

**ARTICLES OF ASSOCIATION  
OF  
POSTAL SAVINGS BANK OF CHINA CO., LTD.**

(Adopted at the inauguration meeting and the first shareholders' general meeting of Postal Savings Bank of China Co., Ltd. on December 29, 2011; approved by China Banking Regulatory Commission on January 20, 2012; amended by the third extraordinary general meeting of 2013 of Postal Savings Bank of China Co., Ltd. on December 13, 2013; amended by the third extraordinary general meeting of 2014 of Postal Savings Bank of China Co., Ltd. on December 26, 2014; amended by the third extraordinary general meeting of 2015 of Postal Savings Bank of China Co., Ltd. on November 20, 2015; approved by China Banking Regulatory Commission on March 14, 2016; and amended by the annual general meeting of 2015 of Postal Savings Bank of China Co., Ltd. on May 31, 2016; approved by China Banking Regulatory Commission on June 24, 2016; and amended by the annual general meeting of 2016 of Postal Savings Bank of China Co., Ltd. on June 8, 2017; approved by China Banking Regulatory Commission on August 2, 2017; and amended by the second extraordinary general meeting of 2017 of Postal Savings Bank of China Co., Ltd. on October 27, 2017; approved by China Banking and Insurance Regulatory Commission on June 21, 2018; and amended by the first extraordinary general meeting of 2019 of Postal Savings Bank of China Co., Ltd. on April 8, 2019; approved by China Banking and Insurance Regulatory Commission on June 6, 2019.)

# Articles of Association of Postal Savings Bank of China Co., Ltd.

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## CHAPTER I GENERAL PROVISIONS

**Article 1** The Articles of Association (the “**Articles**”) are formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Securities Law of the People’s Republic of China, the Commercial Banking Law of the People’s Republic of China (the “**Commercial Banking Law**”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for the Articles of Association of the Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) as well as other applicable laws, administrative regulations and departmental rules for the purposes of protecting the legitimate rights and interests of Postal Savings Bank of China Co., Ltd. (the “**Bank**”), its shareholders and creditors and to regulate the organization and activities of the Bank.

**Article 2** Under the consent of the State Council and upon the approval by the Official Reply of the CBRC on the Restructuring of Postal Savings Bank of China Co., Ltd. into a Joint Stock Limited Liability Company (Yin Jian Fu [2011] No. 634), the Bank was entirely transformed into a joint stock limited company from the original Postal Savings Bank of China Limited (中國郵政儲蓄銀行有限責任公司) (established in 2007) and was established by way of promotion. The promoter was China Post Group Corporation (中國郵政集團公司). The Bank inherited all assets and liabilities of the original Postal Savings Bank of China Limited, and assumed and performed the rights and obligations in relevant legally binding contracts or agreements as well as the corresponding creditor-debtor relationships and legal liabilities of the original Postal Savings Bank of China Limited. The Bank completed the formalities in respect of the change of registration with the State Administration for Industry and Commerce of the People’s Republic of China on 21 January 2012, and obtained its business license. The Bank currently holds a “business license” with a unified social credit code of 9111000071093465XC.

**Article 3** Registered name of the Bank:

Full name in Chinese: 中國郵政儲蓄銀行股份有限公司;

Chinese abbreviation: 中國郵政儲蓄銀行;

Full name in English: POSTAL SAVINGS BANK OF CHINA CO., LTD.;

English abbreviation: POSTAL SAVINGS BANK OF CHINA;

Acronym: PSBC.

**Article 4** Domicile of the Bank: No. 3 Financial Street, Xicheng District, Beijing, the People’s Republic of China, Postcode: 100808.

Telephone: 86-10-6885 8872

Fax: 86-10-6885 8859

**Article 5** The registered capital of the Bank is RMB81,030,574,000.

**Article 6** The Bank shall be a perpetually existing joint stock limited company.

**Article 7** The chairman of the board of directors (the “**Board**”) shall be the legal representative of the Bank.

**Article 8** The liability of the shareholders of the Bank shall be limited to the extent of their respective shareholdings in the Bank, and the Bank shall assume liability for its debts to the extent of all its assets.

**Article 9** From the date the Articles become effective, the Articles shall become a legally binding document that regulates the organization and activities of the Bank and the rights and obligations between the Bank and its shareholders and among the shareholders. The Articles shall be binding on the Bank and its shareholders, directors, supervisors, and members of the senior management. The aforesaid persons may claim their rights on matters relating to the Bank in accordance with the Articles. Pursuant to the Articles, a shareholder may sue other shareholders or directors, supervisors or members of the senior management of the Bank or the Bank, and the Bank may sue a shareholder, director, supervisor or members of the senior management.

The term “sue” mentioned in the preceding paragraph shall include the initiation of legal proceedings at a court or the application of arbitration to an arbitral institution.

**Article 10** Based on the needs of its business development and subject to the approval of competent government departments, the Bank may set up, change or dissolve entities, including but not limited to subsidiaries, branches or representative offices, within or outside the PRC in accordance with the requirements of laws, administrative regulations, departmental rules and the Articles. Except for subsidiaries, the aforesaid entities shall not have the status of independent legal person, shall legally carry out their business within the scope authorized by the Bank and shall accept centralized management by the Bank.

**Article 11** The Bank may invest in other enterprises in accordance with the laws or subject to the approval of the approving authorities authorized by the State Council, and shall assume liabilities of the invested enterprises to the extent of its capital contribution or subscribed shares. The Bank shall not become a capital contributor that shall bear the joint and several liabilities for the debts of such invested enterprises.

**Article 12** The Bank has adopted the “direct-operation + agency” operating model. Making full use of the advantages of postal networks, the Bank promotes sustainable and healthy development of the Bank’s business through postal agencies, to improve the market value of the Bank and achieve a win-win relationship between the Bank and China Post Group Corporation.

**Article 13** As a state-controlled commercial bank, the Bank shall uphold the leadership by the Communist Party of China (“**CPC**”) and strengthen the construction of the CPC. The Bank shall set up an organization of the CPC according to the Constitution of the Communist Party of China and the Company Law. The CPC committee shall play the role as the core of leadership and the political nucleus, providing direction, managing the overall situation and ensuring implementation. Meanwhile, the working organs of the CPC shall be established to implement the duty of construction of the CPC, equipped with sufficient staff to deal with CPC affairs and provided with sufficient funds to operate the CPC organization.

## CHAPTER II OBJECTIVES AND SCOPE OF BUSINESS

**Article 14** The objectives of the Bank are to comply with national laws and regulations, adhere to the principle of credibility, be customer-focused and market-oriented and, in particular, to serve the community, small and medium-sized enterprises and “Sannong (agriculture, rural areas and farmers)”. We will make full use of the postal network advantages, strengthen our internal controls, maintain compliance and sound operation, to provide customers with high-quality financial services, maximize shareholder value and support economic development and social progress of the PRC.

**Article 15** The business scope of the Bank shall be as follows: taking deposits from the public; granting short-term, medium-term and long-term loans; arranging domestic and overseas settlements; accepting and discounting notes; issuing financial bonds; acting as agents to issue, honour and underwrite government bonds; trading government bonds and financial bonds; engaging in interbank lending; engaging in foreign exchange trading as a principal or on an agency basis; engaging in bank card business; providing letters of credit and guarantees; collecting and making payment as well as conducting insurance business on an agency basis; providing safe deposit box services; and engaging in any other business approved by China banking regulatory authority and any other regulatory authorities.

## CHAPTER III SHARES

### Section 1 Share Issue

**Article 16** The Bank shall have ordinary shares. Based on actual needs, the Bank may have preference shares or other classes of shares upon approval by the approval authorities authorized by the State Council.

Preference shares in the Articles refer to the other classes of shares governed separately under the Company Law as compared to the ordinary shares governed by the general provisions. Preference share 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 to share(s) and share certificate(s) in Chapters 3 to 20 and Chapter 22 of the Articles shall refer to ordinary share(s) and ordinary share certificate(s) and references to shareholders in Chapter 3 to Chapter 20 and Chapter 22 of the Articles shall refer to ordinary shareholders.

The Bank shall issue shares in accordance with the principles of equality and fairness, and each share of the same class shall rank *pari passu* in all respects.

Each share of the same class shall be issued under the same conditions and at the same price in each issuance. The same price shall be paid for each share subscribed for by any entity or individual.

**Article 17** All shares issued by the Bank shall have a par value. Each ordinary share shall bear a par value of RMB1.

**Article 18** Subject to the approval of the relevant national regulatory authorities, the Bank may issue shares to domestic investors and foreign investors. Foreign investors mentioned in the preceding sentence refer to those investors who subscribe for the Bank's shares and who are located in foreign countries, the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People's Republic of China (“**PRC**”), the Macau Special Administrative Region of the PRC or the Taiwan region. Domestic investors refer to those investors who subscribe for the Bank's shares and who are located within the territory of the PRC (excluding the aforesaid regions).

**Article 19** Shares that the Bank issues to domestic investors for subscription in Renminbi are referred to as domestic shares. Shares that the Bank issues to foreign investors for subscription in foreign currencies are known as foreign shares. Foreign shares listed outside the PRC are referred to as overseas-listed foreign shares. Shares listed and traded on overseas stock exchange with approvals of issuance from the approving authorities authorized by the State Council and overseas securities regulatory authorities are referred to as overseas-listed shares.

Foreign currencies mentioned in the preceding paragraph refer to a lawful currency, other than Renminbi, of another country or region, which is recognized by the foreign exchange authority of the PRC and that can be used to make payments for the shares to the Bank.

Following the initial public offering and listing of the shares of the Bank, shareholders of the Bank may trade their unlisted shares in an overseas stock exchange upon obtaining the approval from the State Council or securities regulatory authorities of the State Council. The listing and trading of the aforesaid shares shall comply with the regulatory procedures, regulations and requirements prescribed by the relevant overseas stock market. No class shareholder voting is required for the listing and trading of the aforesaid shares on an overseas stock exchange.

Shareholders of the domestic shares and overseas-listed shares of the Bank rank *pari passu* over any distribution by way of dividend or any other forms of distribution.

**Article 20** Upon approval by the approval departments authorized by the State Council, the Bank may issue a total number of 81,030,574,000 ordinary shares. 45,000,000,000 shares were issued to its promoter, China Post Group Corporation, when the Bank was restructured into a joint stock limited company, representing 100% of the then total number of ordinary shares that the Bank may issue.

**Article 21** Upon the initial public offering and listing of the shares of the Bank, we issued 12,426,574,000 overseas-listed shares, representing 15.34% of the total number of ordinary shares that the Bank may issue.

The shareholding structure of the ordinary shares of the Bank after the initial public offering and listing of the Bank's shares is as follows: 81,030,574,000 ordinary shares, of which 55,847,933,782 shares in total are held by its promoter, China Post Group Corporation, and 5,326,473,218 shares in aggregate are held by other holders of domestic shares, hence a total of 61,174,407,000 shares are held by holders of domestic shares, representing 75.50% of the total number of ordinary shares that the Bank may issue; 19,856,167,000 shares are overseas-listed shares, representing 24.50% of the total number of ordinary shares that the Bank may issue.

Domestic shares issued by the Bank are centrally deposited with a depository institution in accordance with relevant requirements; overseas-listed shares issued by the Bank may be deposited with a nominee company in accordance with the laws and requirements of securities registration and depository of the place where the shares of the Bank are listed, or may also be held by shareholders in their own name.

**Article 22** Upon the approval of the securities regulatory authorities of the State Council in respect of the plan of the Bank to issue overseas-listed shares and domestic shares, the Board of the Bank may make implementation arrangements for such plans by means of separate issuance.

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

**Article 23** In the event that there are overseas-listed foreign shares and domestic shares included in the total number of shares specified in the issuance plan, such shares shall be fully subscribed for at one time at their respective offerings. If the shares cannot be fully subscribed at one time due to special circumstances, such shares may be issued in separate tranches subject to the approval of the securities regulatory authorities of the State Council.

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

**Article 24** Based on operation and development needs and in accordance with the requirements of laws and administrative regulations, the Bank may adopt the following methods to increase its registered capital subject to resolutions made at the shareholders' general meeting and approval by the relevant competent authorities:

- (1) public offering of shares;
- (2) non-public offering of shares;
- (3) distributing new shares to existing shareholders;
- (4) placing new shares to existing shareholders;
- (5) transferring capital reserve funds to increase share capital;
- (6) other circumstances required or permitted by laws and administrative regulations and approved by relevant competent authorities.

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 after being approved in accordance with the Articles.

**Article 25** In accordance with the provisions of the Articles, the Bank may reduce its registered capital. The Bank must prepare a balance sheet and an inventory of assets when it reduces its registered capital.



The Bank shall notify its creditors within ten (10) days from the date of passing the resolution to reduce its registered capital and shall publish an announcement in a newspaper within thirty (30) days from the date of passing such resolution. A creditor has the right to require the Bank to repay its debt or to provide a corresponding guarantee for such debts either within thirty (30) days of receipt of notification or, in the case of a creditor who has not received such notice, within forty-five (45) days from the date of the relevant announcement.

The registered capital of the Bank after such reduction of its registered capital shall not be below the statutory minimum amount.

**Article 26** The Bank may repurchase its outstanding shares in the following circumstances in accordance with laws, administrative regulations, departmental rules and the Articles and subject to the approval of the relevant competent authorities:

- (1) for the purpose of reducing the registered capital of the Bank;
- (2) merging with another company which holds shares of the Bank;
- (3) granting shares as incentive compensation to staff of the Bank;
- (4) being requested to repurchase the shares of the Bank from shareholders who vote against resolutions adopted at the shareholders' general meeting concerning merger or division of the Bank;
- (5) other circumstances permitted by laws and administrative regulations and approved by the relevant competent authorities.

Where the Bank repurchases its shares because of circumstances (1) to (3) referred to above, it shall obtain the prior approval of the shareholders' general meeting. Where the Bank has repurchased its shares in accordance with the above provision, under the circumstance set out in (1), the shares shall be cancelled within ten (10) days from the date of repurchase. Under the circumstances set out in (2) and (4), the shares shall be transferred or cancelled within six (6) months.

The shares repurchased by the Bank in the circumstance set out in (3) of the first paragraph above shall not exceed 5% of the total number of issued shares of the Bank. The funds used for the repurchase shall be paid from the after-tax profits of the Bank. The repurchased shares shall be transferred to the staff within one (1) year.

**Article 27** The Bank may repurchase its shares using one of the following methods after being approved by the relevant competent authorities:

- (1) making a pro rata general offer to all of its shareholders;
- (2) repurchasing through public trading on a stock exchange;
- (3) repurchasing by an off-market agreement outside a stock exchange;
- (4) any other methods permitted by laws, administrative regulations and approved by relevant competent authorities.

**Article 28** Where the Bank repurchases its shares by means of an off-market agreement outside a stock exchange, the prior approval of the shareholders' general meeting must be obtained in accordance with requirements of the Articles. The Bank may rescind or vary the agreement it has entered into in the aforesaid manner or waive any of its rights in the agreement by obtaining prior approval of the shareholders' general meeting in the same manner.

An agreement for the repurchase of shares referred to in the preceding paragraph includes but not limited to an agreement to become obliged to repurchase and acquire the right to repurchase shares.

The Bank shall not assign an agreement to repurchase its shares or any rights stipulated in such agreement.

The price of redeemable shares for which the Bank has the right to repurchase shall be limited to a maximum price if repurchases are not made through the market or by tender. If purchases are by tender, the tender shall be available to all shareholders on the same terms.

**Article 29** The Bank shall apply for a change of registration in registered capital to the Administration for Industry and Commerce when the Bank repurchases shares and cancels such shares. The amount of the Bank's registered capital shall be reduced by the total par value of the shares cancelled.

**Article 30** Unless the Bank is in the course of liquidation, it shall comply with the following provisions in respect of the repurchase of its issued shares:

- (1) where the Bank repurchases its shares at par value, payment shall be deducted from the book balance of distributable profits of the Bank or out of the proceeds from any issue of new shares made for the purpose of the repurchase;
- (2) where the Bank repurchases its shares at a price higher than its par value, the portion corresponding to the par value shall be deducted from the book balance of distributable profits of the Bank or out of the proceeds of a new issue of shares made for the purpose to repurchase shares. Payment of the portion in excess of the par value shall be effected as follows:
  1. where the shares being repurchased were issued at par value, payment shall be deducted from the book balance of distributable profits of the Bank;
  2. where the shares being repurchased were issued at a price higher than its par value, payment shall be deducted from the book balance of distributable profits of the Bank or out of the proceeds of any issue of new shares made for the purpose to repurchase shares, provided that the amount deducted from the proceeds of the new issuance of shares shall not exceed the aggregate amount of premiums obtained at the time of issuance of shares repurchased nor exceed the Bank's premium account (or capital reserve account), including the premiums from the new issuance, at the time of repurchase;

- (3) the Bank shall make the following payments out of the Bank's distributable profits:
  1. acquisition of rights to repurchase its shares;
  2. variation of any agreement to repurchase its shares;
  3. release of the Bank's obligations under any agreement to repurchase its shares.
- (4) after the Bank's registered capital has been reduced by the total par value of the cancelled shares in accordance with the relevant requirements, the amount deducted from the distributable profits for payment of the par value of the repurchased shares shall be accounted for in the Bank's premium account (or capital reserve account).

Any other requirements which are otherwise required by the laws, administrative regulations and relevant requirements of the securities regulatory authorities of the place where the shares of the Bank are listed in respect of financial issues related to the aforesaid share repurchase shall be followed.

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

**Article 31** Unless otherwise provided by the laws, administrative regulations and the requirements of securities regulatory authorities of the place where the shares of the Bank are listed, the fully paid-up shares of the Bank shall be freely transferrable and free from all liens.

To transfer the overseas-listed shares listed in Hong Kong (for ordinary shares only), the transferor shall register with the Hong Kong share registrar appointed by the Bank.

**Article 32** All the fully paid-up overseas-listed shares that are listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") may be freely transferred in accordance with the Articles. However, unless the following conditions are satisfied, the Board may refuse to recognize any instrument of transfer without stating any reasons:

- (1) instrument of transfer and any documents relating to or affecting the title to any shares shall be registered, and payment shall be made to the Bank for such registration according to the standard charges stipulated by the Hong Kong Listing Rules;
- (2) the instrument of transfer only involves overseas-listed shares listed in Hong Kong;
- (3) stamp duty for the instrument of transfer has been paid;
- (4) relevant share certificates shall be provided, together with the evidence reasonably required by the Board certifying that the transferor has the right to transfer the shares;
- (5) in the event that the shares are to be transferred to joint holders, the number of joint holders shall not exceed four (4);
- (6) the Bank shall not have any lien over the relevant shares.

In the event that the Board refuses to register the share transfer, the Bank shall send a notice concerning the refusal to register such share transfer to both the transferor and transferee within two (2) months from the date of on which the transfer application is officially submitted.

All transfers of overseas-listed shares listed in Hong Kong shall be effected by written instruments of transfer in an ordinary or usual form or in any other form approved by the Board (including standard transfer form or other form of transfer as prescribed by the Hong Kong Stock Exchange from time to time). The 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 the relevant regulations in accordance with Hong Kong laws from time to time (the "**Recognized Clearing House**") or its nominee, the form of transfer may be signed by hand or in a machine-imprinted format.

All instruments of transfer must be lodged at the Bank's domicile or at such other addresses designated by the Board from time to time.

**Article 33** The Bank shall not accept any shares of the Bank as the subject of pledge.

**Article 34** Shares of the Bank held by the promoter shall not be transferred within one (1) year from the date of incorporation of the Bank. Shares that have been issued before public offering of the Bank shall not be transferred within one (1) year from the date that the shares of the Bank are listed and traded on a stock exchange.

Directors, supervisors and members of senior management of the Bank shall declare to the Bank their shareholdings in the Bank and any changes in such shareholdings. They shall not transfer more than 25% of the total shares held in the Bank in any particular year during their tenure. They shall not transfer the shares of the Bank held by them within one (1) year from the date that the shares of the Bank are listed and traded. The shares of the Bank held by the aforesaid personnel shall not be transferred within six (6) months after their termination of employment.

## **CHAPTER IV FINANCIAL ASSISTANCE FOR ACQUISITION OF THE BANK'S SHARES**

**Article 35** The Bank or its subsidiaries shall not offer any financial assistance at any time by any means to purchasers or prospective purchasers for the purpose of purchase or potential purchase of the Bank's shares. The aforementioned purchasers shall include persons directly or indirectly undertaking any obligations due to the purchase of the Bank's shares.

The Bank or its subsidiaries shall not offer any financial assistance at any time by any means to the aforesaid obligors in order to reduce or discharge their obligations for the purchase or potential purchase of the Bank's shares.

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

**Article 36** The term “financial assistance” referred to in this Chapter shall include but not be limited to the financial assistance in the forms set out below:

- (1) gifts;
- (2) a guarantee (including the undertaking of liability or provision of property by the guarantor to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Bank’s own fault) or the release or waiver of any rights;
- (3) the provision of loans or entering into any agreement under which the obligations of the Bank are to be fulfilled before the obligations of another party to the agreement, and a change in the parties to, or the assignment of rights arising under such loans or agreement;
- (4) any other means of financial assistance provided by the Bank when the Bank is insolvent or has no net assets or when such assistance would lead to significant reduction in the Bank’s net assets.

For the purpose of this Chapter, “undertaking of obligations” include the undertaking of obligations of an obligor which have arisen by entering into a contract or making an arrangement (regardless of whether the aforesaid agreement is enforceable, or whether such obligations are assumed by the obligor solely or jointly with any other person), or any obligations that arise out of changes made in any other way to the financial condition of the obligor.

**Article 37** The following acts shall not be deemed as the acts prohibited under Article 35 of this Chapter:

- (1) the provision of relevant financial assistance by the Bank where the financial assistance is given in good faith in the interest of the Bank, and the principal purpose in giving such financial assistance is not for the purchase of shares, or the giving of such financial assistance is an incidental part of a major plan of the Bank;
- (2) the lawful distribution of the Bank’s properties 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 readjustment 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 provided out of the Bank’s distributable profits);
- (6) provision of funds by the Bank for an employee stock ownership scheme (provided that this does not lead to a reduction in the net assets of the Bank or, if this causes a reduction, the financial assistance is provided out of the Bank’s distributable profits).

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

**Article 38** The Bank's share certificates shall be in registered form, which shall state the following key items:

- (1) the name of the Bank;
- (2) the date of incorporation of the Bank;
- (3) the class of the share, the par value and the number of shares represented by the certificate;
- (4) the serial number of the share certificate;
- (5) other items as stipulated under the requirements of the Company Law and regulations of securities regulatory authorities of the place where the shares of the Bank are listed.

The Bank may issue overseas-listed shares in the form of foreign depository receipts or other derivative forms of share certificate in accordance with the laws and the practices for securities registration and deposit of the place where the shares of the Bank are listed.

**Article 39** The share certificates of the Bank shall be signed by the chairman and affixed with the seal of the Bank. Where the securities regulatory authorities of the place where the shares of the Bank are listed require the president or other members of senior management of the Bank to sign, the share certificates shall also be signed by the president or such other members of senior management. The share certificates shall become valid after the Bank's seal is affixed thereto or imprinted thereon. The affixing of the Bank's seal on the share certificates shall be authorized by the Board. The signatures of the chairman, the president or other relevant members of senior management of the Bank on the share certificates may also be in printed form.

**Article 40** In the event of paperless issuance and trading of the shares of the Bank, other requirements stipulated by the securities regulatory authorities of the place where the shares of the Bank are listed shall be applicable.

**Article 41** The Bank shall maintain a register of shareholders, and record the following particulars:

- (1) the name, 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 in respect of the shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder;
- (6) the date on which each shareholder ceases to be a shareholder.

The register of shareholders shall constitute sufficient evidence for a shareholder's holding of the Bank's shares, unless there is evidence to the contrary.

**Article 42** The Bank may deposit its register of shareholders of the overseas-listed shares abroad and entrust an overseas agency to manage it in accordance with the memorandum of understanding or agreements reached between the securities regulatory authorities under the State Council and the overseas securities regulatory authorities. The original register of shareholders of the overseas-listed shares listed in Hong Kong (for ordinary shares only) shall be maintained in Hong Kong.

The Bank shall keep at its domicile a copy of the register of shareholders of the overseas-listed shares. The entrusted overseas agency shall ensure that the original and copies of the register of shareholders of the overseas-listed shares are consistent at all times.

In the event that the original and copies of the register of shareholders of the overseas-listed shares are inconsistent, the original shall prevail.

**Article 43** The Bank shall maintain a complete register of shareholders.

The register of shareholders shall include the following parts:

- (1) the register of shareholders, other than those as provided for under items (2), (3) and (4) of this Article, shall be kept at the Bank's domicile;
- (2) the register of shareholders of the overseas-listed shares of the Bank (for ordinary shares only) kept at the place(s) of the overseas stock exchange(s) on which the shares are listed;
- (3) the register of preference share shareholders maintained in other places as the Board may consider necessary for the purpose of the listing of the Bank's preference shares;
- (4) the register of shareholders kept at such other places as the Board may deem necessary for the purpose of listing the shares of the Bank.

**Article 44** Each part of the register of shareholders shall not overlap with each other. The transfer of shares registered under a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered under any other part of the register of shareholders.

Alteration or rectification of any part of the register of shareholders shall be conducted in accordance with the laws of the place where such part of the register of shareholders is maintained.

**Article 45** No share transfer may be entered in the register of shareholders within thirty (30) days prior to the date of a shareholders' general meeting or within five (5) days prior to the record date set by the Bank for the purpose of distribution of dividends. If other provisions are stipulated by the securities regulatory authorities of the place where the shares of the Bank are listed, such provisions shall prevail.

**Article 46** Any person who has an objection to the register of shareholders and requests to have his or her name (title) entered into or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register of shareholders.

**Article 47** Any shareholder who is registered in, or any person who requests to have his or her name (title) to be entered into the register of shareholders may apply to the Bank for issuance of a replacement share certificate in respect of such shares (the “**Relevant Shares**”) if his or her share certificate (the “**Original Share Certificate**”) is lost.

In the event that a holder of domestic shares loses his or her share certificate and applies for a replacement, it shall be handled in accordance with the relevant requirements of the Company Law.

In the event that a holder of overseas-listed shares loses his or her share certificate and applies for a replacement, it may be handled in accordance with the laws of the place where the original of the register of shareholders of overseas-listed shares is maintained, the relevant provisions prescribed by the securities regulatory authorities located at the place where the shares of the Bank are listed or any other relevant provisions.

Where a holder of overseas-listed shares listed in Hong Kong who loses his or her share certificate applies for a replacement of such certificate, the issue of such replacement share certificate shall comply with the following requirements:

- (1) the applicant shall submit an application in standard form as prescribed by the Bank accompanied by a notarized certificate or statutory declaration. The notarized certificate or statutory declaration shall include the grounds upon which the application is made, the circumstances and evidence of the loss of the share certificate and a declaration that no other person shall be entitled to request to be registered as a shareholder in respect of the Relevant Shares.
- (2) the Bank has not received any declaration from any person other than the applicant for having his or her name registered as a shareholder of the Relevant Shares before it decides to issue a replacement share certificate.
- (3) if the Bank decides to issue a replacement share certificate to the applicant, it shall publish an announcement of its intention to issue the replacement share certificate in newspapers designated by the Board. The announcement shall be made every thirty (30) days over a period of ninety (90) days.
- (4) before publishing the announcement of its intention to issue a replacement share certificate, the Bank shall submit a copy of the announcement to be published to the stock exchange where it is listed and may proceed with publication upon receiving confirmation from such stock exchange confirming that the announcement has been displayed in such stock exchange. The Bank shall display the public announcement in the stock exchange for a period of ninety (90) days.
- (5) in the event that an application to issue a replacement share certificate is made without the consent of the registered shareholder of the Relevant Shares, the Bank shall send by post to such shareholder a copy of the announcement that it intends to publish.



- (6) if upon expiration of the ninety (90)-day period for announcement and exhibition as provided for in items (3) and (4) of this Article, the Bank has not received from any person any objection to the issuance of a replacement share certificate, it may issue a replacement share certificate in accordance with the application of the applicant.
- (7) where the Bank issues a replacement share certificate under this Article, it shall forthwith cancel the Original Share Certificate and record such cancellation and issuance of the replacement share certificate on the register of shareholders.
- (8) all expenses incurred by the Bank arising from the cancellation of an Original Share Certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Bank shall have the right to refuse to take any action until a reasonable guarantee is provided by the applicant.

**Article 48** After the Bank issues a replacement share certificate in accordance with the Articles, the name of a bona fide purchaser who obtains the aforesaid new share certificate or a shareholder who subsequently registers as an owner of such shares (in the case of a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 49** The Bank shall not be liable to any person for any damages caused by the cancellation of the Original Share Certificate or the issuance of a replacement share certificate, unless such person can prove that the Bank has acted fraudulently.

## **CHAPTER VI PARTY ORGANIZATION**

**Article 50** The Bank shall set up a CPC committee, which shall consist of one (1) secretary, one (1) or two (2) deputy secretaries and several other members. The chairman of the Board shall concurrently serve as the secretary to the CPC Committee. One (1) deputy secretary shall assist the secretary in carrying out Party construction works. Eligible members of the CPC Committee may assume the position of directors, supervisors and members of the senior management of the Bank through legal procedures, and eligible CPC members who are directors, supervisors and senior management may join the CPC Committee in accordance with relevant rules and procedures. Meanwhile, the Bank shall establish the Discipline Committee in accordance with relevant regulations.

**Article 51** The CPC Committee of the Bank shall perform the following duties according to the Constitution of the Communist Party of China and other regulations of the CPC:

- (1) ensure and supervise the Bank's implementation of the principles and guidelines of the CPC and the State, and to implement major strategic decisions of the Central Committee of the CPC and the State Council, as well as important work arrangements of higher-level Party organizations.
- (2) strengthen the leadership and gatekeeping role in the management of the process of selection and appointment of personnel, focusing on standards, procedure, evaluation, recommendation and supervision, uphold the integration of the principle that the CPC manages the officials with the function of the Board in the lawful selection of the senior management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the senior management.

- (3) research and discuss the reform, development and stability of the Bank, major operational and management issues and major issues concerning employee interests, and to provide comments and suggestions in this regard; support the shareholders' general meeting, the Board, the Board of Supervisors and the senior management in performing their duties in accordance with laws and support the Congress of Employees in carrying out its work.
- (4) assume the primary responsibility to run the CPC comprehensively with strict discipline, lead the Bank's ideological and political work, the United Front work, the cultural and ethical progress, corporate culture cultivation as well as the work of groups such as the Labor Union of the Bank and the Communist Youth League, lead the construction of the CPC's working style and its clean and honest administration, and support the CPC discipline inspection commissions in earnestly performing its supervisory responsibilities.
- (5) strengthen the building of the Bank's grassroots Party organizations and of its contingent of Party members, give full play to the role of Party branches as strongholds and to the role of Party members as pioneers and fine examples, and unite and lead officials and employees bank-wide to devote themselves into the reform and development of the Bank.
- (6) other material matters that fall within the duty of the CPC Committee.

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

### **Section 1 Shareholders**

**Article 52** A shareholder of the Bank is a person who lawfully holds shares in the Bank and whose name (title) is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and number of shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Where two or more persons are registered as the joint shareholders of any share(s), they shall be deemed as the joint owners of the relevant share(s), but shall be subject to the following provisions:

- (1) the Bank shall not register more than four (4) persons as the joint shareholders of any share(s);
- (2) all the joint shareholders of any share(s) shall be jointly and severally liable for payment of all amounts payable for the relevant share(s);
- (3) if one of the joint shareholders is deceased, only the other surviving persons among the joint shareholders shall be deemed by the Bank as the owners of the relevant shares. However, the Board shall have the right to request such persons to provide a certificate of death deemed appropriate by the Board for the purpose of amending the register of shareholders;
- (4) for joint shareholders of any share(s), only the joint shareholder who ranks first in the register of shareholders shall have the right to receive the share certificate of the relevant shares from the Bank, to receive notices from the Bank, to attend the shareholders' general meeting of the

Bank or to exercise all the voting rights attached to the relevant shares; and any notice served on the aforesaid person shall be deemed to have been served on all joint shareholders of the relevant shares.

Any receipts issued to the Bank by any one of the joint shareholders in relation to any dividend, bonus or capital return paid to such joint shareholders shall be treated as a valid receipt issued by such joint shareholders to the Bank.

**Article 53** When the Bank convenes a shareholders' general meeting, distributes dividends, undergoes liquidation and engages in other acts requiring the confirmation of shareholders' identities, the Board or the convener of the shareholders' general meeting shall stipulate a date for shareholding registration. Shareholders who are recorded in the register upon the end of the shareholding registration date shall be the shareholders of the Bank.

**Article 54** The ordinary shareholders of the Bank shall be entitled to the following rights:

- (1) to receive dividends and other kinds of distributions in proportion to the number of shares held;
- (2) to lawfully request, convene, preside over, attend and vote in person or appoint a proxy to attend and vote on their behalf at a shareholders' general meeting;
- (3) to supervise the Bank's business operations, and to put forward suggestions and raise enquiries;
- (4) to transfer, give as a gift, pledge or otherwise deal with shares held in accordance with the laws, administrative regulations, departmental rules and the relevant provisions imposed by the securities regulatory authorities of the place where the shares of the Bank are listed and provisions of the Articles;
- (5) to obtain relevant information in accordance with the laws, administrative regulations, departmental rules and provisions of the Articles, including:
  1. to obtain a copy of the Articles upon payment of production costs;
  2. to inspect, free of charge, and copy upon payment of a reasonable fee, at a designated place during office hours of the Bank:
    - (i) all parts of the register of shareholders;
    - (ii) personal particulars of the directors, supervisors, president and other members of senior management of the Bank;
    - (iii) state of the Bank's share capital;
    - (iv) reports showing the aggregate par value, number of shares, maximum and minimum price paid in respect of each class of shares repurchased by the Bank from the last fiscal year, and all expenses paid by the Bank in relation to such repurchases;

- (v) minutes of the shareholders' general meetings;
- (vi) special resolutions of the shareholders' general meetings;
- (vii) latest audited financial accounting report, reports of the Board and Board of Supervisors;
- (viii) a copy of the latest annual return filed with the Administration for Industry and Commerce.

Documents under items (i) to (viii) above (except item (ii)) shall be kept and made available at the Bank's address in Hong Kong in accordance with the requirements of the Hong Kong Listing Rules for inspection by the public and holders of overseas-listed shares free of charge (item (v) is available for Shareholders' inspection only). If the information to be inspected and photocopied involves trade secrets or inside information of the Bank, the Bank may refuse to provide such documents.

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

Where a shareholder requests to inspect the relevant information as set forth in item (5) of the above paragraph or obtains such materials, such shareholder shall provide the Bank with written documents evidencing the class and number of shares held by them in the Bank. The Bank shall provide such information at the request by such shareholder after verification of such shareholder's identity.

The Bank shall not exercise any power to freeze or otherwise impair any of the rights attached to the shares held by a person directly or indirectly interested in the Bank due to failure to disclose its rights and interests to the Bank.

**Article 55** Shareholders, together with their related parties and persons acting in concert, who intend to hold for the first time or increase by in aggregate, severally or jointly, more than 5% of the total shares of the Bank, shall report to the banking regulatory authority of the State Council or its local offices for approval. Shareholders, together with their related parties and persons acting in concert, who hold, severally or jointly, more than 1% but less than 5% of the total shares of the Bank, shall report to the banking regulatory authority of the State Council or its local offices within ten working days after obtaining their equities.

Shareholders who fail to apply to the regulatory authority for approval or fail to report to the regulatory authority, despite being required to do so, are not permitted to exercise the right to request convening of a shareholders' general meeting, the voting right, right of nomination, right of submitting proposals, and right of disposition, etc.

**Article 56** In the event that a resolution of a shareholders' general meeting or a board resolution of the Bank violates the laws or administrative regulations, a shareholder is entitled to apply to a People's Court to declare it as invalid.

In the event that the procedure for convening a shareholders' general meeting or board meeting, or the method of voting at such meeting violates the laws, administrative regulations or the Articles, or if the content of a resolution violates the Articles, a shareholder is entitled to apply to a People's Court for revocation of such resolution within sixty (60) days upon the date of adopting such resolution.

If a shareholder initiates legal proceedings in accordance with the provisions of the preceding paragraph, the Bank may submit a request to the People's Court to demand the shareholder to provide corresponding guarantee.

If the Bank has completed the change of registration in accordance with a shareholders' resolution or board resolution, the Bank shall apply to the registration authority for revocation of the change of registration after the People's Court has declared that such resolution be void or rescinded.

**Article 57** In the event that directors or members of senior management violate laws, administrative regulations or the Articles when performing their duties thereby causing loss to the Bank, shareholders individually or jointly holding 1% or more of the Bank's shares for one hundred and eighty (180) consecutive days or more may request in writing to the Board of Supervisors to bring a legal action in the People's Court. In the event that supervisors violate any laws, administrative regulations or provisions of the Articles when performing their duties thereby causing loss to the Bank, the aforementioned shareholders may request in writing to the Board to bring a legal action in the People's Court.

The shareholders referred to in the preceding paragraph are entitled to directly bring a legal action in the People's Court in his or her own name for the interest of the Bank in the event that the Board of Supervisors or the Board refuses to initiate legal proceedings after receiving the aforesaid written request of shareholders in the preceding paragraph or fails to initiate such legal proceedings within thirty (30) days from the date of receiving such request, or in case of emergency where failure to initiate such legal proceedings immediately will result in irreparable damages to the interest of the Bank.

Shareholders referred to in the first paragraph of this Article may initiate legal proceedings in the People's Court in accordance with provisions of the first two paragraphs in the event that any other person infringes upon the legitimate rights and interests of the Bank and causes damage to the Bank.

**Article 58** Shareholders may bring a legal action in the People's Court against any director or members of senior management for violation of any laws, administrative regulations or the Articles to the detriment of the interests of shareholders.

**Article 59** The ordinary shareholders of the Bank shall have the following obligations:

- (1) to abide by the laws, administrative regulations, regulatory requirements and the Articles;
- (2) to make the payment in respect of the shares subscribed for and the method of subscription;
- (3) not to withdraw the shares unless required by the laws and administrative regulations;
- (4) shareholders shall support the reasonable measures suggested by the Board to raise the capital adequacy ratio of the Bank when such ratio is below the statutory standard;
- (5) Substantial shareholders shall contribute additional capital to the Bank when necessary;
- (6) not to abuse the shareholder's rights to the detriment of the interests of the Bank or other shareholders, and shall be liable for compensation in accordance with the laws in the event that a shareholder abuses his or her shareholder's rights and causes loss to the Bank or other shareholders;
- (7) not to abuse the Bank's status as an independent legal entity and shareholders' limited liability to the detriment of the interests of the creditors of the Bank, and in the event that a shareholder abuses the Bank's status as an independent legal entity and the shareholders' limited liability and evades the repayment of debts, resulting in material damage to the interests of the creditors of the Bank, such shareholder shall be jointly and severally liable for the debts of the Bank;
- (8) after completing the registration of share pledge, the shareholders shall timely provide the Bank with relevant information about the share pledge in accordance with the Bank's risk management and information disclosure requirements;
- (9) Neither the controlling shareholder nor the de facto controller of the Bank may use their related party relationship to the detriment of the interest of the Bank, and shall be liable for compensation if the aforementioned provisions are violated and losses caused to the Bank;
- (10) to assume other obligations required by the laws, administrative regulations, departmental rules and the Articles.

Unless stipulated otherwise in the Articles, save for the conditions agreed by the subscribers of shares at the time of subscription, shareholders shall not be liable to make further contributions to the share capital.

**Article 60** For a shareholder that makes any false statement, abuses shareholders' rights or otherwise damages the interests of the Bank, the banking regulatory authority of the State Council or its local offices may restrict or prohibit connected transactions between the Bank and the shareholder, restrict the limit of equity held in the Bank, and equity pledge ratio, etc., and restrict its right to request convening of a shareholders' general meeting, the voting right, right of nomination, right of submitting proposals, and right of disposition, etc.

**Article 61** Shareholders shall strictly comply with the laws, administrative regulations, departmental rules and the conditions and procedures required by the Articles when nominating directors and supervisors of the Bank.

Directors and supervisors nominated by the shareholders shall have the relevant professional knowledge and the ability to make decisions and supervise.

**Article 62** In addition to obligations imposed by the laws, administrative regulations, or requirements by the securities regulatory authorities of the place where the shares of the Bank are listed, a controlling shareholder, when exercising rights as a shareholder, shall not exercise his or her voting rights to make decisions that would impair the interests of all or part of the shareholders on the following matters:

- (1) to remove a director or supervisor of his or her duty to act in good faith in the best interests of the Bank;
- (2) to approve directors or supervisors (for the interests of themselves or others) to deprive the Bank of its assets, including (but not limited to) any opportunities favourable to the Bank;
- (3) to approve directors or supervisors (for the interests of themselves or others) to deprive the rights of other shareholders, including (but not limited to) rights to distributions and voting rights, but excluding the restructuring of the Bank proposed at a shareholders' general meeting for approval in accordance with the Articles.

**Article 63** The Bank shall not offer more favourable conditions of facility to shareholders than those offered to other clients of the same type of credit facility.

**Article 64** In case of providing guarantee for themselves or others with their equity interest in the Bank, the shareholders shall strictly comply with laws, regulations and the requirements of regulatory bodies and give a prior notice to the Board of the Bank.

Where shareholders serving as directors or supervisors of the Bank or shareholders directly, indirectly, or jointly holding or controlling more than 2% of the shares or voting rights of the Bank wish to pledge the shares of the Bank, they shall apply to the Board of the Bank for filing in advance, and indicate the reasons for the pledge, number of shares to be pledged, term of pledge, pledgee and other basic information. Where the Board considers there exists a material adverse effect on the Bank's equity stability, corporate governance, risk and related party transaction control etc., such pledge shall not be filed. When the Board considers relevant filings, the directors appointed by the shareholders proposing such pledge shall abstain from voting.

**Article 65** During the period when credit granted to shareholder(s), particularly substantial shareholder(s) from the Bank falls due, the voting rights of such shareholder(s) at the shareholders' general meetings, as well as the voting rights of the director(s) acting as proxies of such shareholders at board meetings, shall be subject to restrictions. The Bank shall have the right to withhold the dividends receivable by such shareholders to be used in priority to repay their borrowings from the Bank, and any assets to be distributed to such shareholders in the Bank's liquidation process shall be used in priority to repay their borrowings from the Bank.

**Article 66** If the balance of loans from the Bank to a shareholder is more than the audited net book value of shares held by him or her in the previous year, he or she shall not pledge the Bank's share certificate.

**Article 67** If the number of shares of the Bank pledged by the shareholder is equal to or greater than 50% of the shares held by such shareholder in the Bank, the voting right attached to the pledged shares may not be exercised at the shareholders' meeting and the shareholder shall not be counted in the number of attendees at the Board meeting.

**Article 68** Written agreements shall be signed for transactions between the Bank and the shareholders and their related parties. Agreements shall be signed based on principles of equality, voluntariness, equivalence and for valuable consideration, and the content of agreements shall be clear and specific.

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

**Article 69** The shareholders' general meeting is the authoritative body of the Bank and has the following duties and powers in accordance with the laws:

- (1) to determine the business policies and investment plans of the Bank;
- (2) to elect, replace and remove directors and decide on matters concerning the remuneration of the relevant directors;
- (3) to elect, replace and remove external supervisors and shareholder representative supervisors, and decide on matters concerning the remuneration of the relevant supervisors;
- (4) to consider and approve the work report of the Board;
- (5) to consider and approve the work report of the Board of Supervisors;
- (6) to consider and approve the Bank's proposed annual financial budget and final accounts;
- (7) to consider and approve the Bank's profit distribution plans and loss recovery plans;
- (8) to approve resolutions concerning the increase or decrease of the Bank's registered capital;
- (9) to approve resolutions regarding the issuance of corporate bonds or other negotiable securities and listing plans;
- (10) to decide on resolutions regarding merger, division, dissolution, liquidation or plans for the change of corporate form of the Bank;
- (11) to decide on resolutions regarding plans to repurchase shares of the Bank;
- (12) to consider and approve the Articles, the rules of procedures of the Shareholders' General Meeting, the rules of procedures of the Board and the rules of procedures of the Board of Supervisors and relevant amendments;



- (13) to consider and approve or authorize the Board to consider and approve matters regarding the establishment of important legal entities by the Bank, major corporate mergers and acquisitions, major external investments, major asset purchases, major asset disposals, major asset write-offs, as well as provision of major external guarantees and other matters;
- (14) to consider and approve share incentive schemes;
- (15) to consider and approve proposals submitted by shareholder(s) who individually or in aggregate hold 3% or more of the total shares of the Bank with voting rights (the “**Proposing Shareholders**”);
- (16) to decide on the appointment, dismissal or non-reappointment of accounting firms;
- (17) to consider and approve matters concerning the change of use of proceeds;
- (18) to consider related party transactions required to be approved by the shareholders’ general meeting as required by the laws, administrative regulations, departmental rules, relevant requirements of the securities regulatory authorities of the place where the shares of the Bank are listed as well as the Articles;
- (19) to determine the issuance of preference shares; to determine or authorize the Board to determine matters relating to preference shares issued by the Bank, including but not limited to redemption, conversion and distribution of dividends;
- (20) to consider other issues that shall be decided by the shareholders’ general meeting as required by the laws, administrative regulations, departmental rules, relevant requirements of the securities regulatory authorities of the place where the shares of the Bank are listed as well as the Articles.

The aforementioned matters within the scope of duties and powers of the shareholders’ general meeting shall be considered and decided by the shareholders’ general meetings, but the shareholders’ general meeting may authorize the Board to make decisions provided that it is necessary, reasonable and lawful.

**Article 70** The authorization conferred by the shareholders’ general meeting upon the Board shall be clear and specific. If the authorized matters shall be passed by the shareholders’ general meeting by way of ordinary resolutions according to the Articles, such resolutions shall be approved by more than half of the voting rights held by the shareholders or the proxies of shareholders attending the shareholders’ general meeting. If the authorized matters shall be passed by the shareholders’ general meeting by way of special resolutions according to the Articles, such resolutions shall be approved by two-thirds or more of the voting rights held by the shareholders or the proxies of shareholders attending the shareholders’ general meeting.

**Article 71** Except in special circumstances such as when the Bank is in a crisis, without the approval by way of special resolution at the shareholders’ general meeting, the Bank shall not enter into any contract with any person other than the directors, supervisors and members of senior management through which the management of all of its business or its important business will be handed to such person.

**Article 72** Shareholders' general meetings include annual general meetings and extraordinary general meetings. Generally, the shareholders general meeting shall be convened by the Board.

**Article 73** The annual general meeting shall be held once a year within six (6) months after the end of previous fiscal year. If the meeting is deferred under special circumstances, the Bank shall promptly report to the banking regulatory authority of the State Council and explain the reason for adjournment.

**Article 74** An extraordinary general meeting shall be convened within two (2) months from the date of occurrence of any of the following events:

- (1) when the number of directors is under the minimum number required by the laws or by the Articles or is less than two-thirds of the number of Board members determined by the shareholders' general meeting;
- (2) when the uncovered loss of the Bank reaches one-third of the Bank's total paid-up share capital;
- (3) when the Board of Supervisors proposes to convene the meeting;
- (4) when shareholders who individually or jointly hold in aggregate 10% or more of the voting shares of the Bank (the "**Requesting Shareholders**") have requested to convene the meeting in writing;
- (5) any other circumstances as stipulated by the laws, administrative regulations, departmental rules and the Articles.

The Board may convene an extraordinary general meeting if it deems necessary.

The number of shares held by the shareholder(s) as described in the aforementioned item (4) above shall be calculated as of the date when such shareholder(s) submit a request in writing or as of the date of the preceding trading day (if the date of such written request is made falls on a non-trading day).

**Article 75** The Bank shall convene a shareholders' general meeting at its domicile or at any other place specified in the notice of a shareholders' general meeting.

**Article 76** When holding a shareholders' general meeting, the Bank shall engage lawyers to give legal opinions on the following issues:

- (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 lawful and valid;
- (3) whether the voting procedures and voting results of the shareholders' general meeting are lawful and valid;

(4) legal opinions on other relevant issues at the request of the Bank.

**Article 77** The secretary to the Board shall be responsible for minutes of the shareholders' general meeting of the Bank. The minutes shall contain the following items:

- (1) time, venue, agenda of the meeting and name of the convener;
- (2) names of the chairman of the meeting and the director(s), supervisor(s), member(s) of senior management and other persons attending or present at the meeting;
- (3) number of shareholders or their proxies present at the meeting, the total number of voting shares held by them and its proportion relative to the total voting shares of the Bank;
- (4) process, key points of speech and voting result of each proposal;
- (5) enquiries, advice or recommendations from shareholders and the corresponding answers or explanations;
- (6) names of the lawyer(s), vote counting officer(s) and scrutineer(s);
- (7) other matters required to be recorded in the meeting minutes as stipulated by the laws, administrative regulations, departmental rules and provisions of the Articles.

The directors, the secretary to the Board, the convener or their representatives attending the meeting and the chairman of the meeting shall sign on the meeting minutes, and shall ensure the truthfulness, accuracy and completeness of the contents in the meeting minutes. The meeting minutes shall be kept together with the signature book of shareholders attending the meeting, instruments of proxy as well as the statistical materials of voting results at the Bank's domicile for not less than twenty (20) years.

Shareholders may inspect copies of the meeting minutes during the Bank's business hours free of charge. If any shareholder requests for a copy of such meeting minutes from the Bank, the Bank shall send the copy within seven (7) days upon receipt of payment of reasonable charges.

**Article 78** The Bank formulates the rules of procedure of the shareholders' general meeting to specify in detail the procedures for convening and voting at the shareholders' general meeting, including notice, registration, consideration and approval of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, meeting minutes and signing of the meeting minutes, announcements, as well as principles of authorization from the shareholders' general meeting to the Board.

The rules of procedure of the shareholders' general meeting shall be prepared by the Board and implemented after being considered and approved by the shareholders' general meeting.

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

**Article 79** The Board shall convene shareholders' general meetings according to the Articles.

**Article 80** Half or more (at least two (2)) of the independent directors have the right to propose to the Board to convene an extraordinary general meeting and such proposal shall be in writing. In response to such a proposal from independent directors requesting to convene an extraordinary meeting, the Board shall, in accordance with the laws, administrative regulations, departmental rules and the Articles, make a written response as to whether it agrees or refuses to convene an extraordinary general meeting within ten (10) days of receiving the proposal.

If the Board agrees to convene an extraordinary general meeting, a notice of convening such a meeting shall be issued within five (5) days after the resolution of the Board is passed. If the proposal contained in the original notice is changed, unanimous consent of the independent directors who proposed to convene the extraordinary general meeting shall be sought. If the Board does not agree to convene the extraordinary general meeting, it shall give an explanation in the written response.

**Article 81** The Board of Supervisors has the right to propose to the Board to convene an extraordinary general meeting and shall make such proposal to the Board in writing. The Board shall, in accordance with the laws, administrative regulations, departmental rules and provisions of the Articles, make a written response as to whether it agrees or refuses to convene an extraordinary general meeting within ten (10) days of receiving the proposal.

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

In the event that the Board 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 shall be deemed to be unable or to have failed to perform its duty in convening a shareholders' general meeting, and instead the Board of Supervisors may convene and preside over the shareholders' general meeting on its own initiative.

**Article 82** In the event that the Requesting Shareholders propose to convene an extraordinary general meeting or class shareholders' meetings, the following procedures shall apply:

- (1) Requesting Shareholders may propose in writing to the Board to convene an extraordinary general meeting or class shareholders' meeting by signing one copy or multiple copies in the same form and with the same contents. The Board shall reply in writing as to whether it agrees or refuses to convene such extraordinary general meeting within ten (10) days upon receipt of the proposal in accordance with the laws, administrative regulations, departmental rules and the Articles.
- (2) If the Board agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within five (5) days after the relevant resolution of the Board is passed. Consent of the Requesting Shareholders must be sought if there are any changes to the original proposal in the notice.

- (3) If the Board does not agree to convene an extraordinary general meeting, or has failed to reply within ten (10) days upon receipt of the proposal, the Requesting Shareholders have the right to propose to the Board of Supervisors to convene an extraordinary general meeting, and shall make such proposal to the Board of Supervisors in writing.
- (4) If the Board of Supervisors agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within five (5) days upon receipt of the proposal. Consent of the Requesting Shareholders must be sought if there are any changes to the original proposal in the notice.
- (5) If the Board of Supervisors does not issue the notice of the general meeting within the prescribed period, it shall be deemed that the shareholders' general meeting will not be convened and presided over by the Board of Supervisors, and shareholders individually or jointly holding 10% or more of the Bank's shares for ninety (90) consecutive days or more (the "**Convening Shareholders**") may convene and preside over the meeting on their own initiative.

**Article 83** The Board of Supervisors or the Convening Shareholders shall notify the Board in writing and issue a notice of extraordinary general meeting if they decide to convene a shareholders' general meeting on their own initiative. The shares held by the Convening Shareholders prior to the announcement of the resolution of the shareholders' general meeting shall not be below 10% of the shares of the Bank.

Where a shareholders' general meeting is convened in accordance with the preceding paragraph, the decision to convene such a meeting shall be submitted to and filed with the banking regulatory authority of the State Council.

**Article 84** With respect to a shareholders' general meeting convened by the Board of Supervisors or the Convening Shareholders on their own initiative, the Board and the secretary to the Board shall cooperate. The Board shall provide the register of shareholders as at the end of shareholding registration date.

**Article 85** Necessary costs arising out of a shareholders' general meeting convened by the Board of Supervisors or the Convening Shareholders on their own initiative shall be borne by the Bank and shall be deducted from the amounts payable by the Bank to the defaulting directors.

**Article 86** The convener shall ensure that the shareholders' general meeting does not end until a final resolution is made. In case the shareholders' general meeting is suspended or the shareholders' general meeting is prevented from passing a resolution due to force majeure or other special reasons, necessary measures shall be taken to reconvene the meeting as soon as possible or to directly terminate the meeting, and a notice shall be given to shareholders promptly.

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

**Article 87** Contents of the proposals of shareholders' general meeting shall be in compliance with the laws, administrative regulations, department rules and the Articles, and shall be within the terms of reference of the shareholders' general meeting and shall have clear subject matter and specific items for resolution. Proposals shall be submitted in writing.

**Article 88** Proposing Shareholders, the Board, the Board of Supervisors and half or more of the independent directors (at least two (2)) are entitled to submit proposals to a shareholders' general meeting of the Bank.

The Proposing Shareholders shall have the right to submit interim proposals in writing ten (10) days before the shareholders' general meeting to the convener. The convener shall within two (2) days upon receiving such proposals give supplemental notice of the shareholders' general meeting.

Except in the circumstances provided in the preceding paragraph, the convener shall not amend any proposals set out in the notice of shareholders' general meeting or add any new proposals subsequent to the issuance of such notice.

Proposals which have not been set out in the notice of shareholders' general meeting or the supplemental notice of the Shareholders' general meeting, or which are not in compliance with the preceding paragraph 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 a shareholders' general meeting, it shall issue a written notice to all the shareholders who are entitled to attend the shareholders' general meeting, forty-five (45) days prior to the date of the meeting. Shareholders who intend to attend the shareholders' general meeting shall provide a written reply of attendance to the Bank twenty (20) days before the meeting is convened.

**Article 90** The Bank shall calculate the number of voting shares held by shareholders who intend to attend the meeting based on the written replies received twenty (20) days before the shareholders' general meeting convened by the Bank. Where the proportion of voting shares held by shareholders who intend to attend the meeting fails to reach half or more of the total voting shares of the Bank, the Bank shall inform the shareholders who are entitled to attend the shareholders' general meeting within five (5) days via an announcement stipulating the matters to be considered, the venue, date and time of the meeting. The Bank may then proceed to convene the shareholders' general meeting once such announcement is made.

No resolutions shall be passed at an extraordinary general meeting on matters not listed in the notice of general meeting.

A shareholders' general meeting shall not be postponed or cancelled or proposals listed in the notice of shareholders' general meeting shall not be cancelled without proper reasons after the notice of shareholders' general meeting is issued. In case of postponement or cancellation, the convener shall notify every shareholder and give reasons at least two (2) business days prior to the original date of convening the meeting.

**Article 91** Notice of shareholders' general meeting shall comply with the following requirements:

- (1) in written form;
- (2) specify the designated time, location and duration of the meeting;
- (3) state the matters and proposals to be considered at the meeting;
- (4) make a prominent statement that shareholders entitled to attend and vote at the shareholders' general meeting may entrust one or more proxies, who does or do not need to be a shareholder of the Bank, to attend and vote on their behalf;
- (5) provide all necessary information and explanations to enable shareholders to make reasonable judgments on the matters to be discussed, which shall include, but shall not be limited to, the detailed terms and contracts (if any) of the proposed transaction and a detailed explanation as to the cause and effect where the Bank proposes a merger, share repurchase, share capital reorganization or any proposals relating to the change in the structure of the Bank;
- (6) where any of the directors, supervisors and members of senior management have a material interest in matters to be discussed, the nature and extent of that interest shall be disclosed; and where the impact of the matters to be discussed on such director, supervisor, president and other members of senior management who are shareholders is different from the impact on other shareholders of the same class, the difference shall be explicitly explained;
- (7) contain the full text of any special resolution proposed to be passed at the meeting;
- (8) specify the place and time for delivery of the proxy letter of the meeting;
- (9) specify the shareholding registration date on which the shareholders are eligible to attend the shareholders' general meeting;
- (10) specify the name and phone number of the permanent contact person for meeting enquiry.

**Article 92** Where the elections of directors and supervisors are intended to be discussed at the shareholders' general meeting, the notice of the shareholders' general meeting shall sufficiently disclose the particulars of the candidates for directors and supervisors, and shall include at least the following content:

- (1) personal particulars such as education background, work experience and part-time job(s);
- (2) whether the candidate has any related-party relationship with the Bank, its controlling shareholders or de facto controllers;
- (3) the number of the Bank's shares held by the candidate;
- (4) whether the candidate has been subject to penalties imposed by financial regulatory authorities and other relevant departments as well as disciplinary action by any stock exchanges.

**Article 93** Unless otherwise required by relevant laws, administrative regulations, relevant requirements of the securities regulatory authorities of the place where the shares of the Bank are listed and the Articles, notice of shareholders' general meeting shall be served to the shareholders who are entitled to attend the shareholders' general meeting (whether or not entitled to vote at the shareholders' general meeting) by personal delivery or prepaid mail to their addresses. The address of the recipient shall be the address registered in the register of shareholders. For holders of domestic shares, notice of shareholders' general meeting may be issued in the form of an announcement.

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

For holders of overseas-listed shares, subject to the compliance with laws, administrative regulations, normative documents and relevant requirements of the securities regulatory authorities of the place where the shares of the Bank are listed, the notice of a shareholders' general meeting may be published on the websites of the Bank and the Hong Kong Stock Exchange instead of delivery by hand or by prepaid mail to the holders of overseas-listed shares who are entitled to attend the shareholders' general meeting.

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.

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

**Article 94** A shareholders' general meeting may be held on-site or off-site meeting.

**Article 95** All shareholders whose names appear on the register of shareholders on the shareholding registration date or proxies thereof are entitled to attend the shareholders' general meeting and exercise their voting rights in accordance with the relevant laws, administrative regulations and the Articles.

A shareholder may attend the shareholders' general meeting in person and may appoint one or more proxies to attend and vote at the meeting on his or her behalf and such proxies need not be shareholders of the Bank.

A corporate shareholder shall be represented by its legal representative or proxies authorized by the Board and other decision-making bodies to attend the shareholders' general meeting of the Bank. The legal representative of a corporate shareholder may appoint a proxy to attend the meeting.



If a shareholder is a Recognized Clearing House (or its proxy), such shareholder may authorize one or more persons that it deems suitable, to act as its proxies at any shareholders' general meeting or any shareholders' class meeting. However, if one or more persons are authorized, the instrument of proxy shall specify the number and class of shares in relation to the authorization of each proxy, and shall be signed by a person authorized by the Recognized Clearing House. Such authorized person may attend the meeting and exercise his or her rights on behalf of such Recognized Clearing House (or its proxy) as if he or she was an individual shareholder(s) of the Bank (without providing share certificate, certified statement of proxy and/or further proof of its due authorization).

Shareholders shall appoint a proxy in writing, to be signed by the appointer or his or her agent so authorized in writing, or if the appointer is a legal person or other entities, the seal of the legal person or other entities shall be affixed or be signed by its legal representative, director or proxy of shareholder so authorized in writing.

**Article 96** The instrument of proxy issued by shareholders to authorize other persons to attend the shareholders' general meeting shall contain the following content:

- (1) the name of the proxies;
- (2) the number and class of shares represented by the proxies;
- (3) whether the proxies have the right to vote;
- (4) instructions to vote for, against or abstain from voting on each of the items to be considered in the agenda of the shareholders' general meeting;
- (5) the issuing date and the effective period of the instrument of proxy;
- (6) signature (or seal) of the appointer;
- (7) a statement that in the absence of specific instructions from the shareholder, whether the proxy may vote as he or she thinks appropriate. If it is not specified in the instrument of proxy, the proxy is deemed to have the right to vote at his or her discretion for resolutions without specific instructions from the shareholder and the shareholder shall assume the corresponding responsibility for such a vote.

Any form of instrument of proxy issued to a shareholder by the Board of the Bank for the shareholder to appoint a proxy shall give the shareholder a choice to instruct their proxy to cast an affirmative or negative vote and shall allow the shareholder to give separate instructions on each matter to be voted at the meeting.

**Article 97** The instrument of proxy shall be deposited at the Bank's domicile or at such other place as specified in the notice convening the meeting not less than twenty four (24) hours before the commencement of the meeting for considering such matters to be voted by proxy or the designated time for the voting. If the instrument of proxy is signed by another person authorized by the appointer, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument of proxy, be deposited at the Bank's domicile or at such other place as specified in the notice convening the meeting.

**Article 98** Where the appointer has deceased, lost capacity to act, withdrawn the appointment or the authorization to sign the instrument of proxy, or where the relevant shares have been transferred prior to the voting, a vote casted by the proxy in accordance with the power of attorney of the instrument of proxy shall remain valid provided that no written notice of such event has been received by the Bank prior to the commencement of the meeting.

**Article 99** A proxy of a shareholder may exercise the following rights according to his or her appointment by the shareholder:

- (1) the shareholder's right to speak at a shareholders' general meeting;
- (2) the right to demand a poll by himself or herself or together with other persons;
- (3) the right to vote by hand or by poll, but when more than one proxy has been appointed, such proxies only have the right to vote by poll.

**Article 100** The convener(s) and lawyers engaged by the Bank shall jointly verify the validity of shareholders' qualifications based on the register of shareholders at the close of the shareholding registration date, and shall register the names (or corporate names) of shareholders attending the meeting and the number of voting shares held by them.

**Article 101** The chairman of the shareholders' general meeting shall, prior to voting, announce the number of shareholders and proxies attending the on-site meeting and the total number of voting shares held by them, but the number of shareholders and proxies attending the on-site meeting and the total number of voting shares held by them as indicated in the register of the meeting shall prevail.

The registration of the meeting shall be concluded before the chairman of the shareholders' general meeting announces the number of shareholders and their proxies attending the meeting and the total number of voting shares held by them.

**Article 102** Where a shareholders' general meeting is convened, all of the Bank's directors, supervisors and the secretary to the Board shall attend the meeting, and members of senior management shall be present to observe the meeting.

**Article 103** The shareholders' general meetings shall be chaired and presided over by the chairman of the Board. If the chairman of the Board is unable to or fails to perform such duty, the meeting shall be chaired and presided over by the vice chairman of the Board. If there is no vice chairman of the Board and if the vice chairman of the Board is unable to or fails to perform such duty, the meeting shall be chaired and presided over by a director jointly elected by half or more of the directors.

In a shareholders' general meeting convened by the Board of Supervisors on its own initiative, the meeting shall be chaired and presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable to or fails to perform his or her duties, the shareholders' general meeting shall be chaired and presided over by a supervisor jointly elected by half or more of the supervisors.

In a shareholders' general meeting convened by the Convening Shareholders on its own initiative, the meeting shall be chaired and presided over by a representative elected by the Convening Shareholders; if the Convening Shareholders fail to elect a chairman of the meeting, the meeting shall be chaired and presided over by the shareholder who attends the meeting or his or her proxy who holds the largest proportion of voting shares.

**Article 104** At the annual shareholders' general meeting, the Board and the Board of Supervisors shall submit reports on their work undertaken over the past year to the shareholders' general meeting.

**Article 105** The directors, supervisors and member(s) of senior management shall provide answers and explanations in response to queries and recommendations made by shareholders at the shareholders' general meeting.

## **Section 6 Voting and Resolutions at Shareholders' General Meetings**

**Article 106** Resolutions of shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be approved by more than half of the voting rights held by the shareholders (including their proxies) present at the shareholders' general meeting.

Special resolutions shall be approved by two-thirds or more of voting rights held by the shareholders (including their proxies) present at the shareholders' general meeting.

Except for those matters which shall be resolved by way of special resolution as stipulated by the law, administrative regulations, departmental rules and the Articles, other matters to be approved at the shareholders' general meeting shall be resolved by way of ordinary resolution.

**Article 107** The following matters shall be resolved by way of special resolution at the shareholders' general meeting:

- (1) an increase or reduction of the registered capital of the Bank;
- (2) the merger, division, dissolution, liquidation or any other change in the corporate form of the Bank;
- (3) the issuance of bonds or other negotiable securities by the Bank and the listing of the Bank;
- (4) share repurchases by the Bank;
- (5) amendments to the Articles;
- (6) stock incentive plans;
- (7) establishment of important legal entities, material corporate merger and acquisition, material external investment, material assets purchase, material assets disposal, material assets write-off and provision of material external guarantees and other matters;

(8) any other matters as required by the law, administrative regulations, departmental rules and the Articles, or other matters that, according to the shareholders' general meeting by way of an ordinary resolution, may have a material effect on the Bank and should therefore be adopted by a special resolution.

**Article 108** At a shareholders' general meeting, voting shall be conducted by a show of hands or by open ballot.

Votes at the shareholders' general meetings must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates to procedures of the shareholders' general meeting or administrative matters to be voted on by a show of hands.

**Article 109** The shareholders or their proxies, when voting at a shareholders' general meeting, shall exercise their voting rights according to the number of voting shares held by them, and each share shall have one vote.

Shares of the Bank held by the Bank shall not carry voting rights and shall not be included in the total number of voting shares present at a shareholders' general meeting.

**Article 110** Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 111** On a poll taken at a meeting, a shareholder or his or her proxies entitled to two or more votes need not cast all votes in the same way.

**Article 112** No amendments shall be made to a proposal when it is considered at the shareholders' general meeting. Amended proposal shall be deemed as a new proposal and shall not be voted at the same shareholders' general meeting.

**Article 113** Before voting on a proposal at the shareholders' general meeting, shareholders' representatives and supervisors' representatives shall be elected to participate in vote counting and scrutinizing. Any shareholder or supervisor who has interest or conflicts in the matters to be considered shall not participate in the counting or scrutinizing of votes.

When resolutions are to be voted at the shareholders' general meeting, the counting of votes and scrutinizing of the vote counting shall be conducted by one or more parties involving lawyers, shareholder representatives, supervisor representatives, auditors of the Bank, share registrar of overseas-listed shares listed in Hong Kong or external auditors qualified to serve as the Bank's auditors. The voting results shall be announced on-site at the meeting and recorded in the meeting minutes.

**Article 114** Shareholders attending the shareholders' general meeting shall present one of the following views on the proposals submitted for voting: for, against or abstention.

A voting form that is incomplete, wrongly completed, completed with illegible writing, or a vote that has not been casted, shall be deemed as a voter giving up on his or her voting rights. The votes represented by his or her shares shall be treated as "abstention".

**Article 115** When related party transactions are considered at a shareholders' general meeting, related shareholders shall abstain from voting or voting on behalf of other shareholders. The number of shares with voting rights held by the related shareholders shall not be counted in the total number of voting shares of shareholders attending the shareholders' general meeting in the voting on related party transactions.

**Article 116** The list of candidates for directors or supervisors who are not representatives of the employees, shall be submitted to the shareholders' general meeting in the form of a proposal for voting.

**Article 117** All resolutions proposed at the shareholders' general meeting shall be voted separately. Other than special reasons such as force majeure, which results in the termination of the shareholders' general meeting or makes it impossible to adopt resolutions, the shareholders' general meeting shall not set aside the proposals and shall vote on them.

**Article 118** The chairman of the shareholders' general meeting shall announce the voting status and voting results of each proposal at the conclusion of the meeting.

Prior to the formal public announcement of the voting results, any entity and staff who have knowledge of the voting status shall have the obligation to keep the voting results confidential.

**Article 119** The chairman of the meeting shall determine whether the resolutions of the shareholders' general meeting are passed according to the voting results. The chairman's decision shall be final, and voting results shall be announced at the meeting and recorded in the meeting minutes.

**Article 120** If the chairman of the meeting has any doubt as to the voting result of a resolution put forward for voting at a shareholders' general meeting, he may have the votes counted. If the chairman of the meeting does not order for votes to be counted, any shareholder or proxy present at the meeting who challenges the voting result announced by the chairman of the meeting shall have the right to request the counting of votes immediately after the announcement, and the chairman of the meeting shall have the votes counted immediately.

If votes are counted at a shareholders' general meeting, the result of the counting shall be recorded in the meeting minutes.

**Article 121** Resolutions at the shareholders' general meeting shall be made in the form of writing. The resolutions of the shareholders' general meeting shall state the number of shareholders and shareholders' proxies attending the meeting, the total number of voting shares held by them and the proportion of voting shares in relation to the total number of voting shares of the Bank, the form of voting, the voting results of each proposal and the detailed content of each resolution passed.

**Article 122** If a proposal is not passed or any resolution of a previous shareholders' general meeting is altered at the shareholders' general meeting, a special note shall be made in the resolution of the shareholders' general meeting.

**Article 123** The Board shall implement any specific plan of cash distribution, issue of bonus shares or increase of share capital by way of transfer of capital reserve within two (2) months after the conclusion of shareholders' general meeting in which the relevant resolution is passed.

## CHAPTER VIII SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

**Article 124** Shareholders of different classes of shares are class shareholders.

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

Where the equity capital of the Bank includes shares which do not carry voting rights, the words “non-voting” must appear in the designation of such shares.

Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”.

**Article 125** If the Bank proposes to change or nullify the rights of a certain class of shareholders, such proposal shall be passed by a special resolution at a shareholders’ general meeting and be passed at the meeting convened according to Articles 127 to 131 for the affected class of shareholders.

**Article 126** The rights of a certain class of shareholders shall be deemed to have been changed or nullified in the following circumstances:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of other class which enjoy the same or more voting rights, distribution rights or other privileges;
- (2) to convert part or whole of the shares of that class into another class, convert part or whole of the shares of another class 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 to 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 create a new class of shares which enjoys the same or more voting rights, distribution rights or other privileges as compared with that class of shares;
- (8) to restrict the transfer or ownership of that class of shares, or increase the restrictions;

- (9) to grant the share subscription options or share conversion options of that class of shares or another class of shares;
- (10) to increase the rights or privileges of another class 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;
- (12) to revise or nullify the provisions in this Chapter.

**Article 127** Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall nevertheless have the right to vote at shareholders' class meetings in respect of matters referred to in items (2) to (8) and (11) to (12) of Article 126, but interested shareholders shall not be entitled to vote at such shareholders' class meetings.

For the purpose of the preceding paragraph, interested shareholder(s) shall have the following meaning:

- (1) if the Bank has made a share repurchase offer to all shareholders on a pro rata basis or by means of public trading at a stock exchange in accordance with Article 27 of the Articles, "interested shareholders" shall refer to the controlling shareholder(s) as defined in Article 315 of the Articles;
- (2) if the Bank has made a share repurchase of its own shares by means of agreement outside a stock exchange in accordance with Article 27 of the Articles, "interested shareholder(s)" shall refer to the shareholders who are parties to the agreement;
- (3) in a restructuring plan of the Bank, "interested shareholders" refers to those shareholders who assume responsibilities below that of other shareholders of the same class or those shareholders who enjoy interests different from other shareholders in the same class.

**Article 128** 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.

**Article 129** When convening a meeting for a certain class of shareholders, the Bank shall issue a written notice forty-five (45) days prior to the meeting, to all shareholders in the relevant class whose names appear on the register of shareholders, stating the matters to be considered at such meeting and the time and venue of the meeting. Shareholders who intend to attend the class meeting shall deliver a written reply to the Bank twenty (20) days prior to the date of convening the meeting.

If the shareholders intending to attend such shareholders' class meeting represent half or more of the total number of shares of that class carrying the right to vote at such meeting, the Bank may convene the shareholders' class meeting; otherwise, the Bank shall within five (5) days give the shareholders further notice concerning the matters to be considered and the time and venue of such meeting by way of an announcement. Upon notification by such announcement, the Bank may convene the shareholders' class meeting.

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

**Article 130** The procedures for convening a meeting for a certain class of shareholders shall be as similar as possible to the procedures for the shareholders' general meeting 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 131** Apart from other classes of shareholders, holders of domestic shares and overseas-listed shares are deemed to be shareholders of different classes.

The special voting procedures for class shareholders shall not apply to the following circumstances:

- (1) the Bank, upon the approval by way of special resolution by shareholders' general meeting, issues domestic shares and/or overseas-listed shares every twelve months, provided that the amount of each of the domestic shares and overseas-listed 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 domestic shares and overseas-listed shares at time of its incorporation, which is completed within fifteen (15) months upon the date of approval from the securities regulatory authorities of the State Council;
- (3) the securities regulatory authorities of the State Council has given approval for unlisted shares of the Bank held by shareholders to be listed and traded overseas.

## **CHAPTER IX DIRECTORS AND BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 132** A director shall be a natural person and is not required to hold any shares of the Bank.

Directors of the Bank are comprised of executive directors and non-executive directors, and non-executive directors comprise of independent directors. An executive director shall mean a director holding operation and management positions as a member of senior management in the Bank. A non-executive director shall mean a director who does not hold an operation and management position as a senior management in the Bank.

**Article 133** Directors shall be elected, replaced or removed by shareholders' 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 or her term of office.

The qualifications for serving as a director shall be approved by the banking regulatory authority of the State Council.



The term of office of a director shall be calculated from the date on which his or her appointment is approved by the banking regulatory authority of the State Council. Before the expiry of the director's term of office, the shareholders' general meeting shall not dismiss such director without appropriate reason. Where re-election is not carried out promptly after a director's term of office expires, the existing director shall continue to perform the duties owed by a director subject to the laws, administrative regulations, departmental rules and the Articles before a new director is elected to take up the office.

Subject to compliance with the relevant laws and administrative regulations, a director may be removed by ordinary resolution at the shareholders' general meeting (without prejudice to any claim which may be made under any contract).

**Article 134** The procedures for nomination and election of directors are as follows:

- (1) directors (other than independent directors) shall be nominated by shareholders individually or jointly holding 3% or more of the total number of voting shares of the Bank or shall be nominated by the Board by way of proposal, and shall be elected by the shareholders' general meeting of the Bank;
- (2) for nomination of candidates for directors by the Board to the shareholders' general meeting, the candidates must be verified by the Nomination and Remuneration Committee of the Board, and the qualified candidates shall be submitted to the Board for consideration. After approval by the Board, written proposals regarding the candidates for directors shall be submitted to the shareholders' general meeting;
- (3) before the shareholders' general meeting is convened, the candidates for directors shall provide written undertakings stating their acceptance of the nomination, undertaking that the public disclosure of information regarding their information are true and complete and confirm that they shall perform the duties of a director conscientiously upon election;
- (4) the intention to nominate a candidate as a director and a written undertaking from the nominee expressing his or her willingness to accept nomination shall be delivered to the Bank ten (10) days prior to the convening of the shareholders' general meeting. The Board shall disclose detailed information of the candidates of directors to shareholders in time before the shareholders' general meeting is convened to ensure that shareholders will have sufficient understanding of the candidates before voting;
- (5) each candidate for directors shall be elected individually at the shareholders' general meeting.

**Article 135** The directors are entitled to be informed of the operational and financial status of all businesses of the Bank in accordance with the law, and are entitled to supervise the performance of duties by other directors and members of senior management.

The Bank shall take measures to safeguard directors' rights to information, and ensure the truthfulness, accuracy and completeness of the information provided. The Bank shall also safeguard the rights of directors to attend meetings of the Board and provide directors with necessary working conditions for the performance of their duties.

When directors exercise their powers, relevant personnel of the Bank shall actively cooperate and shall not reject, obstruct or conceal, or interfere with the exercise of duties and powers by such directors.

**Article 136** A director shall attend at least two-thirds or more of the Board meetings in person each year.

If the director fails to attend the meetings in person for two (2) consecutive times and without appointing other directors to attend the Board meetings on his or her behalf, the director shall be deemed as unable to perform their duties, and the Board shall make a proposal at the shareholders' general meeting to remove such director.

**Article 137** A director may resign prior to the expiry of his or her term of office. He or she shall submit a written resignation to the Board.

If the normal operation of the Bank is affected or the number of directors is under the statutory minimum number or the minimum number provided in the Articles or two-thirds of the members of the Board as determined by a shareholders' general meeting of the Bank due to the resignation of a director, the resignation letter shall not take effect until a new director is elected to fill the vacancy left due to his or her resignation.

Other than the circumstances set out above, the written resignation of a director shall take effect upon delivery to the Board.

**Article 138** A director shall complete all handover procedures with the Board when his or her resignation becomes effective or his or her term of office expires.

**Article 139** A director shall not act on behalf of the Bank or the Board in his or her own name, unless otherwise provided in the provisions of the Articles or legally authorized by the Board.

When a director acts in his or her own name, and in a situation where a third party may reasonably believe that a director is acting on behalf of the Bank or the Board, such director shall declare his or her stance and identity in advance.

## **Section 2 Independent Directors**

**Article 140** The Bank has independent directors. Independent directors refer to directors who do not hold other positions (other than as a director) in the Bank, and who are not related to the Bank and its substantial shareholders, de facto controllers or other institutions or personnel who are interested in the Bank in a way that may affect their independent and objective judgment.

Unless otherwise provided for in this Section, provisions of Section 1 in this Chapter shall apply to independent directors.

**Article 141** An independent director shall be of high professional expertise and good credibility and reputation, and shall also satisfy the following criteria:

- (1) be qualified to serve as a director of commercial banks and listed companies pursuant to the laws, administrative regulations, departmental rules and relevant requirements of the securities regulatory authorities of the place where the shares of the Bank are listed and provisions of the Articles;
- (2) perform duties and responsibilities independently, without being affected by shareholders or de facto controllers of the Bank, or other entities or individuals who have an interest in the Bank;
- (3) have a bachelor's (including bachelor's degree) or higher degree, or a job title at intermediate level or above in a related profession;
- (4) have 5 years' or more work experience in law, economics, finance, accounting or other work experience conducive to performing duties and responsibilities of an independent director;
- (5) be familiar with the laws and regulations relevant to the operation and management of commercial banks;
- (6) be able to read, understand and analyze credit statistical reports and financial statements of commercial banks;
- (7) have sufficient time and energy to effectively perform the duties and responsibilities and undertake to duly perform duties of good faith and diligence.

**Article 142** The following persons shall not serve as independent directors of the Bank:

- (1) a shareholder who directly or indirectly holds 1% or more of the shares of the Bank or a person who holds positions in such shareholder entities of the Bank;
- (2) a person who holds positions in the Bank or in enterprises under the control or de facto control of the Bank (excluding independent directors);
- (3) a person who held positions in the Bank or in enterprises under the control or de facto control of the Bank in the past three (3) years before taking up office (excluding independent directors);
- (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 affected by the Bank through various means;
- (6) the close relatives of the aforesaid persons (referring to spouses, parents, children, grandparents, maternal grandparents and siblings);
- (7) civil servants;

- (8) persons who were removed from office by their former companies for failure to perform their duties diligently;
- (9) persons who served as principal officers in high-risk financial institutions and who are unable to prove that they were not responsible for the cancellation or loss of assets of such financial institutions;
- (10) any other person specified by the banking regulatory authority of the State Council, the securities regulatory authorities of the place where the shares of the Bank are listed and other relevant regulatory authorities as not permitted to serve as an independent director.

**Article 143** Independent directors shall be nominated by the Board, Board of Supervisors or shareholders who individually or jointly hold 1% or more of the total number of voting shares of the Bank and elected at a shareholders' general meeting, and shall be appointed or replaced upon approval by the banking regulatory authority of the State Council.

Independent directors shall serve a term of office of three (3) years and may serve consecutive terms if so re-elected after his or her term of office expires, provided that such term of office shall not be more than six (6) years on an accumulative basis.

An independent director shall not concurrently hold positions in more than two (2) commercial banks.

**Article 144** An independent director may resign before his or her term of office expires. Prior to the approval of resignation of the independent director by the Board, the independent director shall continue to carry out his or her duties and responsibilities.

The resigning independent director shall submit a written resignation report to the Board, and serve a written statement on the most recently held shareholders' general meeting to specify any circumstances related to the resignation or any fact that he or she believes it is necessary to draw the attention of the shareholders and creditors.

If the resignation of an independent director causes the number of independent directors to fall below the minimum number required under the laws, administrative regulations, departmental rules and other normative documents or the Articles, the resignation of the independent director shall not become effective until the vacancy is filled by a succeeding independent director.

**Article 145** In addition to duties and powers granted by the Company Law and other relevant laws, administrative regulations, departmental rules, relevant requirements of the securities regulatory authorities of the place where the shares of the Bank are listed and the Articles, the independent director shall have the following duties and powers:

- (1) to express his or her written opinions on the fairness of material related-party transactions and the performance of internal approval procedures, and the independent director may engage an intermediary to provide an independent financial advisor's report to serve as a basis for his or her judgment;

- (2) to propose the convening of an extraordinary shareholders' general meeting;
- (3) to propose the convening of an extraordinary meeting of the Board;
- (4) to independently engage intermediaries or professionals;
- (5) other duties and powers prescribed by laws, administrative regulations, departmental rules and the Articles.

The approval by half or more independent directors (at least two (2)) shall be obtained for the exercise of the above duties and powers by an independent director. If any of the above proposals is not adopted or the above duties and powers cannot be exercised in a normal manner, the Bank shall notify shareholders of the relevant circumstances.

Reasonable fees incurred by an independent director due to the engagement of an intermediary or professional as well as the reasonable fees required by such director to perform his duties and responsibilities shall be borne by the Bank.

**Article 146** Independent directors shall express objective, impartial and independent opinions on the matters discussed at the shareholders' general meeting or Board meeting of the Bank, and shall in particular, express their opinions at the shareholders' general meeting or Board meeting on the following matters:

- (1) major related party transactions;
- (2) profit distribution plans;
- (3) appointment and dismissal of members of the senior management;
- (4) matters that may impair the lawful interests of the depositors, small and medium shareholders and other persons who have interests in the Bank;
- (5) matters that may cause material loss to the Bank;
- (6) appointment of external auditors;
- (7) provision of independent opinion on the effect of the issuance of preference shares on the rights and interests of each class of shareholders;
- (8) other matters stipulated by the laws, administrative regulations, departmental rules and the Articles.

**Article 147** An independent director shall work for the Bank for not less than fifteen (15) business days per annum.

An independent director may appoint another independent director to act as his or her proxy to attend a Board meeting, provided that he or she shall attend in person no less than two-thirds of the total number of Board meetings every year.

**Article 148** Independent directors shall be deemed to have committed a serious breach of duty in any of the following circumstances:

- (1) disclosure of the Bank's trade secrets and harming the interests of the Bank;
- (2) acceptance of improper gains during the performance of their duties, or seeking private gains by taking advantage of their position as an independent director;
- (3) failure to raise an opposing opinion despite knowing that a Board resolution is in violation of the laws, administrative regulations and the Articles;
- (4) failure to exercise veto power in related party transactions which have caused material losses to the Bank;
- (5) other serious misconduct as stipulated in the laws, administrative regulations, departmental rules and other normative documents or identified by the banking regulatory authority of the State Council.

**Article 149** If an independent director has been disqualified by the banking regulatory authority of the State Council, he or she shall be automatically removed from office on the date he or she is disqualified. The Bank shall promptly elect a new independent director for replacement at the shareholders' general meeting.

**Article 150** The Board or the Board of Supervisors has the right to propose at a shareholders' general meeting to remove an independent director in any of the following circumstances:

- (1) serious breach of duty;
- (2) failure to file resignation when he or she is no longer qualified to be an independent director;
- (3) failure to attend the Board meetings in person for three (3) consecutive times, or failure to attend the meetings in person for two (2) consecutive times without appointing other independent directors to attend on his or her behalf as proxies, or failure to attend the Board meetings in person for less than two-thirds of the total number of Board meetings within one (1) year;
- (4) other circumstances provided by the laws, administrative regulations, departmental rules and other normative documents rendering an independent director not suitable to continue to serve as an independent director.

The independent director being removed may make a public statement if he or she considers the reasons for the removal are inappropriate.

**Article 151** If the Board or Board of Supervisors proposes to remove an independent director at a shareholders' general meeting, it shall issue a written notice to the independent director and report to the banking regulatory authority of the State Council one (1) month before the date of convening the shareholders' general meeting. The independent director shall have the right to express his or her opinion orally or in writing before the voting, and shall have the right to submit such opinion to the banking regulatory authority of the State Council five (5) days prior to the convening of the shareholders' general meeting. The shareholders' general meeting shall vote after considering the opinions presented by the independent director.

The proposal submitted by the Board of Supervisors in connection with the removal of an independent director shall only be submitted to a shareholders' general meeting for consideration after such proposal has been approved and adopted by two-thirds or more of the total number of supervisors. Independent directors may explain the relevant circumstances to the Board of Supervisors, provide representations and justification for himself or herself before the removal is proposed.

**Article 152** The Bank shall pay remuneration and allowances to independent directors. The standard of payment standard shall be formulated by the Board, considered and passed at the shareholders' general meeting, and disclosed in the annual report of the Bank.

Except for the above remuneration and allowances, an independent director shall not obtain any other extra and undisclosed benefits from the Bank or any of its substantial shareholder, de facto controller or any other entities or individuals that have an interest in the Bank.

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

**Article 153** The Bank shall have a Board of Directors in compliance with laws and the Board shall be accountable to the shareholders' general meeting.

The Board shall be composed of five (5) to seventeen (17) directors. The exact number of members of the Board is to be determined by a shareholders' general meeting, of which the number of independent directors shall be no less than three (3) and shall account for no less than one-third of the total number of Board members.

**Article 154** The Board shall have one (1) chairman and may have one (1) vice chairman. The chairman and vice chairman shall be elected or dismissed by more than half of all directors. The chairman and vice chairman shall hold office after submission and approval by the banking regulatory authority of the State Council.

The chairman and vice chairman shall serve a term of three (3) years and may serve consecutive terms if so re-elected after his or her term of office expires.

The roles of the chairman of the Board and the president of the Bank shall be segregated.

**Article 155** The office of the Board shall be responsible for the preparation of shareholders' general meetings, Board meetings and meetings of each Board committee of the Board, the preparation of meeting documents and meeting minutes, information disclosure and other daily matters of the Board and each of the Board committees.

**Article 156** The Board shall perform the following duties and powers:

- (1) to convene and report its performance at the shareholders' general meetings;
- (2) to implement resolutions adopted at the shareholders' general meetings;
- (3) to make decisions on the Bank's development strategies, business plans and investment plans;
- (4) to consider and approve capital fund management plans and risk-based capital allocation plans of the Bank;
- (5) to formulate the Bank's annual financial budgets and annual accounting; the Bank's profit distribution plans and loss recovery plans; proposals on the increase or reduction of the Bank's registered capital; the Bank's plans of issuance of bonds or other marketable securities and listing plans; plans for merger, division, dissolution, liquidation or other changes in corporate form of the Bank; plans for repurchase of the Bank's shares; plans for material change in equity interest or financial reorganization; capital replenishment plans;
- (6) to formulate the general management policies, risk management and internal control policies of the Bank and supervise the implementation of such policies; to consider and approve the internal audit rules of the Bank;
- (7) to listen to the risk management report presented by the senior management and evaluate the effectiveness of risk management in the Bank in order to improve the Bank's risk management;
- (8) to formulate proposals for amendments to the Articles, rules of procedures of shareholders' general meeting and rules of procedures of the Board meetings;
- (9) to consider and approve the working rules of the president proposed by the president;
- (10) to decide on matters, including the establishment of major legal entities of the Bank, major corporate mergers and acquisitions, major external investments, major asset acquisitions, major asset disposals, major asset write-offs and major external guarantees within the scope authorized by the shareholders' general meeting;
- (11) to decide on or authorize the president to decide on matters within the terms of reference of the Board, including other external investments of the Bank, asset acquisitions, asset disposals, asset write-offs and external guarantees;
- (12) to appoint and dismiss the president and the secretary to the Board according to the proposals of the chairman of the Board;



- (13) to appoint and dismiss the vice president and other members of senior management according to the nomination of the president;
- (14) to elect the chairman and members of the Nomination and Remuneration Committee proposed by Requesting Shareholders, the chairman of the Board, and one-third or more of directors or half or more (at least two (2)) of the independent directors; to elect the chairman and members of other Board committees (excluding the chairman of Strategic Planning Committee) proposed by the Nomination and Remuneration Committee;
- (15) to decide on the remuneration, performance appraisal, incentive and punishment of members of senior management;
- (16) to decide on the establishment of internal departments at the head office, tier-one domestic and overseas branches, other branches and divisions directly under the head office and any overseas entities;
- (17) to evaluate and improve the Bank's corporate governance regularly;
- (18) to formulate stock incentive schemes;
- (19) to manage the Bank's information disclosure;
- (20) to propose the engagement, dismissal and discontinuance of engagement of accounting firm for approval by the shareholders' general meeting;
- (21) to consider and approve the proposals submitted by the Board committees;
- (22) to consider and approve or to authorize the Related Party Transactions Control Committee of the Board to approve related party transactions (other than those which shall be considered and approved by the shareholders' general meeting as required by laws), and report to the shareholders' general meeting on the implementation status of related party transactions management systems and the particulars of related party transactions;
- (23) to listen to the work reports of the president of the Bank in accordance with the relevant regulatory requirements to ensure that all directors are timely and fully informed of relevant information for the performance of their duties, and to examine the work of the senior management to monitor and ensure the effective performance of their management responsibilities;
- (24) to consider execution and rectification of the regulatory suggestions from the banking regulatory authority of the State Council to the Bank;
- (25) to perform other duties required by laws, administrative regulations, departmental rules and the Articles or authorized by the shareholders' general meeting.

**Article 157** The Board's authority to make decisions on the establishment of legal entities, corporate mergers and acquisitions, external investments, asset acquisitions, asset disposals, asset write-offs, external guarantees and related party transactions shall be determined by the shareholders' general meeting, and the Board shall develop strict review and decision-making procedures in respect of its exercise of the aforementioned authority.

**Article 158** For the disposal of any fixed assets by the Board, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the aggregate value of the fixed assets which had been disposed of within four (4) months immediately preceding such proposed disposal, are more than 33% of the Bank's fixed assets value shown in the most recent balance sheet reviewed at a shareholders' general meeting, the Board shall not dispose of or approve of the disposal of such fixed assets without the approval of the shareholders' general meeting.

For the purposes of this Article, a disposition of fixed assets includes an act involving the transfer of the rights and interest in such assets but does not include the provision of such fixed assets as a form of security.

The validity of a disposition by the Bank of fixed assets shall not be affected by the breach of the first paragraph of this Article.

**Article 159** The Board shall formulate the rules of procedures of the Board, which shall be implemented after being considered and passed at the shareholders' general meeting, so as to ensure that the Board works efficiently and makes decisions reasonably.

**Article 160** The Board shall review the development strategy of the Bank regularly to ensure the development strategy and operating condition of the Bank are in line with changes in the market environment. The Board shall regularly assess the operational condition of the Bank and conduct comprehensive evaluation on the performance of duties of members of senior management based on the results of the assessment.

**Article 161** The Board shall carefully take into account the opinions of external auditors when performing its duties and may engage intermediaries or professionals for opinions at the cost of the Bank.

**Article 162** Where the Board dismisses the president during his or her term of office, the Board shall promptly notify the Board of Supervisors and give a written explanation to the Board of Supervisors.

**Article 163** The Board shall submit itself to the supervision of the Board of Supervisors, and shall not obstruct or hinder any inspection or audit carried out by the Board of Supervisors within its scope of functions and authority.

**Article 164** The chairman of the Board shall perform the following duties and powers:

- (1) to preside over the shareholders' general meetings and report work to the shareholders' general meetings on behalf of the Board;
- (2) to convene and preside over Board meetings;
- (3) to supervise and inspect the implementation of the resolutions of the Board;
- (4) to supervise and inspect the work of each Board committee;
- (5) to nominate a president and secretary to the Board;
- (6) to exercise the duties and powers of a legal representative;
- (7) to sign share certificates, bonds and other marketable securities of the Bank;
- (8) to sign important documents of the Board and other documents which shall be signed by the legal representative of the Bank;
- (9) in any emergent force majeure events such as severe natural disasters, to exercise the special right of disposal in relation to the Bank's affairs in compliance with laws and in the Bank's interests, and to report to the Board and the shareholders' general meeting afterwards in a timely manner;
- (10) duties and powers prescribed in the laws, administrative regulations, departmental rules and the Articles and granted by the Board.

If the chairman of the Board is unable or fails to perform his or her duties, the vice chairman shall perform his or her duties on behalf of the chairman of the Board. In the event that the Bank has no vice chairman and if the vice chairman is unable or fails to perform his or her duties, a director elected jointly by half or more of the directors shall perform the chairman's functions on his or her behalf.

**Article 165** The Board shall consider matters by way of Board meetings. The Board meetings are divided into regular Board meetings and extraordinary Board meetings.

The president shall be present at Board meetings.

**Article 166** Regular Board meetings shall be convened at least four (4) times a year. In principle, a Board meeting shall be convened once a quarter. Notices of regular Board meetings shall be sent to all directors and supervisors in writing fourteen (14) days prior to the convening date of the relevant meeting.

**Article 167** The chairman of the Board shall convene and preside over an extraordinary Board meeting within ten (10) days from the date of receipt of one of the following requests:

- (1) request of the Requesting Shareholders;
- (2) joint request of one-third or more of the directors;
- (3) request of the Board of Supervisors;
- (4) request of half or more of the independent directors (at least two (2));
- (5) when the chairman of the Board deems necessary;
- (6) request of the president;
- (7) other circumstances as stipulated in the laws, administrative regulations, departmental rules, normative documents and the Articles.

To convene an extraordinary Board meeting, a written notice shall be sent to all directors and supervisors five (5) days prior to the convening of the meeting. When an extraordinary Board meeting is required to be convened promptly in emergency situations, the meeting notice can be given by other means but the convener shall make explanations at the meeting.

**Article 168** Board meetings may be held by a meeting on-site or by circulation of a written resolution.

If a Board meeting is convened on-site, telephone, video or other real-time means of communication can be used for the convenience of directors attending the meeting. Directors who participated in a Board meeting by the aforementioned means shall be deemed to have attended such on-site meeting.

If a Board meeting is convened by means of telephone, video or other real-time means of communication, the Bank shall ensure that speeches by other directors can be heard clearly by directors present at the meeting participating in the meeting and can communicate with each other. Board meetings convened in this way shall be audio recorded or videotaped. If directors are unable to sign resolutions at such meetings, a voice vote shall be used and the signing of resolutions shall be performed as soon as possible. The effectiveness of the voice vote by the directors shall have equal effect with signed resolutions provided that the subsequent resolution signed is consistent with the voice vote made at the meeting. If there is any inconsistency between the voice vote and the signed resolution, the voice vote shall prevail.

If a Board meeting is convened by means of circulation of a written resolution, namely by serving the resolutions for review individually or by circulating the resolutions among the directors for review, the directors or other directors appointed by them shall express their opinions for, against or abstain on the resolution or on the ballot paper clearly in writing. Once the number of directors who sign in favor reaches the quorum for a resolution as required by the Articles, the proposal shall be passed as a Board resolution.

The Bank shall provide explanations if a Board meeting is convened by means of circulation of a written resolution.

**Article 169** A Board meeting shall not be held unless more than half of the directors are present.

If a director has a material interest in any matters to be discussed at the Board meeting, the director shall avoid participation in the discussion when the Board considers such matters, shall not exercise his or her voting rights on such matters nor be authorized to exercise any voting rights on behalf of other directors, and shall not be counted in the quorum of directors attending the Board meeting. The Board meeting shall not be held unless more than half of the directors who are not materially interested are present.

The above applies unless otherwise required by the laws, administrative regulations, departmental rules and the securities regulatory authorities of the place where the shares of the Bank are listed.

**Article 170** Directors shall attend the Board meeting in person. If a director cannot attend the meeting in person due to certain reasons, he or she may appoint another director in writing to attend on his or her behalf (an independent director shall appoint another independent director to attend on his or her behalf). The instrument of proxy shall specify the proxy's name, authorized matters, the scope of authority and the validity period, and shall be signed by or affixed with the seal of the appointer.

The director who attends the meeting on behalf of another director shall exercise the rights of a director within the scope of authorization. If a director fails to attend a Board meeting and does not appoint a proxy to attend on his or her behalf, he or she shall be deemed to have waived his or her voting rights at that meeting.

**Article 171** Directors may vote by a show of hands or by open ballot at the Board meeting. Each director shall have one (1) vote.

**Article 172** Resolutions of the Board shall be passed by more than half of all directors. If any director has a material interest in matters to be discussed at the Board meeting, resolutions shall be passed by more than half of the directors who have no material interest in such matters. Where under three (3) directors who have no material interest in the resolutions attend the Board meeting, such resolutions shall be submitted to the shareholder's general meeting for consideration.

**Article 173** Resolutions concerning the following matters shall be passed by two-thirds or more of all directors and the Board meeting shall not be convened by circulation of written resolution:

- (1) development strategies of the Bank;
- (2) capital fund management plans, risk-based capital allocation plans, capital replenishment plans, annual financial budget plans, annual financial accounts, profit distribution plans and loss recovery plans of the Bank;
- (3) increase or reduction of registered capital of the Bank;
- (4) the Bank's proposal to issue bonds or other marketable securities and the proposal to list the Bank;

- (5) plans for merger, division, dissolution, liquidation or other changes in the corporate form of the Bank;
- (6) plans to repurchase the Bank's shares, plans for material change in equity interest and plans for financial reorganization;
- (7) proposals for amendments to the Articles;
- (8) decision on matters including the establishment of major legal entities of the Bank, material corporate mergers and acquisitions, material external investments, major asset acquisitions, material asset disposals, major asset write-offs and major external guarantees, within the scope authorized by the shareholders' general meeting;
- (9) appointment or dismissal of the president, vice president and other members of senior management of the Bank and decision on matters relating to the remuneration, performance evaluation and award or punishment of members of senior management of the Bank;
- (10) election of the chairmen and members of each Board committee (excluding the chairman of the Strategic Planning Committee);
- (11) to propose the appointment, dismissal or discontinuance of engagement of accounting firms for approval by the shareholders' general meeting;
- (12) other matters that are deemed to have a material impact on the Bank by more than half of all directors and are required to be passed by two-thirds or more of all directors.

**Article 174** The Board shall maintain minutes to record its decisions on the matters it has considered. The directors, secretary to the Board who attended the meeting and recorder of minutes shall sign the minutes. The minutes of Board meetings shall be complete and true and shall be maintained as important archives of the Bank for a term of not less than twenty (20) years, and will serve as an important basis for determining the responsibilities of directors in the future.

The directors shall undertake responsibility for the Board's resolutions. Where a resolution of the Board violates the laws, administrative regulations and the Articles which cause severe losses to the Bank, the directors who participate in the resolution shall be liable to the Bank for compensation. However, where a director has been proved to have expressed dissenting opinions during voting on such resolution and which have been recorded in the meeting minutes, such director may be exempted from such liability.

**Article 175** The minutes of Board meetings shall include the following details:

- (1) the date and venue of the meeting, and the name of the convener;
- (2) names of directors present at the meeting in person, and names of directors appointed to attend the Board meeting (as proxies);
- (3) agenda of the meeting;

- (4) key points of the directors' speech and their opinions on the resolutions (for, against or abstention);
- (5) the proposer of, the method and results of voting on each resolution (voting results shall state the number of votes for, against and abstention).

**Article 176** The Board of the Bank has established Strategic Planning Committee, Related Party Transactions Control Committee, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Social Responsibility and Consumer Rights Protection Committee. The Board may also set up other Board committees or adjust the existing committees based on its needs.

Each Board committee shall be responsible to the Board and report its work to the Board, and provide professional opinions to the Board or make decisions on professional matters within the scope of authorization by the Board. The Bank shall provide necessary working conditions for each Board committee to fulfill its duties and responsibilities.

Each Board committee may, when necessary, engage intermediaries and professionals to provide professional opinions. The reasonable expenses incurred shall be borne by the Bank.

**Article 177** The rules of work and responsibilities of each Board committee shall be formulated by the Board in accordance with the laws, administrative regulations, departmental rules, the Articles and the actual situation of the Bank.

Each Board committee shall formulate annual work plans and conduct regular meetings to report to the Board. The chairman of each Board committee shall be served by a director, and each Board committee shall consist of no less than three (3) members. The chairman of the Strategic Planning Committee shall be served by the chairman of the Board. The Nomination and Remuneration Committee, Audit Committee and Related Party Transactions Control Committee shall consist of a majority of independent directors and shall be chaired by an independent director.

**Article 178** The primary duties of the Strategic Planning Committee include:

- (1) reviewing and making recommendations to the Board on the Bank's business objectives, general strategic development plan and specific strategic development plans;
- (2) evaluating factors which may affect the Bank's strategic development plans and their implementation, in light of domestic and foreign economic and financial conditions and market development trends, and making recommendations to the Board on adjustment to the Bank's strategic development plans in a timely manner;
- (3) evaluating the general development conditions relating to various financial businesses, and making recommendations to the Board on adjustment to the Bank's strategic development plans in a timely manner;
- (4) reviewing the Bank's strategic capital allocation and objectives of asset and liability management, and making recommendations to the Board;

- (5) reviewing the Bank's business development plans and major investment and financing proposals submitted by the senior management, and making recommendations to the Board;
- (6) reviewing plans for establishment or adjustment of the head office's internal departments, tier-one domestic and overseas branches, direct branches or other direct affiliates, or overseas affiliates, and making recommendations to the Board;
- (7) supervising and inspecting the implementation of the Bank's business plans and investment plans;
- (8) reviewing proposals for the Bank's annual financial budget and accounts submitted by the senior management, and making recommendations to the Board;
- (9) reviewing the Bank's plans for establishment of a legal entity and merger and acquisition proposals, and making recommendations to the Board;
- (10) reviewing the Bank's matters on external investment, acquisition of assets, disposal of assets, asset write-off and provision of guarantees, and making recommendations to the Board;
- (11) evaluating the Bank's corporate governance and making recommendations to the Board;
- (12) other matters required by laws, administrative regulations, departmental rules and authorized by the Board.

**Article 179** The primary duties of the Related Party Transactions Control Committee include:

- (1) managing the Bank's related party transactions, reviewing the management system for related party transactions, supervising their implementation and making recommendations to the Board;
- (2) verifying the Bank's related parties, reporting to the Board and Board of Supervisors, and informing the Bank's relevant staff in a timely manner;
- (3) reviewing major related party transactions or related party transactions that are subject to approval by the Board or shareholders' general meeting, and making submissions to the Board or the shareholders' general meeting through the Board for approval;
- (4) to the extent authorized by the Board, reviewing and approving the Bank's related party transactions and other matters in relation to such related party transactions, and receiving the record of general related party transactions for filing;
- (5) reviewing matters in relation to the disclosure of information on the Bank's major related party transactions;
- (6) other matters required by laws, administrative regulations, departmental rules and authorized by the Board.



A general related party transaction refers to any single transaction entered into between the Bank and a related party with an amount below 1% of the Bank's net equity, and upon completion of such transactions, the balance of the transaction between the Bank and such related party is below 5% of the Bank's net equity.

A major related party transaction refers to any single transaction entered into between the Bank and a related party with an amount above 1% of the Bank's net equity, or upon completion of a transaction between the Bank and a related party, the balance of the transaction between the Bank and such related party is 5% or more of the Bank's net equity.

The phrase "or more" in this Article is exclusive of the number itself, while the phrase "below" is inclusive of the number itself.

**Article 180** The primary duties of the Audit Committee include:

- (1) supervising the Bank's internal control, and inspecting and evaluating the compliance of the Bank's core business activities, relevant rules and major operating activities;
- (2) reviewing the Bank's major financial and accounting policies and their implementation, supervising the Bank's financial operations and financial control, and examining the Bank's accounting policies, financial condition and financial reporting procedures;
- (3) reviewing the Bank's basic audit management systems, rules and regulations, medium and long-term audit plans and annual work plans and making recommendations to the Board, supervising the implementation of the Bank's basic audit management systems, rules and regulations and plans;
- (4) reviewing, or under authorization, approving the annual budget of the Bank's internal audit department to ensure the independence of audit work and making recommendations to the Board;
- (5) supervising and evaluating the work of the Bank's internal audit department;
- (6) proposing, and submitting to the Board for review, the engagement or dismissal of an accounting firm, and supervising and evaluating the work of the accounting firm to ensure the independence and effectiveness of its work;
- (7) reviewing the Bank's annual audit report and other specific opinions issued by accounting firm, the Bank's audited annual financial statements, other financial reports and other financial information to be disclosed, and reporting judgments on the truthfulness, completeness and accuracy of the Bank's audited financial statements and financial information for submission to the Board for approval;
- (8) facilitating communications between the Bank's internal audit department and the accounting firm;
- (9) reviewing the annual audit plans, scope of work and important audit rules of the accounting firm;
- (10) other matters required by laws, administrative regulations, departmental rules and authorized by the Board.

**Article 181** The primary duties of the Risk Management Committee include:

- (1) examining and revising the Bank's risk management strategies, basic policies on risk management, risk appetite, comprehensive risk management framework and major procedures and systems for risk management according to the Bank's general strategic development plan, and supervising and evaluating their implementation and effectiveness, and making recommendations to the Board;
- (2) reviewing plans for risk capital allocation and making recommendations to the Board; developing objectives of capital adequacy ratio management to be submitted to the Board for review, and reviewing and supervising the implementation of the Bank's capital planning;
- (3) monitoring the senior management to take necessary steps to effectively identify, evaluate, monitor and control/mitigate risks; supervising the control, management and duty performance of the senior management in relation to the Bank's credit, market, operational risks and other risks, and making recommendations to the Board;
- (4) hearing of the risk management report presented by the senior management, regularly evaluating the Bank's risks, management situation and risk tolerance level, and taking control of the general conditions, comprehensiveness and effectiveness of the Bank's risk management and making recommendations to the Board;
- (5) evaluating the structure, working procedures and performance of the Bank's risk management department and make recommendations for improvement;
- (6) making recommendations on how to improve the Bank's risk management and internal control from the perspective of the Bank and in light of the overall circumstance;
- (7) reviewing major risk management issues or transactions that are beyond the authority of the president and that are submitted by the president to this committee for review, and making recommendations to the Board;
- (8) supervising the Bank's legal and compliance management; reviewing its legal and compliance policies as well as relevant basic management systems and expressing opinions thereon to be submitted to the Board for review and approval; and listening to and reviewing the implementation of the Bank's legal and compliance policies;
- (9) other matters required by laws, administrative regulations, departmental rules and authorized by the Board.

**Article 182** The primary duties of the Nomination and Remuneration Committee include:

- (1) performing annual review on the structure, size and composition of the Board, and making recommendations to the Board;
- (2) developing the standards and procedures for the appointment of directors, chairman and members of each Board committee and members of the senior management, and submitting to the Board for review;
- (3) performing a preliminary review on the qualifications and requirements of candidates for directors and members of the senior management, and making recommendations to the Board;
- (4) nominating candidates for the chairman and members of other Board committees (except for the chairman of the Strategic Planning Committee);
- (5) developing the measures of the Board for duty performance evaluation for directors and performance assessment measures for members of the senior management, as well as compensation measures or plans for directors and members of the senior management to be submitted to the Board for review;
- (6) organizing duty performance evaluation for directors and performance assessment for members of the senior management by the Board, and making recommendations on the compensation distribution for directors and members of the senior management to be submitted to the Board for review;
- (7) reviewing the Bank's major human resources and compensation policies and basic systems submitted by the senior management, and submitting the same to the Board for approval, and supervising the implementation of the relevant policies and basic management systems;
- (8) developing training plans for members of the senior management and key backup talents to be submitted to the Board for review;
- (9) other matters required by laws, administrative regulations, departmental rules and authorized by the Board.

**Article 183** The primary duties of the Social Responsibility and Consumer Rights Protection Committee include:

- (1) developing the Bank's social responsibility and consumer rights protection strategies, policies and objectives that are consistent with the Bank's development strategies and actual situation to be implemented upon submission to and approval by the Board;
- (2) developing the Bank's basic management systems for social responsibility and consumer rights protection to be implemented upon submission to and approval by the Board;
- (3) supervising, inspecting and evaluating the implementation and effectiveness of the Bank's strategies, policies, objectives, basic management systems, etc., for social responsibility and consumer rights protection, and making recommendations to the Board;

- (4) reviewing the Bank's credit extension policies in relation to the environment and sustainable development, and making recommendations to the Board;
- (5) regularly listening to the work report of senior management on consumer rights protection, supervising and evaluating the comprehensiveness, promptness and effectiveness of the Bank's consumer protection work as well as the duty performance of the senior management, as authorized by the Board, and disclosing information regarding consumer rights protection according to relevant regulatory requirements;
- (6) approving matters in relation to external donation, as authorized by the Board;
- (7) other matters required by laws, administrative regulations, departmental rules and authorized by the Board.

**Article 184** The opinions of the CPC Committee shall be heard before the Board decides on material matters of the Bank.

#### **Section 4 Secretary to the Board of Directors**

**Article 185** The Bank has one (1) secretary to the Board who is a member of the senior management of the Bank and shall be accountable to the Board.

The secretary to the Board shall be a person who possesses qualification above an undergraduate degree, with six (6) years' or more work experience in finance or ten (10) years' or more work experience in related economic industries (including three (3) years' or more work experience in finance).

The secretary to the Board shall have good character and work ethics to faithfully perform his or her duties and shall have the ability to handle public affairs.

A director or a member of the senior management of the Bank may serve as the secretary to the Board concurrently except for any accountant of the accounting firm engaged by the Bank and any persons prohibited by laws, administrative rules, departmental regulations and other normative documents to serve as secretary to the Board. Where a director concurrently holds the office of the secretary to the Board, and a certain act is required to be conducted by a director and the secretary to the Board separately, the person who concurrently holds the offices of a director and the secretary to the Board may not perform such act in dual capacities.

**Article 186** The principal duties and powers of the secretary to the Board are:

- (1) helping directors in handling the daily work of the Board, continuously providing directors with, or reminding the directors of and ensuring that they understand the relevant regulatory authorities' regulations, policies and requirements of the Bank's operations, and assisting the directors and the president in complying with the laws, administrative rules, departmental regulations and other normative documents and the Articles when exercising their functions and powers;

- (2) communicating with directors and the relevant personnel of the Bank to ensure that the directors obtain the information necessary for performance of their duties;
- (3) preparing documents for the shareholders' general meeting and Board meetings and relevant work, taking and signing the meeting minutes, ensuring that the resolutions are in compliance with the legal procedures and taking control of the implementation of the Board meeting resolutions;
- (4) reminding the directors in the event that resolutions to be made by the Board violate the laws, administrative regulations, departmental rules and the Articles, and calling upon the attending supervisors to express their views thereon. If the Board insists on passing the aforesaid resolutions, the secretary to the Board shall record the views of the relevant supervisors and his or her own opinions in the meeting minutes;
- (5) ensuring decisions made by the Board on major matters are implemented in strict compliance with stipulated procedures; participating and organizing consultations for and analyses of matters to be decided by the Board as required by the Board, and giving corresponding opinions and suggestions; handling daily work assigned by the Board and the Board committees under it that are delegated to him or her;
- (6) assisting the Board in formulating and improving the relevant corporate governance documents; enhancing the level of corporate governance standards of the Bank; and establishing a reasonable decision-making and governance procedure;
- (7) maintaining the Bank's register of shareholders, register of directors and register of members of the senior management, information regarding holdings of the Bank's shares by its controlling shareholder and directors, supervisors and members of the senior management, and documents and meeting minutes of the shareholders' general meeting and Board meetings, in order to ensure that persons entitled to the relevant records and documents of the Bank can obtain such records and documents in a timely manner;
- (8) keeping the Board's chop;
- (9) ensuring that the Bank prepares and submits the reports and documents required by relevant regulatory authorities in a timely manner;
- (10) being responsible for the disclosure of the Bank's information; supervising the Bank to develop and implement the management systems of information disclosure and the internal reporting system of material information, in order to procure the Bank and the relevant parties concerned to carry out their information disclosure obligations according to the laws;
- (11) dealing and coordinating with the Bank's public relationship with relevant regulatory authorities, investors, intermediaries and media;
- (12) other matters authorized by the Board.

**Article 187** The secretary to the Board shall be appointed by the Board and shall serve the position after his or her qualification is approved by the banking regulatory authority of the State Council.

## **CHAPTER X MEMBERS OF THE SENIOR MANAGEMENT**

**Article 188** The Bank shall have one (1) president and several vice presidents, and may have other members of the senior management upon the approval of the Board. Other members of the senior management personnel can be concurrently held by a vice president.

The president and the secretary to the Board shall be nominated by the chairman and appointed or dismissed by the Board. Vice presidents and other members of the senior management shall be nominated by the president, and appointed or dismissed by the Board. The Bank shall enter into employment contracts with members of the senior management.

Members of the senior management refers to the Bank's president, vice president, secretary to the Board and other members of the senior management determined by the Board. All members of the senior management are referred to as senior management collectively.

**Article 189** The president of the Bank shall be accountable to the Board and be subject to the supervision of the Board. Vice presidents and other members of the senior management shall assist the president in his or her work, and shall implement a system of division of responsibilities in accordance with the provisions of the Articles and the authority granted by the president. In the event that the president is unable to perform his or her duties and responsibilities, a vice president or other senior management personnel designated by the Board shall perform his or her duties and responsibilities in his or her place.

The operation and management activities carried out by members of the senior management within their scope of duties and powers in accordance with the laws shall not be interfered.

**Article 190** Any member of the senior management of the Bank who has taken up a position in the controlling shareholder or a de facto controller of the Bank shall not significantly disperse his or her time and effort when performing duties of the Bank.

**Article 191** The president shall exercise the following duties and powers:

- (1) to take charge of the operation and management of the Bank, to make arrangements to implement Board resolutions, and to report his or her work to the Board;
- (2) to establish specific rules and regulations of the Bank (other than internal audit rules and regulations);
- (3) to formulate the operational plans and investment plans of the Bank, and to make arrangements for their implementation upon approval by the Board;
- (4) to formulate policies and basic management systems of the Bank, and to make proposals to the Board;

- (5) to formulate annual financial budget plans and annual accounts, capital management plans, risk capital allocation plans, profit distribution plans, loss recovery plans, plans for increase or reduction of registered capital, plans for issuance of bonds or other marketable securities and listing plans, and share repurchase plans of the Bank, and to make proposals to the Board;
- (6) to formulate plans for establishing internal departments of the head office, and plans for establishing tier-one domestic and overseas branches, direct branches or other direct affiliates, or overseas affiliates, and make recommendations to the Board;
- (7) to propose the appointment or dismissal of vice presidents or other members of the senior management (other than secretary to the Board) to the Board;
- (8) to appoint or dismiss officers-in-charge of internal departments of the head office (other than the officer-in-charge of the internal audit department) and the officers-in-charge of the tier-one domestic and overseas branches, direct branches or other direct affiliates, or overseas affiliates of the Bank;
- (9) within the scope of authority granted by the Board, to authorize vice presidents and other members of the senior management, and the officers-in-charge of the internal departments and the officers-in-charge of tier-one domestic and overseas branches, direct branches or other direct affiliates, or overseas affiliates of the head office to carry out day-to-day management and operation activities;
- (10) to decide on plans for the remuneration and performance appraisal of the officers-in-charge of internal departments of the head office (other than the officer-in-charge of the internal audit department) and the officers-in-charge of tier-one domestic and overseas branches, direct branches or other direct affiliates, or overseas affiliates the Bank, and to appraise the levels of their remuneration and performance;
- (11) to decide on or authorize lower-level managers to appoint or dismiss the staff of the Bank;
- (12) to decide on plans for the wages, welfare and punishment of the staff of the Bank;
- (13) to propose to convene an extraordinary Board meeting;
- (14) to take contingency measures in the interests of the Bank where there is a bank-run or any other material emergencies relating to the business operation of the Bank, and to immediately report to the banking regulatory authority under the State Council, the Board and the Board of Supervisors;
- (15) other duties and powers to be exercised by the president, as prescribed in laws, administrative regulations, departmental rules and the Articles or determined by the shareholders' general meeting or the Board.

When deciding on employees' wages, welfare, safety operation, labor protection, labor insurance, termination (or dismissal) of the staff of the Bank and other issues involving the vital interests of staff, the president should listen to the views of the labor union or employee representative congress in advance.

**Article 192** The president may set up relevant Board committees where necessary and formulate the terms of reference for each Board committee.

**Article 193** In respect of any matter subject to the approval of the Board and submitted by the president, the Board shall discuss and make decisions in a timely manner.

**Article 194** The senior management should truthfully report to the Board or the Board of Supervisors on a regular basis or as required by the Board or the Board of Supervisors, information such as the Bank's business performance, major contracts, financial positions, risk profiles, business prospects and significant events.

**Article 195** When exercising his or her duties and powers, the president shall perform his or her duties in good faith and diligently in accordance with the laws, administrative regulations, requirements of the securities regulatory authorities of the place where the shares of the Bank are listed and provisions of the Bank's Articles.

**Article 196** Working rules of the president shall be formulated by the president and shall be implemented upon the approval by the Board.

**Article 197** A member of the senior management may resign before his or her term of office expires. The specific procedures and methods of resignation shall be in accordance with relevant regulations of the Bank and other provisions stipulated in the employment contract between him or her and the Bank. A member of the senior management cannot leave his or her position until an exit audit is completed.

## **CHAPTER XI SUPERVISORS AND BOARD OF SUPERVISORS**

### **Section 1 Supervisors**

**Article 198** The supervisors shall be natural persons. The supervisors of the Bank shall include supervisors representing shareholders, external supervisors and supervisors served by employee representatives (hereinafter referred to as Employee Supervisors).

The directors, the president and other members of the senior management of the Bank shall not be supervisors concurrently.

**Article 199** The supervisors representing shareholders and external supervisors shall be elected, replaced or dismissed by the shareholders' general meeting. Employee Supervisors shall be nominated by the Board of Supervisors and labor union, elected, replaced or dismissed at the employee representative meeting by the employees of the Bank.

The term of office of a supervisor shall be three (3) years, renewable upon re-election. Each supervisor shall not be dismissed without justified reasons prior to the expiry of term of office.

The term of office of a supervisor shall be calculated from the date on which the relevant resolution is adopted by the shareholders' general meeting or the date on which he or she is elected by the employee representatives' general meeting or other democratic procedures.



**Article 200** Supervisors representing shareholders shall be nominated by way of a proposal made by shareholders individually or jointly holding 3% or more of the Bank's shares with voting rights or the Board of Supervisors, and shall be elected at the shareholders' general meeting of the Bank.

A candidate for the position of supervisor representing shareholders shall, prior to the convening of the shareholders' general meeting, make a written commitment that he or she is willing to be nominated and that the personal information disclosed is true, accurate and complete, and shall undertake that he or she shall earnestly perform his or her duties as a supervisor after being elected.

The nominator shall submit to the Bank the written commitment made by the nominee that he or she is willing to be nominated, the basic information, profile and other written materials of the nominee, at least ten (10) days prior to the convening of the shareholders' general meeting.

**Article 201** Supervisors shall attend at least two-thirds (2/3) of meetings of the Board of Supervisors in person every year. If for any reason, a supervisor is unable to attend the meeting in person, he or she shall by written authorization appoint another supervisor to act on his or her behalf to attend the meeting (an external supervisor shall appoint another external supervisor to act on his or her behalf to attend the meeting). A proxy form shall state the name of the proxy, the scope of authorization, the authority of the proxy and the period of validity, and shall also be signed or affixed by the principal.

In the event that a supervisor fails to attend two consecutive meetings of the Board of Supervisors in person without appointing a proxy to attend on his or her behalf, or fails to attend at least two-thirds (2/3) of meetings of the Board of Supervisors in person every year, he or she shall be deemed to be unable to perform his or her duties. The Board of Supervisors shall propose to the shareholders' general meeting that the supervisor be removed, or propose that the supervisor be removed through the employee representatives' general meeting or other democratic procedures.

**Article 202** A supervisor may resign before the expiration of his or her term of office. A supervisor who resigns shall submit a written resignation report to the Board of Supervisors. In the event that the term of a supervisor expires and a by-election is not held in time or in the event a supervisor resigns, the procedures shall follow the provisions of the Articles in relation to directors.

**Article 203** The supervisors shall perform their duties as supervisors faithfully in accordance with the laws, administrative regulations and the requirements of the Articles.

**Article 204** The supervisors may attend the Board meetings. The supervisors who attend the Board meetings shall be entitled to query or make suggestions on the matters to be resolved by the Board but shall not be entitled to vote.

The supervisors who attend the Board meetings shall report the particulars of the meeting to the Board of Supervisors.

In the event the Board of Supervisors considers it necessary, it may assign supervisors to attend meetings of the senior management.

## Section 2 External Supervisors

**Article 205** The external supervisors of the Bank refer to supervisors who have assumed no position in the Bank other than that of a supervisor, and who do not have any relationship with the Bank and its substantial shareholders, de facto controllers or other institutions or persons who have an interest in the Bank which may hinder them from forming independent and objective judgments.

The external supervisors shall be nominated by the Board of Supervisors or by shareholders individually or jointly holding 1% or more of the voting shares in the Bank, and shall be elected by the shareholders' general meeting.

The qualifications, terms of office, election, replacement and resignation of the external supervisors shall follow the provisions of the Articles in relation to independent directors.

Unless otherwise stipulated in this Section, Articles in Section 1 of this Chapter shall apply to external supervisors.

**Article 206** An external supervisor shall work for not less than fifteen (15) business days each year for the Bank.

Prior to taking up the office, external supervisors shall make a declaration to the Board of Supervisors to undertake to invest sufficient time and effort to perform duties and to commit to perform duties with due diligence.

An external supervisor may appoint another external supervisor to attend a Board of Supervisors meeting on his or her behalf, but the number of times he or she attends the Board of Supervisors meeting in person shall not be less than two-thirds of the total number of the Board of Supervisors meetings.

**Article 207** An external supervisor shall be entitled to supervise the Board, the senior management and their members, and to organize and perform auditing work within the terms of reference of the Board of Supervisors based on resolutions adopted by the Board of Supervisors.

Any expenses incurred by the external supervisors in carrying out their duties shall be borne by the Bank.

**Article 208** An external supervisor who falls under any of the following circumstances shall be in serious breach of duties:

- (1) divulging any trade secret of the Bank, hence harming the interests of the Bank;
- (2) accepting improper gains in the course of performing his or her duties;
- (3) taking advantage of his or her position of external supervisor to seek personal gains;
- (4) failing to notice a problem which should have been found out in the course of supervisory inspection, or concealing a problem which has been found out, hence causing material losses to the Bank;

- (5) other acts identified to be a serious breach of duty under the laws, administrative regulations, departmental rules, other normative documents and by the banking regulatory authority under the State Council.

**Article 209** The Board of Supervisors is empowered to propose to the shareholders' general meeting the removal of an external supervisor who falls under any of the following circumstances:

- (1) serious breach of duty;
- (2) failing to meet the qualifications required for the position of external supervisor and failing to resign on his or her own;
- (3) having failed to attend the Board of Supervisors' meetings in person for three (3) consecutive times, or having failed to attend the Board of Supervisors' meetings in person for two (2) consecutive times and without appointing another external supervisor to attend on his or her behalf, or the number of Board of Supervisors' meetings attended in a year is less than two-thirds of the total number of the Board of Supervisors' meetings held in the year;
- (4) other circumstances in which one is not suitable to act as an external supervisor under the laws, administrative regulations, departmental rules and other normative documents.

A dismissed external supervisor who considers the reasons for his or her dismissal to be improper may make a public statement.

**Article 210** Where the Board of Supervisors proposes to dismiss an external supervisor at a shareholders' general meeting, it shall report to the banking regulatory authority under the State Council and send a written notice to the external supervisor concerned one (1) month prior to the convening of the shareholders' general meeting. The external supervisor shall be entitled to give his or her oral or written representations before voting, and shall be entitled to submit his or her representations to the banking regulatory authority of the State Council five (5) days prior to the convening of the shareholders' general meeting. Shareholders shall vote at the shareholders' general meeting after considering the representations of such external supervisor.

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

**Article 211** The Bank shall pay remuneration and allowances to the external supervisors. Payment standards shall be formulated by the Board of Supervisors by reference to those for independent directors and approved by the shareholders' general meeting, as well as disclosed in the annual report of the Bank.

Except for the aforementioned remuneration and allowances, the external supervisors shall not obtain any other additional or undisclosed benefits from the Bank or the substantial shareholders, de facto controller or other institutions or persons who have an interest in the Bank.

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

**Article 212** The Bank shall have a Board of Supervisors. The Board of Supervisors is a supervisory entity of the Bank and shall be responsible to the shareholders' general meeting.

The Board of Supervisors of the Bank shall be composed of three (3) to thirteen (13) supervisors as determined by the shareholder's general meeting, wherein the supervisors representing employees shall not be below one-third of the total number of supervisors while the number of external supervisors shall be no less than two (2).

In the event the number of supervisors representing employees is less than one-third of the members of the Board of Supervisors, a by-election shall promptly be held through an employee representative general meeting or other democratic procedures.

**Article 213** The Board of Supervisors shall have a chairman. The chairman of the Board of Supervisors shall have professional knowledge and work experience in at least one of the aspects of accounting, audit, financial and law.

The chairman of the Board of Supervisors shall be elected or dismissed by two-thirds or more members of the Board of Supervisors and shall serve a term of office upon the approval of the banking regulatory authority under the State Council.

The chairman of the Board of Supervisors shall serve a term of three (3) years and may serve consecutive terms if so re-elected after his or her term of office is expired.

**Article 214** The Board of Supervisors shall have an office, equipped with dedicated staff who are responsible for the daily work of the Board of Supervisors. The staff engaged by the office of the Board of Supervisors shall possess relevant professional knowledge so as to ensure the performance of supervisory duties of the Board of Supervisors.

**Article 215** The Board of Supervisors shall perform the following duties:

- (1) to supervise the performance of the Board and the senior management, to supervise and question the duty of performance of directors and members of the senior management, and to urge directors and members of the senior management to correct their acts which impair the benefits of the Bank;

- (2) to propose the dismissal of or to initiate litigation against directors and members of the senior management who breach laws, administrative regulations, the Articles or the resolution of the shareholders' general meeting;
- (3) to examine and supervise the financial activities of the Bank;
- (4) to supervise the business decisions, risk management and internal control of the Bank, to guide the internal audit department of the Bank to independently perform its duties of audit and supervision, and to carry out the business management and performance appraisal for the internal audit department;
- (5) to propose to convene an extraordinary shareholders' general meeting;
- (6) to submit proposals to the shareholders' general meeting;
- (7) to formulate amendments to the rules of procedures of the Board of Supervisors;
- (8) to supervise the implementation of policies and general management system of the Bank;
- (9) to nominate supervisors representing shareholders, external supervisors and independent directors;
- (10) to conduct audit on resigning directors and members of the senior management as necessary;
- (11) to communicate with directors on behalf of the Bank;
- (12) to review financial reports, operation reports and profit distribution proposals submitted by the Board to the shareholders' general meeting, and to engage, on behalf of the Bank, certified accountants and auditors to review such reports if any questions are raised;
- (13) to supervise the appointment, dismissal, reappointment and audit work of the external auditors of the Bank;
- (14) to formulate the performance evaluation measures and compensations measures or plans for supervisors, and to make recommendations on the remuneration distribution plan of supervisors based on performance evaluation of supervisors, and submit them to the shareholders' general meeting for approval;
- (15) to perform other duties as required by relevant requirements of laws, administrative regulations, departmental rules and the Articles and authorized by the shareholders' general meeting.

**Article 216** The Board of Supervisors shall formulate the rules of procedures of the Board of Supervisors, which shall be implemented after consideration and approval by the shareholders' general meeting, in order to ensure that the Board of Supervisors works efficiently and makes decisions reasonably.

**Article 217** Comprehensive audit results regarding other internal departments and branches of the Bank prepared by the internal audit department shall be submitted to the Board of Supervisors in a timely manner. The Board of Supervisors shall be entitled to request the Board or internal audit department to explain in case of any doubts with the audit.

The profit distribution proposal formulated by the Board shall be submitted to the Board of Supervisors in advance and the Board of Supervisors shall provide feedback within five (5) business days upon receipt. If the Board of Supervisors fails to provide any feedback within the specific period, such proposal shall be deemed to be approved thereby.

**Article 218** The Board of Supervisors shall have the rights to information, suggestion and report as conferred by the laws, administrative regulations, departmental rules and the Articles. The Bank shall take measures to safeguard the rights to information of the supervisors.

Directors, members of the senior management and other internal departments shall provide relevant materials and explanations to the Board of Supervisors at its request in the course of performing its duties. The Board of Supervisors shall have access to the accounts, records and documents of the Bank as well as the relevant officers, departments and authorities, which shall provide assistance in respect thereof and it may engage intermediaries and professionals to provide services at reasonable costs to be borne by the Bank.

The Board of Supervisors may make recommendations to the Board and the senior management and submit reports to the shareholders' general meeting as necessary.

**Article 219** The chairman of the Board of Supervisors shall perform the following duties:

- (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, resolutions and other material documents of the Board of Supervisors;
- (4) to report to the shareholders' general meeting on behalf of the Board of Supervisors;
- (5) to perform other duties as required by the laws, administrative regulations, departmental rules and the Articles or authorized by the Board of Supervisors.

**Article 220** The Board of Supervisors shall consider matters by way of Board of Supervisors meetings. The Board of Supervisors' meetings shall be divided into regular Board of Supervisors meeting and extraordinary Board of Supervisors meeting.

The rules for convening a Board of Supervisors meeting shall follow the provisions of the Articles in relation to the rules for convening board meetings on convening Board meetings.

**Article 221** The regular meetings of the Board of Supervisors shall be held at least four (4) times each year. The meeting shall be convened by the chairman of the Board of Supervisors, and the written meeting notice and relevant materials shall be sent to all supervisors ten (10) days prior to the meeting.

**Article 222** The chairman of the Board of Supervisors shall convene and preside over an extraordinary meeting within ten (10) days from the date of receipt of the following requests:

- (1) request made by one-third or more of all supervisors;
- (2) request made by all external supervisors.

The chairman of the Board of Supervisors may convene an extraordinary meeting if necessary.

Any notice of such meetings to be convened shall be given in writing to each supervisor seven (7) days before the meeting is convened. In urgent cases where there is a need to convene an extraordinary meeting of the Board of Supervisors as soon as possible, the notice convening the meeting may be given in other ways at any time, and the convener shall make an explanatory statement at the meeting.

**Article 223** The chairman of the Board of Supervisors shall convene and preside over the meetings of the Board of Supervisors. Where the chairman of the Board of Supervisors is unable or fails to perform his or her duties, a supervisor appointed by half or more of all supervisors shall convene and preside over the meetings of the Board of Supervisors.

**Article 224** A Board of Supervisors meeting shall be convened only when attended by two-thirds or more of all supervisors. The resolution made by the Board of Supervisors shall be passed by two-thirds or more of the members of the Board of Supervisors.

**Article 225** All supervisors shall have the right to speak at the Board of Supervisors meeting. Each supervisor shall be entitled to submit proposals to the Board of Supervisors and the Board of Supervisors shall consider such proposals.

When considering proposals and reports at the meeting of the Board of Supervisors, directors, members of the senior management, chief of the internal audit department and the external auditors shall attend the meeting and provide necessary explanation and answer to enquiries at the request of the Board of Supervisors.

**Article 226** At a Board of Supervisors meeting, the vote may be taken by a show of hands or open vote. Each supervisor shall have one vote.

**Article 227** Dissenting opinions held by a supervisor in voting for any resolution of the meeting of the Board of Supervisor shall be included in the resolution.

Supervisors shall be responsible for the resolutions of the Board of Supervisors and may only be exempted from responsibility provided that he or she is verified to have stated different opinions and such opinions have been recorded in the minutes.

**Article 228** The Board of Supervisors shall prepare minutes for the resolution on matters considered at the meeting. The supervisors and minutes-taker present at the meeting shall sign the meeting minutes.

A supervisor shall have the right to request to have a record of explanation for his or her speech at the meeting to be recorded in the minutes. The minutes of the meetings of the Board of Supervisors shall be kept as important records of the Bank for a period not less than twenty (20) years.

**Article 229** The Board of Supervisors may, where necessary, establish special committees under the Board of Supervisors.

The special committees under the Board of Supervisors shall be responsible to and report to the Board of Supervisors. Each special committee may engage intermediaries or professionals for their advice at reasonable expense of the Bank.

**Article 230** The terms of reference and duties of each special committee under the Board of Supervisors shall be formulated by the Board of Supervisors in accordance with the laws, administrative regulations, departmental rules and the actual situation of the Bank.

Each special committee shall formulate annual working plans and convene meetings regularly. Each special committee shall be composed of supervisors and a supervisor may concurrently take office in different special committees. Each special committee shall have no less than three (3) members.

## **CHAPTER XII QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS AND MEMBERS OF THE SENIOR MANAGEMENT AND INCENTIVE AND RESTRAINT MECHANISMS**

**Article 231** The qualifications for the positions of directors, supervisors and members of the senior management of the Bank shall meet requirements of the laws, administrative regulations, departmental rules, other normative documents and the Articles. The qualifications of relevant personnel shall be examined and approved by the banking regulatory authority under the State Council in accordance with relevant requirements.

**Article 232** Any person who falls under any of the following circumstances shall not serve as a director, a supervisor or a members of the senior management of the Bank:

- (1) a person without or with limited capacity for civil acts;
- (2) a person who was convicted of and sentenced to penalty for crimes of corruption, bribery, encroachment of property and misappropriation of property or sabotage of the order of socialist market economy; or a person who has been deprived of his or her political rights for commission of a crime;
- (3) a person who served as a director or a factory manager or a manager of a company or enterprise which became bankrupt and was liquidated due to management incompetence, and who bears personal liability for the bankruptcy of such company and enterprise;
- (4) a person who served as legal representative of a company or enterprise the business license of which was revoked for violation of law or which was ordered to be closed, and who bears personal liability for such circumstance;
- (5) a person with a relatively large amount of debt due and outstanding;
- (6) a person under investigation by judicial authorities for suspected violation of criminal law;



- (7) a person who was removed from his or her position by another commercial bank or institution due to failure to fulfill his or her fiduciary duty;
- (8) a non-natural person;
- (9) a person who was determined by relevant competent authorities of the state for violation of applicable securities regulations and such conviction involved a finding of fraudulent or dishonest acts within a period of five (5) years after the date of such determination;
- (10) a shareholder or an employee of an institutional shareholder whose borrowings from the Bank (excluding borrowings with bank deposit certificates or government bonds pledged as security) are more than the audited net value of the equity held by the borrower in the Bank in the preceding year;
- (11) a person or an employee of an entity that owes due and outstanding debts to the Bank;
- (12) any other person as provided in the laws, administrative regulations, departmental rules, other normative documents and the Articles.

Where a director, a supervisor or a member of the senior management falls under any of the circumstances set out in the first paragraph of this Article during his or her tenure, the Bank shall remove or dismiss him or her in accordance with the procedures stipulated in the Articles.

A civil servant may not concurrently serve as an independent director or external supervisor of the Bank.

**Article 233** The validity of any act done by a director or member of the senior management of the Bank on behalf of the Bank towards a bona fide third party shall not be affected by any non-compliance of such person in the term of office, election or qualifications.

**Article 234** The directors, supervisors and members of the senior management of the Bank must adhere to the principle of integrity in exercising their duties and responsibilities, and shall not put themselves in any situation where their personal interests may conflict with the obligations they have undertaken. This principle shall include but not be limited to the following obligations:

- (1) to act in good faith and in the best interests of the Bank;
- (2) to exercise his or her rights within the scope of his or her functions and powers and shall not act ultra vires;
- (3) to exercise the discretion conferred on him or her in person and free from manipulation by others; and, without the permission of the laws and administrative regulations or the informed consent of the shareholders' general meeting, not to transfer the discretion to others for exercising;
- (4) to treat shareholders of the same class equally, and to deal with shareholders of different classes fairly;
- (5) not to take bribes or other illegal income by abusing his or her power, and not to embezzle assets of the Bank, including but not limited to opportunities in favor of the Bank;

- (6) not to embezzle funds of the Bank;
- (7) not to save the assets or funds of the Bank into the accounts opened in his or her own name or the name of another individual;
- (8) not to use the Bank's assets in any manner to pursue personal interests without the consent of the shareholders' general meeting;
- (9) not to lend funds of the Bank to others or to use the Bank's assets to provide a guarantee to others in violation of relevant regulations without the approval of the shareholders' general meeting or the Board, in contravention of the Articles;
- (10) not to enter into any contracts, transactions or arrangements with the Bank unless otherwise prescribed by the Articles or with the informed consent of shareholders through a shareholders' general meeting;
- (11) not to engage in any form of competition with the Bank without the informed consent of shareholders through a shareholders' general meeting;
- (12) without the approval of shareholders' general meeting, not to seek business opportunities that ought to belong to the Bank for themselves or others making use of their position, or to operate businesses for themselves or others that are similar to the Bank;
- (13) not to accept any commission related to transactions of the Bank without the informed consent of the shareholders through a shareholders' general meeting;
- (14) to comply with the Articles, perform their duties faithfully and safeguard the interests of the Bank, and not to take advantage of their position and authority at the Bank to seek personal gain;
- (15) not to divulge any confidential information relating to the Bank and obtained by them during their term of office without the informed consent of the shareholders through a shareholders' general meeting; and not to use such information except when in the interests of the Bank; however the information may be disclosed to the court or any other competent government authorities if the disclosure is:
  1. required by the laws;
  2. in the public interest; and
  3. required for the interests of the directors, supervisors and members of the senior management;
- (16) not to jeopardize the interests of the Bank by taking advantage of their related party relationship;
- (17) other fiduciary obligations stipulated by the laws, administrative regulations, departmental rules and the Articles.

Income obtained by the directors, supervisors and members of the senior management in violation of this Article shall belong to the Bank.

**Article 235** Directors, supervisors and members of the senior management of the Bank shall follow the laws, administrative regulations, departmental rules, relevant requirements of the securities regulatory authorities at the places where the Bank's shares are listed and the Articles, and shall assume the following diligence obligations to the Bank and the shareholders:

- (1) to exercise the rights conferred by the Bank in a prudent, careful and diligent manner to ensure that the commercial activities of the Bank are in line with the requirements of the laws, administrative regulations and various national economic policies and that the Bank's business activities do not exceed the business scope stipulated in the business license;
- (2) to treat all shareholders fairly, and not to deprive the shareholders of any rights and interests, including but not limited to the right to distributions and the right to vote, but excluding the submission of the Bank restructuring proposals to the shareholders' general meeting in accordance with the Articles;
- (3) to perform duties in good faith and in the best interests of the Bank;
- (4) not to deprive the Bank of its assets in any way, including but not limited to any business opportunity that is favourable to the Bank;
- (5) to exercise his or her rights within the scope of his or her functions and powers and shall not act ultra vires; unless stipulated by the provisions of the laws, administrative regulations and the Articles or without the consent of the shareholders' general meeting, not to transfer his or her rights to others;
- (6) to have an up-to-date understanding on the business operation and management of the Bank; and
- (7) other due diligence obligations stipulated by laws, administrative regulations, departmental rules, relevant requirements of the securities regulatory authorities at the places where the Bank's shares are listed and the Articles.

**Article 236** The directors, supervisors and members of the senior management of the Bank shall have the 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 237** The directors, supervisors, the president and other members of the senior management of the Bank shall not direct the following persons or institutions (hereinafter referred to as Related Persons) to take any acts which the directors, supervisors, the president and other senior management officers are themselves prohibited from taking:

- (1) the spouse or underage children of the directors, supervisors, the president and other members of the senior management of the Bank;
- (2) a trustee of any of the directors, supervisors, the president and other members of the senior management of the Bank or a trustee of the persons referred to in item (1) of this Article;

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

**Article 238** The fiduciary duties undertaken by the directors, supervisors and members of the senior management of the Bank shall not necessarily be terminated by the end of their terms of office, and their obligation of keeping confidentiality of the trade secrets of the Bank shall remain valid after the end of their terms of office. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time between the occurrence and the time of leaving office, and the circumstances and conditions under which the relationship with the Bank is terminated.

**Article 239** Any director, supervisor or member of the senior management of the Bank who breach the laws, administrative regulations, departmental rules and the Articles and cause losses to the Bank shall bear the liability.

The liability to be borne by the directors, supervisors and members of the senior management of the Bank for breach of certain specific duty may be discharged by the informed consent of the general shareholders meeting, except for circumstances where the controlling shareholder or de facto controller takes advantage of their positions to prejudice the interests of other shareholders.

**Article 240** A director, supervisor, president and other member of the senior management of the Bank who directly or indirectly has a material interest in any agreements, transactions, or arrangements executed or proposed to be executed by the Bank (except for service agreements between the directors, supervisors, president and other members of the senior management and the Bank) shall disclose to the Board the nature and extent of his or her interest as soon as possible, regardless of whether or not such matters require the approval of the Board under normal circumstances.

Unless the interested director, supervisor, president and other members of the senior management of the Bank has made such disclosure to the Board as required by the preceding paragraph of this Article, and the relevant matter has been approved by the Board at the Board meeting in which such director, supervisor, president and other member of the senior management has not been counted into the quorum and has not voted at the meeting, the Bank shall be entitled to rescind such agreements, transactions or arrangements, except where the counterparty is bona fide without knowledge of the breaches of duties on the part of such director, supervisor, president and other member of the senior management.

In the event any Related Persons of any director, supervisor, president and other members of the senior management of the Bank is interested in any agreements, transactions or arrangements, such director, supervisor, president and other members of the senior management shall also be deemed to be interested.

**Article 241** If any of the directors, supervisors, president and other members of the senior management of the Bank informs the Bank by way of written notice before the Bank considers entering into the relevant contracts, transactions or arrangements for the first time, stating that due to the content set out in the notice, he is interested in the contracts, transactions or arrangements to be entered into by the Bank in the future, to such extent as set out in the notice, such directors, supervisors, president and other members of the senior management concerned shall be deemed to have made the disclosure prescribed in the preceding Article of this Chapter.

**Article 242** The Bank shall not, in any manner, pay any tax for the Bank's directors, supervisors and other senior management.

**Article 243** The Bank shall neither directly nor indirectly provide loans or loan security for the directors, supervisors, president and other members of the senior management of the Bank, and shall not provide loans or loan security for the Related Persons of the foregoing persons either.

The stipulations of the preceding paragraph shall not be applicable in the following situations:

- (1) The Bank provides loans for its subsidiaries or provide loan security for its subsidiaries;
- (2) The Bank provides the directors, supervisors, the president and other members of the senior management of the Bank with loans, loan security or other sums for payment of the costs incurred for the purpose of the Bank or the performance of their duties in accordance with the employment contracts approved by the shareholders' general meeting; and
- (3) The Bank may provide the directors, supervisors, president and other members of the senior management of the Bank and their Related Persons with loans and loan security according to normal business conditions.

**Article 244** Any person who receives any funds from a loan which has been made by the Bank in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

A guarantee for a loan provided by the Bank in breach of the first paragraph of the preceding Article shall not be enforceable against the Bank, except under the following circumstances:

- (1) when a loan was provided to Related Persons of any director(s), supervisor(s), the president and other members of the senior management of the Bank or its parent company, the provider of the loan has no knowledge of the relevant circumstances at the time of making the loan;
- (2) the collateral provided by the Bank has been lawfully sold by the lender to a bona fide purchaser.

**Article 245** Guarantees referred to in the preceding paragraph of this Chapter shall include an undertaking or any property provided by the guarantor to secure the obligor's performance of his or her obligations.

**Article 246** In addition to the rights and remedies provided by laws and administrative regulations when a director, supervisor and a member of the senior management of the Bank breaches his or her obligations to the Bank, the Bank shall be entitled to:

- (1) require such directors, supervisors and members of the senior management to compensate for any loss sustained by the Bank as a result of his or her breach of duty;
- (2) rescind any contracts or transactions entered into between the Bank and such directors, supervisors and members of the senior management, and the contracts or transactions entered between the Bank and a third party (when the third party has knowledge or should have known that the directors, supervisors and members of the senior management representing the Bank are in breach of the obligations they owe to the Bank);
- (3) require such directors, supervisors and members of the senior management to surrender any interest which they have obtained through their breach of obligations;
- (4) recover any amount which otherwise would have been received by the Bank but were received by such directors, supervisors and members of the senior management instead, including but not limited to commissions;
- (5) demand the return of interest earned or which may be earned by such directors, supervisors and members of the senior management on any sum which should have been received by the Bank.

**Article 247** The Bank shall enter into written contracts with the directors and supervisors for remuneration matters and obtain the approval of the shareholders' general meeting. The remuneration matters mentioned above include:

- (1) remuneration payable to the directors, supervisors or members of the senior management of the Bank;
- (2) remuneration payable to the directors, supervisors or members of the senior management of the subsidiaries of the Bank;
- (3) remuneration for providing other services for the management of the Bank and its subsidiaries;
- (4) compensation to a director or supervisor for his or her loss of office or for his or her retirement.

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

**Article 248** Any agreements between the Bank and the directors or supervisors of the Bank with respect to their remunerations shall stipulate that the directors and supervisors of the Bank shall, subject to the prior approval of the shareholders' general meeting, be entitled to receive compensation or other payment as a result of his or her loss of office or retirement in the event that the Bank will be acquired by others. For the purposes of this paragraph, the acquisition of the Bank shall include any of the following:

- (1) a general offer made by any person to all shareholders;
- (2) an offer made by any person in anticipation of becoming a controlling shareholder. The definition of "controlling shareholder" has the same meaning ascribed to it as that defined in the Articles.

In the event that the relevant director or supervisor does not comply with this Article, any sum so received by him or her shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum pro rata among such persons shall be borne by the relevant director or supervisor and shall not be deducted from such sum.

**Article 249** The Bank shall adopt fair and public standards and procedures for the evaluation of the performance of directors, supervisors and members of the senior management, and shall establish an incentive mechanism which links remuneration to the profitability of the Bank and to personal performance.

**Article 250** Where the conditions are met, and subject to the approval of the shareholders' general meeting, the Bank may establish a professional liability insurance system for the directors, supervisors and members of the senior management.

Unless the directors, supervisors and members of the senior management are proved to have failed to perform their duties and responsibilities honestly and in good faith, the Bank will bear the civil liability incurred by the directors, supervisors and members of the senior management during their terms of office to the greatest extent permitted by the laws and administrative regulations or so far as it is not prohibited by the laws and administrative regulations.

**Article 251** The evaluation of the performance of independent directors shall be conducted through peer review. The evaluation of the performance of other directors shall be conducted by the Board, and shall be reported to the shareholders' general meeting. The evaluation of the performance of external supervisors and other supervisors shall refer to that of the independent directors and other directors.

The evaluation of the performance, remuneration and incentives of members of the senior management shall be determined by the Board. The Board shall take the evaluation of the performance of the members of the senior management as the basis to determine their remuneration and other incentives.

No directors, supervisors and members of the senior management shall take part in the process of determining their own remuneration or performance appraisal.

# CHAPTER XIII FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

## Section 1 Financial Accounting System

**Article 252** The Bank shall formulate a prudent financial accounting system in accordance with the laws, administrative regulations and requirements of the PRC Accounting Principles formulated by the financial department of the State Council.

**Article 253** The financial year of the Bank shall coincide with the calendar year, from 1 January to 31 December.

**Article 254** The Bank shall prepare an annual financial accounting report at the end of each financial year, which shall be examined by an audit firm in accordance with the laws.

The aforementioned financial accounting reports shall be prepared in accordance with relevant laws, administrative regulations and departmental rules.

**Article 255** The Board of the Bank shall place before the shareholders at every shareholders' annual general meeting the financial accounting reports prepared by the Bank as prescribed by the relevant laws, administrative regulations, departmental rules and the securities regulatory authorities at the places where the Bank's shares are listed.

The financial accounting reports of the Bank shall be made available for shareholders' inspection at the Bank twenty (20) days prior to the convening of the annual general meeting. Every shareholder of the Bank has the right to receive the financial accounting reports mentioned in this Chapter. Unless stipulated otherwise in the Articles, the Bank shall deliver or send by prepaid mail the aforementioned reports or reports of the Board together with balance sheets and profit and loss statements, to each holder of overseas-listed shares at the addresses recorded in the register of shareholders at least twenty-one (21) days before the annual general meeting is convened.

**Article 256** The Bank shall not keep financial records other than those required by the law. The Bank's assets shall not be deposited in any accounts opened in the name of an individual.

**Article 257** The financial statements of the Bank shall, in addition to being prepared in accordance with the accounting standards and regulations of the PRC, be prepared in accordance with international accounting standards, or the accounting standards of the place where the shares of the Bank are listed overseas. In the event of any material discrepancies in the financial statements prepared in accordance with the two types of accounting standards, such discrepancies shall be stated in the notes to the financial statements. The after-tax profits to be distributed by the Bank shall be the lower of the after-tax profits stated in the two types of financial statements mentioned above.

The interim results or financial information published or disclosed by the Bank shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards, or the accounting standards of a place where the shares of the Bank are listed overseas.



**Article 258** The Bank shall announce its financial report twice in each financial year, namely to publish an interim financial report within sixty (60) days after the end of the first six (6) months of each financial year, and to publish an annual financial report within 120 days after the end of each financial year.

**Article 259** The Bank shall appoint a receiving agent for holders of the overseas listed shares. Such receiving agent shall receive dividends and other sums in relation to the overseas-listed shares of the Bank on behalf of such holders.

The receiving agent appointed by the Bank shall meet the relevant requirements of the securities regulatory authorities at the place where the Bank's shares are listed.

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

## **Section 2 Profit Distribution**

**Article 260** The after-tax profits of the Bank for the year shall be distributed in the following order:

- (1) to make up for the losses of the previous year;
- (2) to allocate 10% to the statutory reserve fund;
- (3) to allocate to the general reserve;
- (4) to allocate to the discretionary reserve fund;
- (5) to distribute profits in proportion to shareholders' shareholdings.

Where the accumulated amount of the statutory reserve fund of the Bank amounts to 50% or more of the registered capital of the Bank, allocation is no longer necessary. After allocation to the statutory reserve fund and general reserve, whether allocation shall be made to the discretionary reserve fund shall be determined by the shareholders' general meeting. The Bank shall not distribute its profits to shareholders before making up losses and making allocations to the statutory reserve fund and general reserve.

Where the shareholders' general meeting distributes its profits to the shareholders in breach of provisions of the preceding paragraph, the shareholders must refund to the Bank the profits distributed in violation of the provisions.

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

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

**Article 261** The reserve fund of the Bank shall be used to make up for losses of the Bank, expand the Bank's operation or convert to increase the Bank's capital, provided that the capital reserve fund shall not be used for making up for the Bank's losses.

When the statutory reserve fund is converted into share capital, the retained portion of the fund shall not be less than 25% of the Bank's registered share capital before the conversion.

**Article 262** After the resolution on profit distribution plans has been passed at a shareholders' general meeting of the Bank, the Board of the Bank shall complete the distribution of dividends (or shares) within two (2) months after the end of the shareholders' general meeting.

**Article 263** The capital reserve fund shall include the following funds:

- (1) premium obtained that exceeds the proceeds from issuance of shares at par value;
- (2) other income to be allocated to the capital reserve fund as required by the finance department of the State Council.

**Article 264** The Bank may distribute dividends in forms of cash or shares.

The dividend distribution policy of the Bank shall be focused on generating reasonable returns to investment for investors. The dividend distribution policy shall maintain its continuity and stability, and at the same time, take into account the long-term interests of the Bank, the interests of the shareholders as a whole and the sustainable development of the Bank. Cash shall be the main form of dividend distributed by the Bank. The Bank may distribute interim dividends if the situation permits.

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

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

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

If the Bank does not distribute cash dividend under special circumstances, the profit distribution plan proposed to the shareholders general meeting for consideration and deliberation shall include the reasons for not distributing dividends and the use of the undistributed fund, and corresponding disclosure shall be made in the periodic reports.

In the case of force majeure events such as wars and natural disasters, changes in the external business environment that have a material impact on the Bank's business performance, or material changes in the Bank's own operation situations, the Bank may adjust the profit distribution policies herein.

**Article 265** Any amount paid in on any share prior to the date of the payment of shares specified by the Bank (hereinafter referred to as the Payment Date) may carry interest. However, shareholders shall not be entitled to dividends declared before the Payment Date even if they have paid up the capital on or before the Payment Date.

Provided that the Bank is in compliance with the relevant laws, administrative regulations and departmental rules, the Bank is entitled to forfeit unclaimed dividends, but such right to forfeit shall only be exercised after the expiration of the limitation period applicable to the declaration of dividends.

The Bank shall have the right to terminate delivering dividend warrants to holders of the overseas-listed shares by post; however, it may exercise such right only if such warrants have not been withdrawn for two (2) consecutive times. However, the Bank may exercise such right if the dividend warrant is returned without reaching the recipient the first time.

The Bank shall have the right to sell shares of the holders of the overseas-listed shares who cannot be contacted in the manner deemed appropriate by the Board, but the following conditions must be complied with:

- (1) the Bank has distributed dividends for the said shares at least three (3) times within twelve (12) years, and no dividend during such period has been claimed;
- (2) the Bank, after expiry of the twelve (12) years, publishes an announcement of its intention to sell the shares in one or more newspapers in the place where the Bank's shares are listed, and gives notice to the securities regulatory authorities of the place where the Bank's shares are listed.

### **Section 3 Internal Audit**

**Article 266** The Bank shall adopt an internal audit system, and have specially assigned audit personnel who shall conduct independent and objective supervision, inspection and evaluation over the business activities, risk status, internal control and the effectiveness of corporate governance of the Bank and may make recommendations to the Board regarding corporate governance issues of the Bank identified in the course of audit.

**Article 267** The Board of the Bank shall be responsible for establishing and maintaining a sound and effective internal audit system; approving the internal audit charters, medium and long-term audit plans, annual work plans and audit budget; determining appointment and dismissal of the key person-in-charge. The person-in-charge of the internal audit department shall be nominated by the president of the Bank and appointed or dismissed by the Board, and shall be responsible and report his or her work to the Board.

The senior management of the Bank shall ensure and support the implementation of the Bank's internal audit system and the performance of duties by the audit personnel, provide the internal audit department with materials and information concerning the financial position, risk status and internal control of the Bank that are required for conducting internal audit in a timely manner, and shall not hinder or impede any audit activity conducted by the internal audit department within its authority.

## **CHAPTER XIV APPOINTMENT OF ACCOUNTING FIRMS**

**Article 268** The Bank shall appoint an independent accounting firm which meets the relevant requirements of the State to audit financial statements, verify the net assets and provide other relevant consulting services.

The accounting firm appointed by the Bank shall hold office commencing from the conclusion of the annual general meeting at which it was appointed to the conclusion of the next annual general meeting. The accounting firm may be re-appointed.

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

**Article 269** In the event of a vacancy in the accounting firm, the Board may appoint an accounting firm to fill the vacancy before the shareholders' general meeting is convened, but the appointment shall be confirmed by the next shareholders' general meeting. Such accounting firm may continue to act during the vacancy period if the Bank has other incumbent accounting firms.

**Article 270** The remuneration or the basis of remuneration of an accounting firm shall be determined by shareholders' general meeting. The remuneration of an accounting firm appointed by the Board to fill a vacancy shall be determined by the Board and submitted to the shareholders' general meeting for approval.

**Article 271** The accounting firm appointed by the Bank shall have the following rights:

- (1) to inspect the financial statements, records and vouchers of the Bank, and to request the directors and members of the senior management of the Bank to provide relevant information and explanation;
- (2) to request that the Bank to adopt reasonable measures to obtain from its subsidiaries such information and explanation as are necessary for the accounting firm to perform its duties;
- (3) to attend the shareholders' general meeting as non-voting attendees, and to obtain the notice of, and other information relating to the shareholders' general meeting which any shareholder is entitled to receive, and to speak at the shareholders' general meeting on matters concerning its role as the Bank's appointed accounting firm.

**Article 272** Notwithstanding what was agreed in the contract concluded between an accounting firm and the Bank, the shareholders' general meeting may, before the term of office of the accounting firm expires, decide to dismiss the accounting firm by way of an ordinary resolution. However, such decision shall not affect the right of the accounting firm to claim compensation from the Bank in accordance with the engagement contract.

**Article 273** The Bank's appointment, dismissal and non-reappointment of an accounting firm shall be determined by the shareholders' general meeting, and shall be filed with the securities regulatory authority under the State Council.

The shareholders' general meeting shall abide by the following provisions when proposing to pass a resolution to appoint an accounting firm which is not currently serving the Bank to fill the vacancy of an accounting firm, or the renewal of terms of office of an accounting firm appointed by the Board to fill the vacancy, or the dismissal of an accounting firm before the expiry of its term:

(1) the proposal in relation to the appointment or dismissal shall be delivered prior to the issue of notice of the shareholders' general meeting, to the accounting firm to be appointed, the accounting firm leaving office, or the accounting firm which has left office in the relevant financial year.

"Leaving office" includes dismissal, resignation and retirement.

(2) If an accounting firm leaving office makes a written statement and requests the Bank to inform shareholders of such statement, the Bank shall adopt the following measures, unless the written statement is received too late:

1. to state in the notice which is issued for the purpose of adopting a resolution that the accounting firm which is leaving office has made a statement; and
2. to submit a copy of the statement as an appendix to the notice to the shareholders in the manner stipulated in the Articles.

(3) If the Bank has not dispatched the statement of the accounting firm in accordance with the preceding sub-paragraph (2) of this Article, the relevant accounting firm may request such statement to be read at the shareholders' general meeting, and may make further appeals.

(4) The accounting firm leaving office shall have the right to attend the following meetings:

1. the shareholders' general meeting at which its term of office would have expired;
2. the shareholders' general meeting held to fill the vacancy as a result of its dismissal;
3. the shareholders' general meeting held as a result of its voluntary resignation.

The accounting firm leaving office shall have the right to obtain all notices of the aforementioned meetings or other information relating to such meetings, and may express its views at the aforementioned meetings on matters in relation to its previous appointment as the accounting firm of the Bank.

**Article 274** The Bank shall notify the accounting firm in advance before the dismissal or non-reappointment of such accounting firm. The accounting firm shall be allowed to present its views at the shareholders' general meeting at which the dismissal of the accounting firm is considered.

Any accounting firm may resign its office by depositing at the Bank's domicile a written resignation notice which shall become effective on the date of such deposit or on such later date as stipulated in such notice. Such notice shall include the following:

- (1) a statement to the effect that there are no circumstances in relation to its resignation which it considers should be brought to the notice of the shareholders or creditors of the Bank; or
- (2) a statement of any other issues that should be accounted for.

The Bank shall send a copy of the notice to the relevant governing authority within fourteen (14) days upon receipt of such written notice. If the notice contains a statement mentioned under subparagraph (2) of the preceding paragraph, a copy of such statement shall be placed at the Bank for shareholders' inspection. A copy of such statement shall also be sent by prepaid mail to every shareholder holding overseas-listed shares of the Bank at the address as recorded in the register of shareholders.

In the event the accounting firm's notice of resignation contains a statement on any other issues that should be accounted for, the accounting firm may require the Board to convene an extraordinary general meeting to allow the accounting firm to explain the circumstances in connection with its resignation.

**Article 275** In the event the accounting firm resigns, it shall explain to the shareholders' general meeting whether there has been any impropriety on the part of the Bank.

## **CHAPTER XV INFORMATION DISCLOSURE**

**Article 276** The Board of the Bank shall formulate an information disclosure system in accordance with the laws, administrative regulations, departmental rules, relevant requirements of the securities regulatory authorities at the place where the Bank's shares are listed and the Articles, and shall manage the Bank's information disclosure matters.

**Article 277** The Bank shall duly disclose information by following the principles of truthfulness, accuracy, completeness, comparability and timeliness.

**Article 278** The relevant persons inside or outside the Bank who are informed of undisclosed information shall be obliged to keep such undisclosed information confidential.

**Article 279** The Board of the Bank shall ensure the truthfulness, accuracy and completeness of the disclosed information and shall be liable for relevant legal obligations.

## CHAPTER XVI NOTICES AND ANNOUNCEMENTS

**Article 280** Notices stated in the Articles shall be given in one or more of the following ways:

- (1) by hand;
- (2) by prepaid mail;
- (3) by fax or e-mail;
- (4) by way of an announcement in a newspaper or other designated media;
- (5) by way of an announcement on the website of the Bank and the websites designated by the securities regulatory authorities of the place where the Bank's shares are listed, subject to compliance with the laws, administrative regulations, departmental rules, other normative documents and the rules of the securities regulatory authorities at the place where the Bank's shares are listed;
- (6) by other means as may be agreed upon in advance by the Bank and the notified party or as may be accepted by the notified party upon receipt of the notice; and
- (7) other means recognized by the securities regulatory authorities of the place where the Bank's shares are listed or as stipulated in the Articles.

Notwithstanding anything otherwise provided in the Articles with respect to the form of issuance or notification of any documents, notices or other communications, subject to the compliance with the relevant provisions of the securities regulatory authorities at the place where the Bank's shares are listed, the Bank may elect to issue bank communication in the form of notification stipulated in item (5) of the first paragraph of this Article, as a substitute for a written document delivered by hand or by prepaid mail to each holder of overseas-listed shares.

**Article 281** In the case of delivery by a specially assigned person, the recipient shall acknowledge receipt by signing (or affixing a seal to) the delivery receipt, and the date on which the recipient signs the delivery receipt shall be the date of service. In the case where a notice is sent by mail, the date of service shall be 48th hour from the date of posting. In the case of delivery by fax or e-mail or by making an announcement on the internet, the date of service shall be the day of giving the notice. In the case of a public announcement, the date of service shall be the date on which the announcement is first published. In the event an announcement is published in a newspaper meeting the relevant requirements, all persons concerned shall be deemed to have received the notice once the announcement is published.

## CHAPTER XVII STAFF MANAGEMENT

**Article 282** The Bank shall comply with the provisions of the laws, administrative regulations, departmental laws and other normative documents on various aspects of social security such as labor and employment, labor protection and social insurance, and shall be obliged to respect and protect the legitimate rights and interests of the staff of the Bank.

The Bank shall establish a market-oriented and regulated human resources management system.

**Article 283** The Bank establishes and improves the employee representatives' general meeting system. The employee representatives' general meeting is the basic form of democratic management of the Bank and the organ through which the employees exercise their democratic management rights. The labor union of the Bank is responsible for the daily work of the employee representatives' general meeting.

**Article 284** In accordance with the relevant provisions of the PRC, the Bank shall have the right to decide, on its own, the terms of recruitment, the number of staff to be recruited, duration of recruitment, forms of recruitment and forms of employment.

**Article 285** The Bank adopts labor contract-based employment as the basic form of employment in accordance with its operation and management needs. For management personnel and professionals, the Bank adopts an appointment system.

The Bank shall adopt a staff remuneration system with satisfactory incentives and effective restrictions, and shall continuously improve the overall levels of remuneration and benefits of the staff in tandem with management and efficiency enhancement.

The Bank shall adopt a reasonable and comprehensive training system, integrate training with the career of its staff, and promote the growth of both the Bank and its staff.

**Article 286** The Bank shall formulate specific rules and regulations on staff awards and punishment. The Bank shall award staff members who have made outstanding contribution, and punish or dismiss staff members who are in breach of discipline.

**Article 287** Any labor disputes which arise between the Bank and its staff shall be handled in accordance with the provisions of the relevant laws, administrative regulations and the Bank's relevant regulations on handling labor disputes.



# CHAPTER XVIII MERGER, DIVISION, DISSOLUTION AND LIQUIDATION

## Section 1 Merger and Division

**Article 288** The Bank may carry out merger or division in accordance with the laws. Any merger or division of the Bank shall be in compliance with the Company Law, the Commercial Banking Law and the requirements of other relevant laws, administrative regulations and departmental rules.

The merger of the Bank may take the form of absorption or the establishment of a new company.

**Article 289** In the event the Bank undertakes a merger or division, the Board shall formulate a plan, and after the plan is adopted by the shareholders' general meeting through procedures stipulated in the Articles, shall go through the relevant examination and approval procedures in accordance with the laws. Shareholders who oppose the plan of merger or division of the Bank shall have the right to request the Bank or shareholders who agree to the merger or division of the Bank to purchase their shares at a fair price. The content of resolutions regarding merger or division of the Bank shall be prepared as a special document for inspection by shareholders. Unless otherwise required by the securities regulatory authorities at the place where the Bank's shares are listed, the aforementioned documents shall be sent by mail to holders of overseas-listed shares.

**Article 290** In the event the Bank undertakes a merger, parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and an inventory of assets. The Bank shall notify its creditors within ten (10) days from the date on which a resolution is adopted regarding the merger, and shall publish an announcement in a newspaper within thirty (30) days. The creditors are entitled to request the Bank to repay the debts or provide corresponding guarantees within thirty (30) days after the receipt of such notice, or within forty-five (45) days from the date of announcement in the case where no such notice is received.

After a merger of the Bank, the rights and obligations of the debts of the parties to the merger shall be assumed by the entity surviving the merger or the new entity established after the merger.

**Article 291** In the event the Bank is divided, its property shall be divided accordingly.

In the event the Bank is divided, the parties to the division shall enter into a division agreement, and shall prepare a balance sheet and an inventory of assets. The Bank shall notify its creditors within ten (10) days of adopting a resolution regarding the division and publish an announcement in a newspaper within thirty (30) days.

The entity established after the division shall assume joint and several liability for the debts incurred by the Bank before the division, unless otherwise stipulated in any agreement on settlement of debts entered into between the Bank and its creditors prior to the division.

**Article 292** The Bank shall, in accordance with the laws, apply for registration of the changes with the registration authority where there is a change in any item in its registration arising as a result of any merger or division. In the event a new company is established, the registration of incorporation shall be carried out in accordance with the laws.

## **Section 2 Dissolution and Liquidation**

**Article 293** In any of the following circumstances, the Bank shall be dissolved in accordance with the laws:

- (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) if the business license of the Bank is revoked or if it is ordered to cease operation or if its business license is cancelled in accordance with the laws;
- (4) the Bank is declared bankrupt due to its failure to repay debts due;
- (5) the Bank encounters significant difficulties in its operation and management, under the circumstance of which continuing existence will cause material harm to shareholders' interests, and the problems could not be solved by other means.

Where the Bank is dissolved in accordance with item (4), the Requesting Shareholders may request the People's court to dissolve the Bank.

**Article 294** In the event the Bank is dissolved in accordance with item (1) or (5) of the preceding Article, a liquidation team shall be established pursuant to the laws within fifteen (15) days after obtaining approval from the banking regulatory authority of the State Council. The members of the liquidation team shall be determined by way of ordinary resolution at shareholders' general meeting.

In the event the Bank is dissolved as a result of item (3) of the preceding Article, the banking regulatory authority of the State Council shall form a liquidation team consisting of shareholders, relevant institutions and relevant professionals to carry out liquidation.

In the event the Bank is dissolved as a result of item (4) of the preceding Article, the People's Court shall, according to the provisions of relevant laws, form a liquidation committee consisting of shareholders, relevant institutions and relevant professionals to carry out liquidation.

**Article 295** If the Board 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 has 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 months following the commencement of the liquidation.

After the Shareholders' general meeting adopts a resolution in favor of the liquidation, the functions and powers of the Board of the Bank shall be terminated immediately.

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

**Article 296** The liquidation team shall give notices to the creditors within ten (10) days of its establishment, and publish announcements in a newspaper within sixty (60) days from its establishment.

The creditors shall report claims to the liquidation team within thirty (30) days after the receipt of such notices, or within forty-five (45) days upon receipt of the announcement if no notice is not received.

When declaring claims, a creditor shall explain the matters relating to their claims and provide supporting materials. The liquidation team shall register the claims.

During the period of declaring claims, the liquidation team shall not settle any debt with creditors.

**Article 297** The liquidation team shall exercise the following functions and powers during the liquidation:

- (1) to sort out the property of the Bank and prepare a balance sheet and an inventory of assets respectively;
- (2) to give notices or publish announcements to the creditors;
- (3) to deal with and liquidate any unsettled businesses of the Bank;
- (4) to settle due taxes and taxes accrued in the course of liquidation;
- (5) to settle claims and debts;
- (6) to deal with the remaining assets of the Bank after the Bank's debts have been repaid;
- (7) to participate in civil litigations on behalf of the Bank.

**Article 298** After the liquidation team has sorted out the property of the Bank and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation scheme and report it to the shareholders' general meeting, the People's court or the relevant competent authorities for confirmation.

The Bank's assets for repayment of the Bank's debts shall be distributed in the following order:

- (1) to pay the liquidation costs;
- (2) to pay the wages of the Bank's employees, social insurance fees and statutory compensation;
- (3) to pay the principal and interests of personal savings deposits;
- (4) to pay all outstanding taxes;
- (5) to settle other debts of the Bank.

The Bank's assets shall not be distributed to the shareholders before they are used for settlement in accordance with the foregoing provisions. The remaining assets of the Bank subsequent to the settlement of its debts in accordance with the foregoing provisions shall be distributed to the shareholders in accordance with the class and proportion of shares each shareholder holds. During liquidation, the Bank shall not commence any operating activity which does not relate to the liquidation.

**Article 299** Where liquidation is carried out as a result of the dissolution of the Bank, the liquidation team shall apply to the People's court for bankruptcy upon approval by the relevant competent authorities if it becomes aware, upon the liquidation of the Bank's assets and production of a balance sheet and an inventory of assets, that the Bank's assets are insufficient to repay its debts in full. Upon the Bank being declared bankrupt by a ruling of the People's court, the liquidation team shall hand over all matters arising out of the liquidation to the People's court, and shall carry out bankruptcy liquidation in accordance with the laws on corporate bankruptcy.

**Article 300** Following completion of the Bank's liquidation, the liquidation team shall prepare a liquidation report, a statement of revenue and expenditure and financial accounts during the period of the liquidation, which shall be verified by a certified public accountant of the PRC, and be submitted to the shareholders' general meeting, the People's court or the relevant competent authorities for confirmation.

The liquidation team shall, within thirty (30) days from the date of confirmation by the relevant competent authorities, submit the aforementioned documents to the relevant industry and commerce administration authorities, apply for cancellation of the Bank's registration and publish an announcement of the termination of the Bank.

## **CHAPTER XIX AMENDMENTS TO THE ARTICLES**

**Article 301** The Bank shall amend the Articles under any of the following circumstances:

- (1) after amendments to the Company Law, the Commercial Banking Law or other relevant laws and administrative regulations, any matters contained in the Articles are in conflict with the provisions of the amended laws and administrative regulations;
- (2) certain changes of the Bank resulting in inconsistency with the Articles;
- (3) a resolution being passed by the shareholders' general meeting to amend the Articles.

**Article 302** The Bank may amend the Articles where necessary. The amendments to the Articles shall not be in conflict with the laws, administrative regulations and relevant requirements of the securities regulatory authorities of the place where the shares of the Bank are listed.

**Article 303** In any amendments to the Articles approved by the shareholders' general meeting in a resolution are subject to the examination and approval of relevant competent authority, such amendments shall be submitted to relevant competent authority for examination and approval. If an amendment involves matters in relation to the registration matters of the Bank, the Bank shall apply for registration of the changes in accordance with the laws.

## CHAPTER XX DISPUTE RESOLUTION

**Article 304** The Bank shall observe the following rules for dispute resolution:

- (1) Where any dispute or claim of rights arises between a holder of overseas-listed shares and the Bank; or between a holder of overseas-listed shares and a director, supervisor, president or other members of the senior management of the Bank; or between a holder of overseas-listed shares and a holder of domestic shares, out of the rights and obligations prescribed in connection with the affairs of the Bank by the Articles, the Company Law and other relevant laws and administrative regulations, the parties concerned shall submit such dispute or claim of rights to arbitration.

Where a dispute or claim described above is referred to arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, president or other officers of the Bank or the Bank, they shall comply with the awards of arbitration.

Disputes relating to identification of shareholders or to the register of shareholders may not be resolved by way of arbitration.

- (2) An arbitration applicant may choose to refer the dispute to the China International Economic and Trade Arbitration Committee for arbitration in accordance with its rules of arbitration, or to the Hong Kong International Arbitration Centre for arbitration in accordance with its Securities Arbitration Rules. After the arbitration applicant submits the dispute or claim of rights for arbitration, the other party must proceed with the arbitration in the arbitration institution selected by the applicant. If the arbitration applicant elects for arbitration at the Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.
- (3) Where the dispute or claim of rights stated in item (1) is to be resolved by way of arbitration, the laws of the PRC shall apply, unless stipulated otherwise by laws and administrative regulations.
- (4) The awards made by the arbitration institutions shall be final and binding on the parties.

## CHAPTER XXI SPECIAL PROVISIONS ON PREFERENCE SHARES

**Article 305** 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 share shareholders and management of preference shares shall be governed by the provisions relating to ordinary shares in the Articles.

**Article 306** 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 issuance of preference shares shall not exceed 50% of the net assets value of the Bank preceding the relevant issuance (excluding the preference shares that have been redeemed or converted).

**Article 307** In accordance with relevant rules on regulatory capital for commercial banks, the Bank formulates terms governing the mandatory conversion of preference shares into ordinary shares, namely, upon the occurrence of certain trigger events, the Bank shall convert the preference shares into ordinary shares in accordance with the conversion price and conversion amount as determined at the time of issuance of the preference shares. In the circumstances where the preference shares are mandatorily converted into ordinary shares, the Bank shall report to the China Banking Regulatory Commission for examination and approval.

**Article 308** The preference shares issued by the Bank shall not have any put option. Subject to the approval of the China Banking Regulatory Commission and upon compliance with relevant requirements, the Bank shall have the right to redeem all or part of the preference shares after the fifth year following the completion date of the relevant issuance of the preference shares. The redemption period of the preference shares commences on such date as agreed upon at the time of issuance of the preference shares and ends on the date of redemption or conversion of all the preference shares. The total number of outstanding preference shares shall be written down accordingly upon redemption of preference shares.

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

- (1) the Bank shall use capital instruments of equivalent 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 regulatory capital requirements prescribed by the China Banking Regulatory Commission.

The redemption price of the preference shares shall be the amount of issue price plus the amount of dividend declared but unpaid for the current period.

**Article 309** Preference share shareholders of the Bank shall be entitled to 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 ordinary shareholders;
- (3) upon the occurrence of the circumstances provided in Article 311, to attend and vote at shareholders' general meetings;
- (4) upon the occurrence of the circumstances provided in Article 312, to have its voting rights restored in accordance with the requirements of that article;
- (5) to make proposals or inquiries in relation to the business operations and activities of the Bank;
- (6) to inspect the Articles, register of members, record of bondholders, minutes of shareholders' general meetings, resolutions of meetings of the Board, resolutions of meetings of the board of supervisors and financial reports; and
- (7) other rights conferred to preference share shareholders by laws, administrative regulations, departmental rules and the Articles.

**Article 310** Only votes of ordinary shares and votes of preference shares with voting rights restored shall be counted when the following event occurs in computation of shareholdings:

- (1) requesting to convene an extraordinary general meeting;
- (2) convening and presiding over a shareholders' general meeting;
- (3) tabling proposals or interim proposals to the shareholders' general meeting;
- (4) nomination of directors and the supervisors who are not the employees representatives of the Bank;
- (5) identifying controlling shareholder(s) in accordance with relevant articles of the Articles;
- (6) identifying person(s) who are restricted from serving as independent directors of the Bank in accordance with relevant articles of the Articles;
- (7) identifying the top ten largest shareholders of the Bank and their numbers of shares held and the shareholder(s) holding 5% or more of the shares of the Bank, in accordance with relevant provisions including the Securities Law of the People's Republic of China; and
- (8) any other circumstances stipulated by laws, administrative regulations, departmental rules and the Articles.

**Article 311** The preference share shareholders are not entitled to attend any shareholders' general meeting of the Bank nor do the preference shares carry any voting rights in any shareholders' general meeting other than in the following circumstances:

- (1) amendment to the contents of the Articles that relate to preference shares;
- (2) reduction of the registered capital of the Bank by more than 10% either on single or aggregate basis;
- (3) merger, division, dissolution or change of corporate form of the Bank;
- (4) issuance of preference shares by the Bank; and
- (5) any other circumstances stipulated by laws, administrative regulations, departmental rules and the Articles.

Upon the occurrence of any of the above circumstances, the Bank shall notify preference share shareholders of the shareholders' general meeting following the notice procedures to ordinary shareholders as provided under the Articles. The preference share shareholders are entitled to vote as a separate class with respect to the above matters and each preference share shall have one vote, however, 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 share shareholders with restored voting rights) and by more than two-thirds of the votes held by preference share shareholders present at the meeting (excluding preference share shareholders with restored voting rights).

**Article 312** In the event that the Bank fails to pay the prescribed dividend to the preference share shareholders for three financial years in aggregate or two consecutive financial years, the preference share shareholders shall have the right to attend and vote at the shareholders' general meetings together with 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 share shareholders will remain restored until the Bank pays the current period dividend in full.

The formula for calculating the voting rights of the preference shares with restored voting rights is as follows:  $Q = V/P \times \text{conversion exchange rate}$ , with any fractional restored voting right rounded down to the nearest whole number. Where: "Q" denotes the H share voting rights restored from the offshore preference shares held by each offshore preference shareholder; "V" denotes the aggregate value of the offshore preference shares with restored voting rights held by each offshore preference shareholder; "P" denotes the conversion price, and the initial conversion price equals to the initial mandatory conversion price of the offshore preference share. The "conversion exchange rate" refers to the cross rate between Hong Kong dollars and the currency in which the 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 Board's resolution in respect of the issuance plan for the offshore preference shares.



The other provisions of the Articles concerning the restrictions on the shareholders' voting rights shall prevail, if any.

**Article 313** The dividend rate for the issued and outstanding preference shares of the Bank shall be adjusted at different intervals and consists of the benchmark interest rate and the fixed spread. Such dividend rate will remain unchanged as agreed for an adjustment period following the issuance of the preference shares, after which the dividend rate will be reset once every certain period. The dividend rate shall remain the same during each adjusted period.

Preference share shareholders shall rank in priority to the ordinary shareholders in terms of distribution of the Bank's profits and the preference shares shall be entitled to the dividend rate and distribution of profits in accordance with the agreed terms. The Bank shall pay dividends to preference share shareholders in cash. Before the agreed dividends to preference shares are distributed and the discretionary reserves fund is withdrawn as determined by the shareholders' general meeting, no profit may be distributed to the ordinary shareholders in accordance with Article 260 hereof.

Upon distribution of dividends based on the agreed dividend rate, preference share shareholders are not entitled to any further distribution of the remaining profits of the Bank (which are entitled to ordinary shareholders). The Bank is entitled to cancel the dividend payments on such preference shares in whole or in part and this shall not constitute an event of default. The dividends not distributed to preference share shareholders will not be accrued to the next interest-bearing year.

**Article 314** In the event of liquidation due to dissolution, bankruptcy or any other reasons, all preference share shareholders shall be *pari passu* and have priority of compensation over the ordinary shareholders but shall be inferior to all debtors (including owners of any tier 2 capital instrument) of the Bank in respect of the remaining assets of the Bank. The liquidation compensation of the preference share shareholders shall be the amount equal to the total value of the issued outstanding preference shares plus declared but unpaid dividends for the current period. Where insufficiency of repayment occurs, the distribution shall be made on *pro rata* basis based on the proportion between respective total value of the preference shares held by each preference share shareholder and the total value of all preference shares.

## **CHAPTER XXII SUPPLEMENTAL PROVISIONS**

**Article 315** Interpretation:

- (1) "Controlling shareholders" shall be any person who meets any of the following conditions:
1. a person who when acting alone or in concert with others may elect half or more of the directors;
  2. a person who when acting alone or in concert with others may exercise 30% or more (including 30%) of the voting right or may control the exercise of 30% or more (including 30%) of the voting right;

3. a person who when acting alone or in concert with others holds 30% or more (including 30%) of the outstanding voting shares of the Bank;
  4. a person who when acting alone or in concert with others is in de facto control of the Bank.
- (2) “De facto controller” means a person who, though not a shareholder of the Bank, is able to get de facto control of the Bank through investment relationships, agreement or other arrangements.
- (3) “Related party relationship” means the relation between the controlling shareholder, de facto controller, directors, supervisors, members of the senior management of the Bank and the enterprises under their direct or indirect control, and any other relationships that may lead to the transfer of interest of the Bank, provided however that there should be no related party relationship between state-controlled enterprises solely because they are under the common control of the State.
- (4) A major shareholder refers to a shareholder who holds or controls more than 5% of the shares or voting rights of the Bank, or holds less than 5% of the Bank’s total shares but has significant influence on the operation and management of the Bank. The referred “significant influence” includes but is not limited to the dispatching of director(s), supervisor(s) or senior executive(s) to the Bank, exerting influence on the Bank’s financial, operational and management decisions by way of agreement or through other means, and other circumstances as identified by the the banking regulatory authority of the State Council or its local offices.

**Article 316** The Articles are written in Chinese. If there is any discrepancy between the articles written in another language or of a version different from that of the Articles, the most recent Chinese version filed for registration with the Administration for Industry and Commerce shall prevail.

**Article 317** Unless otherwise requires herein and subject to any discrepancies, for the purpose of the Articles, the terms “or more” and “within” in the Articles shall include the given figure; “over”, “more than”, “less than”, “under” and “below” shall not include the given figure.

**Article 318** Any matters not provided in the Articles shall be settled in accordance with the actual situation of the Bank in accordance with the laws, administrative regulations and the relevant requirements of the securities regulatory authorities of the place where the shares of the Bank are listed. If there is any conflict between the Articles and the laws, administrative regulations and relevant requirements of the securities regulatory authorities of the place where the shares of the Bank are listed issued after the Articles come into effect, the latter shall prevail.

**Article 319** The interpretation of the Articles shall be vested with the Board of the Bank.

After consideration and approval by the shareholders’ general meeting and approval by the banking regulatory authority of the State Council, the Articles shall become effective from the date of the initial public offering and listing of the shares of the Bank. The original articles of the Bank shall automatically expire upon the effective date of the Articles.