accordance with the Articles. The Bank may, having first obtained the prior approval at a shareholders' general meeting, rescind or alter contracts concluded in the aforementioned manner or waive any of its rights under such contracts.

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

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

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

**Article 30** Unless the Bank is undergoing liquidation, it shall comply with the following requirements with respect to a repurchase of its issued shares:

- (1) For repurchases of shares by the Bank at their par value, payment shall be made from the book balance of its distributable profits or from the proceeds of a new issuance of shares for that purpose;
- (2) Where the Bank repurchases its shares at a premium to its par value, payment up to the par value shall be made from the book balance of its distributable profits or from the proceeds of a new issuance of shares for that purpose. Payment of the portion which is in excess of the par value shall be made as follows:
  - (i) If the shares being repurchased are issued at par value, payment shall be made from the book balance of its distributable profits;
  - (ii) If the shares being repurchased are issued at a premium to its par value, payment shall be made from the book balance of its distributable profits or from the proceeds of a new issuance of shares for that purpose. However, the amount deducted from the proceeds of the new issuance of shares shall not exceed the aggregate amount of the premium received by the Bank from the issuance of the shares so repurchased, nor shall it exceed the amount in the Bank's premium account or capital reserve fund account (including premium on the new issue) at the time of such repurchase.
- (3) The Bank shall make the following payments from the Bank's distributable profits:
  - (i) Acquisition of the rights to repurchase its own shares;
  - (ii) Variation of any contracts for the repurchase of its shares;
  - (iii) Release from its obligations under any repurchase contracts.

- (4) After the aggregate par value of the cancelled shares is deducted from the Bank's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profits used for the repurchase of the shares at par value shall be credited to the Bank's premium account or its capital reserve fund account.

If applicable provision(s) varies from the aforementioned share repurchases financial transactions in the laws, administrative regulations, and relevant regulations of the relevant regulatory authorities, those provision(s) shall prevail.

### **Section 3 Transfer of Shares**

**Article 31** Unless otherwise specified by the relevant laws, administrative regulations and the regulations of the securities regulatory authorities in the locality in which the shares of the Bank are listed, the fully paid shares of the Bank may be transferred legally and freely without any lien attached.

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

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

**Article 32** All fully paid H shares may be freely transferred in accordance with the Articles. However, the Board of Directors may refuse to recognize the documents for transfer without stating any reason unless the conditions stipulated below are met:

- (1) Fee prescribed by the Hong Kong Stock Exchange in the Hong Kong Listing Rules has been paid to the Bank, and all transfer documents and other documents which relate to or may affect the title of any shares have been registered;
- (2) Transfer documents are only in relation to H shares;
- (3) Stamp duty (as stipulated by Hong Kong law) which is payable for the transfer documents has been duly paid;
- (4) Relevant share certificate(s) and any other evidence which the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;

- (5) Where the shares are intended to be transferred to joint holders, the number of such joint shareholders is not more than four (4); and
- (6) The shares are free and clear of any lien of the Bank.

If the Board of Directors refuses to register any transfer of shares, the Bank shall issue a notice to the transferor and the transferee within two (2) months from the date on which the transfer application has been duly submitted, to notify them of the refusal to register such transfer.

**Article 33** All transfers of H shares shall adopt written instruments of transfer in an ordinary or usual form or in any other form acceptable to the Board of Directors (including standard transfer form or other form of transfer as prescribed by the Hong Kong Stock Exchange from time to time). The written instruments of transfer may be signed by hand or (where the transferor or transferee is a corporation) by the company's seal. Where the transferor or transferee is a recognized clearing house as defined by relevant regulations in accordance with the Laws of Hong Kong from time to time (the "recognized clearing house"), or its proxy, the instruments of transfer may be signed by hand or in a machine-imprinted format.

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

**Article 34** Shares of the Bank held by promoters shall not be transferred within one (1) year from the date of the Bank's establishment. Shares issued before the IPO of the Bank shall not be transferred within one (1) year from the date of the listing of shares of the Bank.

Directors, supervisors and senior management personnel of the Bank shall inform the Bank about their holdings of the shares in the Bank and any changes in their shareholding. During their terms of office, the shares transferred each year shall not exceed 25% of the total number of shares of the Bank held by any such aforementioned persons. Shares of the Bank held by them shall not be transferred within one (1) year from the date of the listing of shares of the Bank. Any such aforementioned persons shall not transfer shares of the Bank held by them within six (6) months after they cease to be employed.

If the securities regulatory authorities of the locality in which the Bank's shares are listed have restrictions on transfers of overseas listed shares, those provision(s) shall prevail.

**Article 35** If the Bank's directors, supervisors, senior management personnel, or shareholders holding more than 5% of the Bank's shares sell their shares in the Bank within six months after purchase, or buy the shares within six months after the sale, the earnings gained will be owned by the Bank, and the Bank's Board of Directors will recover the earnings gained. However, if a securities company holds more than 5% of the shares due to underwriting of the remaining shares after sale, the sale of the shares is not subject to a six-month time limit.

If the Board of Directors of the Bank does not comply with the provisions of preceding articles, the shareholders have the right to request the Board of Directors to execute within 30 days. If the Board of Directors of the Bank fails to execute within the above-mentioned time limit, the shareholders will have the right to file a lawsuit directly to the people's court in their own name for the benefit of the Bank.

If the Board of Directors of the Bank does not comply with the provisions of the first article, the directors under the liability shall bear joint liability in accordance with the law.

**Article 36** Any entity or individual together with its related parties and persons acting in concert who intend to hold for the first time or increase by in aggregate, severally or jointly, more than 5% of total shares of our Bank, shall report to the banking regulatory and administrative authorities under the State Council for its approval in advance. Any entity or individual together with its related parties and persons acting in concert who hold, severally or jointly, more than 1% but less than 5% of total shares of our Bank, shall report to the banking regulatory and administrative authorities under the State Council within ten working days after obtaining the relevant equities. Shareholders shall forthwith report to the Board of Directors if there is related party relationship or acting in concert relationship among shareholders.

Shareholders who should have sought approval from or reported to but failed to seek approval from or report to the banking regulatory and administrative authorities under the State Council shall not exercise rights to request the convening of a general meeting (including class meeting), vote, nominate, propose, dispose, etc..

The shares of the Bank may be held by financial instruments, 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 instruments 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 instruments issued, managed or through any other means controlled by such substantial shareholder.



If a shareholder, in the absence of prior approval from the banking regulatory and administrative authorities under the State Council, the number of shares held by a shareholder is above 5% of the total number of the issued shares of the Bank (the “Excess Shares”), the shareholder must transfer the shareholding within the period prescribed by the banking regulatory and administrative authorities under the State Council.

Notwithstanding the foregoing provisions, shareholders of the Bank holding the Excess Shares shall not be subject to any restrictions when exercising the rights stipulated in items (1), (6) and (7) of Article 62 of the Articles.

Shares held by shareholders and their related parties shall be calculated together.

#### **Section 4 Pledge of Shares**

**Article 37** If the shareholders pledge their shares in the Bank to provide guarantees for themselves or others, they shall comply strictly with the laws, regulations, and the requirements of regulatory authorities, and inform the Board of Directors of the Bank in advance. The office of the Board of Directors or other departments designated by the Board of Directors is responsible for the collecting, maintaining and reporting of any matters relating to pledge of the Bank’s shares.

**Article 38** The Bank shall not allow its shares to become object of pledge.

**Article 39** Shareholders shall not pledge the Bank’s shares if the outstanding balance of the loans they have borrowed from the Bank exceeds the audited net book value of the shares held by them in the previous year.

**Article 40** If shareholders who are entitled to nominate candidates of the Directors and supervisors of the Bank or shareholder who can directly or indirectly, or jointly hold or control above 2% of the shares or voting rights of the Bank pledge the shares of the Bank, they shall make an application to the Board of Directors for filing in advance to state basic information such as reason for pledge, number of shares, duration of the pledge and the pledgee. Filing shall not be made if the Board of Directors determines that it has material adverse effect on the stability of the Bank’s shareholding, corporate governance, risk and related transactions. The Director(s) nominated by a shareholder proposing to pledge his shares in the Bank shall abstain from voting at the meeting of the Board of Directors at which such proposal is considered.

Upon completion of shares pledge registration, shareholders shall in a timely manner provide the Bank with relevant information regarding the pledge of shares in line with the Bank's risk management and information disclosure requirement. For shareholders who hold 5% or more of the shares of the Bank that have voting rights, when they pledge their shares, they shall submit written reports on the date the matter happens.

**Article 41** When the shares pledged by a shareholder reaches or exceeds 50% of its holding of shares in the Bank, the voting rights of such shareholder at general meeting and the voting rights of Directors appointed by such shareholder at meetings of the Board of Directors shall be restricted.

#### **CHAPTER 4 FINANCIAL ASSISTANCE FOR THE PURCHASE OF THE BANK'S SHARES**

**Article 42** The Bank or its subsidiary banks (subsidiary companies) shall not offer any financial assistance at any time by any means to purchasers or prospective purchasers who will or who wish to purchase the Bank's shares. The aforementioned purchasers shall include both persons who have directly or indirectly assumed obligations due to purchasing the Bank's shares.

The Bank or its subsidiary banks (subsidiary companies) shall not offer any financial assistance at any time by any means in order to reduce or relieve the obligations of the aforesaid purchasers or prospective purchasers.

This Article does not apply to the circumstances set out in Article 44 of the Articles.

**Article 43** "Financial assistance" referred to in the Articles shall include but shall not be limited to the following means:

- (1) Financial assistance given by gifts;
- (2) Financial assistance given by guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Bank's neglect or default) or the release or waiver of any rights;

- (3) Financial assistance given by way of a loan or any other agreement under which the obligations of the Bank are to be fulfilled at a time when in accordance with the agreement the obligations of another party remains unfulfilled; or by way of the novation of, or the assignment of rights arising under such a loan or other agreement referred to in this paragraph; and
- (4) Any other form of financial assistance given by the Bank when the Bank is insolvent, has no net assets, or when its net assets would be reduced to a material extent as a result of such financial assistance.

The “obligations” referred to in this Chapter shall include the obligations of an obligor which have arisen by making an agreement or arrangement (regardless of whether the aforesaid agreement or arrangement is enforceable, or whether such obligations are assumed by the obligor individually or jointly with any other person) or any obligations that arise out of changes made in any other way to the obligor’s financial position.

**Article 44** The acts listed below are not prohibited by Article 42 of the Articles, subject to any prohibitions by the relevant laws, administrative regulations, departmental rules and regulatory documents:

- (1) The financial assistance provided by the Bank is in good faith for the benefit of the Bank and the main purpose of the financial assistance is not for the acquisition of shares in the Bank, or the financial assistance is an incidental part of an overall plan of the Bank;
- (2) The lawful distribution of the Bank’s assets in the form of dividends;
- (3) The distribution of dividends in the form of shares;
- (4) The reduction of registered capital, repurchase of shares, and adjustment of shareholding structure, etc. in accordance with the Articles;
- (5) The provision of a loan by the Bank within its scope of business and in the ordinary course of business (provided that this does not lead to a reduction in the net assets of the Bank or that if this causes a reduction, the financial assistance is taken from the Bank’s distributable profits); and

- (6) Provision of funds by the Bank for an employee shareholding scheme (provided that this does not lead to a reduction in the net assets of the Bank or that if this causes a reduction, the financial assistance is taken from the Bank's distributable profits).

## **CHAPTER 5 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

**Article 45** The share certificates of the Bank shall be in registered form.

Apart from the particulars as required by the Company Law and article 20 of the Articles, the particulars to be set out in the share certificates of the Bank shall include other items that should be stated pursuant to the regulations of securities regulatory authorities of the locality in which the Bank's shares are listed.

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

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

**Article 46** The share certificates of the Bank shall be signed by the chairman of the Board of Directors. Where the securities regulatory authorities in the locality in which the shares of the Bank are listed require the president or other senior management personnel of the Bank to sign the share certificates, the share certificates shall be signed by the president or other relevant senior management personnel. The share certificates shall become effective after a seal of the Bank is affixed or imprinted thereon. The affixation of the Bank's seal on the share certificates shall be subject to the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors, the president or other relevant senior management personnel of the Bank on the share certificates can be provided in printed form.

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

**Article 47** The Bank shall maintain a register of shareholders, stating the following matters, in accordance with the certificates provided by the securities registrar, or conduct the registration of shareholders pursuant to the provisions of the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

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

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

**Article 48** Pursuant to an understanding and agreement reached between the securities regulatory and administrative authorities under the State Council and overseas securities regulatory authority, the Bank may keep its registers of shareholders of overseas listed shares outside the PRC and appoint an overseas agent to manage these registers. The original of the register of shareholders of H shares (only including ordinary shares) shall be kept in Hong Kong.

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

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

**Article 49** The Bank shall keep a complete register of shareholders.

The register of shareholders shall comprise the following parts:

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

**Article 50** The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not be registered in any other part of the register during the continuance of the registration of such shares.

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

**Article 51** No changes shall be made to the register of shareholders as a result of a transfer of shares either within thirty (30) days prior to the date of a shareholders' general meeting, or within five (5) days before the base date set by the Bank for the purpose of distribution of dividends.

If alternate provisions are stipulated by the securities regulatory authority located in the locality in which the shares of the Bank are listed, those provisions shall prevail.

**Article 52** Anyone objecting to the register of shareholders, either requests to register his/her/its name (description) in the register of shareholders or to remove his/her/its name (description) from the register of shareholders shall have the right to apply to the court having the appropriate jurisdiction in order to rectify the register.

**Article 53** If the share certificates (i.e. the "Original Share Certificates") of any shareholders registered in the register of shareholders or any persons who requests to register their names (description) in the register of shareholders are lost, these shareholders or persons may apply to the Bank for replacement certificates in respect of such shares (i.e. the "Relevant Shares").

Shareholders holding domestically listed shares and who apply for the replacement of share certificates shall comply with the relevant provisions of the Company Law.

Shareholders holding overseas listed shares and apply for the replacement of share certificates shall comply with the laws of the locality in which the original registers of shareholders holding overseas listed shares is kept or regulations of securities regulatory authorities of the locality in which the Bank's shares are listed or other relevant regulations.

If the share certificates held by shareholders of H shares are lost, the replacement share certificate application shall comply with the following requirements:

- (1) Applicants shall submit an application via a standard form designated by the Bank alongside a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the reason the applicant is making the application, the circumstances in which the share certificate(s) was/were lost with supporting evidence, and a declaration that no other persons can request to be registered as a shareholder in respect of the Relevant Shares.
- (2) The Bank has received no declarations from anyone other than the applicant requesting registration as a shareholder over the Relevant Shares before the Bank decides to issue replacement share certificates.
- (3) If the Bank decides to issue the replacement share certificates to the applicant, an announcement of its intention to issue the certificates shall be published in a newspaper designated by the Board of Directors. The period for this announcement shall be ninety (90) days and the announcement shall be republished at least once every thirty (30) days during this period.
- (4) Prior to the publication of the aforesaid announcement, the Bank shall submit a copy of the proposed announcement to the stock exchange on which its shares are listed, and shall publish the announcement after obtaining the stock exchange's confirmation that the announcement has been displayed at the stock exchange. The announcement shall be displayed at the stock exchange for ninety (90) days.

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

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

**Article 54** After the Bank issues replacement share certificates in accordance with the Articles, the names (description) of the bona fide purchasers who obtain the replacement share certificates or the shareholders who subsequently register as the owner of such shares (provided that they are bona fide purchasers) shall not be removed from the register of shareholders.

**Article 55** The Bank shall not assume any compensatory obligations towards persons who may suffer loss from the Bank's cancellation of the lost Original Share Certificates or the issuance of replacement share certificates, unless such persons can prove fraud on the part of the Bank.



## CHAPTER 6 PARTY ORGANIZATION (PARTY COMMITTEE)

**Article 56** The Committee of the Communist Party of Bank of Zhengzhou Co., Ltd.\* (hereinafter the “Party Committee”) and the commission for discipline inspection of the Communist Party of Bank of Zhengzhou Co., Ltd.\* (hereinafter the “Discipline Inspection Committee”) shall be established within the Bank. The Party Committee shall consist of one secretary with the number of deputy secretaries as well as other members of the Party Committee to be determined according to the approval by higher-level Party organizations. The Discipline Inspection Committee shall consist of one secretary with the number of deputy secretaries and other members of the Discipline Inspection Committee to be determined according to the approval by higher-level discipline inspection organizations. The chairman of the Board of Directors of the Bank and the secretary to the Party Committee shall be the same person in principle. Eligible members of the Party Committee can become members of the Board of Directors, the Board of Supervisors and the senior management through legal procedures, while eligible members of the Board of Directors, the Board of Supervisors and the senior management can also join the Party Committee in accordance with relevant rules and procedures.

**Article 57** The Party Committee of the Bank shall, in accordance with the Constitution of the Communist Party of China and other internal rules and regulations of the Party, perform the following duties:

- (1) to ensure and supervise the Bank’s implementation of policies and guidelines of the Party and the State, and to implement major strategic decisions of the Central Committee of the Party and the State Council, as well as important work arrangements of higher Party organizations;
- (2) to strengthen its leadership and gate keeping role in the process of selection and appointment of personnel, focusing on standards, procedure, evaluation, recommendation and supervision, and to uphold the integration of the principle that the Party manages the cadres with the lawful selection of the management by the Board of Directors and the lawful exercise of authority of appointment, promotion and demotion of personnel by the management;

- (3) to study and discuss the reform, development and stability of the Bank, major operational and management issues and major issues concerning employees' interests, and to provide suggestions. To support the shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management of the Bank in performing their duties in accordance with laws and to support the staff representative assembly in carrying out its work;
- (4) to assume the primary responsibility to exercise strict self-governance in every respect of the Party, to lead the Bank's ideological and political work, the united front work, the cultural and ethical cultivation, corporate culture cultivation as well as the work of mass organizations such as the Trade Union and the Communist Youth League, to lead the construction of the Party's working style and its clean and honest administration, and to support the Commission for Discipline Inspection of the Party in earnestly performing its supervisory responsibilities;
- (5) to strengthen the building of the Bank's primary Party organizations and ranks of Party members, to give full play to the role of Party branches as militant bastions and to the role of Party members as vanguard and exemplary, to unite and lead cadres and employees to devote themselves into the reform and development of the Bank; and
- (6) other material matters that fall within the duty of the Party Committee.

**Article 58** Prior to making decisions on material issues of the Bank, the Board of Directors shall hear the opinion from the Party Committee.

## CHAPTER 7 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

### Section 1 Shareholders

**Article 59** A shareholder of the Bank is a legal person or a natural person who lawfully holds shares in the Bank and whose name (description) is entered in the register of shareholders of the Bank. Shareholders of the Bank shall comply with the requirements of being investor and shareholders of financial institutions stipulated by the banking regulatory and administrative authorities under the State Council.

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

- (1) The Bank shall not register more than four (4) persons as the joint holders of any share(s);
- (2) All the joint holders of any share(s) shall be jointly liable for payment of all amounts due from such share(s);
- (3) If one of the joint shareholders is deceased, only the surviving persons among the joint shareholders shall be regarded as the owners of relevant shares of the Bank, provided that the Board of Directors shall have the right to require the surviving persons to provide a certificate of death (in a manner deemed appropriate by the Board of Directors) for the purpose of changing the register of shareholders; and
- (4) For joint shareholders of any shares, only the joint shareholder whose name stands first on the register of members shall be entitled to receive the certificate of relevant shares and notice from the Bank. Any notice which has been served to the aforesaid person shall be deemed to have been served to all of the joint shareholders of relevant shares. Any one of the joint shareholders may sign the proxy form, but if more than one of such joint shareholders be present in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholders, and for this purpose seniority of shareholders shall be determined by the order in which the names of the relevant joint shareholders of the relevant shares stand in the register of members of the Bank.

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

**Article 60** A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held. Shareholders who hold shares of the same class will have the same rights and obligations.

**Article 61** When the Bank convenes a shareholders' general meeting, distributes dividends, undergoes liquidation or engages in any other act requiring the confirmation of shareholders' identities, the Board of Directors or the convener of the shareholders' general meeting shall stipulate a date for shareholding registration. After trading hours have ended on the shareholding registration date, the shareholders who are recorded in the register of shareholders shall be the shareholders who are entitled to the relevant rights and interests.

**Article 62** Shareholders of the Bank shall enjoy the following rights (if the Articles have other regulations on the rights of holders of preference shares, those other regulations shall apply):

- (1) To receive dividends and other kinds of distributions as determined by the number of shares held by them;
- (2) To request, convene, preside, attend or appoint a proxy to attend shareholders' general meeting, and to exercise their voting rights based on the number of shares held by them;
- (3) To supervise the business operation of the Bank, and to make suggestions and enquiries accordingly;
- (4) To transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles;

- (5) To obtain relevant information in accordance with the laws, administrative regulations, departmental rules, regulatory documents, the relevant provisions stipulated by the securities regulatory authorities in the locality in which the shares of the Bank are listed and the Articles, including:
1. To obtain a copy of the Articles after paying the costs and expenses incurred; and
  2. Have the right to inspect, free of charge, and to photocopy, after paying a reasonable fee, the following documents:
    - (i) All parts of the register of shareholders;
    - (ii) The personal information of the directors, supervisors, president and other senior management personnel of the Bank;
    - (iii) Status of the Bank's share capital;
    - (iv) Reports on the aggregate par value, number of shares, and highest and lowest prices of each class of shares in relation to any repurchase by the Bank of its own shares since the last financial year, as well as all the expenses paid by the Bank in relation to such repurchases;
    - (v) Minutes of the shareholders' general meeting;
    - (vi) The special resolutions of the Bank;
    - (vii) The latest audited financial statements, report of the Bank's Board of Directors, auditors' report and report of the Bank's Board of Supervisors;

(viii) A copy of the latest annual return already submitted to the State Administration for Industry & Commerce of PRC or other competent bodies.

The documents referred to in items (i), (iii), (iv), (v), (vi), (vii) and (viii) shall be maintained at the Hong Kong address of the Bank in accordance with the Hong Kong Listing Rules and available for inspection free of charge by both the public and shareholders of H shares, whereas item (v) will only be available for inspection by the shareholders with voting rights at relevant shareholders' meetings. Shareholders of the Bank also have the right to consult resolutions of the meetings of Board of Directors and Board of Supervisors as well as the stubs of company bonds.

Copies of the minutes of the meetings shall be available for inspection during business hours of the Bank by any shareholder free of charge. If any shareholder makes a request to obtain a copy of the relevant minutes from the Bank, the Bank shall send a copy of the requested minutes within seven (7) days upon the receipt of a reasonable fee.

The Bank may refuse to provide any of the aforementioned documents if the documents to be inspected or photocopied involves the Bank's trade secrets and price sensitive information (including inside information);

- (6) To participate in the distribution of the remaining assets of the Bank based on the number of shares held in the event of the Bank's dissolution or liquidation;
- (7) To demand the Bank to acquire their shares (for shareholders who disagree with the resolutions adopted at a shareholders' general meeting in relation to the merger or division of the Bank); and
- (8) To have other rights conferred in accordance with the laws, administrative regulations, departmental rules and the Articles.

If any person holding an interest in the shares either directly or indirectly exercises their rights without disclosing their rights to the Bank, the Bank shall not thus compromise the rights of such persons by freezing it or in any other manner.

**Article 63** Where a shareholder requests to inspect or obtain the relevant information as set forth in the preceding Article, this shareholder shall provide the Bank with written documents evidencing the class and number of shares held by this shareholder in the Bank and the Bank shall provide the above information at the request of such shareholder upon verification of the shareholder's identity.

**Article 64** If a resolution of a shareholders' general meeting or the Board of Directors violates the laws and administrative regulations, a shareholder shall have the right to request a people's court to determine the resolution as invalid.

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

If a shareholder institutes an action in accordance with the preceding procedure, the Bank may request a people's court to require that the shareholder provide a corresponding guarantee.

If the Bank has completed the formalities regarding a change of registration pursuant to a shareholders' resolution or a Board resolution and a people's court has subsequently declared the resolution to be invalid or has rescinded the resolution, the Bank shall apply to the registration authority to cancel the change of registration.

**Article 65** If any director and senior management personnel has violated the laws, administrative regulations or provisions of the Articles in performing their duties in the Bank and therefore has caused loss to the Bank, shareholders who have individually or jointly held above 1% of shares in the Bank for above one hundred and eighty (180) consecutive days may make a written request to the Board of Supervisors to initiate legal proceedings at a people's court. If the Board of Supervisors has violated laws, administrative regulations or provisions of the Articles in performing its duties and therefore has caused loss to the Bank, the abovementioned shareholders may make a written request to the Board of Directors to initiate legal proceedings at a people's court.

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

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

**Article 66** If any director and senior management personnel has violated the laws, administrative regulations or provisions of the Articles and has therefore impaired the interests of the shareholders, the shareholders may initiate legal proceedings at a people's court.

**Article 67** Shareholders of the Bank shall have the following obligations (if the Articles have other regulations on the obligations of holders of preference shares, those other regulations shall apply):

- (1) To abide by the laws, administrative regulations, regulatory requirements and the Articles;
- (2) To contribute to the share capital as determined by the number of shares subscribed by them and the prescribed method of capital contribution;
- (3) Not to withdraw their contributed share capital except in circumstances allowed by the laws and administrative regulations;
- (4) To report to the Board of Directors in a timely, complete and truthful manner regarding the particulars of its related enterprises, its related party relationship with other shareholders and its shareholdings in other commercial banks;



- (5) Not to abuse their rights in harming the interests of the Bank, shareholders and any other stakeholders; not to seek improper advantages or interfere with the decision-making rights and management rights entrusted to the Board of Directors and senior management in line with the Articles, and not to bypass the Board of Directors and senior management and directly intervene in the Bank's operations and management; not to abuse the Bank's status as an independent, separate legal entity and the limited liability of shareholders to harm the interests of the Bank's creditors. If a shareholder of the Bank abuses his/her/its rights and causes loss to the Bank or other shareholders, he/she/it will be held liable for compensation in accordance with the law. If a shareholder abuses the Bank's status as an independent, separate legal entity and the limited liability of shareholders to evade the repayment of debts, resulting in material damage to the interests of the Bank's creditors, that shareholder will be jointly liable for the debts of the Bank;
- (6) To safeguard the Bank's interests and reputation, and to support the Bank in operating in a lawful manner;
- (7) For shareholders who have made false statements, abused their shareholders' rights or acted to damage the interests of the Bank, the banking regulatory and administrative authorities under the State Council may restrict or prohibit connected transactions between the Bank and such shareholders, limit the maximum number of the Bank's shares that they can hold and the percentage of the Bank's shares that they can pledge, and their rights to request the convening of the general meeting, vote, nominate, propose, dispose, etc.;
- (8) To assume other obligations required by the laws, administrative regulations, regulatory requirements and the Articles.

Except as otherwise provided in the Articles, shareholders shall not be liable for making any additional contribution to the share capital of the Bank other than according to the terms agreed by the subscriber of the shares at the time of subscription.

**Article 68** The controlling shareholders or the de facto controllers of the Bank shall not use their related party relationship to prejudice the interests of the Bank. In violation of such provisions, he/she/it shall be liable to compensate the Bank for the losses thereof.

A controlling shareholder or de facto controller of the Bank shall owe the fiduciary duties to both the Bank and public shareholders of the Bank. The controlling shareholder shall be in strict compliance with the law while exercising his/her/its rights as investor, and shall not impair the legal interests of the Bank or public shareholders by taking advantage of profit distribution, assets reorganization, external investment, capital appropriation and loan guarantee or in any other way, nor shall he/she/it impair the legal interests of the Bank or public shareholders by taking advantage of his/her/its privileged position as a controlling shareholder.

- (1) The controlling shareholders shall strictly comply with the conditions and procedures imposed by the laws and the Articles of the Bank when nominating candidates for the directors and supervisors of the Bank; cannot appoint or dismiss senior management personnel of the Bank by bypassing the shareholders' general meeting and the Board of Directors;
- (2) The personnel, assets, financial affairs, institution and business of a controlling shareholder shall be separate from and independent of that of the Bank. The Bank shall keep separate accounts and assume liability and risks independently;
- (3) Personnel of the Bank shall be independent from the controlling shareholder, the senior management of the Bank shall not hold positions other than directors in any entity of the controlling shareholder;
- (4) Any assets contributed by a controlling shareholder in the Bank shall be independent and in its entirety, and with ownership unencumbered. The controlling shareholder shall not use or dispose of the Bank's assets, or interfere with the Bank's operation and management of such assets;
- (5) The controlling shareholders shall not directly or indirectly interfere with the decision-making of the Bank as well as operation activities conducted in accordance with the laws, and shall not impair the interests of the Bank and other shareholders;
- (6) The Bank's Board of Directors, Board of Supervisors and other internal structures shall operate independently, the controlling shareholders shall respect the Bank's financial independence and shall not interfere with the Bank's financial and accounting activities;
- (7) The controlling shareholder and its subordinate institutions shall not make plans or instructions with regard to the Bank's business, nor affect its business and management independency in any manner.

**Article 69** Shareholders, particularly substantial shareholders, shall support the Board of Directors of the Bank in formulating reasonable capital plans, in order to meet the capital regulatory requirements on a continuous basis. The substantial shareholders shall undertake in writing that he/she will replenish the Bank's capital whenever necessary, and report their capital replenishment capacity to the banking regulatory and administrative authorities under the State Council through the Bank on an annual basis. When the capital adequacy ratio of the Bank fails to meet the regulatory requirements, shareholders shall formulate a capital restoration plan where the capital adequacy ratio will meet the regulatory requirements within a limited time frame and restore capital by increasing core capital and other means. Substantial shareholders shall not prevent other shareholders from injecting capital or eligible shareholders from investing in the Bank.

**Article 70** The Bank shall not offer better terms for credit to the shareholders and their associates than those of other clients on the same type of transactions.

**Article 71** Shareholders shall not exercise their voting rights during the loan overdue period and the number of voting shares represented by them shall be excluded from the total number of effective votes. The Bank shall cause such aforesaid to be noted in the minutes of the shareholders' general meeting. During the loan overdue period, the Bank shall have the right to withhold the dividends of such shareholders as the repayment of their overdue loans. Any assets to be distributed to such shareholders in the Bank's liquidation process shall also be used in priority for the repayment of the Bank's outstanding loans.

**Article 72** In addition to the obligations required under the laws, administrative regulations or the provisions stipulated by a stock exchange located in the locality in which the shares of the Bank are listed, when exercising their rights as a shareholder, controlling shareholders shall not exercise their voting rights and make decisions on the following issues as these issues are detrimental to the interests of all or some of the shareholders:

- (1) Relieving a director or a supervisor of their responsibility to act in good faith and in the best interests of the Bank;
- (2) Approving a director or a supervisor in depriving the Bank of its assets in any form, including but not limited to any business opportunities that are advantageous to the Bank, regardless of whether the deprivation is made for the director's or supervisor's benefit or for the benefit of others;

- (3) Approving a director or a supervisor (for his/her own or for the benefit of others) in depriving other shareholders of their personal interests, including but not limited to any distribution rights and voting rights, unless the deprivation is made pursuant to the Bank restructuring submitted to and adopted at the shareholders' general meeting in accordance with the Articles.

## **Section 2 General Provisions on Shareholders' General Meeting**

**Article 73** The shareholders' general meeting which composed of all shareholders shall be an organ of power of the Bank and shall exercise the following duties and powers in accordance with the law:

- (1) To decide on the business policies and material investment plans of the Bank;
- (2) To elect and replace directors and supervisors which are not appointed as representatives of the employees, and to decide on the remuneration of the relevant directors and supervisors;
- (3) To examine and approve reports made by the Board of Directors;
- (4) To examine and approve reports made by the Board of Supervisors;
- (5) To examine and approve the Bank's proposed annual financial budget and final accounts;
- (6) To examine and approve the Bank's plans for profit distribution and loss recovery;
- (7) To adopt resolutions concerning the increase or reduction in the Bank's registered capital;
- (8) To adopt resolutions regarding the issuance of bonds or other securities and the listing of the Bank;
- (9) To adopt resolutions on the merger, division, change in corporate form of the Bank, dissolution, liquidation and other matters;
- (10) To amend the Articles;

- (11) To decide on the engagement, dismissal or discontinuation of the appointment of the Bank's accounting firm;
- (12) To examine material external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrustment of wealth management and other matters of the Bank;
- (13) To examine and approve the related party transactions which require approval by the shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules, regulatory documents, regulations of securities regulatory authorities of the locality in which the Bank's shares are listed;
- (14) To examine and approve matters regarding change of the use of collected funds;
- (15) To examine the stock incentive plans and employee stock ownership plans;
- (16) To examine proposals raised by the shareholders who individually or jointly hold above 3% of the total issued and outstanding voting shares of the Bank (hereinafter referred to as "Proposing Shareholders");
- (17) To determine the issuance of preference shares; to determine or authorise the Board of Directors to determine matters relating to preference shares issued by the Bank, including but not limited to redemption, conversion and distribution of dividends;
- (18) To examine other issues which should be decided by the shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules as well as the Articles.

The matters mentioned above are within the shareholders' general meeting's scope of authority and shall be examined and decided by the shareholders' general meeting. If it is necessary, reasonable and legal, the decision making of these issues can be delegated to the Board of Directors. If delegated, the authorization given shall be clear and specific.

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

**Article 74** The following external guarantees of the Bank shall be passed through deliberation by the general meeting of the shareholders.

- (1) Any guarantees provided after the total amount of external guarantees of the Bank and its holding subsidiaries (sub-banks) meets or exceeds 50% of the latest audited net assets.
- (2) Any guarantees provided after the total amount of external guarantees of the Bank meets or exceeds 30% of the latest audited total assets.
- (3) Guarantees for guarantee objects with an asset-liability ratio of more than 70%.
- (4) Single guarantee whose amount exceeds 10% of the latest audited net assets.
- (5) Guarantees provided for the shareholders, de facto controllers and relevant parties.

**Article 75** There are two types of shareholders' general meeting: annual general meeting and extraordinary general meeting. The annual general meeting shall be held once a year within six (6) months after the previous financial year end.

**Article 76** An extraordinary general meeting shall be convened within two (2) months from the date of occurrence of any of the following events:

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

- (2) The outstanding loss of the Bank is at least one-third of the Bank's total paid-up share capital;
- (3) Shareholders who individually or jointly hold above 10% of the voting shares of the Bank (the "Requesting Shareholders") have requested to convene the meeting in writing;
- (4) The Board of Directors deems it necessary to convene the meeting;
- (5) The Board of Supervisors proposes to convene the meeting;
- (6) Above half of the independent directors propose to convene the meeting (if there are only two independent directors, then the two independent directors unanimously propose to convene);
- (7) Above half of the external supervisors propose to convene the meeting (if there are only two external supervisors, then the two external supervisors unanimously propose to convene);
- (8) Any other circumstances as stipulated by the laws, administrative regulations, departmental rules and the Articles.

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

The number of shares referred to in the aforesaid item (3) shall be calculated as of the date when shareholders put forward the written request.

**Article 77** If the Bank fails to convene a shareholders' general meeting within the stipulated period, it shall report to the dispatched office of the banking regulatory and administrative authorities under the State Council at the locality of the Bank, the dispatched office of the securities regulatory authorities and the stock exchange, and explain the reasons for the postponement and make an announcement.

**Article 78** The location for the Bank to convene a shareholders' general meeting shall be at the Bank's domicile or other places specified in the notice of the shareholders' general meeting. An assembly room will be set up for the shareholders' general meeting and the meeting will be held in the form of live meeting. The Bank may also provide the network or other means for the convenience of shareholders to attend the shareholders' general meeting when it is ready. Shareholders attending the shareholders' general meeting through the aforesaid means shall be considered as present. The method to confirm the identity of shareholders shall be in line with Article 61. In case a general meeting of the Bank will be held on line or by other method, the voting time and procedures shall be stated on the notice to hold the meeting.

**Article 79** When a shareholders' general meeting is being held, the Bank shall engage lawyers to observe the shareholders' general meeting and give legal opinions as to the matters set out below:

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

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

**Article 80** The shareholders' general meeting shall be convened by the Board of Directors. If the Board of Directors is unable or fails to perform its duty in convening the shareholders' general meeting, the Board of Supervisors shall promptly convene the meeting. If the Board of Supervisors does not convene the meeting, the shareholders who individually or jointly hold above 10% of the Bank's voting shares for above ninety (90) consecutive days (the "Convening Shareholders") may convene such meetings on their own initiative.



**Article 81** The independent directors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting in case 1/2 or more of the independent directors agree to do so (if there are only two independent directors, then the two independent directors unanimously propose to convene). The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles, make a response as to whether or not it agrees to convene an extraordinary general meeting within ten (10) days of receiving the proposal from the independent directors.

If the Board of Directors agrees to convene the extraordinary general meeting, a notice convening such a meeting shall be issued within five (5) days after the resolution of the Board of Directors is passed. If the Board of Directors does not agree to convene the extraordinary general meeting, it shall give an explanation and make an announcement.

**Article 82** The Board of Supervisors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall make its motions to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles, make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten (10) days of receiving the proposal. When all the external supervisors reach a consensus, they shall have the right to propose the Board of Supervisors to recommend the Board of Directors to convene an extraordinary general meeting, and the Board of Supervisors shall reply its agreed or disagreed opinions in writing upon receipt of such proposals.

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

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

**Article 83** When the Requesting Shareholders request to convene an extraordinary general meeting or any class shareholders' meeting (hereinafter referred to as "Relevant Meetings"), they shall act in compliance with the following procedures:

The Requesting Shareholders propose to the Board of Directors to convene Relevant Meetings and shall propose their motions to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles, make a written response as to whether or not it agrees to convene Relevant Meetings within ten (10) days of receiving the proposal.

If the Board of Directors agrees to convene Relevant Meetings, a notice convening such meetings shall be issued within five (5) days after the resolution of the Board of Directors is passed. If the proposal contained in the original notice is changed, approval of the relevant shareholders shall be sought.

If the Board of Directors does not agree to convene Relevant Meetings, or fails to give its response within ten (10) days of receiving the proposal, shareholders who either individually or jointly hold above 10% of the Bank's shares shall have the right to propose to the Board of Supervisors to convene Relevant Meetings and this proposal shall be made to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene Relevant Meetings, a notice for convening such meeting shall be issued within five (5) days of receiving the proposal. If the proposal contained in the original notice is changed, approval of the relevant shareholders shall be sought.

If the Board of Supervisors fails to give the notice of Relevant Meetings within the specified time limit, it shall be deemed to have failed to convene or preside over the Relevant Meetings, in which case, shareholders who either individually or jointly hold above 10% of the Bank's voting shares for above ninety (90) consecutive days shall have the right to convene and preside over Relevant Meetings by themselves.

**Article 84** If either the Board of Supervisors or shareholders propose to convene a shareholders' general meeting on their own initiatives, the Board of Directors shall be informed in writing. In addition, the proposal shall be filed to the local securities regulatory authority and the stock exchange on which it is listed.

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

The Convening Shareholders shall submit the relevant evidentiary materials to the banking regulatory and administrative authorities under the State Council of the place in which the Bank is operating when the Convening Shareholders issue the notice of shareholders' general meeting and the announcement of the resolutions passed at the shareholders' general meeting.

**Article 85** With respect to a shareholders' general meeting convened by the Board of Supervisors or the shareholders, the Board of Directors and the Secretary of the Board shall cooperate. The Board of Directors shall offer the register of shareholders as at the shareholding registration date.

If the Board of Directors fails to offer the register of shareholders, the conveners may apply to relevant securities registration and clearing institutions by relying on the announcements regarding the notice convening the shareholders' general meeting. The register of shareholders offered to the conveners shall only be used for the shareholders' general meeting and shall not be used for other purposes.

**Article 86** Necessary costs arising out of a shareholders' general meeting convened by the Board of Supervisors or shareholders on their own shall be borne by the Bank and shall be deducted from the funds due to the Bank from directors who have not carried out their duties.

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

**Article 87** Proposals of shareholders' general meeting shall simultaneously meet all of the following requirements:

- (1) The contents of the proposal shall be within the scope of authority of the shareholders' general meeting;
- (2) Shall have definite topics for consideration and specific items to be decided by resolution;
- (3) Shall be in compliance with the laws, administrative regulations and the relevant provisions of the Articles; and
- (4) Shall be in written form and submitted or delivered to the Board of Directors and the conveners of the shareholders' general meeting.

**Article 88** When the Bank convenes shareholders' general meeting, the Board of Directors, the Board of Supervisors and the Proposing Shareholders shall be entitled to submit their proposals in writing to the Bank. The Bank shall include matters in the proposal which are within the scope of responsibilities of the shareholders' general meeting into the agenda.

The Proposing Shareholders may submit provisional proposals to the conveners in writing ten (10) days prior to the date of the shareholders' general meeting. The conveners shall issue a supplemental notice setting out the content of the provisional proposals within two (2) days of receiving the proposals. As otherwise provided in the listing rules of the stock exchange where the Bank's shares are listed, its requirements shall also be met.

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

Proposals which have not been set out in the notice of shareholders' general meeting or which are not in compliance with Article 87 of the Articles shall not be put forward and voted upon as resolutions at a shareholders' general meeting.

**Article 89** When the Bank is to convene an annual general meeting, the conveners shall make an announcement, forty-five (45) days prior to the date of the meeting, to all shareholders whose names appear on the register of shareholders (including the holders of the preference shares with restored voting rights) stating the matters to be considered at the meeting and the date and venue of the meeting. Shareholders who wish to attend the shareholders' general meeting shall provide a written reply of attendance to the Bank twenty (20) days before the shareholders' general meeting is convened.

**Article 90** The Bank shall calculate the proportion of voting shares held by shareholders who wish to attend the meeting based on the written replies received twenty (20) days before the shareholders' general meeting that is convened by the Bank. Where the proportion of voting shares held by shareholders who wish to attend the meeting reaches above half of the total voting shares of the Bank, the Bank will convene the shareholders' general meeting. If this threshold is not met, the Bank shall inform the shareholders within five (5) days via an announcement stipulating the matters to be considered and the venue, date and time of the meeting. Once this announcement is made, the Bank may then proceed to convene the shareholders' general meeting.

**Article 91** Notice of shareholders' general meeting shall contain the following contents:

- (1) The date, time and venue of the meeting;
- (2) The matters and proposals to be considered at the meeting;
- (3) All necessary information and explanation to enable shareholders to make informed decisions on the matters to be discussed. This means that when the following matters, which shall include, but shall not be limited to: any merger, share repurchase, share capital reorganization or any proposals relating to change in the structure of the Bank are involved, the detailed terms of the proposed transaction, copies of the proposed agreement (if any) and detailed explanation as to the cause and effect of such a proposal transaction shall be provided;

- (4) If any of the directors, supervisors or senior management personnel have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the effects of the matters to be discussed have a different effect on a director, supervisor or senior management personnel as shareholders compared to other shareholders of that same class, they shall explain this difference;
- (5) The full text of any proposed special resolutions to be voted on at the meeting;
- (6) A prominent statement stating that a shareholder entitled to attend and vote at the meeting, is entitled to appoint above one proxies to attend and vote on his/her behalf, and such proxy need not be a shareholder, and the power of attorney used to appoint proxies shall be enclosed;
- (7) The shareholding registration date of the shareholders who are entitled to attend the meeting;
- (8) The time and address for lodging the proxy forms of the relevant meeting;
- (9) The name and phone number of the contact person of the meeting;
- (10) Other requirements stipulated by the laws, regulations, the regulations of the relevant regulatory authorities as well as the Articles.

The interval between the shareholding registration date and the date of the shareholders' general meeting shall not be more than seven (7) working days. The shareholding registration date shall not be changed once confirmed.

**Article 92** Unless otherwise stipulated by the laws, regulations, the regulations of the relevant regulatory authorities as well as the Articles, the notice of a shareholders' general meeting shall be delivered by hand or prepaid mail to all shareholders entitled to attend (regardless of whether they have voting rights at the shareholders' general meeting). The address of the recipients shall be the address registered in the register of shareholders. For holders of domestically listed shares, the notice of a shareholders' general meeting may be in the form of an announcement.

The aforesaid announcement shall be published in one or more newspapers specified by the securities regulatory and administrative authorities under the State Council between the forty-five (45) to fifty (50) day interval prior to the date the meeting is convened. All holders of domestically listed shares shall be deemed as having been notified of the forthcoming shareholders' general meeting once the announcement is published.

For shareholders of H shares, subject to the compliance with applicable laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange where the Bank's shares are listed and the requirements of the relevant regulatory authorities, the Bank may choose to notify such shareholders of a shareholders' general meeting by publishing the notice on the websites of the Bank and the Hong Kong Stock Exchange instead of delivering the notice by hand or prepaid mail.

**Article 93** If the elections of directors and supervisors are intended to be discussed at the shareholders' general meeting, the shareholders' general meeting shall fully disclose the details of the candidates for the role of directors and supervisors, and shall at least include the following particulars:

- (1) Personal particulars such as education level, work experience and any part-time work undertaken;
- (2) Whether there is any related party relationship with the Bank or with the controlling shareholders and de facto controllers of the Bank;
- (3) Disclosure of their shareholding in the Bank;
- (4) Whether they have been subject to any penalties imposed by the banking, securities regulatory and administrative authorities under the State Council and other relevant departments, and any stock exchange disciplinary action;
- (5) Information in relation to the new appointment or re-designation of directors or supervisors as required by the Hong Kong Listing Rules.

Except for the election of directors and supervisors via cumulative voting system, the election of each director and supervisor shall be voted upon on a separate basis.

**Article 94** Once the notice of shareholders' general meeting is issued, the meeting shall not be postponed or cancelled without proper reasons, and proposals contained in the notice or supplementary notice shall not be withdrawn. In the event of any postponement or cancellation, the convener shall make an announcement and state the reasons at least two (2) working days before the original meeting date.

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

**Article 95** The Board of Directors and other conveners shall take necessary measures to maintain order at the shareholders' general meeting. Behavior such as disruption of the meeting, provocation of trouble and infringement on the legitimate rights and interests of shareholders shall be prevented and promptly reported to relevant authorities for investigation.

**Article 96** All shareholders whose names appear on the register of shareholders on the shareholding registration date (including the holders of the preference shares with restored voting rights) shall be entitled to attend the shareholders' general meeting and exercise their voting rights according to the relevant laws and regulations and the Articles.

Any shareholder entitled to attend and having voting rights at a shareholders' general meeting may attend the shareholders' general meeting in person and shall be entitled to appoint one or more persons (these persons need not be shareholders) as proxies to attend and vote on their behalf. Shareholders shall appoint their proxies in writing. The appointing shareholder or his/her authorized representative (who has been given the authorization in writing) shall sign the proxy form. If the appointer is a body corporate, the document shall be affixed with its seal or signed by its director or another authorized representative with due written authorization.

A proxy may exercise the following rights at a shareholders' general meeting:

- (1) The same right of speech as the shareholder at the meeting;
- (2) Have authority to demand or join other shareholders in demanding a poll;
- (3) Have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.



**Article 97** If an individual shareholder attends the meeting in person, he/she shall produce his/her own valid identification document or certificate providing proof of his/her shareholding. If a proxy is appointed to attend the meeting, the proxy shall produce his/her own valid identification document, instrument of proxy and certificate providing proof of the shareholding of the appointing shareholder.

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

**Article 98** The power of attorney used by shareholders to appoint proxies to attend the shareholders' general meeting shall contain the following information:

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

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

The power of attorney should indicate whether the proxy may vote at his/her discretion if no specific instructions have been given by the shareholder.

**Article 99** The power of attorney shall be placed at the Bank's domicile or at any other place designated in the notice of shareholders' general meeting, and at least twenty-four (24) hours prior to either the convening of the relevant meeting in which the resolutions are to be voted on or the designated voting time. If the power of attorney is signed by a person authorized by the appointing shareholder instead of the appointing shareholder himself/herself, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the proxy form authorizing the proxy to vote, be placed at the Bank's domicile or any other place designated in the notice of shareholders' general meeting.

In the event that the appointing shareholder is a legal person, the shareholder shall be represented at the shareholders' general meeting of the Bank by the legal representative or other persons authorized by the resolution of the Board of Directors or any other decision-making body of such appointing shareholder.

If the shareholder is a recognized clearing house or its agent, such a shareholder is entitled to appoint above one persons it deems suitable to act as its proxy in the shareholders' general meeting or class shareholders' general meeting. If above two persons are appointed as proxies, the power of attorney shall clearly state the number and the class of shares represented by each of the proxies. The proxy forms shall be signed by the respective proxies appointed by the recognized clearing house, and the proxies so appointed may represent the recognized clearing house or its agent in exercising its rights at any meeting (without being required to present share certificate, certified statement of proxy and/or further evidence of due authorization) as if that proxy is a natural person shareholder of the Bank.

**Article 100** If the appointing shareholder has passed away, lost his/her ability to act, withdrawn the appointment, withdrawn the authorization of the signed proxy form or has transferred all of his/her shares prior to voting, as long as the Bank has not received any written notice regarding these matters before the commencement of the relevant meeting, the vote cast by the proxy in accordance with the proxy form shall remain valid.

**Article 101** The attendance records of the meeting shall be prepared by the Bank. The records shall, amongst other matters, contain the names (or corporate names) of the attendees, their identity card numbers, their residential addresses, the number of voting shares held or represented by them, and the names (or corporate names) of the proxies.

**Article 102** The convener and the lawyers appointed by the Bank shall verify the legitimacy of shareholders' qualifications based on the records available from the register of shareholders, and further shall record the names (or corporate names) of shareholders and the number of voting shares held by them. The registration process for the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares represented by them.

**Article 103** When the shareholders' general meeting is being convened, all the Bank's directors, supervisors and the Secretary to the Board of Directors shall attend the meeting. The president and other senior management personnel of the Bank shall observe the meeting.

**Article 104** A shareholders' general meeting convened by the Board of Directors shall be chaired and presided over by the chairman of the Board of Directors. If the chairman is unable or fails to perform his/her duties, the vice chairman of the Board of Directors shall chair and preside over the meeting. If the vice chairman is unable or fails to perform his/her duties, a director elected by above half of the directors shall chair and preside over the meeting. If no chairman is appointed, shareholders who are present at the meeting may elect a single shareholder to chair the meeting. If the shareholders have failed to elect a chairman for whatever reason, the shareholder that is present at the meeting (including any proxy of such a shareholder) holding the most voting shares shall preside over the meeting.

A shareholders' general meeting convened by the Board of Supervisors shall be chaired and presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, a supervisor elected by above half of the supervisors shall chair and preside over the meeting.

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

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

**Article 105** The Bank shall formulate the rules of procedure regarding the shareholders' general meeting, and specify the convening and voting procedures, including notification, registration, and consideration of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meetings and signature, announcements and the principle of authorization by the shareholders' general meeting to the Board of Directors. The authorization principle should be clear and specific in terms of contents.

**Article 106** At the annual shareholders' general meeting, the Board of Directors and the Board of Supervisors should both report to the shareholders on the work they have undertaken over the past year. Each independent director shall also make their reports.

**Article 107** Unless confidential trade secrets of the Bank are involved which shall not be divulged, the directors, supervisors and senior management personnel shall respond and give explanation to recommendations or queries from shareholders at the shareholders' general meeting.

**Article 108** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting and the total number of voting shares represented by them, but the figures recorded in the attendance records will prevail.

**Article 109** Minutes shall be recorded for the shareholders' general meeting, and the Secretary to the Board of Directors shall be in charge of recording the minutes. The minutes shall contain the following information:

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

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

The minutes of the shareholders' general meeting may be made in the form of a summary or resolution, etc.

**Article 110** The attending directors, supervisors, Secretary to the Board of Directors, convener or their representatives and the chairman of the meeting shall sign on the minutes, and ensure that the minutes are truthful, accurate and complete. The minutes, list of signatures by shareholders in attendance, powers of attorney, and valid information regarding Internet and alternative voting methods shall be filed and shall form part of the Bank's files. The Secretary to the Board of Directors shall preserve the files in accordance with the Bank's record management guidelines for no less than ten (10) years.

**Article 111** The convener shall ensure that the shareholders' general meeting does not end until final resolutions have been concluded. In the event that the shareholders' general meeting is adjourned or resolutions cannot be reached due to force majeure or other special circumstances, necessary measures shall be taken to reconvene the meeting as soon as possible or conclude the meeting immediately and an announcement shall be promptly published. At the same time, the convener shall also make reports to the banking, securities regulatory and administrative authorities under the State Council of the place in which the Bank is operating and the stock exchange.

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

**Article 112** When a shareholder (including his/her proxy) attends the shareholders' general meeting, he/she shall exercise his/her voting rights based on the number of shares with voting rights held. Each share shall have one (1) vote.

While the shareholders' general meeting reviews significant issues that have influence on the interests of small and medium investors, the voting of the small and medium investors shall be counted separately and the result shall be disclosed in a timely manner.

The shares held by the Bank have no voting rights and that part of the shareholding is not counted towards the total number of shares with voting rights that is held by shareholders attending the meeting.

The Bank's Board of Directors, independent directors and shareholders satisfying related rules have the right to openly collect voting rights of shareholders, but shall disclose such information as the intention of the collection to the shareholders whose voting rights are to be collected. It is forbidden to collect voting rights by offering compensation in any form for the collection. The Bank is not allowed to put a limit on minimum share-holding ratio for collection of voting rights.

If any laws, administrative regulations and the Hong Kong Listing Rules require that any shareholder shall abstain from voting on a certain matter or limit any shareholder to cast affirmative or negative votes on a certain matter, any votes cast by the shareholder or proxy in violation of the aforesaid requirements or restrictions shall not be included in the voting results.

**Article 113** The Bank shall, on the premise of ensuring the legality and validity of the shareholders' general meeting, provide convenience to the shareholders attending the shareholders' general meeting through various methods and channels, including provision of modern information technology measures such as online voting platforms.

**Article 114** The resolutions of a shareholders' general meeting shall either be classified as ordinary resolutions or special resolutions.

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

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

**Article 115** The following matters shall be resolved by way of a special resolution:

- (1) An increase or reduction of the registered capital of the Bank and the issuance of any class of shares, warrants and other similar securities;
- (2) The issuance of bonds or other securities by the Bank;
- (3) The division, merger, any other change in the corporate form, dissolution and liquidation of the Bank;
- (4) Amendments to the Articles;
- (5) Purchases or sales of major assets within one (1) year by the Bank or the guarantee of the bank exceeds 30% of the audited total assets of the most recent financial year;
- (6) Stock incentive plans and employee stock ownership plans; and
- (7) Any other matters as required by the laws, regulations, regulatory documents, the securities regulatory authority in the place where the stocks of the company are listed or the Articles, or other matters that, resolved by the shareholders' general meeting by way of an ordinary resolution, may have a material effect on the company and should therefore be adopted by a special resolution.

Save for matters described above requiring approval by way of special resolutions, other matters requiring approval by the shareholders' general meeting shall be adopted as ordinary resolutions.

**Article 116** The shareholders' general meeting only makes resolutions regarding matters specified in the notice of the general meeting, and no resolutions shall be made regarding any matters unspecified in such notice.

**Article 117** Connected shareholders and their associates (within the meaning of the Hong Kong Listing Rules) shall not participate in voting when matters concerning related party transactions are considered at a shareholders' general meeting, and their represented shares with voting rights shall not be counted into the total number of valid votes. The announcement on resolutions adopted at the shareholders' general meeting should fully disclose the voting results by non-connected shareholders.

**Article 118** Unless the Bank is under special circumstances such as a crisis, the Bank shall not enter into contracts to entrust the management of all or the important businesses to persons other than the directors, supervisors, president and other senior management personnel of the Bank without approval in the form of a special resolution adopted in a shareholders' general meeting.

**Article 119** The list of director and supervisor candidates shall be submitted in the form of a proposal to the shareholders' general meeting for voting separately.

Cumulative voting system may be used for the election of directors and supervisors in a shareholders' general meeting, where it is in accordance with the provisions of the Articles or a resolution passed in a shareholders' general meeting.

The Board of Directors shall announce resumes and basic conditions of the director and supervisor candidates to the shareholders.

**Article 120** If directors and supervisors are elected by way of cumulative voting system, and candidates have the same number of votes with vacancies in the number of candidates to be elected, additional election rounds using cumulative voting system should be held with regard to the candidates with the same votes until the vacancies are filled.

**Article 121** Unless there is cumulative voting system, all proposals shall be voted separately at the shareholders' general meeting. If there are a number of proposals related to the same matter, votes shall be cast in the order of which the proposals were presented. Except where there is force majeure or other special circumstances resulting in the adjournment of the shareholders' general meeting or the failure to pass resolutions, no resolutions proposed in the shareholders' general meeting shall be set aside or skipped.



**Article 122** The shareholders' general meeting, while considering proposals, shall not modify such proposals. Otherwise, the modification should be deemed as a new proposal, which shall not be voted at the same shareholders' general meeting.

**Article 123** Voting at a shareholders' general meeting shall be taken by way of registered poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands.

**Article 124** If the matter demanded to be resolved by a poll is the election of the chairman of the shareholders' general meeting or the adjournment of the meeting, a poll shall be taken immediately. The chairman can decide when a poll will be taken if it is demanded for any other matters, and the meeting may continue and other matters may be discussed. The results of that poll shall be considered as resolutions passed at the meeting.

**Article 125** Before a proposal is put to vote at a shareholders' general meeting, two (2) representatives of the shareholders shall be nominated to count the votes and to act as the scrutineers. If a shareholder has a material interest in the matter to be considered, the shareholder and his/her proxy shall neither count the votes nor act as the scrutineer.

During the voting process of the shareholders' general meeting, the vote count and examination of the poll shall be conducted together by lawyers, representatives of shareholders, representatives of supervisors and other relevant persons appointed in accordance with the Hong Kong Listing Rules under the relevant requirements of the Hong Kong Listing Rules.

Shareholders of the Bank and their proxies who vote through the Internet or by other means shall have the right to check their voting results by related voting system.

**Article 126** The time of closing for an on-site shareholders' general meeting shall not be earlier than that for on-line voting or other voting methods. The chairman of the meeting shall announce the voting outcome of each proposal at the meeting and shall determine, according to the voting outcome, whether the resolution has been passed. The voting outcome for each resolution shall be recorded in the meeting minutes.

Before the declaration of the voting outcome, the Bank, voting counters and supervisors, major shareholders and on-line service providers involved in the voting, whether by on-site meeting, Internet or other means, shall have the obligation to keep matters relating to the voting confidential.

**Article 127** Shareholders who are present at the shareholders' general meeting shall adopt one of the following stances when a proposal is put forward for voting: for, against or abstention.

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

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

The same voting rights can select only one voting methods out of on-site voting, on-line voting or voting by other means. In the event that the same voting rights have been exercised twice, the result of the first vote shall prevail.

**Article 128** For every proposed resolution, the chairman of the shareholders' general meeting shall announce the voting circumstances, the voting outcome, and whether the resolution has been passed based on the voting outcome.

Prior to formal announcement of the voting outcome, all interested parties attending the meeting in person, including the Bank, the vote counter, the scrutineer and substantial shareholders, etc., have an obligation to keep the voting results confidential.

**Article 129** If the chairman of the meeting has any doubts as to the voting outcome of any resolution, he/she may have the votes recounted. If the chairman does not recount the votes, and the shareholders or their proxies who have attended the meeting have doubts as to the outcome announced by the chairman, they may request a vote recount immediately after the announcement of the voting outcome, and the chairman shall have the votes recounted immediately.

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

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

**Article 130** In case a proposal is not approved or a resolution of a previous shareholders' general meeting is modified in the current shareholders' general meeting, special explanations shall be made in the announcement of the resolutions passed at the shareholders' general meeting.

**Article 131** If the proposal regarding the election of the directors or supervisors is approved at the shareholders' general meeting, the newly elected director's or supervisor's term of office shall commence on the date on which the resolution is passed. If their qualifications are subject to the approval by the regulatory authority, the term of office shall commence on the date when their qualifications are approved by the regulatory authority.

**Article 132** The Bank shall implement any plans of cash distribution, issue of bonus shares or increase of share capital by capitalization adopted at a shareholders' general meeting within two (2) months after the conclusion of shareholders' general meeting.

## **CHAPTER 8 SPECIAL PROCEDURES FOR VOTING BY A CERTAIN CLASS OF SHAREHOLDERS**

**Article 133** Shareholders who hold different classes of shares are classified as “class shareholders”.

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

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

**Article 134** If the Bank proposes to change or nullify certain rights of a certain class of shareholders, this proposal should be passed by a special resolution at the shareholders’ general meeting and passed at the separate meeting convened according to Articles 136 to 140 for the related class of shareholders.

**Article 135** The rights of a certain class of shareholders shall be deemed to be changed or nullified in the following circumstances:

- (1) To increase or reduce the quantity of the shares of that class, or increase or reduce the quantity of the shares of other class which enjoy the same or more voting rights, distribution rights or other privileges as the shares of that class;
- (2) To convert part or whole of the shares of that class into other class(es), convert part or whole of the shares of other class(es) into that class, or grant such conversion rights;
- (3) To nullify or reduce the rights of that class of shares to receive payable dividends or cumulative dividends;
- (4) To reduce or nullify the privileged rights of that class of shares to acquire dividends or obtain distribution of assets during liquidation of the Bank;
- (5) To increase, nullify or reduce the conversion, option, voting, transfer or privileged allotment rights of that class of shares or the rights of such class of shares to obtain securities issued by the Bank;
- (6) To nullify or reduce the rights of that class of shares to receive amounts payable by the Bank in a particular currency;

- (7) To establish new class(es) of shares which enjoy the same or more voting rights, distribution rights or other privileges as compared with that class of shares;
- (8) To restrict the transfer and ownership of that class of shares, or increase the restrictions;
- (9) To grant the share subscription options or share conversion options of that or another class of shares;
- (10) To increase the rights or privileges of other class(es) of shares;
- (11) Any restructuring scheme of the Bank that may result in the assumption of disproportionate responsibilities by different classes of shareholders during the restructuring; and
- (12) To revise or nullify the provisions in this Section.

**Article 136** The shareholders of a class of share that are affected, whether they originally have voting rights at former shareholders' general meeting, shall be entitled to vote on the matters concerning sub-paragraphs (2) to (8), (11) and (12) of the preceding Article at the meeting for such class of shareholders, but shareholders who have interests therein shall have no voting rights at the meeting for such class of shareholders.

The shareholders who have interests mentioned in the preceding paragraph shall have the meaning as follows:

- (1) If the Bank has made a repurchase tender offer to all shareholders in the same proportion in accordance with Article 28 or has repurchased its own shares through public transaction on a stock exchange, "shareholders who have interests" shall mean the controlling shareholders defined in Article 370;
- (2) If the Bank has repurchased shares under an off-market agreement in accordance with Article 28, "shareholders who have interests" shall mean shareholders who are connected with the aforementioned agreement; and
- (3) Under a restructuring scheme of the Bank, "shareholders who have interests" shall mean shareholders who assume liability in a lower proportion than other shareholders of the same class, or those who own different interests as compared with other shareholders of the same class.

**Article 137** A resolution of the meeting for a certain class of shareholders shall be adopted by above two-thirds of the voting shares represented by shareholders of that class present at the meeting in accordance with the preceding Article.

**Article 138** When convening a meeting for a certain class of shareholders, the Bank shall issue a written notice, forty-five (45) days prior to the date of the meeting, to all shareholders in the relevant class whose names appear on the register of shareholders, stating the matters to be considered at the meeting and the date and venue of the meeting. Shareholders who intend to attend the meeting shall deliver a written response to the Bank twenty (20) days before the meeting is convened.

The Bank may convene a meeting for a certain class of shareholders if the number of shareholders intending to attend the meeting represent above half of the total number of shares with voting rights in that class. If this requirement is not met, the Bank shall, within five (5) days, issue another announcement informing the shareholders of the matters to be considered at the meeting and the date and venue of the meeting. Once this announcement is made, the Bank may convene the meeting for that class of shareholders.

**Article 139** The notice of a meeting for a certain class of shareholders only needs to be delivered to the shareholders entitled to vote at that meeting.

Unless required otherwise by the Articles, the procedures for convening a meeting for a certain class of shareholders shall be the same as the procedures for the shareholders' general meeting to the extent practical, and the provisions in the Articles relating to the procedure to convene a shareholders' general meeting shall apply to the meeting for class shareholders.

**Article 140** Apart from other classes of shareholders, the shareholders of domestically listed shares and overseas listed shares are deemed to be shareholders of different classes.

The special voting procedure at a shareholders' general meeting for class shareholders shall not apply for the following cases:

- (1) Upon the approval by way of a special resolution passed by a shareholders' general meeting, the Bank independently or simultaneously issues domestically listed shares and/or overseas listed shares every twelve (12) months, provided that the amount of each class of shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;
- (2) The Bank's plan on issuing domestically listed shares and overseas listed shares at the time of incorporation, which is completed within fifteen (15) months upon the date of approval from the securities regulatory and administrative authorities under the State Council.

## **CHAPTER 9 DIRECTORS AND BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 141** Directors of the Bank shall be a natural person and is not required to hold any shares of the Bank. Directors of the Bank are composed of executive directors and non-executive directors (including independent directors). Executive director refers to a director holding other senior operation and management positions in addition to holding directorship of the Bank. Non-executive Director refers to a director who does not hold any senior operation and management positions in the Bank. Any person being prohibited from serving as a director of the Bank according to the Company Law and the Commercial Banking Law and being prohibited from serving as a market participant by any regulatory authorities and such prohibition not having been released shall not serve as director of the Bank.

If the Bank elects or appoints directors in violation of the preceding paragraph, such election, appointment or employment of directors by the Bank shall be void. In the event that any circumstance above occurs during a director's term of office, that person shall be dismissed.

**Article 142** Directors of the Bank shall have the necessary professional knowledge, work experience and basic qualities as well as good professional ethics, and pass the relevant qualification examination required by the banking regulatory and administrative authorities under the State Council in order to carry out their duties.

Except those persons that are prohibited from serving as a director of the Bank according to Article 280, no person shall hold the director position of the Bank in one of the following circumstances:

- (1) The person who is removed by other commercial banks or organizations for his/her failure to fulfill fiduciary duties; and
- (2) A person of or a person employed by an entity that owes debts to the Bank and is in default on such debts.

Directors shall not serve as a director concurrently in financial institutions which may have a conflict of interests with the Bank.

**Article 143** Directors shall be elected or removed from office by shareholders at a general meeting. The term of office of a director shall be three (3) years, and a director may be re-elected and re-appointed upon expiry of his/her term of office. Before the expiry of any director's term of office, the shareholders' general meeting shall not dismiss the director without any reason.

During the term of the Board of Directors, the replacements of directors each year shall not be more than one-third of the total number of directors; however, this limit is not applicable in case a director resigns and nominates a new director candidate.

A written notice of intent to nominate a candidate to become a director and the candidate's consent to such nomination as well as the relevant written materials on the candidate shall be given to the Bank no earlier than the day after issuing the notice of the shareholders' general meeting for the election of such director, but at least seven (7) days before such general meeting.

Subject to the relevant laws, administrative regulations and relevant requirements of the place where the Bank's shares are listed, a director whose term of office has not expired may be removed by an ordinary resolution at the shareholders' general meeting (but such removal shall not cause prejudice to any claim which may be instituted by the director under any contract).



The term of office of a director shall be calculated from the date on which he/she takes up the office, until the expiration of the term of office of the Board of Directors. Where re-election is not carried out promptly after a director's term of office expires, the director shall continue to perform the duties owed by a director before a new director is elected to take up the office, subject to the applicable laws, administrative regulations, departmental rules and the Articles.

Director(s) may concurrently hold the post of senior management personnel. However, the number of such director(s) and employee representative directors shall not be more than half of the total number of members of the Board of Directors.

Employee representatives may serve as directors of the Bank. Such directors are democratically elected by the employees of the Bank at the employee representative meeting or by other means with a direct access to the Board of Directors and will be reported to the general meeting by the Board of Directors, a director candidate who is an employee representative should have at least five years of continuous working experience at the Bank.

**Article 144** The general procedures for nominating and electing a director are as follows:

- (1) The candidates for directors may be nominated by the Nomination Committee according to the number of directors to be elected to the extent of the number specified by the Articles;

Shareholders individually or jointly holding above three percent of the total outstanding shares of the Bank with voting rights may also nominate the candidates for directors to the Board of Directors.

The identical shareholder and his/her/its associates shall not nominate a candidate for a director and another candidate for a supervisor at the shareholders' general meeting; if the candidate for a director (supervisor) nominated by the identical shareholder and his/her/its associates has already served as a director (supervisor), the shareholder shall not nominate the candidate for another supervisor (director) prior to the expiry of the term of office or the replacement of such person. The number of directors nominated by the identical shareholder and his/her/its associates in principle shall not exceed one-third of the total number of the members of the Board of Directors, unless otherwise provided by the laws, administrative regulations, departmental rules and the listing rules of the stock exchange where the Bank's shares are listed.

- (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. The Board of Directors shall propose them to the shareholders' general meeting by way of written proposal after they are considered and approved by the Board of Directors.
- (3) The candidates for directors shall, before the convening of the shareholders' general 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 being elected.
- (4) The Board of Directors shall, before the convening of the shareholders' general meeting, disclose the detailed information on the candidates for directors to the shareholders of the Bank in accordance with relevant requirements, so as to ensure that the shareholders will have sufficient knowledge on the candidates when casting their votes.
- (5) Each candidate for director shall be voted for on a separate basis at the shareholders' general meeting unless cumulative voting system is adopted.
- (6) When an additional director is temporarily nominated, the Nomination Committee of the Board of Directors or the shareholders satisfying the conditions for making such nomination shall propose a candidate to the Board of Directors for consideration. The shareholders' general meeting elect or replace the director.
- (7) If there are any special provisions regarding the method and procedure of nominating independent directors or employee representatives acting as directors by the laws and the Articles, those provisions shall prevail.

**Article 145** The directors shall abide by the laws, administrative regulations and the Articles and shall owe the duty of loyalty to the Bank as follows:

- (1) Shall not use the power to accept bribes or other illegal income, and shall not encroach on the Bank's property.
- (2) Shall not embezzle funds of the Bank.
- (3) Shall not open account to save the Bank's assets or funds in the name of individuals or other individuals.
- (4) Shall not violate the provisions of the Articles to lend the Bank's funds to others or provide guarantees to others with the Bank's property without the approval of the shareholders' general meeting or the Board of Directors.
- (5) Shall not make a contract with the Bank or conduct a transaction violating the provisions of the Articles or without the approval of the shareholders' general meeting.
- (6) Shall not take advantage of one's position to seek business opportunities that should belong to the Bank for interests of his own or others, or operate business similar to that of the Bank for himself or for others without the approval of the shareholders' general meeting.
- (7) Shall not accept commission arising from trade with the Bank as one's own.
- (8) Shall not disclose the Bank's secrets without authorization.
- (9) Shall not use its related party relationship to damage the interests of the Bank.
- (10) Other duty of loyalty stipulated by laws, administrative regulations, departmental regulations and the Articles.

The directors' income gained by violation of the rules in this Article shall be owned by the Bank. Those causing loss to the Bank shall assume compensation liability.

**Article 146** Directors shall abide by the laws, administrative regulations and the Articles and shall owe the duty of diligence to the Bank as follows:

- (1) The rights conferred by the Bank shall be exercised with care, earnestness and diligence so that the commercial activity of the Bank can be ensured to accord with national laws, administrative regulations and demands of other national economic policies. The business activities shall not go beyond the business scope stipulated by the business license.
- (2) Shall be impartial to all shareholders.
- (3) Keep abreast of the business management of the Bank.
- (4) Shall sign written confirmation opinion for the Bank's regular report. Ensure that the information disclosed by the Bank is true, accurate and complete.
- (5) Shall truthfully provide relevant information and materials to the Board of Supervisors and shall not prevent the Board of Supervisors or the supervisors from exercising their functions and powers.
- (6) Other duty of diligence stipulated by laws, administrative regulations, departmental regulations and the Articles.

**Article 147** The directors shall attend the meetings of the Board of Directors earnestly and responsibly, and shall make proposals or give opinions in an independent, professional and objective manner.

Directors shall spend sufficient time to carry out their duties, and shall attend above two-thirds of the meetings of the Board of Directors in person each year.

If a director cannot attend a Board meeting in person indeed, he/she may entrust another director in writing to attend and vote on the meeting on his/her behalf, and such appointer shall assume legal liabilities independently.

If the director fails to attend the meetings of the Board of Directors either in person or entrust other directors to attend on his/her behalf two times consecutively, or attends less than two-thirds of the total number of Board meetings in person within one year, the director shall be deemed incapable of performing the duty, and the Board of Directors shall make a proposal either to the shareholders' general meeting or employee representative meeting to dismiss such director.

A director who fails to attend the meetings of the Board of Directors in person and fails to entrust another director to attend on his/her behalf shall assume the same legal liabilities of Board resolutions.

**Article 148** A Director may resign before the term of office expires. He/she shall submit a written resignation to the Board of Directors, which shall disclose related matters within two (2) days.

After the candidate for a director nominated by the shareholders is elected, where such shareholders transfer all their shares of the Bank before the expiration of the term of office of such candidate, such candidate shall resign as a director.

Where the resignation of a director during the term of office affects the Bank's normal operation or causes the number of directors on the Bank's Board of Directors to fall under the minimum quorum, the director shall continue to perform the duties owed by a director before a new director is elected to take up the office, subject to the applicable laws and the Articles.

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

**Article 149** If the resignation of a director becomes effective or his/her term of office expires, the director shall complete all handover formalities with the Board of Directors, but the fiduciary obligations owed to the Bank and shareholders are not discharged after the term of office expires. Their obligation of preserving commercial confidentiality subsists after the expiration of their term of office until such trade secrets become 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 their relationship with the Bank ends.

**Article 150** A director shall not represent the Bank or the Board of Directors in his/her own name, unless otherwise provided in the Articles or legally authorized by the Board of Directors. A director shall announce his/her views and role in advance when he/she acts in his/her own name, if there is a possibility that a third party may reasonably believe that the director is representing the Bank or the Board of Directors.

**Article 151** Directors shall be liable for compensation regarding any losses sustained by the Bank caused by the violation of the laws, administrative regulations, departmental rules or the Articles in the performance of their duties.

## **Section 2 Independent Directors**

**Article 152** Independent director of the Bank refers to the director who does not hold any other positions in the Bank except for director, member or chairman of any special committees of the Board of Directors, and has no relationship with the Bank and its substantial shareholders that may impact on his/her independent and objective judgment. At least one independent director of the Bank shall possess professional financial or accounting expertise.

**Article 153** An independent director shall meet the following criteria:

- (1) Being qualified to serve as a director of the Bank pursuant to the applicable laws, relevant requirements of the relevant regulatory authorities and the Articles;
- (2) Not holding any other positions in the Bank except for director, and has no relationship with the Bank and its substantial shareholders that may impact on his/her independent and objective judgment;
- (3) Owning the basic knowledge for the operation of a commercial bank and be familiar with the relevant applicable laws;
- (4) Having a bachelor degree or above, or intermediate vocational titles of relevant professions or above;
- (5) Having above 5 years' experience in law, economics, finance, accounting or other work experience conducive to performing the duties and responsibilities of an independent director;
- (6) Being able to read, understand and analyze credit reports and financial statements of commercial banks.

**Article 154** Apart from the circumstances provided by Article 280, the following persons may not serve as independent directors of the Bank:

- (1) A shareholder who holds above 1% of the shares of the Bank or hold positions in such shareholder entities of the Bank or are among the top 10 natural person shareholders of the Bank;
- (2) A person who holds position in the Bank or in enterprises under the control or de facto control of the Bank (but not including independent director);
- (3) A person who held position in the Bank or in enterprises under the control or de facto control of the Bank in the three years before taking up the office (but not including independent director);
- (4) A person who holds positions in entities which have legal, accounting, auditing, management consulting and other business connections with or have an interest in the Bank;
- (5) Any other person who may be controlled or materially influenced by the Bank by any means;
- (6) The close relatives of the above persons;
- (7) A person who is a civil servant; and
- (8) Any other person not permitted to serve as an independent director by the securities regulatory authorities of the place where the Bank's shares are listed and any other relevant regulatory authorities or by the Articles.

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

**Article 155** A person may not serve as an independent director of the Bank if he/she is:

- (1) A person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or other crimes which destroy the social economic order, or a person who has been deprived of his political rights for committing a crime;

- (2) A person who is a former director, factory director or manager of a company or enterprise being liquidated as a result of improper operation and management of which he shall be personally liable for such liquidation;
- (3) A person who is a former legal representative of a company or enterprise of which the business license was revoked due to violation of the laws and who was personally liable therefor;
- (4) A person who has a relatively large amount of debts due and outstanding;
- (5) A person who was removed from office by his/her former company for failure to diligently perform his/her duties; and
- (6) A person who served as principal officer of a high-risk financial institution and that is unable to prove he/she is not liable for the cancellation or loss of assets of such financial institution.

**Article 156** An independent director shall not hold positions in more than two commercial banks at the same time.

**Article 157** The Nomination Committee of the Board of Directors, the Board of Supervisors and shareholders individually or jointly holding above 1% of the Bank's total outstanding shares with voting rights can nominate candidates for independent directors to the Board of Directors according to the number of directors to be elected to the extent of the number specified by the Articles. A shareholder who has already nominated a candidate for director shall not nominate any candidate for independent director. If the number of shares with voting rights held by the controlling shareholder exceeds 30% of the total number of shares with voting rights in the Bank, the elections of independent directors shall be carried out via cumulative voting system in accordance with Article 370(5).

The qualification of the candidates for independent directors shall be verified by the banking regulatory and administrative authorities under the State Council.

**Article 158** The identical shareholder shall only nominate one candidate for independent director or external supervisor, and shall not nominate candidates for both independent director and external supervisor.



**Article 159** The term of office of an independent director shall be the same as that of other directors of the Bank and may be re-elected and re-appointed upon the expiration of the term of office, provided that such term of office shall not be more than six (6) years on an accumulative basis.

**Article 160** The independent directors shall give statements to the Board of Directors before they assume their offices, ensuring that they have enough time and energy to perform their duties and undertaking that they will perform duties of diligence.

**Article 161** Independent directors shall work for the Bank for no less than fifteen (15) working days each year.

Directors appointed as responsible persons for the Audit Committee, the Related Party Transactions Control Committee and the Risk Control Committee shall work for the Bank for no less than twenty-five (25) working days per annum.

An independent director may entrust another independent director to attend the meetings of the Board of Directors on his/her behalf, but he/she should attend at least two-thirds of total Board meetings in person held within one (1) year.

**Article 162** The assessment reports on the independent directors by the Board of Directors reviewed at a shareholders' general meeting shall at least contain: the number of attendance at the Board meetings, the main particulars of all those meetings, the objections raised by the independent directors and the particulars of the treatment thereto of the Board of Directors, etc.

**Article 163** Independent directors shall give objective, impartial and independent opinions on the matters discussed at the Board meetings, and shall in particular, address their opinions to the Board meeting on the following matters:

- (1) The legality and fairness of material related transactions;
- (2) The profit distribution plans;
- (3) The appointment and dismissal of senior management personnel;
- (4) Matters that may cause material loss to the Bank;

- (5) Matters that may impair the legitimate rights and interests of the depositors and minority shareholders of the Bank and other persons who have interests in the Bank;
- (6) The effect of the issuance of preference shares on the rights and interests of every class of shareholders; and
- (7) The appointment of external auditors, etc.

**Article 164** To ensure the effective performance of duties and powers by independent directors, the Bank shall provide the following necessary conditions for independent directors:

- (1) The Bank shall ensure that independent directors have the same information right as other directors;
- (2) The Bank shall provide necessary working conditions for independent directors to perform their duties;
- (3) The Secretary to the Board of Directors and other relevant personnel of the Bank shall cooperate positively in the performance of duties by independent directors; and
- (4) The reasonable expenses incurred from engaging intermediaries and the reasonable costs incurred when carrying out duties by independent directors shall be borne by the Bank.

**Article 165** An independent director may resign before the term of office expires.

He/she shall submit a written resignation to the Board of Directors, and submit a written statement to the most recently held shareholders' general meeting to specify any circumstances related to the resignation or any fact that he/she believes necessary to draw the attention of the Bank's shareholders and creditors.

If the resignation of an independent director causes the number of independent directors fall under the quorum or the minimum number required by the Articles, the resignation of the independent director shall not become effective until the vacancy so caused is filled by the successor.

**Article 166** Independent directors shall have committed a serious dereliction of duty in any of the following circumstances:

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

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

**Article 167** The Board of Directors or the Board of Supervisors has the right to propose at a shareholders' general meeting to dismiss an independent director in any of the following circumstances:

- (1) Serious dereliction of duty;
- (2) Failure to resign from the position when he/she is no longer qualified to be an independent director;
- (3) Failure to attend the Board meetings in person three times consecutively, or failure to attend the meetings either in person or entrust other independent directors to attend on his/her behalf two times consecutively, or attending less than two-thirds of the total number of Board meetings in person within one year; and
- (4) Other circumstances provided by the laws, administrative regulations and rules where an independent director is no longer suitable for holding such position.

**Article 168** A proposal submitted by the Board of Directors or the Board of Supervisors in connection with the dismissal of an independent director shall only be submitted to a shareholders' general meeting for consideration after such proposal has been adopted by above two-thirds of the total number of directors or supervisors. An independent director may, before the Board of Directors or the Board of Supervisors renders the proposal of dismissal, explain to the Board of Supervisors the relevant circumstances, make representations and defend himself/herself.

If the Board of Directors or the Board of Supervisors proposes at a shareholders' general meeting to dismiss an independent director, it shall report to the banking regulatory and administrative authorities under the State Council and issue a written notice to the independent director one (1) month before such shareholders' general meeting. The independent director shall have the right to express the opinion orally or in writing before the voting, and shall have the right to submit such opinion to the banking regulatory and administrative authorities under the State Council five (5) days prior to the shareholders' general meeting. The shareholders shall vote after having reviewed the independent director's opinion according to laws.

**Article 169** The Bank shall pay compensation and allowance to independent directors. Payment standard shall be formulated by the Board of Directors, and discussed and approved at the shareholders' general meeting.

**Article 170** In addition to the special provisions on independent directors in this section, independent directors shall also follow the general provisions in relation to directors in the Articles. In case of any inconsistency, the special provisions shall prevail.

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

**Article 171** The Bank shall establish a Board of Directors, which shall be accountable to the shareholders' general meeting. The Board of Directors of the Bank shall be composed of five (5) to nineteen (19) directors, of which the independent directors shall account for no less than one-third of the total number of directors and the number of independent directors shall be no less than three (3).

**Article 172** The Board of Directors shall take ultimate responsibility of the operation and management of the Bank and perform the following duties and powers:

- (1) Convene and report at the shareholders' general meeting;
- (2) Implement resolutions adopted at the shareholders' general meeting;
- (3) Make decisions on the Bank's operational development strategies, business plans and investment plans, of which the Bank's operational development strategies include green credit related strategies;
- (4) Formulate the Bank's annual financial budgets and accounts, profit distribution plans and loss recovery plans;
- (5) Formulate proposals on the increase or reduction of the Bank's registered capital and the issue of bonds and other securities and the listing of the Bank;
- (6) Formulate plans for material acquisitions, purchase of the Bank's shares, or merger, division or dissolution or other change in form of the Bank;
- (7) Decide on matters within the scope authorized at a shareholders' general meeting, including external investments, asset acquisition and sales, pledge of assets, external guarantees and entrustment of wealth management;
- (8) Consider and approve the related transactions that are required to be considered and approved by the Board of Directors by the laws, administrative regulations, departmental rules and regulatory documents as well as the relevant requirements of the securities regulatory authorities of the place where the Bank's shares are listed;

- (9) Decide on the establishment of the Bank's internal management departments;
- (10) Appoint or remove the Bank's president and Secretary to the Board of Directors; decide to appoint or remove the Bank's senior management personnel including the vice president, president assistant and finance chief in accordance with the recommendations of the president, and determine their remunerations, rewards and punishment;
- (11) Formulate the basic management systems, decide on the policies on risk management, internal control and compliance policy of the Bank;
- (12) Formulate amendment plans on amendments to the Articles, the Rules of Procedure of the Shareholders' General Meeting and Meetings of the Board of Directors;
- (13) Propose at a shareholders' general meeting the appointment, dismissal or discontinuance of appointment of accounting firms;
- (14) Supervise the work performance of the senior management personnel, listen to the president's work report and inspect the president's work;
- (15) Manage the information disclosure of the Bank and take ultimate responsibility for the completeness and accuracy of the Bank's accounting and financial statement systems;
- (16) Consider any material capital expenditure, contract and commitment which exceeds the expenditure limit for senior management personnel set by the Board of Directors; and
- (17) Other rights conferred by the laws, administrative regulations, departmental rules or the Articles and the shareholders' general meeting.

**Article 173** The Board of Directors of the Bank shall explain at a shareholders' general meeting the qualified opinions contained in the audit reports issued by certified public accountants in respect of the Bank's finance.

**Article 174** The Board of Directors shall formulate the Rules of Procedure of Meetings of the Board of Directors, which shall be executed after having been considered and approved by the shareholders' general meeting, to ensure the efficiency and scientific decision-making of the Board of Directors.

**Article 175** The Board of Directors shall define its authority in relation to external investment, asset acquisition and sales, pledge of assets, entrustment of wealth management and related transactions, and establish strict examination, policy-making and authorization procedures; it shall arrange for the assessment and examination by relevant experts and professionals of material investment projects, and submit a report on matters that need to be reported to the shareholders' general meeting for approval pursuant to the Articles.

For the disposal of any fixed assets by the Board of Directors, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within four (4) months immediately preceding such proposal for disposal exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed at a shareholders' general meeting, the Board of Directors shall not dispose of or approve of the disposal of such fixed assets without the approval of the shareholders' general meeting. The disposal of fixed assets referred to in this article includes the transfer of interests of certain assets, but excludes the provision of fixed assets as pledges to any guarantees.

Any breach of the requirements set out in the second paragraph of this article shall not affect the validity of any transaction entered into by the Bank in disposing of fixed assets.

**Article 176** The Board of Directors is responsible for the management of the capital adequacy ratio of the Bank, and shall ensure that the Bank formulates reasonable business development plans on the basis that the estimated and measured capital matches with the business development and formulates capital replenishment plans and monitors their implementation.

**Article 177** The meetings of the Board of Directors are divided into regular meetings and interim meetings, and shall be convened and presided by the chairman.

The Board of Directors shall notify the supervisors in advance to observe the Board meetings.

The Board of Directors shall hold at least one (1) regular meeting per quarter. Notices of the Board meetings shall be sent to all directors and supervisors in writing at least ten (10) days before the meeting by hand, or by way of fax, email or otherwise, and the meeting documents shall be sent to all directors and supervisors at least five (5) days before the meeting.

**Article 178** The chairman shall convene and preside over an interim Board meeting within ten (10) days of receiving such a proposal or requests from the securities regulatory authorities under the following circumstances:

- (1) It is deemed necessary by the chairman;
- (2) It is proposed by above one-third of the directors;
- (3) It is proposed by the Board of Supervisors;
- (4) It is proposed by above half of the independent directors (where the Bank has only two (2) independent directors, it is unanimously proposed by both independent directors);
- (5) It is proposed by above one-tenth of the shareholders with voting rights;
- (6) It is proposed by the president of the Bank;
- (7) It is demanded by departments in charge of securities supervision; and
- (8) Other circumstances as stipulated by the laws, administrative regulations, departmental rules or the Articles.

The notice of an interim Board meeting shall be served on all directors and supervisors in writing five (5) days before the meeting, and the meeting documents shall be served on all directors and supervisors three (3) days before the meeting.



In case of emergency, the service of notices and meeting documents for an interim Board meeting shall not be subject to the time-limit stated in the preceding paragraph, but shall be effectively served on the directors and supervisors before the meeting.

**Article 179** The notice of Board meetings shall contain the following contents:

- (1) The date, time and place of the meeting;
- (2) The duration of the meeting;
- (3) The reason for holding the meeting and topics for discussion;
- (4) The date of issuance of the meeting notice; and
- (5) The contact persons of the meeting and their contact information.

**Article 180** The Board meetings shall only be held when more than half of the directors attend the meeting. The Board of Directors shall resolve the matters proposed to be resolved by means of a meeting. Resolutions adopted at the Board meeting must be approved by more than half of the directors, unless otherwise stipulated by the Articles or the relevant laws and regulations.

**Article 181** Directors or their close associates (as defined under the Hong Kong Listing Rules) who have related party relationship with the enterprise which involves in the resolution to be discussed at the Board meetings, have material interests in the matter proposed to be discussed, or other avoidance circumstances stipulated by laws, shall not exercise their voting rights on such proposal, nor can they exercise any voting rights on behalf of other directors. The Board meeting shall only be held if more than half of the directors who do not have any related party relationship or any material interests are present. Resolutions of the Board of Directors shall be passed by more than half of the directors without related party relationship with or material interests in the matter to be resolved. Where less than three directors without related party relationship with or material interests in the matter are present at the Board meeting, such proposals shall be submitted to the shareholders' general meeting for approval.

Where otherwise provided by the laws, administrative regulations, departmental rules, relevant regulatory authorities and the Articles, such other provisions shall prevail.

**Article 182** Voting at the Board meetings may be conducted by conference or by correspondence. Each director shall have one (1) vote.

Voting by correspondence and signing on the votes by directors attending the meeting shall meet the following conditions:

- (1) Communication voting issues should be sent to all directors at least three (3) days in advance and, the information about the background of the meeting subject and relevant information and data to help directors to make decisions should also be provided;
- (2) Communication voting should adopt the form of one voting for one issue;
- (3) When communication voting is necessary, the proposal for communication voting should explain the reason to adopt it and that it complies with the provisions of the Articles and the Rules of Procedure of Meetings of the Board of Directors.

**Article 183** The following matters, when proposed to the directors to review, should not be approved by way of communication voting and shall require the approval of above two-thirds of all directors:

- (1) Proposals on capital replenishment, allocation of venture capital, profit distribution and loss recovery of the Bank;
- (2) Proposals on increase or reduction of the registered capital of the Bank;
- (3) Proposals on issue of corporate bonds or other securities and the listing of the Bank;
- (4) Proposals on merger, division, dissolution, liquidation or other change in form of the Bank;
- (5) Proposals on repurchase of shares by the Bank;
- (6) Appointment or dismissal of senior management personnel;
- (7) Amendments to the Articles;

- (8) Establishment of the Bank's major legal entities, material mergers and acquisitions, material external investments, material asset acquisitions, material disposal and write-off, material external guarantees etc., within the authority of shareholders' general meeting;
- (9) Material matters such as material changes in the Bank's equity and financial restructuring, etc.; and
- (10) Other matters required by the laws, administrative regulations, departmental rules, relevant regulatory authorities or the Articles, or considered material to the Bank by more than half of all directors that shall be approved by above two-thirds of all directors.

An external guarantee submitted to the Board of Directors needs agreements of two-thirds or more of the directors attending the meeting of the Board of Directors for its approval.

**Article 184** Directors shall attend Board meetings in person. If a director cannot attend a meeting due to certain reasons, he/she may appoint another director of the same class in writing to attend on behalf.

The proxy form shall state the name of the proxy, the relevant matters, the scope of authorization and the validity period, and shall be signed by the appointer or a chop shall be affixed.

A director attending a meeting on another director's behalf shall exercise the director's rights within the scope of authorization. If a director does not attend the Board meeting and fails to appoint a proxy to attend the meeting, it shall be deemed as a waiver of his/her voting right at such meeting.

**Article 185** Minutes shall be taken to record the decisions of matters discussed in the meeting. Directors attending the meeting and recorders shall sign the minutes.

Board minutes shall be kept as the Bank's files for a period of no less than ten (10) years.

**Article 186** Board minutes shall include the following:

- (1) The date, time and place of the meeting, the name of the convener and the name of the presider;
- (2) The names of directors attending the meeting and the names of directors (proxies) appointed by others to attend the Board meeting;
- (3) The agenda of the meeting;
- (4) The main points of directors' speeches; and
- (5) The method and results of the voting for each proposal (the voting results shall state the numbers of votes voting in the affirmative, negative, or in abstention).

**Article 187** Directors shall be responsible for the Board resolutions. If the Board resolutions violate the laws, administrative regulations, the Articles or resolutions of the shareholders' general meeting, and thus cause serious losses to the Bank, the directors participating in the resolutions shall be liable to the Bank for the losses. However, a director may be exempted from such liability if it is verified that he or she has stated an objection when voting and the same was recorded in the Board minutes. The Board resolutions are invalid if they violate the laws or the administrative regulations.

**Article 188** The resolutions and minutes of the Board meetings and other documents shall be filed with the banking regulatory and administrative authorities under the State Council within ten (10) days after the conclusion of the meetings.

#### **Section 4 Chairman**

**Article 189** The Board of Directors shall have one chairman and one to two vice chairman(s). The chairman and vice chairman shall be served by the Bank's directors and shall be elected or dismissed by more than half of all directors.

**Article 190** The chairman of the Board of Directors and the president of the Bank shall be served by different persons.

The chairman of the Bank should not concurrently hold the position of legal representative or chief responsible officer of the controlling shareholders.

**Article 191** The chairman of the Board of Directors shall have the following duties and powers:

- (1) To preside over shareholders' general meeting, convene and preside over meetings of the Board of Directors;
- (2) To supervise and examine the implementation of resolutions of the Board of Directors;
- (3) To sign certificates of shares, bonds and other securities of the Bank;
- (4) To sign material documents of the Board of Directors and other documents which shall be signed by the legal representative of the Bank;
- (5) To exercise the duties and powers of the legal representative;
- (6) In the event of an occurrence of any severe natural disaster or any other force majeure event, to exercise his/her special power of disposition in relation to the Bank's affairs in the Bank's interests and in compliance with the relevant legal provisions, and, subsequently report such disposition to the Board of Directors and the shareholders' general meeting;
- (7) To decide on unconventional information disclosure caused by emergencies, and to subsequently report to the Board of Directors; and
- (8) Other powers and rights conferred by the applicable laws, the Articles and by the Board of Directors.

**Article 192** The vice chairman shall assist the chairman in his/her work. If the chairman of the Board is unable or fails to perform his/her duties and powers, the vice chairman shall exercise such duties on his/her behalf (when there are above two vice chairmans, the one jointly elected by above half of all directors shall perform the duties); if the vice chairman is unable or fails to do so, a director shall be jointly recommended by above half directors to exercise such duties and powers.

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

**Article 193** The Board of Directors of the Bank may separately or jointly establish the Strategic Development Committee, the Related Party Transactions Control Committee, the Risk Control Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, it may also, when needs arise, set up other committees on a separate or joint basis. With the authorization from the Board, the committees make professional recommendations to the Board or make decisions on specialized matters according to the authorization of the Board.

The members of each of the special committees shall be directors who possess professional knowledge and experience appropriate to the functions and powers of the special committees, and such members should consist of no less than three directors.

The responsible officers of the Audit Committee, the Related Party Transaction Control committee, the Nomination Committee and the Remuneration and Appraisal committee are served by independent directors who held above half of the member positions in the abovementioned committees.

The members of the Audit Committee should all be non-executive directors, among which at least one member shall have the appropriate professional qualification provided in the Hong Kong Listing Rules, or at least one independent director who has appropriate accounting or relevant financial management expertise.

**Article 194** Matters proposed to be resolved by the Board of Directors shall first be submitted to the corresponding special committee for review and approval, and such special committee shall render consideration opinions.

Unless authorized by the Board of Directors in accordance with the law, the consideration opinions of the special committees cannot replace the opinions of the resolutions of the Board of Directors.

**Article 195** Each Board committee may engage professionals to give opinions on relevant matters when necessary and the reasonable expenses incurred shall be borne by the Bank, provided that the Bank's trade secrets are not divulged.

**Article 196** The main functions and powers of the Strategic Development Committee are:

- (1) To formulate the operating management targets and long term development strategy;
- (2) To supervise and inspect the implementation of annual operating plans and investment schemes;
- (3) To responsible for other matters authorized by the Board of Directors.

**Article 197** The main functions and powers of the Related Party Transactions Control Committee are:

- (1) To be responsible for the management, review and approval of related party transactions and to control the risk of related party transactions;
- (2) To formulate the regulatory rules and management systems in respect of the Bank's related transaction;
- (3) To confirm the identification of the related parties to the Bank and to report to the Board of Directors and Board of Supervisors, to inform the relevant staff of the Bank of the identified related parties in a timely basis;
- (4) To accept on the filing of general related party transactions;
- (5) To review material related transactions and subsequently submit the same to the Board of Directors for approval, and report to the Board of Supervisors as well as the banking regulatory and administrative authorities under the State Council within ten (10) days from the date of approval by the Board of Directors; to report to the Board of Supervisors about the related party transactions that are related with the directors and senior management personnel of the Bank within ten (10) working days from date of approval; and
- (6) To be responsible for other matters authorized by the Board of Directors.

**Article 198** The main functions and powers of the Risk Control Committee are:

- (1) To be responsible for the Bank's risk control, management, supervision and assessment;
- (2) To consider the Bank's risk control principles, targets and policies, and submit the same to the Board of Directors for review and approval;
- (3) To review and determine the Bank's risk control measures and to deliberate the Bank's relevant risk management issues;
- (4) To discuss material risk management matters that require submission to and approval of the Board of Directors;
- (5) To initiate inspection and overseeing regarding the Bank's senior management's efforts in managing various types of risks;
- (6) To conduct investigations on the Bank's risk policies, management status and risk tolerance to make periodical assessments and report to the Board of Directors;
- (7) To make suggestions as to the improvement of the Bank's risk management and internal control;
- (8) To propose an authorization management scheme for the Bank and submit to the Board of Directors for approval;
- (9) To undertake the functions and powers for the Bank's anti-money laundering, to organize and guide the efforts of anti-money laundering in accordance with the Board's authorization, and to report to the Board of Directors; to oversee and guide the work of anti-money laundering leading group of the Bank; to discuss the major issues relating to anti-money laundering, to review and deliberate the anti-money laundering reports; to exercise the permitted right to make decisions and take measures with regard to the material issues or sensitive matters relating to anti-money laundering;
- (10) To undertake the functions and powers for the Bank's compliance management, to organize and guide the case studying and prevention work in accordance with the Board's authorization, and to report to the Board of Directors;



- (11) To formulate the overall policy for the case studying and prevention work, and to promote the development of the management system of case studying and prevention work; to determine explicitly the senior managements' powers and duties as well as the permitted rights in respect of case studying and prevention work, and to ensure that senior managements will take necessary steps to effectively monitor, precaution and handle case risks; to propose general requirement for case studying and prevention work, to review and deliberate the case studying and prevention work reports; to appraise and assess the effectiveness of the Bank's case studying and prevention work; to ensure internal control department will have an effective review and supervision over the case studying and prevention work; and
- (12) To be responsible for other matters authorized by the Board of Directors.

**Article 199** The main functions and powers of the Audit Committee are:

- (1) To be responsible for reviewing the Bank's risks and compliance status, internal control management system, accounting policies, basic management system of audit, financial reporting process and financial positions;
- (2) To be responsible for the Bank's annual audit work, propose the engagement and replacement of external auditors, to oversee and assess auditors' annual audit plan, scope of work and significant audit principles, to coordinate the communication between the internal audit department and the auditors, and to prepare judgment reports on the truthfulness, accuracy, completeness and timeliness of information in the audited financial reports, and submit such reports to the Board of Directors for consideration; and
- (3) To be responsible for other matters required by the laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authorities of the locality where the shares of the Bank are listed, and as may be authorized by the Board of Directors.

**Article 200** The main functions and powers of the Nomination Committee are:

- (1) To make suggestions to the Board of Directors as to the size and composition of the Board of Directors;
- (2) To formulate the selection criteria and procedures for directors and senior management personnel, and to make recommendations to the Board of Directors;
- (3) To conduct preliminary review on the qualifications and conditions of the candidates for directors and senior management personnel, and to make recommendations to the Board of Directors;
- (4) To extensively seek for candidates that are qualified to act as directors and senior management personnel, and to formulate development plans for senior management personnel and key reserve talents; and
- (5) To be responsible for other matters required by the laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authorities of the locality where the shares of the Bank are listed, and as may be authorized by the Board of Directors.

**Article 201** The main functions and powers of the Remuneration and Appraisal Committee are:

- (1) To be responsible for considering the Bank's remuneration management system and policy;
- (2) To be responsible for developing the appraisal criteria for directors and senior management personnel, conducting appraisal work and making recommendations;
- (3) To formulate the remuneration plan for directors and senior management, to make recommendations to the Board of Directors and to oversee the implementation of the plan; and
- (4) To be responsible for other matters required by the laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authorities of the locality where the shares of the Bank are listed, and as may be authorized by the Board of Directors.

**Article 202** The Board of Directors shall formulate the Working Rules for each of the Special Committees of the Board of Directors, and define the special committees' duties, rules of meetings, and working procedures. The establishment, composition, scope of working authority and disclosure of information, etc. of each special committee shall be in accordance with the laws, administrative regulations, departmental rules, and the regulations of the relevant regulatory authorities, the Hong Kong Listing Rules and the relevant provisions of the Articles. Each special committee shall formulate annual working plans and convene meetings regularly.

**Article 203** Each special committee shall communicate with senior management and department heads regarding the operating and risk conditions of the Bank regularly, and give advice and recommendations.

**Article 204** Members of the Board committees shall keep track of the changes and their impact on related matters of the Bank within the scope of the Board committees, and raise the issue to the special committees timely.

### **Section 6 Secretary to the Board of Directors and Office of the Board of Directors**

**Article 205** The Board of Directors shall have a Secretary to the Board of Directors. The Secretary to the Board of Directors is the Bank's senior management personnel, and accountable to the Board of Directors.

The Secretary to the Board of Directors shall adhere to the laws, administrative regulations, departmental rules and the relevant provision of the Articles.

**Article 206** The Secretary to the Board of Directors shall possess the necessary professional knowledge and working experience in banks.

The provisions herein in relation to the conditions prohibiting a person from acting as a director of the Bank shall be applicable to the Secretary to the Board of Directors.

**Article 207** The major duties of the Secretary to the Board of Directors are:

- (1) To assist the directors in handling the daily work of the Board of Directors, to provide directors with, remind them of and ensure that the directors understand the regulations, policies and the requirements of the relevant regulatory authorities in relation to the Bank's operations, to communicate with directors and the relevant personnel of the Bank to ensure that the directors obtain the information and documents needed for carrying out their duties, and to assist the chairman of the Board of Directors and the president of the Bank in compliance with the laws, administrative regulations, departmental rules, the Articles and other relevant provisions in the performance of their functions and powers;
- (2) To be responsible for organizing and preparing documents for Board meetings and shareholders' general meeting, to take minutes of meetings, to keep the documents and minutes of meetings; and to ensure that the Bank has complete organizational documents and records;
- (3) To ensure that the Bank prepare and submit the reports and documents required by the relevant regulatory authorities;
- (4) To ensure the Bank's register of shareholders are properly maintained, and to ensure the relevant records and files available in a timely manner to those who are entitled to access the relevant records and files;
- (5) To handle the information disclosure matters of the Bank, to monitor the formulation and implementation of the Bank's information disclosure management system and material information internal reporting system, to procure the Bank and relevant parties to implement the information disclosure obligations in accordance with laws, to handle the disclosure of regular reports and interim reports with relevant organizations in accordance with the relevant rules;
- (6) To coordinate the relationship between the Bank and investors, to receive investor visits, to answer investor enquiries, and to provide investors with disclosed information of the Bank;

- (7) To maintain the register of shareholders, the register of directors, supervisors and senior management personnel and the information regarding the shareholding of controlling shareholders and directors, supervisors and senior management personnel in the Bank, and to keep the seal of the Board of Directors of the Bank and relevant documents;
- (8) To organize the preparation and timely submission of the files required by the securities regulatory authorities of the place where the Bank's shares are listed, to receive and complete the assigned tasks by the securities regulatory authorities of the place where the Bank's shares are listed as the contact person between the Bank and the securities regulatory authorities of the place where the Bank's shares are listed;
- (9) To maintain confidentiality in respect of the Bank's information disclosure, to formulate confidentiality measures, to cause directors, supervisors, senior management personnel and relevant informed persons to keep in confidence such information before disclosure, and to take immediate remedies upon the leak of insider information;
- (10) To assist directors, supervisors and other senior management personnel in understanding relevant laws, administrative regulations, departmental rules, the Articles and other provisions regarding information disclosure; and
- (11) Other matters authorized by the Board of Directors.

**Article 208** The Secretary to the Board of Directors shall be nominated by the chairman and shall be appointed or removed by the Board of Directors.

**Article 209** The Secretary to the Board of Directors should be served by dedicated designated person in principle, but it may be concurrently served by the Bank's Directors or senior management personnel, provided that they must ensure that they have sufficient energy and time to undertake the duties as the Secretary to the Board of Directors. If a director or a senior management personnel of the Bank concurrently serves as the Secretary to the Board of Directors, in the event that an action has to be taken by the director (or the senior management personnel) and the Secretary to the Board of Directors respectively, the person acting concurrently as a director (or a senior management personnel) and the Secretary to the Board of Directors shall not take such action in both of the capacities.

**Article 210** The president, supervisors and the certified public accountants of the accountants' firms engaged by the Bank, as well as other persons prohibited by the laws, administrative rules, departmental regulations and other regulatory documents from serving as the Secretary to the Board of Directors shall not serve as the Secretary to the Board of Directors.

**Article 211** The Board of Directors shall set up a special office, take charge of the daily affairs of the Board of Directors and the relevant special committees, provide support to the Board of Directors and such committees in connection with the exercise of their rights and duties, and assist the Secretary to the Board of Directors in carrying out their duties.

The persons employed to work in the office of the Board of Directors shall have the relevant professional knowledge so as to sufficiently ensure their assistance to the Board of Directors in carrying out its duties.

## **CHAPTER 10 SENIOR MANAGEMENT PERSONNEL**

### **Section 1 Senior Management Personnel**

**Article 212** The senior management shall observe the principle of good faith, prudently and diligently perform their duties within their scope of authority; and shall not seek business opportunities belonging to the Bank for themselves or other persons, accept benefits in relation to the transactions of the Bank, take part-time jobs in other economic organizations, but shall report to the Board of Directors and Board of Supervisors in a timely, complete and truthful manner, their related party relationships with other shareholders of the Bank.

**Article 213** The provisions herein in relation to the conditions prohibiting a person from acting as a director and the provision in relation to directors' duty of good faith and loyalty and duty of diligence shall be applicable to the senior management.

**Article 214** Persons who have taken up positions other than directorship in the controlling shareholder or de facto controlling entities of the Bank shall not act as senior management personnel of the Bank.

**Article 215** The senior management shall, in accordance with the needs of the Bank's operations, establish a well-developed internal control mechanism with internal rules and regulations, the operational risk control system and the credit approval system, etc. as its key parts.

- Article 216** The senior management shall submit themselves to the supervision of the Board of Supervisors, regularly report to the Board of Supervisors on information regarding the operational results, material contracts, financial position, risk profile, business prospects and other information of the Bank, and shall not obstruct or hinder the inspection, audit or other activities carried out by the Board of Supervisors according to its functions and powers.
- Article 217** The senior management of the Bank shall be responsible for organizing and implementing the capital management of the Bank according to business strategies and risk appetite, ensuring that the capital of the Bank is adaptive to its development and risk levels, and carrying out various monitoring measures.
- Article 218** The senior management shall establish systems of regularly reporting to the Board of Directors, and reporting to the Board of Directors on the operational results, material contracts, financial position, risk profile, business prospects and other information of the Bank in a timely, accurate and complete manner.
- Article 219** The operational management activities of the Bank conducted legally by the senior management within their scope of authority shall not be intervened. Senior management shall have the right to request the Board of Supervisors to raise objections to the directors and chairman who intervene in the operational management activities exceeding their scope of authority, and report to the banking regulatory and administrative authorities under the State Council.
- Article 220** The senior management personnel of the Bank shall observe the applicable laws and the provisions of the Articles, and undertake the duty of good faith and diligence.
- Article 221** Senior management personnel may submit resignation letter to the Board of Directors. Such persons shall not leave their positions until their exit audits are completed.
- Article 222** Senior management personnel shall be liable to compensate the Bank for any losses due to violations of the laws, administrative regulations, departmental rules or the Articles in the performance of their duties.

## **Section 2 President**

**Article 223** The Bank shall have one president who shall be nominated by the chairman and appointed or dismissed by the Board of Directors.

The Bank shall have several vice presidents who shall be appointed or dismissed by the Board of Directors.

The president may propose to resign before the end of his/her term. The procedures and methods for the resignation of the president shall be specified in the Labor Service Contract agreed upon by the president and the Bank.

**Article 224** The president shall be accountable to the Board of Directors and shall perform the following duties and powers:

- (1) To take charge of the operation and management of the Bank, to organize the implementation of the resolutions of the Board of Directors and to report the work to the Board of Directors;
- (2) To submit annual business plans and investment proposals to the Board of Directors and to organize the implementation upon approval by the Board of Directors;
- (3) To draft proposals on the establishment of the Bank's internal management entities;
- (4) To draft the Bank's basic management system;
- (5) To formulate the Bank's specific regulations;
- (6) To propose to the Board of Directors to appoint or dismiss the vice presidents, assistant to the president, finance chief and other senior management personnel;
- (7) To determine to appoint or dismiss persons in charge of the internal departments and branches of the Bank other than those to be appointed or dismissed by the Board of Directors; and to determine their salaries, benefits and reward or punishment according to the remuneration reward and punishment scheme fixed by the Board of Directors;
- (8) To authorize senior management personnel of the Bank and persons in charge of internal departments and branches to conduct operational activities;



- (9) To decide on the appointment and dismissal of the Bank's staff, and on matters relating to wages, benefits, reward and punishment;
- (10) To adopt emergency measures when any material emergency arises and promptly report them to the banking regulatory and administrative authorities under State Council, the Board of Directors and the Board of Supervisors; and
- (11) Other powers and rights conferred by applicable laws, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities, the Articles and by the Board of Directors.

**Article 225** The president shall formulate the "Terms of Reference of the President" and implement such rules after having been approved by the Board of Directors.

The Terms of Reference of the President shall include the following:

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

**Article 226** The vice presidents shall assist the president in his/her work; in case the president is unable to exercise his/her powers, the vice presidents shall do so in order on behalf.

**Article 227** A non-director president observing the meetings of the Board of Directors shall have no voting rights thereat.

## CHAPTER 11 BOARD OF SUPERVISORS

### Section 1 Supervisors

**Article 228** The supervisors of the Bank include shareholder representative supervisors, external supervisors and employee representative supervisors.

**Article 229** The circumstances stipulated herein under which the persons cannot serve as directors of the Bank shall also be applicable to the supervisors of the Bank.

Directors and senior management personnel shall not be the supervisors simultaneously.

**Article 230** Supervisors shall comply with the laws, administrative regulations and the Articles and shall assume duty of loyalty and duty of diligence to the Bank. They shall not accept bribes or other illegal income by taking advantage of their positions or rights and shall not encroach upon property of the Bank.

**Article 231** Shareholder representative supervisors shall be nominated by the Board of Supervisors and the Proposing Shareholders. External supervisors shall be nominated by the Board of Supervisors and shareholder(s) who individually or jointly hold above 1% of the Bank's shares with voting rights. Employee representative supervisors shall be nominated by the Board of Supervisors and the labor union of the Bank.

The number of the supervisors nominated by the same shareholder and its related person(s) shall not exceed one-third of the total number of members of the Board of Supervisors. If an exemption is needed due to a special shareholding structure in place, the shareholder or its related person(s) shall apply to the relevant regulatory authority and provide an explanation.

For the procedures for nomination and election of shareholder representative supervisors and external supervisors, please refer to those of directors and independent directors.

**Article 232** The term of office of each supervisor shall be three years. Before the expiry of the supervisor's term of office, the shareholders' general meeting and employee representative meeting shall not dismiss any supervisor without any reason. Shareholder representative supervisors shall be elected or replaced by the shareholders' general meeting; and employee representative supervisors shall be democratically elected or replaced by employee representative meeting of the Bank or other means.

Upon expiry of the supervisor's term of office, the supervisors can be re-elected and re-appointed. However, the cumulative term of office for external supervisors shall not exceed six years.

The supervisor's term of office shall be calculated from the date on which he/she takes up the office until the term of office of the current Board of Supervisors expires.

**Article 233** A supervisor may resign before the expiry of his/her term of office. The provisions on the resignation of directors specified in Articles 148 and 149 shall apply to the supervisors.

**Article 234** Where re-election is not carried out promptly after the expiry of the supervisor's term of office or the number of supervisors on the Board of Supervisors falls under the quorum because of a supervisor's resignation during his/her term of office, before a new supervisor has been elected to take up the vacant position, subject to the applicable laws and the Articles, the existing supervisor shall continue to perform his/her duties as a supervisor.

**Article 235** The supervisors shall attend in person above two-thirds of the meetings of the Board of Supervisors each year. If a supervisor cannot attend a meeting due to certain reasons, he/she may appoint another supervisor in writing to attend on his/her behalf.

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

A supervisor shall not perform his/her supervisory duties for the Bank for less than fifteen working days each year. The employee representative supervisors shall also be subject to the supervision of the employee representative meeting, employee meetings or other democratic manners, and they shall report to the employee representative meetings regularly.

A supervisor who fails to attend a meeting of the Board of Supervisors in person and also fails to appoint a proxy on his/her behalf shall assume legal liabilities in connection with any resolutions passed at such meeting of the Board of Supervisors.

**Article 236** If the supervisors fail to attend the meetings of the Board of Supervisors either in person or entrust other supervisors to attend on their behalf for two consecutive times, or attend less than two-thirds of the total number of meetings of the Board of Supervisors in person within one year, the supervisors shall be deemed to be unable to perform their duties and the Board of Supervisors shall propose the shareholders' general meeting or the employee representative meeting to dismiss them.

**Article 237** The Board of Supervisor shall make proposals to remove a supervisor at the shareholders' general meeting or employee representative meeting, etc. when the supervisor is involved with any of the following serious misconducts:

- (1) Disclosure of the Bank's trade secrets and harming the Bank's legitimate interests;
- (2) Accepting improper gains during the performance of their duties or manipulation of the position of supervisors to seek for private gains;
- (3) Failing to discover a problem that they should have discovered during the supervision or concealing any problem found, which causes the Bank to suffer material losses; and
- (4) Other serious misconduct stipulated by the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles.

- Article 238** The supervisors shall disclose any related party relationships between themselves and other shareholders, directors and supervisors to the Board of Directors and the Board of Supervisors of the Bank in a timely, complete and truthful manner.
- Article 239** Supervisors shall ensure the truthfulness, accuracy and completeness of information disclosed by the Bank.
- Article 240** Supervisors may observe meetings of the Board of Directors and make inquiries or suggestions about matters on which the Board of Directors has passed resolutions.
- Article 241** Supervisors shall not jeopardize interests of the Bank by taking advantage of their related party status, and the supervisors shall indemnify the Bank for any losses incurred by the Bank therefrom.
- Article 242** Supervisors shall indemnify the Bank for any losses incurred by the Bank resulting from their violation of the laws, administrative regulations, departmental rules and the Articles when performing their duties.

## **Section 2 External Supervisors**

- Article 243** The Bank shall establish systems regulating external supervisors.
- Article 244** The provisions herein concerning the qualifications and requirements for independent directors shall apply to the external supervisors of the Bank.

The external supervisors of the Bank shall not hold positions in more than two commercial banks concurrently and shall not serve as external supervisors for a financial institution which may have conflict of interests with the Bank.

- Article 245** External supervisor candidates may be proposed by the Board of Supervisors in accordance with the number proposed for election within the number of candidates as set out in the Articles; external supervisor may also be proposed by shareholders who individually or jointly hold above 1% of the aggregate number of the Bank's outstanding shares carrying with voting right. If the shares carrying with voting right held by controlling shareholders exceed 30% of the aggregate number of the Bank's shares, cumulative voting system shall be adopted for election of the external supervisors.

**Article 246** An external supervisor shall, before taking up office, make a statement to the Board of Supervisors, undertaking that he/she will have sufficient time and energy to perform his/her duties with due diligence.

**Article 247** Working time of the external supervisors for the Bank shall not be less than 15 working days per year.

External supervisors may appoint other external supervisors to attend the meetings of the Board of Supervisors for them, however, the number of meetings attended in person by a supervisor each year shall not be less than two-thirds of the total number of the meetings of the Board of Supervisors.

**Article 248** The dismissal of external supervisors by the Board of Supervisors and the resignation of external supervisors shall be made with reference to the provisions of the Articles regarding independent directors.

**Article 249** Convening an extraordinary general meeting may be proposed to the Board of Supervisors by above half of external supervisors. If there were only two external supervisors, proposals for convening an extraordinary general meeting shall be unanimously agreed by both of them.

**Article 250** External supervisors shall enjoy the same rights as other types of supervisors, to supervise the Board of Directors and senior management and its personnel of the Bank and shall carry out supervision within the scope of authority granted to them by resolutions passed by the Board of Supervisors. The external supervisors shall, in carrying out their duties, pay particular attention to the interests of the depositors of the Bank as well as to the overall interests of the Bank.

**Article 251** External supervisor shall be deemed as committing a serious failure in performing his duties under any of the following circumstances, the Board of Supervisors shall propose to the shareholders' general meeting to remove such external supervisor:

- (1) Disclosure of the Bank's trade secrets and harming the Bank's legitimate interests;
- (2) Accepting improper gains during the performance of their duties;

- (3) Manipulation of the position of external supervisors to seek for private gains;
- (4) Failing to discover a problem that they should have discovered during the supervision or concealing any problem found, which causes the Bank to suffer material losses; and
- (5) Other serious dereliction identified by the banking regulatory and administrative authorities under the State Council.

**Article 252** The Bank shall provide its external supervisors with an appropriate allowance. The amount of allowance shall be proposed by the Board of Supervisors and approved at a shareholders' general meeting, and the amount shall be disclosed in the Bank's annual report.

**Article 253** Any expenses required by the external supervisors in carrying out their duties shall be borne by the Bank.

**Article 254** Save as the special requirements regarding external supervisors in this section, external supervisors are also subject to general requirements regarding supervisors in the Articles. If there is any inconsistency between general requirements and special requirements, the special requirements shall prevail.

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

**Article 255** The Bank shall have a Board of Supervisors. The Board of Supervisors shall be the supervisory authority of the Bank, and be accountable to the shareholders' general meeting.

**Article 256** The Board of Supervisors shall be composed of three (3) to thirteen (13) supervisors, not less than two (2) of which shall be the external supervisors. Employee representative supervisors and external supervisors shall not be less than one-third of the total number of members of the Board of Supervisors.

**Article 257** The Board of Supervisors shall have one (1) chairman. The appointment and removal of the chairman shall be made with a resolution passed by above two-thirds of the members of the Board of Supervisors. The chairman of the Board of Supervisors shall convene and preside over meetings of the Board of Supervisors. If the chairman of the Board of Supervisors is unable to or fails to carry out his/her duties, a supervisor elected by above half of the supervisors shall convene and preside over the meeting.

The chairman shall be served as by a dedicated designated person. The chairman shall possess professional knowledge and working experience in at least one professional area, e.g. accounting, audit, finance or law, etc.

**Article 258** The chairman shall exercise the following duties and powers:

- (1) To convene and preside over meetings of the Board of Supervisors;
- (2) To organize the performance of duties of the Board of Supervisors;
- (3) To sign reports and other important documents of the Board of Supervisors;
- (4) To report on the work of the Board of Supervisors to the shareholders' general meeting; and
- (5) Other duties and powers stipulated by relevant laws and the Articles as well as authorized by the Board of Supervisors.

**Article 259** The Board of Supervisors is accountable to the shareholders' general meeting and shall perform the following duties and powers in line with the law:

- (1) To examine the reports of the Bank regularly compiled by the Board of Directors and submit its opinions in writing;
- (2) To supervise the performance by and due diligence of the Board of Directors and senior management personnel of their duties;
- (3) To query the directors, the Board of Directors and senior management;
- (4) To conduct exit audits towards directors and senior management when necessary;
- (5) To require directors and senior management personnel to rectify their acts which are detrimental to the interests of the Bank;
- (6) To inspect and supervise financial activities of the Bank;
- (7) To audit the business decision-making, risk management and internal control of the Bank, if necessary;



- (8) To propose dismissal of directors or senior management personnel who violated the laws, administrative regulations, the Articles or resolutions of the shareholders' general meeting, or initiate legal proceedings according to laws;
- (9) To propose to convene an extraordinary general meeting and convene and preside over the shareholders' general meeting in the event that the Board of Directors has failed to fulfil its duties stipulated by the Company Law to convene and preside over the shareholders' general meeting;
- (10) To make proposals to the shareholders' general meeting;
- (11) To propose to convene an interim Board meeting;
- (12) To examine financial information such as financial reports, business reports and profit distribution plans proposed to be submitted to the shareholders' general meeting by the Board of Directors, to conduct investigations if there are any doubts or irregularities in relation to the operation of the Bank, and to engage professionals from accounting firms or law firms etc. if necessary to assist its duties at the expenses of the Bank;
- (13) To make proposals regarding the remuneration (or allowance) of the supervisors;  
and
- (14) To exercise any other functions and powers conferred by applicable laws, administrative regulations, departmental rules, regulatory documents and the Articles, and authorized by the shareholders' general meeting.

**Article 260** The Board of Supervisors shall establish an office as the executive body of the Board of Supervisors, and the office be equipped with full-time staff who will be responsible for the daily work of the Board of Supervisors.

**Article 261** In performing its functions, the Board of Supervisors shall have the power to require the Board of Directors and the senior management to provide necessary information on information disclosure and audit, among others. The Board of Supervisors may designate supervisors to observe meetings of the senior management, if necessary.

**Article 262** The Board of Supervisors shall formulate comprehensive procedural rules for meetings, including information such as notice for meetings, the manner in which meetings will be convened, preparation of documents, form of voting, mechanism for making proposals, minutes of meetings and the signatures for the minutes, etc., and these procedural rules shall be implemented upon approval by the shareholders' general meeting to ensure the Board of Supervisors exercises the function and power of supervision effectively.

**Article 263** The Board of Supervisors shall discuss official business through the meetings of the Board of Supervisors. The meetings of the Board of Supervisors consist of regular meetings and interim meetings, and either type of meeting shall be convened and presided over by the chairman of the Board of Supervisors.

The Board of Supervisors shall convene regular meetings at least four (4) times annually and once quarterly. The notice regarding the forthcoming meeting for the Board of Supervisors shall be served to all supervisors ten (10) days before the meeting date, and the documents to be used in the meeting shall be served on all supervisors five (5) days before the meeting date.

**Article 264** An interim meeting of the Board of Supervisors shall be convened and presided over by the chairman of the Board of Supervisors within ten (10) days if any of the following events occurs:

- (1) The chairman of the Board of Supervisors considers it necessary;
- (2) When above one-third of the supervisors propose to do so;
- (3) When above half of the external supervisors have made a proposal requesting the meeting (if there are only two external supervisors, both of the external supervisors have unanimously agreed to make a proposal requesting the meeting); and
- (4) Any other circumstances as stipulated by the laws, administrative regulations, departmental rules and the Articles.

The notice regarding the forthcoming interim meeting for the Board of Supervisors shall be served to all supervisors five (5) days before the meeting date, and the documents to be used in the meeting shall be served on all supervisors three (3) days before the meeting date.

**Article 265** The notice of a meeting of the Board of Supervisors shall contain the following contents:

- (1) The date, time and place of the meeting;
- (2) The duration of the meeting;
- (3) The reason for holding the meeting and topics for discussion;
- (4) The date of issuance of the meeting notice; and
- (5) The contact persons of the meeting and their contact information.

**Article 266** The Board of Supervisors may request the Bank's directors, senior management personnel, internal and external auditors to observe the meetings of the Board of Supervisors to respond to questions that the supervisors are concerned about.

**Article 267** The Board of Supervisors is entitled to consult relevant personnel and institutions of the Bank for information when discharging duties, and the relevant personnel and institutions shall provide cooperation.

**Article 268** The Bank shall ensure that the work of the Board of Supervisors is carried out normally and provide the supervisors with necessary working conditions and specialized office space. The expenses needed for the Board of Supervisors to carry out its duties shall be borne by the Bank.

**Article 269** The meeting of the Board of Supervisors shall only be held if more than two-thirds of all the supervisors are present at the meeting. Each supervisor shall have one (1) vote.

**Article 270** The Board of Supervisors shall make resolutions regarding the matters to be resolved at the meeting. Unless the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles provide stipulations to the contrary, a resolution at the meeting of the Board of Supervisors shall be adopted if it is approved by above two-thirds of all supervisors.

**Article 271** Supervisors who have any material interests in the matters to be discussed by the Board of Supervisors shall abstain from voting, and shall not exercise their voting rights on the proposal nor exercise any voting rights on behalf of the other supervisors. The meeting of the Board of Supervisors shall only be held if more than half of the supervisors without material interests are present.

**Article 272** Meeting of the Board of Supervisors may be convened by correspondence and resolution may be made by way of voting by correspondence, subject to following conditions:

- (1) The issues to be voted by correspondence shall be delivered to all supervisors, together with the background information of relevant issues as well as any information and data that is helpful for the supervisors to make decision within three (3) days before the date of vote;
- (2) Voting by correspondence shall be adopted on issue by issue basis;
- (3) Voting by correspondence shall be adopted only on necessary circumstance. The reason for adopting voting by correspondence shall be explained and in the resolution to be voted by correspondence and shall state such voting is in compliance with the requirements of the Articles or the Rules of Procedure of Meetings of the Board of Supervisors.

The material issues including reviewing annual report and profit distribution plans shall not be voted by correspondence.

**Article 273** Minutes shall be taken to record the decisions of matters discussed at the meeting (in the form of meeting minutes or meeting resolutions, etc.). Supervisors attending the meetings shall sign the meeting minutes. Supervisors shall have the right to request explanatory notes regarding any remarks that have been made during the meeting to be placed in the minutes.

As the Bank's files, the minutes of the meeting of the Board of Supervisors shall be kept by the office of the Board of Supervisors in accordance with the Bank's record management regulations for a period of no less than ten (10) years.

**Article 274** The minutes of meetings of the Board of Supervisors shall include:

- (1) The date, time and place of the meeting and the name of the convener or president;
- (2) The names of the supervisors attending the meeting and the names of the supervisors (proxies) appointed by other supervisors to attend the meeting;

- (3) The agenda of the meeting;
- (4) The main points of the speeches of the supervisors; and
- (5) The methods and results of the voting for each proposal (the voting results shall state the number of votes voting in affirmative, negative, or in abstention).

**Article 275** Resolutions and minutes of the meeting of the Board of Supervisors shall be submitted to the banking regulatory and administrative authorities under the State Council for filing within ten (10) days after the conclusion of the meeting.

**Article 276** The reasonable expenses incurred for exercising the function and power of the Board of Supervisors to engage intermediaries shall be borne by the Bank.

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

**Article 277** The Board of Supervisors shall establish a Nomination Committee, whose principal duties are:

- (1) To formulate the procedures and standards of electing supervisors, to conduct the preliminary review on the qualifications of candidates for supervisors and to give advice to the Board of Supervisors, as well as to supervise the selection procedures of directors;
- (2) To make a comprehensive evaluation of the work performance of directors, supervisors and senior management personnel and to make a report to the Board of Supervisors;
- (3) To supervise that the Bank's remuneration systems and policies and the remuneration proposals for senior management personnel are scientific and rational; and
- (4) Other affairs authorized by the Board of Supervisors.

The Nomination Committee shall be headed by an external supervisor.

**Article 278** The Board of Supervisors shall establish a Supervision Committee, whose principle duties are:

- (1) To formulate supervision plan of financial activities of the Bank and to conduct relevant inspection;
- (2) To supervise the Board of Directors in establishing a sound business philosophy, normative values, and guidance in line with the Bank's development strategies;
- (3) To supervise and conduct inspection of operating decision, risk management and internal control; and
- (4) Other affairs authorized by the Board of Supervisors.

The Supervision Committee of the Board of Supervisors may conduct investigation on special affairs of the Bank, and the results of investigation shall be reported to both of the Board of Supervisors and the Board of Directors.

The Supervision Committee should be headed by an external supervisor.

## **CHAPTER 12 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT PERSONNEL**

**Article 279** The qualifications for the positions of directors, supervisors and senior management personnel of the Bank shall meet the requirements stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities and the Articles. In accordance with aforementioned requirements, the qualification of the directors and senior management personnel shall be verified by the banking regulatory authority.

**Article 280** No person shall hold the position of director, supervisor or senior management personnel of the Bank in one of the following circumstances:

- (1) A person without or with limited capacity for civil conduct;
- (2) A person who has been penalized or sentenced due to corruption, bribery, embezzlement, appropriation of property or the disruption of the socialist market economy, and five (5) years have not elapsed from which the punishment or deprivation of political rights for the crimes committed was carried out;

- (3) A director, factory director or manager of bankrupt and liquidated companies or enterprises whereby such person was personally liable for the bankruptcy of such companies or enterprises, and three (3) years have not elapsed from which the liquidation of the company or enterprise was completed;
- (4) A legal representative of companies or enterprises which have had their business licenses revoked and the business of such companies or enterprises were compulsorily closed down due to a violation of laws in which such person was personally liable, and three (3) years have not elapsed from which the business license of the company or enterprise was revoked;
- (5) A person with relatively large amounts of due and outstanding debt;
- (6) A person under investigation by judicial authorities for suspected violations of criminal law and the investigation is still ongoing;
- (7) A person banned from holding leadership positions as stipulated by the laws and administrative regulations;
- (8) A non-natural person;
- (9) A person judged by competent authorities as having violated the provisions of securities laws and regulations, the violation involves fraudulent or dishonest acts, and less than five (5) years have elapsed since the ruling; and
- (10) Other persons who are prohibited from holding leadership positions as stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities and the Articles.

If the Bank elects or appoints directors, supervisors and senior management personnel in violation of the provisions of this Article, such election, appointment or employment shall be voided. If any circumstance above occurs during the term of office, that person shall be dismissed.

**Article 281** The validity of any act by a director or senior management personnel made on behalf of the Bank towards a third party acting in good faith shall not be affected by any non-compliance in regulations of that person's position, election procedure or qualifications.

**Article 282** In addition to the obligations stipulated by the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles, in exercising their duties, the directors, supervisors, and senior management personnel of the Bank shall also owe the following obligations to each and every shareholder:

- (1) To ensure that the Bank does not operate beyond the scope of business stipulated in its business license;
- (2) To act in good faith and in the best interests of the Bank;
- (3) Not to deprive the Bank of its assets in any way, including but not limited to depriving the Bank of any advantageous business opportunities; and
- (4) Not to deprive the shareholders of any personal rights and interests, including but not limited to the right to distributions and the right to vote, but excluding the submission of company restructuring proposals to the shareholders' general meeting in accordance with the Articles.

**Article 283** The directors, supervisors, and the senior management personnel of the Bank shall have a responsibility to apply the same level of care, diligence and skill in exercising their rights or carrying out obligations as would be shown by a reasonably prudent person in similar circumstances.

**Article 284** The directors, supervisors, and senior management personnel of the Bank must act with good faith in exercising their duties and responsibilities, and shall not put themselves in any situation where their personal interests may conflict with their obligations. This extends to but not limited to the following obligations:

- (1) To act in good faith and in the best interests of the Bank;
- (2) To exercise powers within the scope of their authority and they shall not exceed their scope of authority;
- (3) To exercise the discretion conferred on them in person and free from the influence of others; and not to transfer their discretion for others to exercise in the absence of the laws and administrative regulations providing to the contrary or without the informed consent of the shareholders' general meeting;
- (4) To treat shareholders of the same class in the same way, and to fairly deal with shareholders belonging to different classes;



- (5) Not to enter into any contract, transaction or arrangement with the Bank except if otherwise prescribed by the Articles or if there is informed consent of the shareholders' general meeting;
- (6) Not to use any assets of the Bank to seek personal advantages in any way without the informed consent of the shareholders' general meeting;
- (7) Not to accept bribes or other forms of illegal income by taking advantage of his authority, nor to embezzle the assets of the Bank in any way, such assets including but not limited to any business opportunities that are advantageous to the Bank;
- (8) Not to accept any commission related to transactions of the Bank without the informed consent of the shareholders' general meeting;
- (9) To comply with the Articles, perform their duties faithfully and to safeguard the interests of the Bank, and not to take advantage of their position and authority at the Bank to seek personal gain;
- (10) Not to engage in any form of competition with the Bank without the informed consent of the shareholders' general meeting;
- (11) Not to misappropriate the funds of the Bank or irregularly lend the funds of the Bank to others, not to put any assets of the Bank under an account opened in his own name or in the name of others, not to irregularly use the Bank's assets as security for the debts of the shareholders of the Bank or others' personal debts; and
- (12) Not to divulge any confidential information involving the Bank and obtained by them during their term of office without the informed consent of the shareholders' general meeting; and not to use such information except it is in the interests of the Bank; however the information may be disclosed to the court or other relevant regulatory authorities (but shall inform the Bank before making these disclosures) if the disclosure is:
  - (i) In accordance with the law;
  - (ii) In the public interest; or

- (iii) Required for the own interests of directors, supervisors, and senior management personnel.

**Article 285** The directors, supervisors, and senior management personnel of the Bank shall not direct the following persons or institutions (“connected persons”) to take any acts which the directors, supervisors, and senior management personnel are themselves prohibited from taking:

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

**Article 286** The fiduciary duties owed by the directors, supervisors, and senior management personnel of the Bank shall not necessarily be terminated at the end of their term of office, and their obligation to keep the trade secrets of the Bank confidential shall remain valid after their term of office expires. The duration of other obligations shall be determined by what is fair, and will depend on the length of time between the date on which the directors leave their positions and the relevant event involving the obligations as well as the circumstances and conditions in which their relationship with the Bank terminated.

**Article 287** The shareholders may make an informed decision at the shareholders’ general meeting to dismiss any director, supervisor, and member of senior management of the Bank who has violated any obligations, unless the circumstances specified in Article 72 apply.

**Article 288** The directors, any of its associates (as defined under the Hong Kong Listing Rules), supervisors, or senior management personnel of the Bank having any direct or indirect material interests in any executed or proposed contracts, transactions or arrangements (except the employment contracts between the Bank and its directors, supervisors, and senior management personnel), regardless of whether such matters are usually subject to the approval or consent of the Board of Directors, such persons shall disclose the nature and extent of the interests to the Board of Directors as soon as possible.

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

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

**Article 289** Before the Bank considers entering into contracts, transactions or arrangements for the first time, if the interested directors, supervisors and senior management personnel of the Bank have provided a written notice to the Board of Directors and the Board of Supervisors stating that they have interests in the contracts, transactions or arrangements which would be entered into by the Bank in the future for the reasons set out in the notice, then the director, supervisor and senior management personnel concerned shall be deemed to have made the disclosure as required in the preceding Article of this chapter to the extent as set out in the notice. When the condition permits, with the prior approval by the shareholders' general meeting, the Bank may set up the system of professional liability insurance for the directors, supervisors, president and other senior management personnel, and make an appropriate insurance arrangement against legal actions that may be exposed to.

**Article 290** The Bank shall not in any way pay taxes for the directors, supervisors, and senior management personnel of the Bank.

**Article 291** The Bank shall not, directly or indirectly, provide any loan or loan guarantee to the directors, supervisors, and senior management personnel of the Bank and of its parent company, nor shall the Bank provide the same to their connected persons.

The preceding paragraph shall not apply in the following circumstances:

- (1) Loans or loan guarantees provided by the Bank to its subsidiary banks (subsidiary companies);
- (2) Loans, loan guarantees or other funds provided by the Bank to the directors, supervisors, or senior management personnel of the Bank pursuant to their employment contracts which were adopted by the shareholders' general meeting, so that the foregoing persons can make payments in the interests of the Bank or for the expenses incurred in performing their duties and responsibilities; and
- (3) Loans and loan guarantees provided by the Bank to the relevant directors, supervisors, and senior management personnel of the Bank and their connected persons, provided that the loans and loan guarantees are provided on normal commercial terms and conditions.

**Article 292** If the Bank provides a loan in breach of the provisions of the preceding Article, regardless of the terms of the loan the person who has received the loan shall repay it immediately.

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

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

**Article 293** The "guarantee" referred to in the preceding articles of this chapter includes acts whereby the guarantor undertakes liabilities or provide assets to ensure that the obligor performs its obligations.

**Article 294** When the directors, supervisors, and senior management personnel of the Bank are in breach of the obligations owed towards the Bank, aside from the various rights and remedies provided by the laws and administrative regulations, the Bank shall have the right to take the following measures:

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

**Article 295** The Bank shall enter into written contracts with the directors and the supervisors regarding remuneration which are subject to the prior approval from the shareholders' general meeting. The matters relating to remuneration include:

- (1) Remuneration for the directors, supervisors or senior management personnel of the Bank;
- (2) Remuneration for the directors, supervisors or senior management personnel of the subsidiary banks (subsidiary companies) of the Bank;

- (3) Remuneration for those providing other services for managing the Bank and its subsidiary banks (subsidiary companies); and
- (4) Compensation to directors or supervisors for loss of their office or upon retirement.

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

**Article 296** The remuneration contracts between the Bank and its directors or supervisors shall stipulate that if the Bank is acquired, the directors and supervisors of the Bank shall, subject to prior approval from the shareholders' general meeting, be entitled to compensation or other funds for loss of their positions or upon retirement. The "acquisition of the Bank" previously mentioned refers to one of the following circumstances:

- (1) A takeover offer made by any person to all shareholders; or
- (2) A takeover offer made by any person with the intent of becoming the controlling shareholder.

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

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

### **Section 1 Financial Accounting System and Distribution of Profits**

**Article 297** The Bank shall formulate its financial accounting system in accordance with the applicable laws, administrative regulations and the provisions of the financial authority of the State Council.

**Article 298** The accounting year of the Bank shall be the calendar year, beginning from January 1st and ending on December 31st of the calendar year. The Bank shall prepare an annual financial report within four (4) months after the end of each accounting year, an interim financial report within two (2) months after the end of the first six (6) months of each accounting year and quarterly financial reports within one (1) month after the end of the first three (3) months and the first nine (9) months of each accounting year, and submit them to the banking regulatory and administrative authorities under the State Council, the People's Bank of China, the agency of the securities regulatory authorities under the State Council and the stock exchange in accordance with the relevant laws.

The said financial reports shall be prepared according to the relevant laws, administrative regulations and departmental rules.

Except as otherwise provided in the Articles, the Bank shall send the aforesaid reports or report of the Board of Directors along with the balance sheet and loss and profit statement to each shareholder of overseas listed shares by pre-paid post at least twenty-one (21) days prior to the convening of the annual shareholders' general meeting, and the address on the register of shareholders shall be the address of the recipient. For shareholder of overseas listed shares who meet the requirements of laws, administrative regulations and the securities regulatory authorities of the locality in which the Bank's shares are listed, the aforesaid materials can be sent by the ways published on the Bank's website, the website of Hong Kong Stock Exchange and other websites stipulated by the Hong Kong Listing Rules from time to time.

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

**Article 299** The Bank shall not have any books of accounts in addition to its statutory ones. No asset of the Bank may be kept in any account opened in the name of any individual.

**Article 300** The Bank shall prepare its financial statements in accordance with PRC accounting standards and regulations; as well as in accordance with international accounting standards or the accounting standards required by securities regulatory authorities of the locality in which the Bank's shares are listed. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. When distributing the after-tax profits for the relevant accounting year, the Bank shall adopt the one with the lower after-tax profits out of the aforesaid two financial statements.

**Article 301** The interim results or financial information to be published or disclosed by the Bank shall be prepared in accordance with PRC accounting standards and regulations, as well as in accordance with international accounting standards or the accounting standards required by securities regulatory authorities of the locality in which the Bank's shares are listed.

**Article 302** The after-tax profits of the Bank shall be distributed in the following order of priority:

- (1) To make up for the losses of the previous year;
- (2) To set aside 10% of the profits to statutory reserve funds;
- (3) To set aside general reserves;
- (4) To pay dividends on preference shares;
- (5) To set aside discretionary reserve funds; and
- (6) To pay dividends to ordinary shareholders.

The Bank may distribute its after-tax profit after making 10% contributions of the profit to the statutory reserve until the balance of the statutory reserve reaches above 50% of the registered capital of the Bank.



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

After distribution its after-tax profit to the statutory reserve, general reserves and dividend payment of preference shares, the Bank may also distribute its after-tax profit to the discretionary reserves upon approval of the shareholders' general meeting.

After making up of any losses and contribution to reserves, the remaining after-tax profit may be distributed to shareholders in proportion to their respective shareholdings.

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

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

Where the capital adequacy ratio of the Bank does not meet the required standards of the relevant regulatory authorities, the Bank shall not distribute profits to shareholders. Under the premise of ensuring the capital adequacy ratio meets regulatory requirements, the Bank may distribute profits if it has distributable profits.

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

**Article 303** The reserve of the Bank shall be used for making up the Bank's losses, expanding the Bank's scale of operation or increasing the capital of the Bank, but capital reserve shall not be used for making up the Bank's losses.

When the statutory reserve is converted to capital, the balance of such reserve shall not be less than 25% of the Bank's registered capital before conversion.

**Article 304** The capital reserve shall include the following funds:

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

**Article 305** Policies about profit distribution of ordinary shareholders in the Bank are as the following:

- (1) Basic principle of profit distribution: The Bank shall implement a continuous and stable dividend distribution policy. The Bank's dividend distribution shall pay attention to the reasonable return on investment of investors and take into account the Bank's sustainable development. Under the premise of balancing continuous profitability, meeting regulatory requirements and the normal operation and long-term development, the Bank shall prioritize the distribution of dividends in cash. The Bank shall not distribute profits to ordinary shareholders until the agreed dividends are fully paid to the preferred shareholders.
- (2) The specific policies of profit distribution are as the following:
  1. Form of profit distribution: The Bank may distribute dividends in cash or in a combination of cash and stocks. If the Bank is profitable in the current year and the accumulated undistributed profit is positive, under the premise of ensuring the stable management and development, the Bank shall prioritize the distribution of dividends in cash. When the Board of Directors believes that the stock price of the Bank does not match the size of the Bank's share capital or considers it necessary, the Board of Directors may propose a stock dividend distribution plan and submit it to the shareholders' general meeting for deliberation.

The Bank generally conducts annual profit distribution, and the Bank's Board of Directors can also propose interim profit distribution according to the actual situation of the Bank.

2. Specific conditions and proportions of the Bank's cash dividends: In the case of meeting the dividend requirements stipulated by laws and regulations, the profit distributed in a year to ordinary shareholders by cash after listing of A shares of the Bank shall not be less than 30% of the distributable profit attributable to ordinary shareholders of the Bank in the current year. The annual specific cash dividend ratio shall be drawn up by the Bank in accordance with relevant laws and regulations, regulatory documents, the company's articles of association and the Bank's operation, and shall be decided by the shareholders' general meeting of the Bank.
3. Conditions for the Bank to issue stock dividends: If the Bank's operating income grows rapidly and the Board of Directors believes that the Bank's stock price does not match with the scale of the Bank's share capital, stock dividend distribution plan may be proposed and implemented while the above-mentioned cash dividend distribution is satisfied.
4. The Board of Directors of the Bank shall comprehensively consider factors such as the characteristics of the industry, its development stage, its own business model, profitability and whether there are major capital expenditure arrangements so as to differentiate the following conditions, and propose a differentiated cash dividend policy in accordance with the procedures stipulated by the Articles.
  - (i) If the company's development is at the mature stage and there are no major capital expenditure arrangements, when distributing the profits, cash dividends shall account for not less than 80% in this profit distribution.

- (ii) If the company's development is at the mature stage and there are major capital expenditure arrangements, when distributing the profits, cash dividends shall account for not less than 40% in this profit distribution.
- (iii) If the company's development is at the growth stage and there are major capital expenditure arrangements, when distributing the profits, cash dividends shall account for not less than 20% in this profit distribution.

If the company's development stage is hard to be distinguished but there are major capital expenditure arrangements, cash dividends shall be handled in accordance with the preceding provisions.

(3) Procedures of deliberation about profit distribution:

1. When formulating the profit distribution plan, the Board of Directors of the Bank shall carefully study and demonstrate the time, conditions and minimum proportion of cash dividends, the conditions for adjustment and the requirements for decision-making procedures and so on. Independent directors should make clear comments. Independent directors shall collect opinions from medium and small shareholders, propose dividends proposal, and submit it directly to the Board of Directors for deliberation. Before the shareholders' general meeting deliberates the specific plan for cash dividends, the Bank shall actively communicate and exchange ideas with shareholders, especially medium and small shareholders, through various channels, fully take the opinions and appeals of medium and small shareholders, and promptly respond to the concerns of them. The Board of Supervisors of the Bank shall supervise the company's profit distribution plan made by the Board of Directors and decision-making procedures.

2. If the Bank meets the cash dividend condition but has not made a cash dividend plan, or the profit distributed in cash by the Bank to ordinary shareholders is lower than the 30% of the distributable profit attributable to ordinary shareholders of the Bank realized in the current year, the Board of Directors shall make special explanations on the specific reasons for not paying cash dividends, the exact use of retained earnings of the company and the expected investment income and so on, then submit them to the shareholders' general meeting for deliberation after the independent directors express their opinions, and disclose them through media designated by the Bank. The Bank shall provide shareholders with an online voting system to vote.
- (4) Reasons for not making profit distribution by cash: The Bank shall disclose the profit distribution plan for the current year in the annual report. If there is profit during the reporting period but the Bank's Board of Directors does not make a cash profit distribution plan, the reasons shall be disclosed in the regular report. The report shall state the reasons for not paying dividends as well as the function of capitals not used for dividends but saved in the Bank. The independent directors shall express independent opinions on these matters.
- (5) Adjustment on profit distribution policies: In case of force majeure such as war or natural disaster, or changes of the external business environment of the Bank which have significant impact on the Bank's production and operation, or when the Bank's own operating conditions change significantly, the Bank may adjust the profit distribution policy. When the Bank adjusts the profit distribution policy, the Board of Directors shall make a special discussion, elaborate the reasons for adjustment, form a written argumentation report and submit it to the shareholders' general meeting after deliberation by independent directors. And the adjustment shall be passed by more than two-thirds of the voting rights held by shareholders attending the shareholders' general meeting of shareholders. The Bank shall provide shareholders with an online voting method to vote. When the shareholders' general meeting deliberates the policy changes in the profit distribution plan, the opinions of the medium and small shareholders should be fully considered.

- (6) If the shareholders of the Bank illegally occupy the Bank's funds, the Bank shall deduct the cash dividends distributed to the shareholders to repay the cash they occupy.
- (7) The Bank shall disclose the formulation and implementation of the cash dividend policy in detail in the annual report, and shall explain whether it meets the provisions of the Articles or the requirements of the resolutions of the shareholders' general meeting, whether the dividend standards and ratios are explicit and clear, whether the relevant decision-making procedures and mechanisms are perfect, whether the independent directors perform their duties and play their due role, whether the small and medium shareholders have the opportunity to fully express their opinions and appeals, whether the legitimate rights and interests of the small and medium shareholders are fully protected, etc. If the cash dividend policy is adjusted or changed, whether the conditions and procedures for adjustment or change are legal and transparent or not shall also be described in detail.

**Article 306** After the resolution on profit distribution has been passed at the shareholder's general meeting of the Bank, the Bank's Board of Directors shall complete the distribution of dividends (or shares) within two (2) months after convening of the shareholders' general meeting.

**Article 307** Payments made in advance of calls on any shares by the Bank shall carry interest. However, holders of shares shall not have any right to receive dividends declared thereafter in relation to any such payment made in advance.

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

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

The Bank has the right to sell the shares of the shareholders of overseas listed shares through the methods the Board of Directors deems appropriate and subject to the following conditions:

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

**Article 308** The Bank shall appoint a recipient agent for shareholders of overseas listed shares. The recipient agent shall collect on behalf of the shareholders concerned the dividends distributed and other funds payable by the Bank in respect of the overseas listed shares.

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

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

## **Section 2 Internal Audit**

**Article 309** The Bank shall establish an internal audit system and set up an independent and vertical internal audit management system with professional audit personnel to undertake internal auditing and supervision of the Bank's financial income and expenditures and economic activities.

**Article 310** The internal audit system and the duties of the audit personnel shall be implemented upon approval by the Board of Directors. The head of audit shall be responsible to and shall report to the Board of Directors and the Audit Committee.

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

**Article 311** The Bank shall engage independent accounting firms that comply with the relevant State regulations to audit annual financial reports and to review other financial reports of the Bank. The engagement term of the accounting firm shall begin from the date of the close of the current annual shareholders' general meeting and end on the date of the close of the next annual shareholders' general meeting, but the Bank shall not engage accounting firm(s) under the control of related parties.

**Article 312** If a vacancy of the position of accounting firm arises, the Board of Directors may appoint an accounting firm to fill such vacancy before the holding of a shareholders' general meeting. However, if there are other engaged accounting firms of the Bank while such vacancy still exists, such accounting firms shall continue to serve.

**Article 313** An accounting firm engaged by the Bank shall have the following rights:

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

**Article 314** The Bank warrants that the Bank will provide the engaged accounting firm with true and complete accounting documents, accounting books, financial reports and other accounting information; the Bank shall not refuse to provide, and shall not conceal or falsify such documents.



**Article 315** The shareholders' general meeting may, by way of an ordinary resolution, dismiss an accounting firm, prior to the expiration of the term of office of the accounting firm, regardless of the terms and conditions of the contract between the accounting firm and the Bank. If the accounting firm concerned has the right to make a claim against the Bank due to its dismissal, such right shall not be affected.

**Article 316** The remuneration of the accounting firm or the ways to determine the remuneration of the accounting firm shall be determined by the shareholders' general meeting. The remuneration of the accounting firm engaged by the Board of Directors shall be decided by the Board of Directors.

**Article 317** The audit results of the Bank's financial reports, issued by the accounting firms engaged by the Bank, shall be reported to the Board of Directors and the Board of Supervisors at the same time.

**Article 318** The engagement, dismissal or non-engagement of an accounting firm shall be decided upon by the shareholders' general meeting, and reported to the securities regulatory and administrative authorities under the State Council for filing.

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

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

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

- (2) If the accounting firm that is about to leave its post makes a written statement, and requests the Bank to inform the shareholders of its statement, the Bank shall, unless the time of receiving the written statement is too late, adopt the following measures:
  - (i) State in the notice sent out for the purpose of a resolution that the accounting firm to leave its post has made a statement;

- (ii) Send a copy of the statement in the form of an attachment to the notice to shareholders in the manner stipulated by the Articles.
- (3) If the statement of the relevant accounting firm is not sent by the Bank in accordance with the above provisions in subsection (2) above, the accounting firm concerned may request that the statement be read out at the shareholders' general meeting and make further appeal.
- (4) An accounting firm which is leaving its post shall be entitled to attend the following meetings:
  - (i) Shareholders' general meeting at which its term of office shall expire;
  - (ii) Shareholders' general meeting at which the vacancy due to its dismissal is to be filled up;
  - (iii) Shareholders' general meeting convened due to its resignation from its post.

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

**Article 319** When the Bank dismisses or does not renew the engagement of an accounting firm; it shall give fifteen (15) days advance notice to the accounting firm. When voting on dismissal of an accounting firm at the shareholders' general meeting, such accounting firm shall be permitted to present its views at the shareholders' general meeting.

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

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

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

The Bank shall, within fourteen (14) days after receiving the aforesaid written notice, send a copy of the notice to the relevant regulatory authorities. If the notice contained a statement referred to in the above item (2), the Bank shall also deposit a copy of the said statement in the Bank for the shareholders' review. Unless otherwise stipulated by the Articles, the Bank shall send by prepaid mail a copy of the statement mentioned above to each shareholder of overseas listed shares, and the address of the recipient shall be that recorded in the register of shareholders; or, during the above-mentioned period and in complying with applicable laws, regulations and the Hong Kong Listing Rules, publish such copy of the statement through the website of the stock exchange of the place where the Bank's shares are listed, or publish such copy of the statement in one or more newspapers specified by such stock exchange website and by the Articles.

If the accounting firm's notice of resignation contains any statement referred to in the above item (2), the accounting firm may request that the Board of Directors convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances in connection with its resignation.

#### **CHAPTER 14 INCENTIVE AND RESTRAINT MECHANISMS**

- Article 320** The Bank establishes an incentive mechanism in which remuneration is connected to the Bank's profits and individual performance.
- Article 321** The Board of Directors and the Board of Supervisors shall adopt appropriate methods to evaluate respectively whether the directors (including independent directors) and the supervisors (including external supervisors) have fulfilled their responsibilities, and report to the shareholders' general meeting.

**Article 322** The proposal of the evaluation and remuneration of and the incentive for senior management personnel is formulated by the Nomination Committee, the Remuneration and Appraisal Committee under the Board of Directors and submitted to the Board of Directors for approval. The Board of Directors shall take the evaluation of senior management personnel as the basis for determining the remuneration and other incentives for senior management personnel.

**Article 323** Directors and supervisors shall not participate in the process for determining their own performance evaluation and remuneration, except for the self-assessment aspect of their performance evaluation.

**Article 324** Upon the approval of the shareholders' general meeting, the Bank shall set up stock incentive system and employee stock ownership plan.

Upon the approval of the Board of Directors, the Bank shall establish a remuneration, bonus and welfare system suitable for the development of the Bank.

## **CHAPTER 15 STAKEHOLDERS**

**Article 325** The Bank respects the lawful rights of stakeholders such as its creditors, staff, clients, and the community.

**Article 326** The Bank shall diligently cooperate with all the stakeholders, to jointly promote the sustainable, stable and regular development of the Bank.

**Article 327** The Bank encourages its staff to offer their opinions and advices on the Bank's operations, financial positions and material decisions related to staff's interests through communicating directly with the Board of Directors, the Board of Supervisors and senior management.

**Article 328** The Bank' staff organize the union, carry out union activities to protect their lawful rights and interests pursuant to the Trade Union Law of the PRC.

When making decisions on material issues related to restructuring and operations and formulating important regulations, the Bank listens to staff's opinions and advices through employee representative meetings or other forms.

**Article 329** Whilst maintaining sustainable development and maximizing shareholder interests, the Bank shall also pay attention to issues involving the community such as its welfare or environment protection, and the Bank shall treat its corporate social responsibilities with importance.

## **CHAPTER 16 NOTICES AND ANNOUNCEMENTS**

**Article 330** The Bank's notices (including but not limited to notices for convening shareholders' general meeting, meetings of the Board of Directors and the Board of Supervisors) shall be given in the following ways:

- (1) By hand;
- (2) By fax;
- (3) By letter or e-mail;
- (4) By way of an announcement published in the newspaper or other designated media;
- (5) Subject to compliance with the laws, administrative regulations, departmental rules, regulatory documents and the relevant rules of the relevant regulatory authorities, and the provisions under the Articles, by way of posting on the websites specified by the Bank;
- (6) Other ways which are recognized by the securities regulatory authorities of the locality in which the Bank's shares are listed or stipulated in the Articles.

The notice given by the Bank shall be deemed as received by all the relevant persons once publicly announced if the notice is delivered in the form of public announcement.

Even where the Articles have otherwise provided for the methods of announcement or notification for any documents, notices, or other corporate communication, subject to the relevant provisions of the securities regulatory authorities of the locality in which the Bank's shares are listed, the Bank may choose to publish its communication by the means specified in item (5) of the first paragraph of this Article, to replace the means of sending written documents to each shareholder of overseas listed shares by hand or by prepaid mail. The said communication above refer to any documents sent or to be sent by the Bank to the shareholders for reference or for taking action, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), reports of the Board of Directors (together with balance sheets and income statements), notice of shareholders' general meeting, circulars and other communication.

**Article 331** Delivery date of notices of the Bank:

- (1) Where a notice is delivered by hand, the recipient or its agent shall acknowledge receipt by signing (or sealing) the delivery receipt, and the date on which the recipient or its agent signs the delivery receipt shall be the delivery date;
- (2) Where a notice is sent out by fax, the date of the fax shall be the delivery date;
- (3) Where a notice is sent out by mail, the delivery date shall be the second working day after such notice is delivered to the post office;
- (4) Where a notice is sent out by e-mail, the date of sending the notice shall be the delivery date;
- (5) Where a notice is given by way of announcement, the date on which the announcement is first published shall be the delivery date.

The notice given by the Bank shall be deemed as received by all the relevant persons once publicly announced if the notice is delivered in the form of public announcement.

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

**Article 332** The notice of convening of shareholder's general meeting of the Bank is given by way of announcement.

The notice of convening of a meeting of the Board of Directors and the Board of Supervisors shall be issued in any of the following ways: by hand, by fax, by mail/post, by e-mail.

**Article 333** Where, as a result of accidental omission, a notice of meeting is not given to a person who is entitled to receive such notice or where such person has not received the notice, the meeting or any resolution adopted at the meeting shall not be invalidated as a result.

**Article 334** Where the relevant provisions of the securities regulatory authorities in the locality in which the Bank's shares are listed require that the Bank send, mail, distribute, release or announce, or provide by other means the Bank's relevant documents in both English and Chinese versions, if the Bank has made appropriate arrangements to determine whether its shareholders expect to receive the English or the Chinese version only, the Bank may (based on the preference expressed by shareholders) send the English or Chinese version only, to relevant shareholders within the scope permitted by the applicable laws and regulations and in accordance with applicable laws and regulations.

**Article 335** The Bank shall send announcements and disclose information to the shareholders of domestically listed shares in the newspapers and websites for information disclosure specified by the laws, administrative regulations or relevant domestic regulatory authorities. Where announcements are to be sent to the shareholders of H shares in accordance with the Articles, then relevant announcements shall, at the same time, be published in the methods specified by the Hong Kong Listing Rules.

## **CHAPTER 17 MERGER, DIVISION, INCREASE AND REDUCTION OF CAPITAL, DISSOLUTION AND LIQUIDATION**

### **Section 1 Merger, Division, Increase and Reduction of Capital**

**Article 336** With the approval of the banking regulatory and administrative authorities under the State Council, the Bank may carry out merger or division in accordance with the law.

The merger action taken by the Bank may be in two forms, merger by absorption or merger by new establishment. For a merger by absorption, a company absorbs any other company and the absorbed company is dissolved; for a merger by formation of a new corporation, above two companies combine together for the establishment of a new one, and the existing ones are dissolved.

**Article 337** For a merger or division of the Bank, the Board of Directors shall put forward a proposal, and the formalities for approval shall be handled in accordance with the law after the proposal has complied with the procedures specified in the Articles. The shareholders who oppose the Bank's merger or division plans have the right to ask the Bank or the shareholders who approve the merger or division plans to purchase their shares at a fair price. The contents of the resolution on the merger or division of the Bank shall be made into special document, which shall be available for inspection by shareholders.

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

**Article 338** For a merger of the Bank, the parties to the merger shall sign a merger agreement, and shall prepare a balance sheet and assets list. The Bank shall inform creditors within ten (10) days from the date on which the resolution in favor of the merger is adopted, and shall publish an announcement in thirty (30) days in the press or media designated by the Bank for publishing announcements. The creditors shall within thirty (30) days of the day on which a notice is received, and, in the case where no notice is received, within forty-five (45) days, request that the Bank repays its debts or provide a corresponding guarantee for repayment.

**Article 339** After the merger of the Bank, the entity surviving the merger or the new entity established after the merger shall assume the claims and debts of the parties to the merger.



**Article 340** Where the Bank proceeds into a division, its assets shall be divided accordingly.

When proceeding into a division, the Bank shall prepare a balance sheet and assets list. The Bank shall inform the creditors within ten (10) days from the date on which a resolution is adopted in favor of the division, and shall publish an announcement within thirty (30) days in the press or media designated by the Bank for publishing announcements.

**Article 341** The entity established after division shall assume joint liability for the debts incurred by the Bank before division, unless otherwise stipulated in any written settlement agreement of debts which may be reached between the Bank and its creditors prior to the division.

**Article 342** The Bank shall prepare a balance sheet and assets list when it reduces its registered capital.

The Bank shall notify its creditors within ten (10) days from the date of the Bank's resolution on reduction of registered capital and shall publish an announcement in the media designated by the Bank within thirty (30) days. The creditors shall within thirty (30) days of the day on which a notice is received, and, in the case where no notice is received, within forty-five (45) days, request that the Bank repays its debts or provide a corresponding guarantee for repayment.

The Bank's registered capital after the capital reduction shall not be under the minimum statutory amount.

**Article 343** Where a merger or division of the Bank involves any changes to registered matters, an application for modification of registration shall be made to the registration authority of the company in accordance with the law; if the Bank is dissolved, cancellation of registration of the Bank shall be carried out in accordance with the law; where a new company is established, the registration of the incorporation of the company shall be carried out in accordance with the law.

The Bank shall go through the formality of changes in respect of any increase or decrease in its registered capital with the company's registration authorities.

## **Section 2 Dissolution and Liquidation**

**Article 344** In any of the following circumstances, the Bank may be dissolved in accordance with the law:

- (1) If the shareholders' general meeting resolves to do so;
- (2) If a dissolution is necessary as a result of a merger or division of the Bank;
- (3) The Bank is declared bankrupt due to its failure to repay debts due;
- (4) If the business license of the Bank is revoked or if it is ordered to close down its business or if its business license is canceled in accordance with the laws;
- (5) Where the operation and management of the Bank falls into serious difficulties and its continued existence would cause material losses to shareholders, the shareholders holding above 10% of the total voting rights of the Bank may apply to the people's court to dissolve the Bank if there are no other solutions.

Dissolution of the Bank shall be reported to the banking regulatory and administrative authorities under the State Council for approval.

**Article 345** Where the Bank is dissolved pursuant to items (1), (5) above, a liquidation committee shall be set up according to the laws within fifteen (15) days upon the approval by the banking regulatory and administrative authorities under the State Council, and the shareholders general meeting shall by ordinary resolutions determine the members of the liquidation committee.

Where the Bank is dissolved pursuant to item (3) above, a People's Court shall organize the banking regulatory and administrative authorities under the State Council, the shareholders, relevant authorities and relevant professionals to form a liquidation committee according to the laws to proceed with the liquidation. Where a liquidation committee is not established as scheduled, the creditors may apply to the people's court to appoint relevant persons to form a liquidation committee to carry out liquidation.

Where the Bank is dissolved pursuant to item (4) above, the banking regulatory and administrative authorities under the State Council shall organize the shareholders, relevant authorities and relevant professionals to form a liquidation committee to proceed with the liquidation.

**Article 346** If the Board of Directors decides that the Bank shall be liquidated (except for liquidation resulting from the Bank's declaration of bankruptcy), it shall state in the notice of shareholders' general meeting convened for such purpose that the Board of Directors have conducted a comprehensive investigation into the situation of the Bank and believes that the Bank is able to pay off all its debts within twelve (12) months following the commencement of the liquidation.

After the shareholders' general meeting adopts a resolution in favor of the liquidation, and after the liquidation committee is established, the functions and powers of the Board of Directors of the Bank shall be terminated immediately.

The liquidation committee shall follow the instructions of the shareholders' general meeting and shall report to the shareholders' general meeting at least once a year on the income and expenditure of the liquidation committee, the business of the Bank and the progress of the liquidation, and shall make a final report to the shareholders' general meeting at the end of the liquidation.

**Article 347** The liquidation committee shall exercise the following duties and powers during the period of liquidation:

- (1) To liquidate the assets of the Bank and prepare a balance sheet and assets list respectively;
- (2) To inform creditors by notices or public announcements;
- (3) To deal with any unsettled business of the Bank that relates to the liquidation;
- (4) To pay off any outstanding taxes and any taxes arising in the course of liquidation;
- (5) To clear up claims and debts;

- (6) To handle the Bank's remaining assets after paying off all debts; and
- (7) To participate in civil litigation on behalf of the Bank.

**Article 348** The liquidation committee shall notify creditors within ten (10) days from the date of its establishment, and shall publish an announcement within sixty (60) days, in the press or media designated by the Bank for publishing announcements.

The creditors shall make their claims to the liquidation committee within thirty (30) days from the date of receipt of the notice or, within forty-five (45) days from the date of the first public announcement for those who have not received the notice.

When making a claim, creditors shall explain the matters related to their claim and provide relevant evidence of such claims. Claims shall be registered by the liquidation committee.

The liquidation committee shall not settle any debt with any creditors during the period allowed for creditors to make a claim.

**Article 349** After liquidation of the Bank's assets by the liquidation committee and the preparation of a balance sheet and assets list, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders' general meeting or to the people's court for confirmation.

After the payment of liquidation costs, employees' salary, social insurance and statutory compensation, principal and interest of personal savings deposits, outstanding taxes and the Bank's other debts out of the property of the Bank, the Bank's property distribute to shareholders according to the class of the share and their shareholding ratio.

During liquidation, the Bank shall continue to exist but shall not carry on any business activities which do not relate to the liquidation. The assets of the Bank shall not be distributed to shareholders before it is used for settlement in accordance with the provisions of the preceding paragraph.

**Article 350** During liquidation of the Bank's assets by the liquidation committee, and after preparing a balance sheet and assets list, if the liquidation committee finds the assets of the Bank to be insufficient for the settlement of its debts, the liquidation committee shall, upon approval by the banking regulatory and administrative authorities under the State Council, apply to the people's court for a declaration of bankruptcy in accordance with the law.

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

**Article 351** Following the completion of liquidation, the liquidation committee shall prepare a liquidation report, income and expenditure statement and financial books of accounts in respect of the liquidation period, and, upon verification by a PRC certified public accountant, submit the same to the shareholders' general meeting or relevant competent authorities for confirmation. The liquidation committee shall submit the documents mentioned above to the company registration authority, apply for cancellation of the Bank's registration and make an announcement of the closure of the Bank within thirty (30) days after confirmation at the shareholders' general meeting or by the relevant competent authorities.

**Article 352** Members of the liquidation committee shall faithfully perform their duties and perform the liquidation obligations in accordance with the law.

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

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

**Article 353** Where the Bank is declared to be bankrupt in accordance with the law, it shall implement the bankruptcy liquidation in accordance with the laws and regulations in relation to bankruptcy of enterprises.

**Article 354** Matters relating to the merger, division, dissolution, liquidation, bankruptcy and termination etc. of the Bank shall comply with Company Law provisions, special provisions of Commercial Banking Law provisions and the requirements of the banking regulatory and administrative authorities under the State Council.

## CHAPTER 18 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**Article 355** The Bank may amend the Articles in accordance with the laws, administrative regulations and the provisions of the Articles.

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

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

**Article 356** Any amendments to be made to the Articles pursuant to a resolution of the shareholders' general meeting shall be subject to the approval of the competent authorities, and shall obtain the approval of the competent authorities; if registration matters are involved, the Bank shall apply for registration of the changes in accordance with the law.

**Article 357** The Board of Directors shall amend the Articles of the Bank according to the resolutions on amending the Articles passed at a shareholders' general meeting and the approval opinions of the competent authorities.

**Article 358** Where the amendments to the Articles involve matters required by the applicable laws to be disclosed, such amendments shall be announced in accordance with the relevant provisions.

## CHAPTER 19 DISPUTE RESOLUTION

**Article 359** The Bank shall abide by the following rules for dispute resolution:

- (1) If any disputes or claims in relation to the Bank's business, with respect to any rights or obligations under the Articles, the Company Law or any other relevant laws and administrative regulations, arise between shareholders of overseas listed shares and the Bank, between shareholders of overseas listed shares and the Bank's directors, supervisors or senior management personnel of the Bank, or between shareholders of overseas listed shares and other shareholders, the parties concerned shall submit such disputes or claims to arbitration.

When the aforementioned disputes or claims are submitted to arbitration, such disputes or claims shall be submitted in their entirety, and all persons (being the Bank, the Bank's shareholders, directors, supervisors or senior management personnel of the Bank) that have a cause of action based on the same grounds or the persons whose participation is necessary for the resolution of such disputes or claims, shall comply with the arbitration.

Disputes with respect to the definition of shareholders and disputes concerning the register of shareholders need not be resolved by arbitration.

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

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

- (3) Unless otherwise provided by the laws, administrative regulations, departmental rules or regulatory documents, the laws of the PRC shall apply to the settlement of any disputes or claims that are resolved by arbitration pursuant to item (1) above.
- (4) The award of the arbitration institution shall be final and binding on all parties.

## **CHAPTER 20 SPECIAL REGULATIONS OF PREFERENCE SHARES**

- Article 360** Unless otherwise specified in laws, administrative regulations, departmental rules, regulations of the securities regulatory authorities in the place where the shares of the Bank are listed and this Chapter, the rights and obligations of preference shareholders and management of preference shares shall be governed by the provisions relating to ordinary shares (including H shares) in the Articles.
- Article 361** The number of preference shares issued by the Bank shall not exceed 50% of the total number of ordinary shares of the Bank, and the capital raised from the issue of preference shares shall not be more than 50% of the net assets of the Bank prior to the relevant issuance (excluding the preference shares that have been redeemed or converted).
- Article 362** In accordance with rules on capital regulation for commercial banks, the Bank may formulate terms governing the mandatory conversion of the preference shares into ordinary shares, namely, upon the occurrence of certain trigger events, the Bank shall convert the preference shares into ordinary shares according to the conversion price and conversion amount determined at the time of issuance of the preference shares. In circumstances when the preference shares are mandatorily converted into ordinary shares, the Bank shall report such conversion to banking regulatory and administrative authorities under the State Council for review and approval.



**Article 363** The preference shares issued by the Bank shall not have any put provision, and the preference shareholders shall have no right to require the Bank to redeem preference shares. Subject to the approval of the banking regulatory and administrative authorities under the State Council and upon compliance with the relevant requirements, the Bank has the right to redeem all or part of the preference shares after the fifth (5) year following the date of the relevant issuance of the preference shares. The redemption period of the preference shares commences on such date as agreed upon at the time of issuance of the preference shares and ends on the date of redemption or conversion of all the preference shares. The Bank shall write down the total number of outstanding preference shares after the Bank redeems the preference shares.

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

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

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

**Article 364** Preference shareholders of the Bank shall enjoy the following rights:

- (1) To receive distribution of dividends in priority to ordinary shareholders;
- (2) To receive distribution of residual assets of the Bank on liquidation in priority to those of ordinary shareholders;
- (3) Upon the occurrence of the circumstances provided in Article 366, to attend and vote at shareholders' general meetings;
- (4) Upon the occurrence of the circumstances provided in Article 367, to have its voting rights restored in accordance with the requirements of that Article;

- (5) To make proposals or inquiries in relation to the business operations and activities of the Bank;
- (6) To inspect the Bank's Articles, register of shareholders, stubs of bonds, minutes of the shareholders' general meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial reports; and
- (7) Other rights conferred to preference shareholders by laws, administrative regulations, departmental rules and the Articles.

**Article 365** Only votes of ordinary shares and votes of preference shares with restored voting rights shall be counted when calculating the proportion of shares and the amount of shares held by the shareholders in the event of the following:

- (1) A request to convene an extraordinary shareholders' general meeting;
- (2) A request to convene and preside over a shareholders' general meeting;
- (3) A request to submit a proposal or an interim proposal to a shareholders' general meeting;
- (4) A request to nominate the directors and supervisors who are not employee representatives of the Bank;
- (5) Identifying controlling shareholder(s) according to the relevant provisions of the Articles;
- (6) Identifying situations where person(s) are restricted from serving as independent directors of the Bank according to the related provisions of the Articles;
- (7) Identifying the ten largest shareholders of the Bank and the number of shares held by them and the shareholder(s) holding 5% or more of the shares of the Bank in accordance with the Securities Law of the People's Republic of China and relevant regulations;
- (8) Other circumstances provided under laws, administrative regulations, departmental regulations and the Articles.

**Article 366** The preference shareholders are not entitled to attend any shareholders' general meeting of the Bank nor do the preference shares carry voting rights in any shareholders' general meeting other than in the following circumstances:

- (1) Amendments to the Articles that relate to preference shares;
- (2) Reduction of the registered capital of the Bank by more than 10% on a single or aggregate basis;
- (3) Merger, division, dissolution or change of corporate form of the Bank;
- (4) Issuance of preference shares by the Bank;
- (5) Other events specified in laws, administrative regulations, departmental rules and the Articles.

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

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

**Article 367** In the event that the Bank fails to pay the prescribed dividend to the preference shareholders for three financial years in aggregate or two consecutive financial years, the preference shareholders will have the right to attend and vote at the shareholders' general meetings as if they are ordinary shareholders from the day immediately after the shareholders' general meeting resolves that the Bank will not pay the prescribed dividend for the current dividend period. The voting rights of the preference shareholders will remain restored until the Bank pays the current period dividend in full.

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

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

**Article 368** The dividend ratio for the issued and outstanding preference shares of the Bank consists of the benchmark rate and the fixed spread. The dividend ratio may be adjusted at different intervals. During a specified period after issuance of the preference shares, the dividend ratio will remain the same and during any adjusted dividend rate period, the dividend ratio will remain the same.

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

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

**Article 369** In the event of liquidation of the Bank as a result of dissolution, bankruptcy or other reasons, the remaining assets of the Bank after liquidation in accordance with laws, administrative regulations, departmental rules and paragraph 2 under Article 349 shall be distributed first to the preference shareholders. Preference shareholders will be entitled to an amount equal to the aggregate value of the preference shares then issued and outstanding plus any declared but unpaid dividends for the current period. If there are insufficient remaining assets, the distribution will be made proportionally according to the aggregate value of the preference shares held by each preference shareholder as a proportion of the aggregate value of all preference shares of the Bank.

## **CHAPTER 21 SUPPLEMENTAL PROVISIONS**

**Article 370** Interpretations

- (1) The “controlling shareholder(s)” shall refer to the person(s) satisfying any of the following conditions:
  - (i) The person may elect above half of the directors when acting alone or in concert with others;
  - (ii) The person may exercise or control the exercise of above 30% of the total voting shares of the Bank when acting alone or in concert with others;
  - (iii) The person holds above 30% of total voting shares of the Bank when acting alone or in concert with others; or

- (iv) The person may de facto control the Bank in any other manner when acting alone or in concert with others.

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

- (2) “Substantial shareholders” means the shareholder who can directly, indirectly, or jointly hold or control above 5% of the shares or voting rights of the Bank, or holds less than 5% of the Bank’s total shares but has a material impact on the operational management of the Bank.

The “significant influence” in the preceding paragraph include, but is not limited to, dispatching directors, supervisors or senior management personnel to the Bank, affecting the Bank’s financial and operational management decisions through agreements or other means, and other circumstances identified by the banking regulatory and administrative authorities under the State Council.

- (3) “De facto controller” means a person who, though not a shareholder of the Bank, is able to get the de facto control of the company through investment relationships, agreement or other arrangements.
- (4) “Related party relationship” refers to the relationship between the company’s controlling shareholder, de facto controller, a director, a supervisor or senior management personnel on the one hand and an enterprise he or she directly or indirectly controls on the other hand, as well as any other relationship that may result in a diversion of the company’s interests; however, enterprises controlled by the state shall not be deemed to have a related party relationship merely by virtue the fact that such enterprises are under the common control of the state.
- (5) “Cumulative voting system” means at the shareholders’ general meeting where director(s) or supervisor(s) is/are elected, each ordinary share (including the preference shares with restored voting rights) shall have the same number of voting rights as the number of director(s) or supervisor(s) to be elected. Shareholders’ voting rights may be exercised collectively.

- (6) Total voting shares shall only include the total number of ordinary shares and preference shares with voting rights according to Article 366 of the Articles and preference shares with res to red voting rights according to Article 367 of the Articles.

**Article 371** The Board of Directors may, in accordance with the Articles, formulate detailed rules of the Articles which shall not be in conflict with the provisions hereof.

**Article 372** The Articles shall be written in Chinese. Should there be any inconsistency between the Articles written in another language or provided in other versions, the latest Chinese version registered by and filed with the Administration for Industry & Commerce shall prevail.

**Article 373** References to “above”, “within” and “below” shall include the actual given figures, while references to “not more than”, “beyond”, “under”, “more than” and “less than” shall exclude such actual given figures.

**Article 374** References to “regulatory authorities”, “relevant regulatory authorities”, “competent authorities” and “relevant competent authorities” herein include domestic and foreign entities which have power to perform supervisory and regulatory obligations on the Bank according to applicable laws, administrative regulations, departmental rules and regulatory documents.

**Article 375** The Board of Directors of the Bank shall be responsible for the interpretation of the Articles.

**Article 376** The appendices as of the Articles shall include the Rules of Procedure of the Shareholders’ General Meeting, the Rules of Procedure of Meetings of the Board of Directors and the Rules of Procedure of Meetings of the Board of Supervisors.

**Article 377** Upon approval by the banking regulatory and administrative authorities under the State Council and after consideration and approval by the shareholders’ general meeting, the Articles shall become effective from the date thereupon.