

# Articles of Association of Jinshang Bank Co., Ltd.

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## Chapter 1 General Provisions

**Article 1** To safeguard the legitimate rights and interests of Jinshang Bank Co., Ltd. (hereinafter referred to as the Bank), the shareholders and the creditors and to regulate the organization and conduct of the Bank, the Articles of Association are formulated pursuant to the Company Law of the People's Republic of China (hereinafter referred to as Company Law), the Commercial Banking Law of the People's Republic of China (hereinafter referred to as Commercial Banking Law), the Securities Law of the People's Republic of China (hereinafter referred to as Securities Law), the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as Special Regulations), Official Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period for Convention of Shareholders' Meetings by Overseas Listed Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, Corporate Governance Guidelines for Banking and Insurance Institutions, the Interim Measures for Management of Commercial Bank Equity, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as Hong Kong Listing Rules), the Constitution of the Communist Party of China (hereinafter referred to as Party Constitution) and other relevant laws, administrative regulations and rules.

**Article 2** The Bank was established by means of promotion upon approval by PBoC in the Approval on Commencement of Taiyuan City Commercial Bank Co., Ltd. (YinFu [1998] No. 323) on October 16, 1998. The Bank was established in 1998 under the name of Taiyuan City Commercial Bank Co., Ltd. and was renamed Jinshang Bank Co., Ltd. in 2009.

The Bank was registered with Shanxi Administration for Industry and Commerce and obtained the business licence coded 1400001006774 on October 16, 1998. The Bank now holds the business licence with the unified social credit code 911400007011347302 issued by Shanxi Administration for Industry and Commerce.

Promoters of the Bank are Taiyuan Municipal Finance Bureau and the original shareholders of 48 urban credit cooperatives in Taiyuan.

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

Name in Chinese: 晉商銀行股份有限公司

Abbreviated name in Chinese: 晉商銀行

Name in English: JINSHANG BANK CO., LTD.

Abbreviated name in English: JINSHANG BANK

**Article 4** Legal domicile of the Bank: No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province

Postcode: 030006

Tel.: 0351-6819505

Fax: 0351-6819990

**Article 5** The registered capital of the Bank: RMB5,838,650,000 (RMB5,838,650,000).

**Article 6** The Bank is a joint stock limited company having perpetual existence.

**Article 7** The chairman is the legal representative of the Bank.

**Article 8** The capital of the Bank is divided into shares of equal amount. Shareholders shall bear liability for the Bank to the extent of the shares they subscribe for, and the Bank shall bear liability for its debts with all its property.

**Article 9** The Bank has set up CPC committee, Shareholders' general meeting, Board of Directors, Board of Supervisors and the senior management, which perform their respective duties and check and balance each other to ensure coordinated operation. The Bank adheres to the guidelines that Party building and business management shall be planned synchronously, Party organization and working organs shall be set up synchronously, the leader of the Party organization and Party affair staff shall be appointed synchronously, and the party work shall be commenced synchronously, and the party organization is an organic part of the corporate governance structure.

**Article 10** From the date on which it becomes effective, the Articles of Association shall become a legally binding document that regulates the organization and conduct of the Bank, as well as the rights and obligations between the Bank and its shareholders, and amongst the shareholders themselves. The Articles of Association are binding on the Bank and its shareholders, directors, supervisors, president and other senior management staff, who shall have the right to make any claims and propositions regarding the Bank's affairs based on the Articles of Association.

Pursuant to the Articles of Association, the shareholders may pursue actions against the Bank; the shareholders may pursue actions against other shareholders, and directors, supervisors, president and other senior management staff of the Bank; the Bank may pursue actions against its shareholders, directors, supervisors, president and other senior management staff.

The actions, as referred to in the preceding paragraph, include the instituting of legal proceedings with a court or filing with an arbitral authority for arbitration.

**Article 11** "Senior management staff" mentioned in the Articles of Association refer to members of the senior management, secretary of the Board, and chief audit officer of the Bank. "Members of the senior management" mentioned in the Articles of Association refer to president, vice president, assistant to the president, chief financial officer, chief risk officer, chief technology information officer, chief human resources officer, chief compliance officer.

**Article 12** The Bank's business activities are subject to supervision and management by China Banking and Insurance Regulatory Commission and its local offices, PBoC and its local offices and other relevant institutions (hereinafter referred to as regulatory authorities).

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

The Bank is an independent corporate legal person that carries out financial business according to law and is free from interference by any entity or individual.

**Article 13** The performance remuneration of the Bank’s executive directors, senior management and personnel in key positions shall be deferred.

The “personnel in key positions” mentioned in the preceding paragraph refers to the personnel who have a direct or significant impact on the operation risks of the Bank.

If the Bank is exposed to excessive risk losses, it shall, in accordance with the relevant provisions of the performance remuneration recourse and deduction system, stop paying the unpaid part of the performance remuneration to the relevant responsible personnel and recover the performance remuneration paid within the corresponding period. The provisions on recourse and deduction apply equally to ex-personnel and retirees.

**Article 14** In light of its business needs, the Bank may, upon approval by the regulatory authorities, establish branches inside and outside the PRC according to laws, administrative regulations, rules and the Articles of Association.

**Article 15** The Bank may invest in other limited liability companies and joint stock limited companies according to law and shall assume responsibilities to the investees to the extent of its capital contribution or the shares it has subscribed for. However, save as otherwise specified in laws, the Bank shall not be the capital contributor bearing several and joint liability for the debts of its investees.

## **Chapter 2 Business Objective and Scope**

**Article 16** The Bank’s business objective is: to provide quality services to customers, create the best returns to shareholders and promote economic development and social progress based on its market position of “underpinning small and micro enterprises, supporting superior enterprises and serving urban and rural residents” under the customer-centered and market-oriented operating philosophy with an aim to prevent risks and ensure safety, liquidity and profitability.

**Article 17** As legally registered, the Bank’s business scope is: absorbing public deposits; offering short-term, medium-term and long-term loans; arranging settlement of domestic accounts; handling acceptance and discount of negotiable instruments; issuing financial bonds; issuing, cashing and undertaking the sale of government bonds as agents; buying and selling government bonds and financial bonds; undertaking inter-bank borrowing or lending; engaging in bank debit card business; providing letters of credit services and guarantee; handling receipts and payments and insurance business as agents; providing safe boxes services; entrusted deposit and loan business for funds used in local financial credit turnover, deposit in foreign currencies, loans in foreign currencies, remittance in foreign currencies, exchange in foreign currencies, international settlement, inter-bank lending in foreign currencies, bills acceptance and discount in foreign currencies, borrowings in foreign currencies, letters of guarantee in foreign currencies, self-operated foreign exchange transactions or on behalf of clients; credit status enquiry, consultation and authentication; spot foreign exchange settlement and sale business and other business approved by the banking regulatory authorities under the State Council.

## Chapter 3 Shares and Registered Capital

### Section 1 Issue of Shares

**Article 18** The Bank shall have ordinary shares at all times. Based on its needs and upon approval by the examination and approval authorities authorized by the State Council, the Bank may create other classes of shares like preference shares as required by applicable laws. The Bank shall ensure enough voting rights for holders of preference shares when appropriate.

All shares issued by the Bank shall have par values, with each share having a par value of RMB1.

**Article 19** Upon approval by the banking regulatory authorities under the State Council, the securities regulatory authorities of the State Council and other relevant regulatory authorities, the Bank may issue shares to domestic investors and foreign investors.

Foreign investors as referred to in the preceding paragraph shall mean those investors in foreign countries and the Hong Kong Special Administrative Region (“Hong Kong”) of the People’s Republic of China (the “PRC”), Macau Special Administrative Region and Taiwan Region who subscribe for shares of the Bank. Domestic investors shall mean those investors in the PRC, excluding the aforementioned regions, who subscribe for shares of the Bank.

**Article 20** Shares that the Bank issues to domestic investors for subscription in Renminbi shall be known as domestic shares. Shares that the Bank issues to foreign investors for subscription in foreign currencies shall be known as foreign shares. Foreign shares listed overseas are called overseas listed foreign shares. Both holders of domestic shares and holders of overseas listed foreign shares are shareholders of ordinary shares.

Shares listed and traded on an overseas stock exchange upon approval by the department authorized by the State Council and by the overseas securities regulatory authority shall be collectively known as overseas listed foreign shares.

The overseas listed foreign shares issued by the Bank and listed on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”) are called H Shares for short.

The domestic shares issued by the Bank shall be kept at the qualified institution. The Bank’s H Shares are mainly kept in the securities registration and clearing institution in Hong Kong and may be held by the shareholders in their own names.

Foreign currencies referred to in paragraph 1 of this Article mean the lawful currencies, other than RMB, of other countries or regions, which are recognized by the foreign exchange authority of the State and can be used to pay to the Bank for the shares.

If permitted by relevant laws, administrative regulations and departmental rules, the shareholders of the Bank may list and trade overseas the unlisted shares they hold upon approval by the relevant regulatory authorities including the banking regulatory authorities under the State Council and the securities regulatory and administrative authorities of the State Council. Listing and trading of the aforesaid shares on an overseas stock exchange shall also comply with the regulatory procedures, provisions and requirements of the overseas securities market. It is unnecessary to hold a class meeting to vote on listing and trading of the aforesaid shares on an overseas stock exchange.

**Article 21** Shares shall be issued in a fair and just manner. Each share of the same class shall carry equal rights.

Shares issued at the same time and within the same class shall be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual).

**Article 22** Upon approval by the examination and approval department authorized by the State Council, the Bank issued 194,265,557 ordinary shares to the promoters at the time of its establishment, accounting for 100% of the total ordinary shares that the Bank could issue then.

**Article 23** The Bank may issue 5,838,650,000 ordinary shares upon approval by the examination and approval department authorized by the State Council.

The equity structure of the Bank is: 5,838,650,000 ordinary shares, including 4,868,000,000 domestic shares, accounting for 83.38% of the total shares of the Bank; 970,650,000 H Shares, accounting for 16.62% of the total shares of the Bank.

**Article 24** The Board of the Bank may make arrangements for separate issue of overseas listed foreign shares and domestic shares in accordance with the issue plan approved by the securities regulatory and administrative authorities of the State Council.

According to the aforesaid plan for separate issue of overseas listed foreign shares and domestic shares, the Bank may issue the shares separately within 15 months after approval by the securities regulatory and administrative authorities of the State Council.

**Article 25** If the Bank separately issues overseas listed foreign shares and domestic shares within the total number specified in the issue plan, the said shares shall be fully issued respectively at one time; if it is impossible for the shares to be fully issued at one time for special reasons, the shares may be issued by several times upon approval by the securities regulatory and administrative authorities of the State Council.

## **Section 2 Increase, Decrease and Purchase of Shares**

**Article 26** The Bank may increase its shares as follows in the light of its business and development needs, in accordance with the relevant laws, administrative regulations, and rules governing securities of the place where shares of the Bank are listed, resolutions made at the Shareholders' general meeting and upon approval by relevant competent authorities of the State:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) placing new shares to existing shareholders;
- (IV) distributing new shares to existing shareholders;
- (V) transferring reserve funds to increase share capital;
- (VI) other methods stipulated by laws, administrative regulations and permitted by relevant competent authorities of the State.

Issue of new shares by the Bank for capital increase shall be subject to approval as specified in the Articles of Association and follow the procedures specified in the relevant state laws, administrative regulations and rules governing securities of the place where shares of the Bank are listed.

**Article 27** The Bank may decrease its registered capital. Decrease of registered capital by the Bank shall follow the procedures specified in the Company Law, Commercial Banking Law and other relevant regulations as well as the Articles of Association.

The Bank shall prepare a balance sheet and a list of property inventory when needing to decrease its registered capital.

The Bank shall notify its creditors within 10 days after making the resolution to decrease the registered capital and shall make announcements in newspapers within 30 days. The creditors shall have the right to require the Bank to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors haven't received the notice.

After decrease of capital, the Bank's registered capital shall not be less than the statutory minimum amount.

**Article 28** The Bank may, following the procedures specified in the Articles of Association and with the approval by relevant competent authorities of the State, repurchase its issued shares in the following circumstances:

- (I) reduction of the Bank's registered capital;
- (II) merging with another company holding shares in the Bank;
- (III) use of shares for carrying out an employee stock ownership plan or equity incentive plan;
- (IV) requests for the Bank to repurchase its own shares from shareholders who have voted against the resolutions passed at a Shareholders' general meeting on the merger or separation of the Bank;
- (V) use of shares for conversion of convertible corporate bonds issued by the Bank;
- (VI) the share buyback is necessary for the Bank to maintain its value and protect its shareholders' equity; and
- (VII) other circumstances permitted by laws, administrative regulations, rules and regulatory rules of the place where shares of the Bank are listed.

Except for the circumstances set out above, the Bank shall not be engaged in any activities of buying and selling its shares.



**Article 29** A resolution of a Shareholders' general meeting is required for a share buyback by the Bank under either of the circumstances stipulated in (I) or (II) of the first paragraph above; for the Bank's share buyback under any of the circumstances stipulated in (III), (V) or (VI) of the first paragraph above, a resolution of the Board meeting shall be made by a two-third majority of directors attending the meeting according to the provisions of the Articles of Association or as authorized by the Shareholders' general meeting.

The shares acquired by the Bank under the circumstance stipulated in (I) of the first paragraph above shall be deregistered within ten days from the date of acquisition of shares; the shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (II) or (IV); and the shares held in total by the Bank after a share buyback under any of the circumstances stipulated in (III), (V) or (VI) shall not exceed 10% of the Bank's total outstanding shares, and shall be assigned or deregistered within three years.

The Bank shall perform the obligation of information disclosure according to the provisions of the Securities Law in repurchasing its shares. If the Bank repurchases its shares under any of the circumstances stipulated in (III), (V) and (VI) of the first paragraph under the preceding article, centralized trading shall be adopted publicly.

**Article 30** With the approval of relevant competent authorities of the State for repurchasing its shares, the Bank may conduct the repurchase in one of the following manners:

- (I) to make an offer of repurchase to all of its shareholders in the same proportion;
- (II) to repurchase shares through public trading on a stock exchange;
- (III) to repurchase through an off-market agreement;
- (IV) by other means as permitted by the laws, administrative regulations and the relevant competent authorities of the state.

**Article 31** A prior approval shall be obtained from a Shareholders' general meeting in respect of any share repurchase by the Bank through an off-market agreement in accordance with the provisions of the Articles of Association. After the Shareholders' general meeting has given its approval in the same way, the Bank may rescind or alter any contracts entered into in the said manner or waive any rights under such contracts.

The contract to repurchase shares as referred to in the preceding paragraph includes, but is not limited to, an agreement to become obliged to repurchase and to acquire the right to repurchase shares.

The Bank shall not assign a contract for repurchasing its shares or any of its rights thereunder.

Where the Bank has the right to repurchase redeemable shares by means other than repurchases through the market or by tender, the repurchase price shall be limited to a maximum price; if repurchases are made by tender, an invitation for tenders shall be made to all shareholders alike.

**Article 32** Where the Bank cancels the said shares due to share repurchase, the changes in registered capital shall be registered with the administration authority for industry and commerce.

The aggregate par value of the cancelled shares shall be deducted from the Bank's registered capital.

**Article 33** Unless the Bank is undergoing liquidation, it shall comply with the following requirements with respect to a repurchase of its issued shares:

- (I) for repurchases of shares by the Bank at their par value, payment shall be made from the book balance of its distributable profits or from the proceeds from issue of new shares for that purpose.
- (II) where the Bank repurchases its shares at a premium to its par value, payment up to the par value shall be made from the book balance of its distributable profits or from the proceeds from issue of new shares for that purpose; payment of the portion which is in excess of the par value shall be made as follows:
  - 1. If the shares being repurchased are issued at par value, payment shall be made from the book balance of its distributable profits;
  - 2. If the shares being repurchased are issued at a premium to its par value, payment shall be made from the book balance of its distributable profits or from the proceeds from issue of new shares for that purpose. However, the amount deducted from the proceeds from issue of new shares shall not exceed the aggregate amount of the premium received by the Bank from the issuance of the shares so repurchased, nor shall it exceed the amount in the Bank's premium account or capital reserve fund account (including premium on issue of new shares) at the time of such repurchase.
- (III) the Bank shall make the following payments from the Bank's distributable profits:
  - 1. acquisition of the rights to repurchase its own shares;
  - 2. variation of any contracts for the repurchase of its shares;
  - 3. release from its obligations under any repurchase contracts.
- (IV) after the aggregate par value of the cancelled shares is deducted from the Bank's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profits used for the repurchase of the shares at par value shall be credited to the Bank's premium account (or its capital reserve fund account).

If there are applicable provision(s) to the contrary regarding the financial treatment of the aforementioned share repurchases in the laws, administrative regulations, rules, and rules governing securities of the place where shares of the Bank are listed, such provision(s) shall prevail.

### Section 3 Transfer of Shares

**Article 34** Unless otherwise specified by the relevant laws, administrative regulations and the provisions of the securities regulatory authorities at the location where the shares of the Bank are listed, the fully paid shares of the Bank may be transferred legally and freely without any lien attached. Transferee shall meet qualifications to invest commercial banks stipulated by relevant competent authorities of the State.

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

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

**Article 35** All fully paid H shares may be freely transferred in accordance with the Articles of Association without any limitation on transfer right (except for the circumstance permitted by the Hong Kong Stock Exchange) and without any lien attached. However, the Board may refuse to recognize the transfer documents without stating any reason unless the conditions stipulated below are met:

- (I) the transfer documents and other documents which relate to or may affect the title of any registered securities have been registered; fee prescribed by the Hong Kong Stock Exchange in the Hong Kong Listing Rules has been paid to the Bank regarding the registration (any payment shall not exceed the maximum amount prescribed by the Hong Kong Listing Rules), so as to register all transfer documents and other documents which relate to or may affect the title of any shares;
- (II) transfer documents are only in relation to H Shares;
- (III) stamp duty (as stipulated by Hong Kong law) which is payable for the transfer documents has been duly paid;
- (IV) relevant share certificate(s) and any other evidence which the Board may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (V) where the shares are intended to be transferred to joint holders, the number of such joint shareholders is not more than four;
- (VI) shares are free and clear of any lien of the Bank.

Should the Board refuse to register any transfer of shares, the Bank shall, within two months from the date of the formal application for the transfer, provide the transferor and the transferee with a notice stating its refusal of registration of such transfer.

**Article 36** Transfer of all H Shares shall be executed with a written transfer document in a common or normal format or other format accepted by the Board (including the standard transfer format or transfer form specified by the Hong Kong Stock Exchange from time to time); the said transfer document may be signed by hand, or be stamped with the valid corporate seal (if the transferor or the transferee is a company). If the transferor or the transferee is a recognized clearing house (hereinafter referred to as the “recognized clearing house”) or agent thereof defined in relevant ordinances of Hong Kong laws effective from time to time, the written transfer document can be signed by hand or by print.

All transfer documents shall be kept at the legal address of the Bank or other place designated by the Board from time to time.

**Article 37** The Bank does not accept shares of the Bank as the subject of pledges.

**Article 38** Shares issued prior to the Bank's public offering of shares are not transferable within one year from the date on which the Bank's shares are listed on the stock exchange.

The directors, supervisors and senior management staff of the Bank shall notify the Bank of their holding of shares in the Bank and changes their holdings. The shares transferred in any year during their tenures shall not exceed 25% of the total number of the shares held by them. The shares that the aforementioned persons held in the Bank cannot be transferred within one year from the date on which the shares are listed and traded, nor within half a year after they leave their positions in the Bank.

Substantial shareholders of the Bank shall comply with the regulatory provisions of regulatory authorities on share locking where they transfer the shares of the Bank. Shareholders, particularly substantial shareholders, shall inform the Board of Directors of the Bank in advance where they transfer the shares of the Bank.

If the securities regulatory authorities at the location where the shares of the Bank are listed have restrictions on transfers of overseas listed shares, those provision(s) shall prevail.

#### **Section 4 Financial Assistance for the Acquisition of Shares in the Bank**

**Article 39** The Bank (including its branches and sub-branches) or its subsidiary banks (companies) shall not offer any financial assistance at any time by any means to purchasers or prospective purchasers who will or who wish to purchase the Bank's shares. The aforementioned purchasers shall include both persons who have directly or indirectly assumed obligations due to purchasing the Bank's shares.

The Bank (including its branches and sub-branches) or its subsidiary banks (companies) shall not offer any financial assistance at any time by any means in order to reduce or relieve the obligations of the aforesaid obligors resulting from purchase or proposed purchase of the Bank's shares.

The foregoing requirements shall not apply to the situation as mentioned in Article 41 of the Articles of Association.

**Article 40** Financial assistance referred to in the Articles of Association for these purposes shall include, without limitation, the following means:

- (I) financial assistance given by gifts;
- (II) financial assistance given by guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Bank's neglect or default) or the release or waiver of any rights;
- (III) the provision of loans or the entrance into any agreement under which the obligations of the Bank are to be fulfilled before the obligations of another party, and a change in the parties to, or the assignment of rights arising under such loans or agreement;

- (IV) any other form of financial assistance given by the Bank when the Bank is insolvent, has no net assets, or when its net assets would be reduced to a material extent as a result of such financial assistance.

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

**Article 41** The acts listed below shall not be prohibited by Article 39 in the Articles of Association, subject to any prohibitions by the relevant laws, administrative regulations, rules or rules governing securities of the place where shares of the Bank are listed:

- (I) the financial assistance provided by the Bank is either genuinely for the interests of the Bank and the main purpose of the financial assistance is not to purchase shares of the Bank, or the financial assistance is an incidental part of the Bank's overall plans;
- (II) the lawful distribution of the Bank's assets in the form of dividends;
- (III) the distribution of dividends in the form of shares;
- (IV) the reduction of registered capital, repurchase of shares, and adjustment of shareholding structure, etc. in accordance with the Articles of Association;
- (V) the provision of a loan by the Bank within its scope of business and in the ordinary course of business (provided that this does not lead to a reduction in the net assets of the Bank or that if this causes a reduction, the financial assistance is taken from the Bank's distributable profits);
- (VI) the provision of funds by the Bank for an employee shareholding scheme (provided that this does not lead to a reduction in the net assets of the Bank or that if this causes a reduction, the financial assistance is taken from the Bank's distributable profits).

If laws, administrative regulations, rules and rules governing securities of the place where shares of the Bank are listed have other provisions on the financial treatment involved in the aforesaid share repurchase, such provisions shall prevail.

#### **Chapter 4 Shares and Register of Shareholders**

**Article 42** The Bank's shares are all registered shares.

Apart from the particulars as required by the Company Law, the particulars to be set out in the shares of the Bank shall include other items that should be stated as required by the securities regulatory authorities at the location where the shares of the Bank are listed.

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

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

**Article 43** Shares of the Bank shall be signed by the chairman of the Board. The president or other relevant senior management staff of the Bank shall also sign the shares if required by the securities regulatory authorities at the location where the shares of the Bank are listed. The shares shall come into effect after stamping or printing of the Bank’s seal on the shares. Before the Bank’s seal is affixed to the shares, authorization of the Board is required. The signature of the chairman, president or other relevant senior management staff of the Bank may also be printed on the shares.

Issue or trading of the shares of the Bank in a non-paper form shall comply with other regulations of the securities regulatory authorities at the location where the shares of the Bank are listed.

**Article 44** The Bank shall establish a register of shareholders, stating the following matters, or conduct the registration of shareholders pursuant to the provisions of the laws, administrative regulations, rules and rules governing securities of the place where shares of the Bank are listed:

- (I) names, addresses (domiciles), occupations or features of the shareholders;
- (II) type and number of shares held by the shareholders;
- (III) monies paid or payable for the shares held by the shareholders;
- (IV) serial numbers of the shares held by the shareholders;
- (V) date on which the shareholders are registered as shareholders;
- (VI) date on which the shareholders terminate as shareholders.

The register of shareholders is a sufficient evidence of the shareholders’ shareholdings in the Bank unless there is evidence to the contrary.

**Article 45** The Bank may keep overseas the register of holders of overseas listed shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authorities of the State Council and the overseas securities regulatory authorities. The original of register of holders of H Shares shall be kept in Hong Kong.

The Bank shall keep at its domicile a copy of the register of holders of overseas listed shares; the entrusted overseas agency shall always ensure that the original and copy of the register of holders of overseas listed shares are consistent.

Where the original and copy of the register of holders of overseas listed shares are inconsistent, the original shall prevail.

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

The register of shareholders shall include the following parts:

- (I) register of shareholders kept at the domicile of the Bank, save as specified in (II) and (III) herein;
- (II) register of holders of overseas listed shares of the Bank kept at the stock exchange in the overseas listing place;
- (III) register of shareholders that the Board decides to keep at other place for the purpose of listing of the Bank's shares.

**Article 47** The respective parts of the register of shareholders shall not overlap each other. In the event of transfer of shares registered in a specific part of the register of shareholders, the said shares shall not be registered in any other part of the register of shareholders in the duration of the registration of the said shares.

Any change or correction of any part of the register of shareholders shall comply with the law of the location where the said part is kept.

**Article 48** If there are provision(s) stipulating that change of the register of shareholders arising from share transfer shall not be registered prior to convening a general meeting or prior to the benchmark date on which the Bank decides to distribute dividends in relevant laws, regulations and provisions of the securities regulatory authorities at the location where the shares of the Bank are listed, such provision(s) shall prevail.

**Article 49** If the Bank convenes a general meeting, distributes dividends, conducts liquidation or executes any other act requiring confirmation of equities, the convener of the Board meeting or Shareholders' general meeting shall determine the shareholding registration date, at the end of which the shareholders in the register shall be shareholders entitled to relevant interests.

**Article 50** If any person objects to the register of shareholders and requests to have his/her name recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

**Article 51** If any shareholder in the register of shareholders or any person requesting to have his/her name recorded in the register of shareholders has lost his/her shares (i.e. "the Original Shares"), the said shareholder or person may apply to the Bank to reissue new shares for the shares represented by the Original Shares (i.e. "the Relevant Shares").

Application for reissue of shares lost by holders of domestic shares shall be processed pursuant to the Company Law.

Application for reissue of shares lost by holders of overseas listed shares shall be processed pursuant to the law of the place where the original of the register of holders of overseas listed shares is kept, rules of securities regulatory authorities at the location where the shares of the Bank are listed or other relevant requirements.

Application for reissue of shares lost by holders of H Shares of the Bank shall meet the following requirements:

- (I) the applicant shall submit an application with the standard format designated by the Bank and attach a notarial deed or statutory statement. The contents of the notarial deed or statutory statement shall include the reason for application of the applicant, information and evidence about how the shares are lost, and a statement that no other person may request to be registered as shareholder for the related shares.
- (II) before deciding to reissue new shares, the Bank has not received a statement that anybody other than the applicant requests to be registered as shareholder for the Relevant Shares.
- (III) after deciding to reissue new shares to the applicant, the Bank shall publish announcements of reissue of new shares on the newspapers designated by the Board; the announcement period is 90 days, with at least one announcement in 30 days.
- (IV) before publishing the announcement of reissue of new shares, the Bank shall submit a copy of the to-be-published announcement to the stock exchange with which the Bank is listed, and may publish the announcement only after receiving a reply from the said stock exchange confirming that the said announcement has been displayed in the stock exchange. The duration of display of the said announcement in the stock exchange is 90 days.

If the application for reissuing shares is not approved by the registered holder of the relevant shares, the Bank shall mail a copy of the to-be-published announcement to the said shareholder.

- (V) if, after expiry of the 90-day period of announcement and display specified in (III) and (IV) of this article, the Bank has not received any objection to reissue of shares, the Bank may reissue new shares as requested by the applicant.
- (VI) when the Bank reissues new shares as specified herein, the Bank shall immediately deregister the original shares and record such deregistration and reissue in the register of shareholders.
- (VII) all the expenses for deregistering the original shares and reissuing new shares shall be borne by the applicant. The Bank may refuse to take any action before the applicant provides any reasonable guarantee.

If the Bank is empowered to issue warrants to any unregistered holder, the Bank shall not issue any new warrants to replace the lost warrants unless it does believe the original warrants are truly destroyed beyond a reasonable doubt.

**Article 52** After the Bank reissues new shares in accordance with the Articles of Association, the name of the goodwill purchaser of the said new shares or the shareholder (if it is a goodwill purchaser) later registered as owner of the said shares shall not be deleted from the register of shareholders.

**Article 53** The Bank shall have no obligation to compensate any person for any loss arising from deregistration of the original shares or reissue of new shares, unless the said person can prove that the Bank has committed any fraud.



## Chapter 5 CPC Committee

**Article 54** Party organizations at all levels of the Bank shall be established and carry out their work in accordance with the provisions of the Party Constitution. The Bank established the Jinshang Bank committee under the Communist Party of China (hereinafter referred to as the CPC committee) in accordance with the provisions of the Party Constitution. The CPC committee is the core leadership of the Bank. In accordance with the relevant policies and unified arrangements of the central and provincial CPC committees, the CPC committee of the Bank shall be responsible for leading the leadership building, the building of Party organizations, the building of a clean and honest government, as well as development and management of the Bank. The CPC committee shall grasp the direction, control the situation and ensure implementation, and play a core leadership role and a core political role in the corporate governance structure.

**Article 55** The CPC committee shall be composed of the secretary, deputy secretary and other members. The members of the CPC committee shall be appointed and removed by the provincial CPC committee and shall be subject to the management and assessment thereof. The leadership of the CPC committee shall be members of the Board and the senior management by “two-way membership and cross office holding”. The posts of the secretary of the CPC committee and the chairman shall be held by the same person. The posts of deputy secretary of the CPC committee, vice chairman, and the president shall be held by the same person. A full-time deputy secretary of the CPC committee shall be set up. The members of the CPC committee, the Board and the senior management shall be subject to moderate cross office holding. A discipline inspection committee of the Bank shall be set up according to provisions. The secretary of the discipline inspection committee may attend meetings of the Board and the special committees of the Board.

**Article 56** CPC committee’s duties:

- (I) undertaking to supervise the implementation of the guidelines and policies of the CPC and the PRC in the Bank, implementing important meetings, arrangements and documents of the Party organization at a higher level, studying and implementing the opinions, supervising and inspecting the implementation to ensure the Party’s leadership to the Bank;
- (II) playing a core leadership role and a core political role. The CPC committee’s study and discussion are procedural prerequisite for the Board and senior management to make decisions on major issues. Making decisions on the “three importance and one greatness” matters, including but not limited to, cadre management, capital allocation, major investments, performance appraisal, audit, human resources and remuneration management, and performing the decision-making procedures in accordance with relevant regulations; supporting the Board of Directors, the Board of Supervisors and senior management to perform their respective duties;
- (III) adhering to the principle of party-management cadres and party management talents, strengthening the construction of leadership teams at all levels of our Bank and the construction of talent teams, establishing and improving the mechanism for selecting personnel to meet the requirements of modern enterprise systems and market competition conditions and conducting studies on and determining the cadres and talent policies and management rules and appointment and dismissal;

- (IV) implementing the entity responsibility for strict rule over the Party and supporting the discipline inspection committee to implement the supervision responsibility for building a clean and honest government;
- (V) conducting studies on and determining the development direction, management policies, mid- and long-term development plans and other major issues of directional and strategic importance of the Bank;
- (VI) conducting studies on and determining other matters that need to be studied and determined by the CPC committee.

**Article 57** The CPC committee is subject to collective leadership in accordance with the principle of democratic centralism and engages in collective studies and decision-making on major matters.

## **Chapter 6 Shareholders and Shareholders' General Meetings**

### **Section 1 Shareholders**

**Article 58** Shareholders of the Bank are persons lawfully holding shares of the Bank, with names recorded in the register of shareholders. A shareholder of the Bank shall meet the requirements of relevant regulatory authorities including banking regulatory institutions for subscribing to the shares.

Shareholders of the Bank enjoy rights and fulfil obligations as per the shares they hold; the same shares represent the same rights and the same obligations.

Where two or more persons are registered as joint holders of any shares, they shall be deemed as the common owners of the said shares subject to the following restrictions:

- (I) The Bank shall not register more than four persons as joint holders of any shares;
- (II) The joint holders of any shares shall assume several and joint liability for all payables for relevant shares;
- (III) If any of the joint shareholders deceases, only the surviving joint shareholders shall be deemed by the Bank as owners of relevant shares, but the Board may, for the purpose of modifying the register of shareholders, require the provision of a death certificate as it deems appropriate; and
- (IV) Among the joint holders of any shares, only the joint shareholder that is listed first in the register of shareholders shall have the right to take relevant shares from the Bank, receive notices of the Bank, and attend the Shareholders' general meetings of the Bank or exercise the full voting right of relevant shares. Any notice served to such shareholder shall be deemed as having been served to all the joint holders of relevant shares.

If the Bank pays any of the joint shareholders distribution or allotment such as dividend, bonus or capital return that should be paid to the said joint shareholders, the payment shall be regarded to have paid the aforesaid distribution or allotment to all the joint shareholders of relevant shares. If any of the joint shareholders sends to the Bank a receipt of any dividend, bonus or capital return payable to the said joint shareholders, the receipt shall be deemed as a valid receipt sent by the said joint shareholders to the Bank.

**Article 59** The shareholders of ordinary shares of the Bank shall enjoy the following rights:

- (I) to receive dividends and other kinds of distributions as determined by the number of shares held by them;
- (II) to attend or appoint a proxy to attend the Shareholders' general meetings, and to exercise the voting rights according to the shares held by them;
- (III) to supervise and manage the business operation activities of the Bank, and to make suggestions and enquiries accordingly;
- (IV) to transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations, relevant provisions of rules governing securities of the place where shares of the Bank are listed and the Articles of Association;
- (V) to obtain relevant information in accordance with the laws, administrative regulations, rules, relevant provisions of rules governing securities of the place where shares of the Bank are listed and the Articles of Association, including:
  - 1. to obtain the Articles of Association after payment of the costs and expenses incurred;
  - 2. to inspect for free, and to photocopy, after paying a reasonable fee, the following documents:
    - (1) the entire copy of all parts of the register of shareholders;
    - (2) the personal information of the directors, supervisors, president and other senior management staff of the Bank, including:
      - (a) current and former names and aliases;
      - (b) primary address (domicile);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and positions;
      - (e) identification documents and their numbers.
    - (3) report of share capital issued by the Bank;
    - (4) report of the total par value, quantity, and the highest and lowest prices of each class of shares bought back by the Bank from the last fiscal year, and the total amount paid by the Bank for this purpose (by domestic shares and H Shares);
    - (5) minutes of the Shareholders' general meetings;
    - (6) the special resolutions of the Bank;

- (7) the latest audited financial statements of the Bank, and reports of the Board, auditors and the Board of Supervisors;
- (8) copies of the latest annual report and annual return filed with China's industrial and commercial administration authority or other competent authorities.

Except the documents set out in (2) above, the Bank shall, according to the requirements of the Hong Kong Listing Rules, keep the above documents at the Hong Kong address of the Bank for free inspection by the public and holders of H Shares. Documents set out in (5) are for inspection by shareholders only.

If any shareholder asks for copies of relevant documents, the Bank shall send out the said copies within 7 days after receipt of reasonable expenses.

If the information so inspected or photocopied involves trade secrets and price sensitive information of the Bank, the Bank may refuse to provide such information.

- (VI) to participate in the distribution of the remaining assets of the Bank based on the number of shares held in the event of the Bank's dissolution or liquidation;
- (VII) to demand the Bank to acquire their shares (for shareholders who disagree with the resolutions adopted at a Shareholders' general meeting in relation to the merger or division of the Bank);
- (VIII) to have other rights conferred in accordance with the laws, administrative regulations, rules, rule governing securities of the place where shares of the Bank are listed and the Articles of Association.

The Bank shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person has not disclosed his/her equity to the Bank.

**Article 60** If any shareholder needs to access the relevant information as set out in the preceding article, the said shareholder shall provide the Bank with written documents bearing evidence of the type and number of shares held by the said shareholder, and the Bank shall provide the said information as required by the said shareholder upon authentication of the said shareholder.

When exercising the aforesaid right to know, the shareholder shall keep confidential the Bank's trade secrets and reasonably use the Bank's information. If the shareholder breaches its confidentiality obligation, thereby causing any damage to the Bank, the said shareholder shall be liable for compensation.

**Article 61** If the content of any resolution of the Shareholders' general meeting or the Board runs counter to the laws and administrative regulations, the shareholders shall have the right to request the people's court to invalidate the said resolution.

If the meeting convening procedure and voting method of the Shareholders' general meeting or Board meeting run counter to the laws and administrative regulations or the Articles of Association or if the content of any resolution runs counter to the Articles of Association, the shareholders may request the people's court to cancel the said procedure, method or resolution within 60 days after making the resolution.

**Article 62** If any director, president or other senior management staff member violates the laws, administrative regulations or the Articles of Association in fulfilling their duties, thereby causing any loss to the Bank, the shareholders individually or jointly holding more than 1% of the shares in the Bank for more than 180 consecutive days may request the Board of Supervisors in writing to institute proceedings in the people's court. If any supervisor violates the laws, administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Bank, the shareholders shall have the right to send written request to the Board to initiate proceedings in the people's court.

Upon receipt of such written request from the aforesaid shareholders, if the Board of Supervisors or the Board refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the Bank, the aforesaid shareholders shall, for the Bank's interests, have the right to initiate proceedings directly to the people's court in their own name.

If any other person infringes upon the legitimate rights and interests of the Bank, thereby causing any loss to the Bank, the shareholders as specified in paragraph 1 of this Article may institute legal proceedings to the people's court pursuant to the preceding two paragraphs.

**Article 63** If any director or senior management staff member violates laws, administrative regulations or the Articles of Association, thereby damaging the interests of the shareholders, the shareholders may institute legal proceedings to the people's court.

**Article 64** Shareholders of the Bank shall observe laws, regulations and the Articles of Association and exercise their rights according to law, and shall not abuse the Bank's status as an independent and separate legal person and the limited liability of shareholders to harm the interests of the Bank's creditors. If a shareholder abuses the Bank's status as an independent and separate legal person and the limited liability of shareholders to evade the repayment of debts, resulting in material damage to the interests of the Bank's creditors, that shareholder shall be jointly and severally liable for the debts of the Bank.

If a shareholder of the Bank abuses his/her rights and causes loss to the Bank or other shareholders, he/she will be held liable for compensation in accordance with the law.

**Article 65** Shareholders of ordinary shares of the Bank shall have the following obligations:

- (I) To abide by the laws, administrative regulations, regulatory provisions and the Articles of Association;
- (II) To contribute to the share capital with the amount as determined by the number of shares subscribed by them and the method of capital contribution. Shareholders shall use their own funds obtained from legal sources to acquire equity of the Bank, rather than using entrusted funds, debt funds and other funds not owned by themselves, unless otherwise prescribed by laws and regulations or regulatory system;
- (III) Not to withdraw their contributed share capital except in circumstances allowed by the laws and administrative regulations;

- (IV) To perform the obligation of good faith to the Bank according to law, to truthfully provide the Bank with information including financial information, shareholding structure, sources of share subscription, controlling shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries, investment in other financial institutions etc. according to the laws, regulations and regulatory provisions;
- (V) To comply with the regulatory provisions in relation to shareholding ratio and number of shareholding institutions, and not to authorize others or accept any authorization from others to hold or manage the equity of the Bank;
- (VI) The relevant shareholders shall inform the changes in controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries of the shareholders to the Bank in written form in time according to the laws, regulations and regulatory provisions;
- (VII) To inform the following events of the shareholders to the Bank in written form in time according to the laws, regulations and regulatory provisions: merger and spin-off, being subject to measures including suspension of operation for rectification, designated custody, takeover or cancellation, or enter into dissolution, liquidation or bankruptcy procedure, or changes in their legal representative, company names, places of operation, scope of operation and other material events;
- (VIII) To inform the Bank in written form in time according to the laws, regulations and regulatory provisions if the shares of the Bank held by the shareholders are involved in litigation or arbitration, subject to legal enforcement by judicial authorities, subject to pledge, or discharged from pledge;
- (IX) Shareholders who transfer or pledge their shares of the Bank or conduct related transactions with the Bank shall comply with the laws, regulations and regulatory provisions, and shall not impair the interests of other shareholders and the Bank;
- (X) Shareholders, particularly substantial shareholders, shall exercise their rights as contributors in strict compliance with laws, administrative regulations, rules and the Articles of Association, fulfill the obligations of capital contributor, and shareholders and their controlling shareholders or de facto controllers shall not abuse shareholders' rights or exploit their related relationships or utilize its influence to intervene in the decision-making power and management power that the Board and the senior management are entitled to in accordance with the Articles of Association, or directly intervene in or utilize influence to intervene in the business management of the Bank bypassing the Board and the senior management, conduct tunneling, or damage the legitimate rights and interests of any depositor, the Bank or any other shareholder or stakeholders in any other form;
- (XI) Shareholders, particularly substantial shareholders, shall support the reasonable capital plans formulated by the Board to keep the Bank's capital in compliance with regulatory requirements. When the Bank's capital fails to comply with the regulatory requirements, a capital replenishment plan shall be made to enable the capital adequacy ratio to satisfy the regulatory requirements within the time framework, and other measures to replenish capital such as increase of core capital shall be taken. The substantial shareholders shall not hinder other shareholders from replenishing the capital of the Bank or new eligible shareholders from participating;
- (XII) The substantial shareholders shall, in accordance with the relevant laws, regulations and regulatory requirements, truthfully make commitments, earnestly fulfill the commitments, and actively cooperate with the regulatory authorities and the Bank to carry out the appraisal on shareholders' commitment;

- (XIII) Substantial shareholders shall make a long-term commitment to the Bank in writing regarding capital replenishment, under which it commits to performing the obligation of capital injection after seeking approval in accordance with relevant provisions and procedures if the capital adequacy ratio fails to meet the regulatory requirements through market financing when the market environment sustains adverse change and the Bank faces difficulty in operation, as a part of the Bank's capital plans;
- (XIV) Substantial shareholders shall actively fulfill their commitments on duty performance such as capital replenishment and liquidity support, and cooperate with the Bank in dissolving risks in accordance with regulatory requirements. In the event of failure to perform their commitments on duty performance, substantial shareholders shall notify the Bank in a timely manner, explain specific circumstances and reasons, and shall not prevent other investors from taking reasonable plans to invest in the Bank;
- (XV) If an investor and his or her related party(ies) and person(s) acting in concert individually or collectively intend to initially hold or accumulatively increase their shareholding by more than 5% of the total shares of the Bank, he or she shall seek approval from banking regulatory institutions in advance. If an investor and his or her related party(ies) and person(s) acting in concert individually or collectively hold more than 1% but less than 5% of the total shares of the Bank, he or she shall report to banking regulatory institutions within ten working days after obtaining such shareholding rights. Shareholders who shall but fail to seek approval from or fail to report to regulatory authorities shall not exercise such rights as the right to request convening the Shareholders' general meeting, voting right, right of nomination, right of making motions and right of disposition;
- (XVI) For any shareholder who has made any misrepresentation, abuses shareholder's rights or has other acts that harm the interests of the Bank, the banking regulatory authorities under the State Council or its local offices may restrict or prohibit any related party transactions between the Bank and him/her and restrict the quota of the Bank's equity held by him/her and equity pledge ratio as well as his/her rights including the right to request convening the Shareholders' general meeting, voting right, right of nomination, right of making motions and right of disposition;
- (XVII) Credit terms offered by the Bank to shareholders thereof shall not be more favourable than similar credit terms to other customers;
- (XVIII) If a shareholder, particularly a substantial shareholder, fails to repay any due credit to the Bank, the voting right of such shareholder at the Shareholders' general meeting or the voting right of the director(s) nominated or appointed by such shareholder at the Board meeting shall be restricted. The Bank shall have the right to withhold the dividends receivable by such shareholders preferentially as repayment of their overdue loans with the Bank. Any assets to be distributed to such shareholders in the Bank's liquidation process shall be used in priority for the repayment of their outstanding loans with the Bank;
- (XIX) In case of a risk event or a major violation on part of the Bank, the shareholders shall cooperate with the regulatory authorities in investigation and risk disposal;
- (XX) Other obligations required by laws, administrative regulations and the Articles of Association.

Shareholders shall not assume the obligation to increase any share capital unless under the conditions accepted by the subscribers at the time of subscription.

In case of a material risk event of the Bank, the Bank shall adopt an appropriate loss absorption and risk mitigation mechanism according to the requirements of relevant laws and regulations. The shareholders shall fulfill corresponding obligations and bear corresponding responsibilities according to the corresponding loss absorption and risk mitigation mechanism.

If substantial shareholders of the Bank violate their commitments, the Bank has the right to take corresponding restrictive measures against such shareholders pursuant to relevant laws and regulations and the requirements of the regulatory authorities. The Bank shall report to the regulatory authorities in a timely manner and formulate a response plan after knowing that the relevant shareholders are unable to perform their commitments on duty performance.

**Article 66** If any shareholder needs to use his/her equity in the Bank as a guarantee for himself or others, the said shareholder shall strictly comply with laws, regulations and requirements of regulatory authorities and shall notify the Board of the Bank in advance.

The Board Office of the Bank shall be responsible for matters relating to equity pledge, including collection, sort-out and submission of information about pledge of shareholders' equity and other routine work.

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 report to the Board of the Bank in advance about the reason of pledge, amount of equity pledged, term of pledge, profile of the pledgee, etc. The Board, if believing that such pledge may have a material adverse impact on the equity status, corporate governance, risk and related party transaction control, etc. of the Bank, should disapprove such pledge. When the Board is deliberating relevant reported issue, directors appointed by the shareholders who wish to pledge the shares shall abstain from the voting.

Upon completion of the equity pledge registration, the shareholder shall provide the Bank with relevant information about the pledged equity in time in accordance with the Bank's risk management and information disclosure requirements.

A shareholder with outstanding loans from the Bank exceeding the audited net value of equity held by him/her in the previous year shall not pledge his/her equity in the Bank.

If a shareholder pledges 50% or more of his/her equity in the Bank, the voting right of such shareholder at the Shareholders' general meeting or the voting right of the director(s) nominated or appointed by such shareholder at the Board meeting shall be restricted.

**Article 67** Shareholders of the Bank shall safeguard the interests of the Bank. If any shareholder uses his/her shareholder status to maliciously hinder legitimate operating activities of the Bank or damage the legitimate rights and interests of the Bank, the Bank shall have the right to file an action for suspension of such illegal acts or infringement acts and compensation.

The controlling shareholders and de facto controllers of the Bank shall not use the related party relationship to damage the interests of the Bank; otherwise, they shall make compensation for the loss incurred to the Bank.



The controlling shareholders and de facto controllers of the Bank shall be honest to the Bank and its general public shareholders. The controlling shareholders shall duly exercise contributors' rights according to laws, shall not damage the legitimate rights and interests of the Bank and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse their controlling status to damage the interests of the Bank and general public shareholders.

**Article 68** In addition to the obligations required under the laws, administrative regulations or the listing rules of a stock exchange where shares of the Bank are listed, controlling shareholders of the Bank, when exercising their rights as a shareholder, shall not exercise their voting rights to make decisions that would impair the interests of all or part of the shareholders on the following issues:

- (I) releasing a director or supervisor of the responsibility to sincerely act in the best interests of the Bank;
- (II) approving that a director or supervisor (for his/her own or another person's benefit) seizes from the Bank any asset in any form, including but not limited to opportunity favorable to the Bank;
- (III) approving that a director or supervisor (for his/her own or another person's benefit) seizes from any shareholder any personal interests, including but not limited to the right to profit distribution and right to vote, but excluding corporate reorganization submitted for adoption at the Shareholders' general meeting pursuant to the Articles of Association.

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

**Article 69** The Shareholders' general meeting is the supreme authority of the Bank and shall exercise the following functions and powers according to laws:

- (I) determining the business guidelines and extremely important investment plans of the Bank;
- (II) electing and changing directors and determining the remuneration of directors;
- (III) electing and changing non-employee supervisors and determining the remuneration of supervisors;
- (IV) reviewing and approving the reports of the Board of Directors;
- (V) reviewing and approving the reports of the Board of Supervisors;
- (VI) listening to the evaluation on directors by the Board of Supervisors and the mutual evaluation result reports of independent directors;
- (VII) listening to the evaluation on supervisors by the Board of Supervisors and the mutual evaluation result reports of external supervisors;
- (VIII) reviewing and approving the annual financial budgets and financial accounts of the Bank;
- (IX) reviewing and approving profit distribution plans and loss recovery plans of the Bank;

- (X) reviewing and approving extremely important external investment, extremely important asset acquisition and disposals, extremely important external guarantee and related party transactions of the Bank which shall be considered and approved at the Shareholders' general meeting as required by the laws, administrative regulations, rules and the securities supervision rules of the place where the shares of the Bank are listed;
- (XI) resolving on the increase or decrease in the registered capital of the Bank;
- (XII) resolving on the issuance of bonds or the listing of the Bank;
- (XIII) resolving on the merger, division, dissolution, liquidation or change in the corporate form of the Bank;
- (XIV) amending the Articles of Association;
- (XV) reviewing and approving the Rules of Procedures for the Shareholders' General Meeting, the Board of Directors and the Board of Supervisors;
- (XVI) passing a resolution in relation to the acquisition of the shares of the Bank in accordance with the requirements of the laws and the Articles of Association;
- (XVII) resolving on the appointment, dismissal or non-reappointment of accounting firms of the Bank for regular legal audit of the Bank's financial statements;
- (XVIII) reviewing the Bank's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Bank;
- (XIX) reviewing and approving matters relating to changes in the use of proceeds from share offerings;
- (XX) reviewing and approving the plans of the equity incentive scheme;
- (XXI) reviewing the proposals by the shareholders individually or jointly holding more than 3% of the voting shares of the Bank;
- (XXII) reviewing and approving other issues which should be determined by the Shareholders' general meeting as stipulated by laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association.

The above matters falling within the authority of the Shareholders' general meeting shall not be granted to the Board, other institutions or individuals.

**Article 70** Shareholders' general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year within six months after the last fiscal year ends. If the annual general meeting needs to be postponed for special reasons, a report shall be made to relevant regulatory authorities in a timely manner and reasons for postponement shall be given.

**Article 71** The Bank shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following events:

- (I) the number of directors falls short of the quorum required by the Company Law or is less than two thirds of the number stipulated in the Articles of Association;
- (II) the outstanding loss of the Bank is at least one third of the Bank's total paid-up share capital;
- (III) shareholders (hereinafter referred to as proposing shareholders) who individually or jointly hold above 10% of the total voting shares of the Bank have requested to convene the meeting in writing; the amount of shareholding above shall be calculated as of the date on which the shareholders raise a request in writing;
- (IV) the Board deems it necessary to convene the meeting;
- (V) above half of the independent directors propose to convene the meeting (if there are only two independent directors, then the two independent directors unanimously propose to convene the meeting);
- (VI) the Board of Supervisors proposes to convene the meeting;
- (VII) above half of the external supervisors propose to convene the meeting (if there are only two external supervisors, then the two external supervisors unanimously propose to convene the meeting);
- (VIII) any other circumstances as stipulated by the laws, administrative regulations, rules, rule governing securities of the place where shares of the Bank are listed or the Articles of Association.

Regarding the circumstance in (II) above, the time limit for convening an extraordinary general meeting shall start from the date when the Bank knows about the occurrence of the circumstance.

**Article 72** The venue of Shareholders' general meetings of the Bank shall be the address of the Bank or other place specified in the notice of Shareholders' general meeting.

A venue shall be set for Shareholders' general meetings which shall be held onsite. When conditions permit, the Bank may provide network or any other means for its shareholders to conveniently participate in Shareholders' general meetings according to relevant provisions. Shareholders participating in the Shareholders' general meetings by any aforesaid means shall be deemed as having attended the meetings.

**Article 73** In convening a Shareholders' general meeting, the Bank shall engage a lawyer to provide legal opinions on the following issues:

- (I) whether the convening of the Shareholders' general meeting and procedure for holding the meeting comply with the laws, administrative regulations and the Articles of Association;
- (II) whether the attendees and convener of the meeting are eligible;
- (III) whether the voting procedures and results of the meeting are legal and valid;

- (IV) whether the issues resolved on at the Shareholders' general meeting are legal and valid;
- (V) other issues for which legal opinions shall be given upon the Bank's request.

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

**Article 74** Shareholders' general meetings shall be convened by the Board.

If the Board is unable or fails to fulfil the obligation of convening Shareholders' general meetings, the Board of Supervisors shall duly convene and preside over such meetings. If the Board of Supervisors does not convene or preside over such meetings, the shareholders (hereinafter referred to as convening shareholders) separately or aggregately holding more than 10% of the shares of the Bank for consecutively 90 days may convene and preside over such meetings on their own initiative.

**Article 75** The Bank shall convene an extraordinary general meeting within two months upon proposal by more than half and not less than two of the independent directors. If the extraordinary general meeting is not convened within the period prescribed by the Company Law and the Articles of Association, the Bank shall submit a written report to the regulatory authorities and explain the reasons.

**Article 76** The Board of Supervisors or more than half of the external supervisors shall have the right to propose in writing to the Board to convene an extraordinary general meeting (if there are only two external supervisors, then the two external supervisors unanimously agree to convene the meeting). The Board shall, pursuant to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of the Board of Supervisors is required.

If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, it shall be deemed as unable to perform or failing to perform the duty of convening the extraordinary general meeting, and the Board of Supervisors may convene and preside over the meeting by itself.

**Article 77** If proposing shareholders require convening an extraordinary general meeting or class meeting (hereinafter referred to as relevant meeting), the following procedure shall be followed:

Proposing shareholders shall have the right to request the Board in writing to convene a relevant meeting. The Board shall, pursuant to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the relevant meeting within 10 days after receipt of the request.

Where the Board agrees to convene the relevant meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original request set forth in the notice shall be subject to approval by the relevant shareholders.

Where the Board does not agree to convene the relevant meeting, or fails to give any reply within 10 days after receipt of the request, the proposing shareholders shall have the right to request the Board of Supervisors in writing to convene the relevant meeting.

If the Board of Supervisors agrees to convene the relevant meeting, it shall serve a notice of such meeting within 5 days after receiving the request. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholders is required.

If the Board of Supervisors fails to give the notice of the relevant meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the relevant meeting, and convening shareholders shall have the right to convene and preside over such meeting by themselves.

Where the Board of Supervisors or shareholders convene and hold the meetings on its/their own initiative because the Board fails to convene the meetings pursuant to the aforesaid provisions, the reasonable expenses incurred shall be borne by the Bank and shall be deducted from the monies payable by the Bank to the defaulting directors.

**Article 78** Where the Board of Supervisors or shareholders decide to convene a Shareholders' general meeting on its/their own initiative, it/they shall notify the Board in writing and give a notice of the Shareholders' general meeting, with relevant contents complying with Article 84 of the Articles of Association and the following provisions: no new contents shall be added to the resolutions, otherwise convening shareholders or the Board of Supervisors shall resubmit the request to convene a Shareholders' general meeting to the Board according to the above procedures.

Prior to the announcement of the resolutions of the Shareholders' general meeting, the shareholding ratio of the convening shareholders shall not be lower than 10%.

**Article 79** With regard to a Shareholders' general meeting convened by the Board of Supervisors or shareholders on its/their own initiative, the Board and its secretary shall offer cooperation, and the Board shall provide a register of shareholders as of the shareholding registration date.

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

**Article 80** The content of a proposal shall be within the authority of the Shareholders' general meeting, shall have specific issues for discussion and matters to be resolved, and shall comply with the relevant provisions of laws, administrative regulations, rules governing securities of the place where shares of the Bank are listed and the Articles of Association.

**Article 81** Where the Bank convenes a Shareholders' general meeting, the Board, the Board of Supervisors, and shareholders individually or jointly holding more than 3% of the total voting shares of the Bank shall have the right to put forward proposals to the Bank, and the Bank shall place matters in the said proposals on the agenda of the said Shareholders' general meeting if the such matters fall within the authority of Shareholders' general meetings.

Shareholders individually or jointly holding more than 3% of the total voting shares of the Bank may submit written provisional proposals to the convener 10 days before the Shareholders' general meeting. The convener shall serve a supplementary notice of Shareholders' general meeting within 2 days after receipt of the provisional proposals and announce the contents of the said provisional proposals.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of Shareholders' general meeting or add any new proposal after the announcement of the said notice is issued.

Proposals not set out in the notice of Shareholders' general meeting or not complying with Article 80 of the Articles of Association shall not be voted on or resolved at the Shareholders' general meeting.

**Article 82** When the Bank is to convene a Shareholders' annual general meeting, the conveners shall notify all shareholders the date and venue of the meeting and the matters to be considered at the meeting at least 20 working days prior to convening the meeting (excluding the date of the notice and the date of the meeting). In the case of an extraordinary Shareholders' general meeting, the convener shall notify all shareholders at least 15 or 10 working days (whichever is longer and excluding the date of the notice and the date of the meeting).

If laws, regulations and securities regulatory authorities in the place where the securities of the Bank are listed have special provisions, such provision shall apply.

**Article 83** Pursuant to the provisions stated in Article 82 in the Articles of Association, upon the issuance of notice convening the Shareholders' general meeting, the Bank may convene the Shareholders' general meeting.

**Article 84** The notice of a Shareholders' general meeting shall meet the following requirements:

- (I) be made in writing;
- (II) specify the venue, date and time of the meeting;
- (III) state matters to be discussed at the meeting;
- (IV) provide all necessary information and explanation to enable shareholders to make wise decisions on the matters to be discussed. This means that when the following matters, which shall include, but shall not be limited to: any merger, share repurchase, share capital reorganization or other reorganization of the Bank, are involved, the detailed terms and contracts (if any) of the proposed transaction and detailed explanation as to the cause and effect of such a proposed transaction shall be provided;
- (V) if any of the directors, supervisors, president and other senior management staff have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the matters to be discussed have a different effect on a director, supervisor, president and other senior management staff acting as shareholders from that on other shareholders of that same class, they shall explain this difference;
- (VI) set forth the full text of any special resolution proposed to be adopted at the meeting;
- (VII) state clearly that a shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf and such proxies need not be a shareholder;
- (VIII) specify the shareholding registration date of the shareholders who are entitled to attend the Shareholders' general meeting;

- (IX) specify the time and address for serving the power of attorney for voting at the meeting;
- (X) specify the name and phone number of the contact person of the meeting;
- (XI) other requirements stipulated by relevant laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association.

**Article 85** If the election of directors or supervisors is proposed to be discussed at a Shareholders' general meeting, the notice of meeting shall adequately disclose the detailed information of the director or supervisor candidates according to relevant laws, administrative regulations, rules governing securities of the place where shares of the Bank are listed and the Articles of Association, which shall at least include:

- (I) personal particulars, including educational background, work experiences, and concurrent positions;
- (II) whether one has any related party relationship with the Bank or its controlling shareholders and de facto controllers;
- (III) disclosure of the number of shares of the Bank one holds;
- (IV) whether one has been punished by the banking regulatory institutions, securities regulatory authorities and any other relevant authorities or the reprimand of the stock exchange;
- (V) information about the newly appointed or transferred directors or supervisors that needs to be disclosed according to the rules governing securities of the place where shares of the Bank are listed.

**Article 86** The notice of Shareholders' general meeting shall be delivered by hand or prepaid mail to all shareholders (regardless of whether they have voting rights at the Shareholders' general meeting). The address of the recipients shall be the address registered in the register of shareholders. For holders of domestic shares, the notice of Shareholders' general meeting may be in the form of an announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council. All holders of domestic shares shall be deemed as having been notified of the forthcoming Shareholders' general meeting once the announcement is published.

Subject to the laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association, the Bank may also send the aforesaid notices of Shareholders' general meeting to the holders of H Shares through the websites of the Bank and the Hong Kong Stock Exchange in lieu of by hand or prepaid mail.

**Article 87** The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice, shall not invalidate the meeting and the resolutions adopted thereat.

**Article 88** After issuing a notice of Shareholders' general meeting, the Shareholders' general meeting shall not be delayed or cancelled and proposals listed in the notice shall not be called off without justified reasons. Once delay or cancellation occurs, the convener shall make announcement and explanation at least 2 workdays before the original convening date.

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

**Article 89** The Board or any other convener shall take necessary measures to ensure the proper order of the Shareholders' general meeting. The Board or any other convener shall take measures to stop any act disturbing the Shareholders' general meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall responsively report such act to relevant authorities for investigation and treatment.

**Article 90** All shareholders of the Bank in the register of shareholders or proxies thereof shall be entitled to attend Shareholders' general meetings and exercise their voting rights pursuant to relevant laws, administrative regulations, rules governing securities of the place where shares of the Bank are listed and the Articles of Association.

A shareholder may either attend the Shareholders' general meetings in person or appoint one or more persons (these persons need not be shareholders) as proxies to attend and vote on his/her behalf. A proxy may exercise the following rights pursuant to the authorization by that shareholder:

- (I) shareholder's right to speak at the Shareholders' general meeting;
- (II) the right to individually or jointly request to vote by ballot;
- (III) the right to vote by show of hands or ballot, but when more than one proxy has been appointed, the proxies only have the right to vote by ballot.

**Article 91** An individual shareholder attending a Shareholders' general meeting in person shall present his/her identity card or other valid identity certificate or original copy of his/her share certificate; a proxy attending a Shareholders' general meeting on behalf of an individual shareholder shall present his/her identity card and power of attorney of the shareholder.

For a corporate shareholder, his/her legal representative or a proxy appointed thereby shall attend the meeting. The legal representative attending the meeting shall present his/her identity card and valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall present his/her identity card and the written power of attorney lawfully issued by the legal representative of the corporate shareholder.



**Article 92** The power of attorney issued by a shareholder to appoint a proxy to attend a Shareholders' general meeting shall specify:

- (I) the name of the proxy;
- (II) whether or not the proxy has any voting right;
- (III) directive to vote for or against or abstain from voting on each and every issue included in the agenda of the Shareholders' general meeting;
- (IV) the date of issue and validity period of the power of attorney;
- (V) signature (or seal) of the principal or signature of his/her attorney duly authorized in writing. If the principal is a corporate shareholder, the corporate seal shall be affixed;
- (VI) the number of shares held by the principal represented by the proxy.

**Article 93** The power of attorney for voting shall be placed at the domicile of the Bank or at other place designated in the notice of meeting, and at least 24 hours prior to either the convening of relevant meeting at which the resolutions are to be voted on or the designated voting time. Where such a power of attorney is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the power of attorney for voting, be placed at the domicile of the Bank or any other place designated in the notice of meeting.

Where the principal is a legal person, his/her legal representative or a person authorized by the Board or other decision-making bodies shall attend the Shareholders' general meeting of the Bank. In the event that a corporate shareholder appoints his/her representative to attend a meeting, the Bank shall have the right to request the representative to present his/her identity card and the counterpart of the notarized resolution or power of attorney for the appointment of the representative issued by the Board or other authorities of the corporate shareholder (except for recognized clearing houses or agents thereof).

If the shareholder is a recognized clearing house or agent thereof as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the said shareholder may authorize one or more persons as he/she deems appropriate to act on his/her behalf at any Shareholders' general meeting or class meeting; however, where two or more persons are thus authorized, the power of attorney shall specify the numbers and classes of shares involved by the said persons. The power of attorney shall be signed by personnel authorized by the recognized clearing house. The persons thus authorized may attend meetings and exercise rights on behalf of the recognized clearing house or agent thereof (without presenting shareholding certificate, notarized power of attorney and/or further evidence to prove that they have been duly authorized) as if the said persons were the individual shareholders of the Bank.

**Article 94** Any format issued to a shareholder by the Board of the Bank for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against or abstain from voting, and give directives on each of the issues for discussion to be decided at the meeting. The power of attorney shall specify that in default of directives, the proxy may vote as he/she thinks fit.

**Article 95** If the principal has passed away, lost his/her ability to act, withdrawn the appointment, withdrawn the authorization to sign the appointment or has transferred relevant shares prior to voting, as long as the Bank has not received any written notice regarding these matters before the commencement of the relevant meeting, the vote cast by the proxy in accordance with the power of attorney shall remain valid.

**Article 96** The Bank shall be responsible for preparing an attendance register, which shall state the names (or names of the entities), ID card number and the address of the attendee, the number of voting shares held or represented, names of the principal (or names of the entities) and so on.

**Article 97** The convener and the lawyer appointed by the Bank shall verify the validity of the shareholders' qualifications based on the register of shareholders provided by the securities registration and clearing institutions, and shall register the names of the shareholders as well as the number of their voting shares. The registration for a meeting shall be completed before the presider announces the number of attending shareholders and proxies and the total number of their voting shares.

**Article 98** All directors, supervisors and secretary of the Board shall attend Shareholders' general meetings of the Bank, and the president and other senior management staff shall be present at the meetings.

**Article 99** A Shareholders' general meeting shall be convened by the Board and presided over by the chairman of the Board. In the event that the chairman is incapable of performing or is not performing his/her duties, the meeting shall be presided over by the vice chairman (by the vice chairman elected by more than half of the directors if there are two vice chairmen). In the event that the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall preside over the meeting. If no presider is appointed, a person may be elected at the Shareholders' general meeting to act as the presider, subject to the approval of more than half of the attending shareholders having the voting rights. If for any reason, the shareholders fail to elect a presider, the shareholder (including proxy thereof other than HKSCC Nominees Limited) holding the most voting shares thereat shall preside over the meeting.

A Shareholders' general meeting convened by the Board of Supervisors itself shall be presided over by the chairman of the Board of Supervisors. Where the chairman of the Board of Supervisors is unable or fails to perform his/her duties, more than half of the supervisors shall jointly elect a supervisor to perform relevant duties.

A Shareholder's general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.

When a Shareholders' general meeting is held and the presider violates relevant rules of procedure which makes it difficult for the Shareholders' general meeting to continue, a person may be elected at the Shareholders' general meeting to act as the presider, subject to the approval of more than half of the attending shareholders having the voting rights.

**Article 100** The Bank shall formulate the rules of procedure for the Shareholders' general meeting, and specify the convening and voting procedures of Shareholders' general meetings, including notification, registration and consideration of proposals, voting and counting of ballots, announcement of voting results, formation of meeting resolutions, minutes and signature and announcement of the minutes, and the principle and contents of authorization of the Board on Shareholder's general meetings. The rules of procedure for Shareholder's general meetings shall be formulated by the Board of Directors and implemented upon examination and approval by the Shareholder's general meetings.

**Article 101** The Board of Directors and the Board of Supervisors shall report their work in the previous year at the annual general meeting. Every independent director shall also make his/her work reports.

**Article 102** Except that the trade secrets of the Bank are involved and cannot be disclosed at the Shareholders' general meeting, the directors, supervisors and senior management staff shall respond and give explanation to inquiries and recommendations from shareholders at the Shareholders' general meeting.

**Article 103** The presider shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

**Article 104** Minutes shall be recorded for the Shareholders' general meeting, and the secretary of the Board shall be in charge of recording the minutes. The minutes shall contain the following information:

- (I) the date, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the presider, and the directors, supervisors, president and other senior management staff attending or present at the meeting;
- (III) the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of shares of the Bank;
- (IV) the consideration process of each proposal, main points of the speeches and the voting results;
- (V) details of the inquiries or recommendations of the shareholders, and the corresponding response or explanations;
- (VI) the name of the lawyer, counting officer and monitoring officer; and
- (VII) other contents that shall be recorded in the minutes in accordance with laws, administrative regulations and the Articles of Association.

**Article 105** The convener shall ensure the minutes are true, accurate and complete. The directors and supervisors attending the meeting, the secretary of the Board, the convener or representative thereof and presider shall sign the minutes. The minutes shall be kept as archives by the Bank at the domicile of the Bank for a perpetual term together with the book of signatures of the attending shareholders, the power of attorney of the attending proxies, votes and other valid information.

**Article 106** The convener shall ensure that a Shareholders' general meeting is held continuously until final resolutions are arrived at. If the Shareholders' general meeting is adjourned or no resolution can be made for special reasons such as force majeure, immediate actions shall be taken to resume the Shareholders' general meeting as soon as possible or directly terminate the Shareholders' general meeting, and a responsive announcement shall be made according to laws, administrative regulations and rules governing securities of the place where shares of the Bank are listed.

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

**Article 107** A shareholder (including his/her proxy) who vote at a Shareholders' general meeting shall exercise his/her voting rights based on the number of shares with voting rights held. Each share shall have one vote. However, the shares held by the Bank have no voting rights, and that part of shares is not counted in the total number of shares with voting rights that is held by shareholders attending the meeting.

If any laws, administrative regulations, rules governing securities of the place where shares of the Bank are listed, Hong Kong Listing Rules and the Articles of Association require that a shareholder shall abstain from voting on a certain proposal or limit a shareholder to cast affirmative or negative votes on a certain proposal, any votes cast by the shareholder or proxy in violation of the aforesaid requirements or restrictions shall not be included in the voting results.

**Article 108** The resolutions of a Shareholders' general meeting shall either be classified as ordinary resolutions or special resolutions.

If an ordinary resolution is made at a Shareholders' general meeting, the resolution shall be approved by no less than half of the voting rights held by the shareholders (including their proxies) attending the meeting.

If a special resolution is made at a Shareholders' general meeting, the resolution shall be approved by no less than two thirds of the voting rights held by the shareholders (including their proxies) attending the meeting.

**Article 109** The following issues shall be approved by ordinary resolutions at a Shareholders' general meeting:

- (I) work reports of the Board of Directors and the Board of Supervisors;
- (II) profit distribution plans and loss recovery plans formulated by the Board;
- (III) appointment, dismissal (except for the dismissal of independent directors), remuneration and payment methods of the members of the Board of Directors and members of the Board of Supervisors;
- (IV) the annual budgets and final accounting reports, balance sheets, statements of profits, and other financial statements of the Bank;

- (V) appointment, dismissal or non-reappointment of the accounting firm that provides regular statutory audit on financial reports of the Bank;
- (VI) matters other than those required by the laws, administrative regulations, rules governing securities of the place where shares of the Bank are listed or the Articles of Association to be approved by special resolutions.

**Article 110** The following issues shall be approved by special resolutions at a Shareholders' general meeting:

- (I) an increase or decrease in the registered capital and the issuance of any class of shares, warrants and other similar securities of the Bank;
- (II) the issuance of corporate bonds or listing of the Bank;
- (III) the division, merger, dissolution, liquidation or change in the corporate form of the Bank;
- (IV) amendments to the Articles of Association;
- (V) dismissal of independent directors;
- (VI) matters concerning purchases or sales of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Bank;
- (VII) consideration and approval of plans on equity incentive schemes; and
- (VIII) any other matters required by laws and regulations, regulatory provisions or the Articles of Association and confirmed by the Shareholders' general meeting by an ordinary resolution that they may have a material effect on the Bank and should be adopted by a special resolution.

**Articles 111** Voting at a Shareholders' general meeting shall be taken by way of open ballot, save for resolutions on procedures for Shareholders' general meeting or administrative matters which can be resolved on by the presider of the meeting based on the principle of honesty and voted on by a show of hands.

**Article 112** When a related party (connected) transaction is considered at a Shareholders' general meeting, the connected shareholders and their associates (as defined in the Hong Kong Listing Rules) shall not vote, and the voting shares represented by them shall not be counted in the total number of valid votes. The announcement of any resolution made at the Shareholders' general meeting shall adequately disclose information relating to voting by non-connected shareholders.

Connected shareholders may choose proactive avoidance or be subject to any request for avoidance made by any other shareholder or shareholder representative attending the Shareholders' general meeting.

**Article 113** Unless the Bank is in a crisis or any special circumstance, the Bank may not enter into any contract with anyone other than a director, supervisor, president and other senior management staff to have all or significant part of the Bank's business in the care of such person, unless otherwise approved by the shareholders at a Shareholders' general meeting with a special resolution.

**Article 114** List of director or supervisor candidates is submitted by way of proposal for consideration at Shareholders' general meetings. The director or supervisor candidates shall be voted on separately at the Shareholders' general meeting.

- (I) A list of non-independent director candidates may be proposed by the Nomination, Remuneration and HR Committee of the Board or shareholders individually or jointly holding more than 3% of the Bank's voting shares according to the number of directors to be elected to the extent of the number of members of the Board specified in the Articles of Association; a list of non-employee supervisor candidates may be proposed by the Nomination Committee of the Board of Supervisors or shareholders individually or jointly holding more than 3% of the Bank's voting shares according to the number of supervisors to be elected to the extent of the number of members of the Board of Supervisors specified in the Articles of Association.
- (II) The Nomination, Remuneration and HR Committee of the Board shall make preliminary examination on the qualifications and conditions of the director candidates (including director candidates proposed by shareholder(s) individually or jointly holding more than 3% of the total voting shares of the Bank), and submit the qualified candidates to the Board for consideration. Upon consideration and approval by the Board, the director candidates shall be submitted as a written proposal to the general meeting. The Remuneration Committee of the Board of Supervisors shall make preliminary examination on the qualifications and conditions of the supervisor candidates (including supervisor candidates proposed by shareholder(s) individually or jointly holding more than 3% of the total voting shares of the Bank) except employee representative supervisors, and submit the qualified candidates to the Board of Supervisors for consideration. Upon consideration and approval by the Board of Supervisors, the supervisor candidates shall be submitted as a written proposal to the general meeting.
- (III) A shareholder or his/her related party shall not nominate director and supervisor candidates at the same time; where a director (supervisor) candidate nominated by a shareholder or his/her related party is approved to sit on the Board or the Board of Supervisors, the shareholder shall not nominate any director (supervisor) candidate until the term of office of the director (supervisor) expires or the director (supervisor) is replaced; and, generally, the number of director or supervisor candidates nominated by a shareholder and his/her related party shall not exceed one third of the number of members of the Board or the Board of Supervisors, except as otherwise prescribed by the state.
- (IV) The director and supervisor candidates shall prior to the general meeting provide written undertakings that they accept the nominations, that the information announced about them is true and complete, and that they will diligently fulfill the duties and obligations as directors or supervisors if elected.
- (V) Independent directors and external supervisors shall be elected and appointed as per the procedures specified in Section 2 of Chapter 8 and Section 2 of Chapter 10 of the Articles of Association.
- (VI) Employee supervisors in the Board of Supervisors shall be elected by the employee representatives' meetings.

- (VII) The Board or the Board of Supervisors shall announce detailed information relating to the director or supervisor candidates in accordance with laws, regulations and the Articles of Association prior to the general meeting to ensure that the shareholders are adequately informed of the candidates at the time of voting.
- (VIII) In the event of temporary increase of directors or supervisors, the Nomination, Remuneration and HR Committee of the Board, the Nomination Committee of the Board of Supervisors or shareholders qualified for nomination shall nominate the candidates and propose them to the Board or Board of Supervisors for consideration, and to the general meeting for election or replacement.

The Nomination, Remuneration, and HR Committee of the Board shall avoid being influenced by shareholders and exercise the right to nominate directors independently and prudently.

**Article 115** The general meeting shall vote on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the general meeting.

**Article 116** No amendment shall be made to a proposal when it is considered at a general meeting, otherwise, the relevant amendment shall be deemed as a new proposal which shall not be voted on at this general meeting.

**Article 117** The same voting right can only be exercised in only one form: onsite, over the network, or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

**Article 118** A voting by poll that is demanded for matters concerning the election of chairman or termination of the meeting shall be conducted immediately; for other matters, the chairman of the meeting shall decide when to conduct voting by poll and the meeting can continue to discuss other matters. The voting results shall still be deemed as a resolution adopted at such meeting.

**Article 119** Before proposals are voted on at the general meeting, two shareholders' representatives and one supervisor shall be appointed to count, and monitor counting of, the votes. Where any shareholder has interests in any issue considered, the said shareholder or proxy thereof shall not participate in counting and monitoring of votes.

When proposals are voted on at the general meeting, the lawyer, shareholders' representative, supervisors' representatives and other relevant persons designated according to the Hong Kong Listing Rules, shall, according to the relevant provisions of the Hong Kong Listing Rules, be jointly responsible for the counting and monitoring of the votes and shall announce the voting results on the spot, which voting results shall be recorded in the meeting minutes.

**Article 120** A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: pro, con or abstention.

Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions".

In voting, shareholders (including proxies thereof) entitled to two or more votes need not cast all their votes in the same way of pros or cons or abstention.

**Article 121** The presider shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result. His/her decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.

Before the voting result is announced, the relevant parties including the Bank, counting officer, monitoring officer, substantial shareholders and network service provider involved at the venue or otherwise shall have the confidentiality obligation.

**Article 122** If the presider has any doubts as to the voting result of any resolution, he/she may have the votes recounted. If the presider does not recount the votes, and the shareholders or their proxies who have attended the meeting have doubts as to the result announced by the presider, they may request a vote recount immediately after the announcement of the voting result, and the presider shall have the votes recounted immediately.

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

**Article 123** Resolutions of the general meeting shall be announced in due time according to laws, regulations and the rules governing securities of the place where shares of the Bank are listed. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Bank, the voting method, the voting result for every proposal and the details of each of the resolutions passed.

**Article 124** Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.

**Article 125** Where a proposal on election of directors or supervisors is passed at the general meeting, the directors elected or supervisors elected shall take office on the date of adoption of such proposal at the general meeting, or on the date when the regulatory authorities give approval if they need to seek such approval for their qualifications.

## **Chapter 7 Special Voting Procedures for Class Shareholders**

**Article 126** Holders of different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations according to the laws, administrative regulations and the Articles of Association.

The class shareholders of the Bank shall enjoy the same rights in distribution of dividends or any other forms of distributions.

**Article 127** Any proposed change or cancellation by the Bank of the rights of class shareholders shall not come into effect unless approved by special resolutions at a general meeting and approved at a separate general meeting convened by the class shareholders so affected in accordance with Articles 129 to 133.



**Article 128** The following circumstances shall be deemed as change or annulment of the rights of a certain class shareholder:

- (I) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal to or superior to those of the shares of such class;
- (II) To change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;
- (III) To cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (IV) To reduce or cancel rights attached to the shares of such class to preferentially receive dividends or to preferentially receive distributions of assets in a liquidation of the Bank;
- (V) To add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Bank attached to the shares of such class;
- (VI) To cancel or reduce rights to receive payments made by the Bank in a particular currency attached to the shares of such class;
- (VII) To create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (VIII) To restrict the transfer or ownership of the shares of such class or to impose additional restrictions;
- (IX) To issue rights to subscribe for, or to convert into, shares of such class or another class;
- (X) To increase the rights and privileges of the shares of another class;
- (XI) To restructure the Bank in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring;
- (XII) To amend or cancel provisions of this chapter.

**Article 129** Where issues specified in sub-paragraphs (II) to (VIII), (XI) to (XII) of the preceding article are involved, the affected class shareholders, whether or not they are entitled to vote at general meetings originally, shall have the right to vote at class meetings. However, interested shareholder(s) shall not be entitled to vote at such class meetings.

Interested shareholders as specified in the preceding paragraph refer to:

- (I) in the event of a repurchase of shares by the Bank by way of a general offer to all shareholders of the Bank in the same proportion or by way of public transactions on a stock exchange pursuant to Article 30 of the Articles of Association, an “interested shareholder” is a controlling shareholder as defined in Article 312 of the Articles of Association;

- (II) in the event of a repurchase of shares by the Bank by an off-market agreement pursuant to Article 30 of the Articles of Association, an “interested shareholder” is a shareholder related to the agreement;
- (III) in the event of a reorganization of the Bank, an “interested shareholder” is a shareholder who assumes a relatively less proportion of obligation than that of any other shareholder of that class or who has an interest different from that of any other shareholder of that class.

**Article 130** Resolutions of a class general meeting shall be approved by votes representing more than two thirds of the voting rights of shareholders of that class present at the meeting who, in accordance with the preceding article, are entitled to vote at the meeting.

**Article 131** Where the Bank convenes the class meeting, a written notice shall be given with reference to the requirements on the notice period regarding the convention of the Shareholders’ general meeting as stated in the Articles of Association to notify all the shareholders of the said class in the register of shareholders of the issues to be considered at the meeting, and the date and venue of the meeting.

**Article 132** Notice of class meetings need only be served to shareholders entitled to vote at the said meetings.

Save as otherwise specified in the Articles of Association, class meetings shall follow a procedure most similar to that for general meetings, and the provisions in the Articles of Association concerning the procedure for general meetings shall apply to class meetings.

**Article 133** Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed as shareholders of different classes.

Special voting procedures for class shareholders shall not apply in the following circumstances:

- (I) with the approval by special resolutions in a general meeting, the Bank issues and plans to issue, at one or more occasions, a total number of shares not exceeding 20% of each of its existing issued and outstanding domestic shares and overseas listed foreign shares in every 12 months;
- (II) the Bank’s plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is completed within 15 months from the date of approval of the securities regulatory authorities of the State Council;
- (III) with the approval of relevant regulatory authorities such as the banking regulatory authorities under the State Council and the securities regulatory and administrative authorities of the State Council, holders of domestic shares of the Bank convert their unlisted shares to overseas listed shares and list the said shares on overseas stock exchanges.

## Chapter 8 Directors and Board of Directors

### Section 1 Directors

**Article 134** Directors of the Bank are natural persons having the legal capacity for civil rights and civil conduct and need not hold shares of the Bank.

**Article 135** Directors shall have professional knowledge and work experience necessary for duty performance and meet the requirements of the banking regulatory authorities. Directors' qualifications shall be subject to approval by the banking regulatory authorities.

**Article 136** Directors shall be elected or replaced at general meetings and shall each serve a term of three years. The term of a director is renewable by re-election after its expiry. Directors, before their term of office expires, shall not be dismissed by the general meeting without any reason.

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

A general meeting may dismiss a director within his/her term of office by an ordinary resolution provided that the relevant laws and administrative regulations are observed (however, the claim of such director for compensation under any contract shall not be affected).

**Article 137** The term of office of a director shall be calculated from the date on which he/she takes up the office, until the expiration of the term of office of the Board of Directors. When the term of office of a director expires, or the membership of the Board falls short of the minimum number specified in the Company Law or two-thirds of the number specified in the Articles of Association, the Bank shall promptly initiate the director election procedure and convene a Shareholders' general meeting to elect directors. If the term of office of a director expires but re-election is not made responsively so that the membership of the Board falls short of the quorum, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association until a new director is elected.

**Article 138** The Bank shall sign a contract with the directors to specify such contents as rights and obligations between the Bank and the directors, term of office of directors, remuneration of directors, directors' liabilities for violation of laws, administrative regulations and the Articles of Association and the Bank's compensation for premature cancellation of contract for any reason.

**Article 139** Directors shall observe the laws, administrative regulations and the Articles of Association, and fulfill the following obligations of honesty to the Bank:

- (I) not to embezzle monies of the Bank;
- (II) not to open in their own names or in others' names any bank account for the purpose of depositing any of the Bank's assets;
- (III) not to lend monies of the Bank to other persons or provide guarantee for other persons with the assets of the Bank counter to the Articles of Association or without the consent of the general meeting or the Board;

- (IV) not to conclude any contract or conduct any transaction with the Bank counter to the Articles of Association or without the consent of the general meeting;
- (V) without the consent of the general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Bank, or conduct for themselves or others any businesses similar to those of the Bank;
- (VI) not to take as their own any commission for any transaction between the Bank and others;
- (VII) not to disclose any secret of the Bank without authorization;
- (VIII) not to abuse his/her official powers to accept bribes or other unlawful income, or expropriate the Bank's property;
- (IX) not to use their related party relationship to damage the interests of the Bank;
- (X) to fulfill other obligations of honesty stipulated by laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association.

Earnings obtained by a director counter to the provisions herein shall belong to the Bank, and the said director shall be liable for compensation for any loss incurred to the Bank. Provisions herein shall also apply to senior management staff.

**Article 140** Directors shall observe the laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association, and fulfill the following obligations of diligence to the Bank:

- (I) to exercise the rights conferred by the Bank with due discretion, care and diligence to ensure the business operations of the Bank comply with the laws, administrative regulations and various economic policies of the state, and are within the business scope specified in the business license of the Bank;
- (II) to continuously pay attention to the operation and management status of the Bank, and have the right to require the senior management to provide relevant materials reflecting the operation and management status of the Bank in a comprehensive, timely and accurate manner or to give explanations on relevant issues;
- (III) to participate in meetings of the Board of Directors on time, fully review the matters considered by the Board of Directors, express opinions in an independent, professional and objective manner, and vote independently on the basis of prudent judgments;
- (IV) to take responsibility for the resolutions of the Board of Directors;
- (V) to supervise the implementation of the resolutions of the Shareholders' general meeting and the Board of Directors by the senior management;
- (VI) to take active participation in trainings organized by the Bank and regulatory agencies, understand the rights and obligations of directors, be familiar with relevant laws, regulations and regulatory requirements, and continue to possess expertise and capabilities required to perform their duties;

- (VII) to be responsible to the Bank and all shareholders and treat all shareholders impartially when performing duties;
- (VIII) to carefully read various business and financial reports of the Bank and keep informed of the operation and management conditions of the Bank;
- (IX) to exercise personally the management and discretion right lawfully vested in them and not to allow themselves to be controlled by others and, save as permitted by laws and administrative regulations or approved by the general meeting, not to transfer their discretion right to others;
- (X) to sign written confirmations of the regular reports issued by the Bank and to ensure the information disclosed by the Bank is true, accurate and complete;
- (XI) to honestly provide the Board of Supervisors with relevant information, not to prevent the Board of Supervisors or supervisors from exercising their functions and powers;
- (XII) to accept the lawful supervision and rational suggestions of the Board of Supervisors on their performance of duties;
- (XIII) to practice high standards of professional ethics and consider the legitimate rights and interests of stakeholders;
- (XIV) to undertake fiduciary duties with diligence in the Bank, perform their duties conscientiously and prudently, and ensure sufficient time and commitment to perform their duties;
- (XV) to fulfill other obligations of diligence stipulated by laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association.

**Article 141** A director shall devote sufficient time to performing their duties. A director shall attend at least two thirds of the Board on-site meetings in person every year. Where a director is unable to attend a meeting in person for any reason, he/she may appoint another director in writing to attend the meeting on his/her behalf. However, independent directors shall not entrust non-independent directors to attend the meeting on their behalf. In principle, a director may accept no more than two proxies from directors who did not attend the meeting in person. When considering related party transactions matters, non-related directors shall not entrust related directors to attend the meeting on their behalf.

If any director fails to attend Board meetings in person or by proxy for two consecutive times or fails to attend in person at least two thirds of all the Board meetings in a year, the said director shall be deemed incapable of performing his/her duties, and the Board shall suggest the general meeting to remove the said director.

**Article 142** Save as specified in the Articles of Association or duly authorized by the Board, no director shall act on behalf of the Bank or the Board in his/her personal name. If a director acts in his/her own name but a third party may reasonably think the said director is acting on behalf of the Bank or the Board, the said director shall make a prior statement of his/her standpoint and capacity.

**Article 143** If any director has any direct or indirect related party relationship in any contract, transaction or arrangement already concluded or under planning with the Bank, he/she shall responsibly disclose the nature and extent of the said related party relationship to the Related Party Transactions Control Committee of the Board and abstain when relevant matters are considered if necessary.

**Article 144** A director who resigns before his/her term of office expires shall tender a written resignation to the Board.

When resignation of any director results in the membership of the Board of the Bank lower than the minimum number specified in the Company Law or two thirds of the number specified in the Articles of Association, the said director shall continue fulfilling the duties as a director until a new director takes office.

Save as provided in the preceding paragraph, a director's resignation shall be effective when his/her resignation is served to the Board.

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

If the Bank is in the process of disposing of material risks, the directors of the Bank shall not resign without the approval of the regulatory authorities.

**Article 145** If resignation of a director takes effect or if his/her term of office expires, the said director shall go through all handover formalities with the Board. His/her honesty obligation to the Bank and shareholders thereof shall not terminate automatically before his/her resignation takes effect or within a reasonable period after his/her resignation takes effect and within a reasonable period after his/her term of office expires.

**Article 146** If a director violates the laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed or the Articles of Association in fulfilling his/her duties to the Bank, thereby incurring any loss of the Bank, the said director shall be liable for compensation.

Any director who has left his/her office without authorization before his/her term of office expires and thereby caused the Bank to incur a loss shall be liable for compensation.

## **Section 2 Independent Directors**

**Article 147** The Bank shall have independent directors. Independent directors shall not hold any positions in the Bank other than as director, or engage in other work beyond duties of directors.

More than one third of the Board members shall be independent directors and the number of independent directors shall be at least three at any time. At least one independent director shall have appropriate professional qualification or shall have professional specialty in accounting or related financial management required by the Hong Kong Listing Rules.

Independent directors' qualifications shall be subject to approval by the regulatory authorities.

**Article 148** Shareholder(s) individually or jointly holding more than one percent of the voting shares of the Bank, the Nomination, Remuneration and HR Committee of the Board, or the Board of Supervisors may propose independent director candidates to the general meeting for election. The shareholder that has nominated non-independent directors and his/her related parties shall not nominate independent directors.

**Article 149** Independent directors shall fulfil their duties with good faith, independence and diligence, and earnestly safeguard the legitimate rights and interests of the Bank, minority shareholders and financial consumers.

**Article 150** A person who is a civil servant shall not concurrently serve as an independent director of the Bank.

**Article 151** In addition to satisfying the requirements for serving as a director of the Bank, an independent director of the Bank shall not fall into any of the following circumstances:

- (I) he/she and any of his/her immediate relatives collectively hold more than 1% of the Bank's shares or equity;
- (II) he/she or any of his/her immediate relatives holds a position in the shareholders' institutions which hold more than 1% of shares or equity of the Bank;
- (III) he/she or any of his/her immediate relatives holds positions in any the Bank or institutions which are controlled or de facto controlled by the Bank;
- (IV) he/she or any of his/her immediate relatives holds a position in any institution which is unable to repay outstanding loans payable to the Bank;
- (V) he/she or any of his/her immediate relatives holds a position in any institution which has a relationship of business, liabilities or debts with, or any interests in the Bank by providing such services as legal, accounting, auditing, management consultancy and guarantee cooperation services to the Bank, thus impeding his/her independence in the performance of duties;
- (VI) he/she or any of his/her immediate relatives may be controlled or exercised significant influence by the Bank's substantial shareholders and senior management, thus impeding his/her independence in the performance of duties.

The immediate relatives as referred to in this article refer to the spouse, parents, children, siblings, grandparents and grandchildren.

**Article 152** An independent director shall serve a term of three years. A natural person may serve as an independent director in at most five domestic or foreign enterprises concurrently. For banking or insurance institutions with a common independent director, the relevant institutions shall neither be affiliated with each other nor have conflicting interest. An independent director shall cumulatively serve a term of at most six years in the Bank, and shall not hold positions in more than two commercial banks at the same time.

**Article 153** An independent director shall perform the duties independently, without any interference by controlling shareholders or de facto controllers of the Bank, the senior management, or other entities or individuals who have an interest in the Bank.

If there are major defects in the corporate governance mechanism or the corporate governance mechanism fails in the Bank, independent directors shall report relevant information to the regulatory authorities on time. Independent directors shall keep the Bank's secrets in addition to reporting relevant information to the regulatory authorities pursuant to the requirements.

**Article 154** If an independent director, in performing duties, discovers any act committed by the Board, directors, senior management staff, branches of the Bank or its staff against the laws, administrative regulations, rules and the Articles of Association, the independent director shall require them to rectify such act accordingly and report to the regulatory authorities.

**Article 155** An independent director shall work in the Bank for not less than 15 workdays each year. An independent director may appoint another independent director to attend Board meetings on his/her behalf but shall attend at least two thirds of the Board meetings in person each year. If any independent director fails to attend Board meetings in person for three consecutive times, which will be regarded as failure to perform his/her duties, the Bank shall convene a Shareholders' general meeting within three months to remove him/her and elect new independent director.

**Article 156** An independent director may resign before the expiry of his/her term of office. The Shareholders' general meeting may authorize the Board to decide whether to approve the resignation of an independent director. The independent director shall continue to perform his/her duties before his/her resignation is approved at the Shareholders' general meeting or by the Board.

In resigning his/her duties, an independent director shall tender a written resignation to the Board and a written statement to the latest Shareholders' general meeting, specifying any matter which is related to his/her resignation or which he/she considers necessary to bring to the attention of shareholders and creditors.

If the number of independent directors is less than one third of the total membership of the Board as a result of resignation of any independent director, such independent director shall continue to perform his/her duties until a new director takes office, and such resignation shall not become effective until the vacancy is filled up by a succeeding independent director, other than the resignation and dismissal caused by the loss of independence.

**Article 157** The Board of Supervisors shall propose to the Shareholders' general meeting to dismiss an independent director if he/she:

- (I) is disqualified as an independent director due to position changes and does not voluntarily submit resignation;
- (II) attends less than two thirds of the Board meetings in person in a year;
- (III) other circumstances where he/she is not suitable to continue to serve as an independent director as stipulated by laws and administrative regulations.

A proposal made by the Board of Supervisors for dismissal of an independent director shall be approved by more than two thirds of all the supervisors by voting before it is submitted to the Shareholders' general meeting for consideration.

Before the above proposal is submitted to the Shareholders' general meeting, the affected independent director may give a statement or an explanation to the Board or Board of Supervisors. Before the Board of Supervisors makes a proposal on the dismissal of an independent director, the affected independent director may give a statement or an explanation to the Board of Supervisors.



**Article 158** An independent director shall have committed a serious dereliction of duty in any of the following circumstances:

- (I) discloses the business secrets of the Bank and infringes on the legitimate interests of the Bank;
- (II) accepts illegitimate benefits during performance of duty, or uses the position of independent director to seek personal gains;
- (III) fails to raise objections to those Board resolutions that are in violation of laws, administrative regulations or the Articles of Association;
- (IV) fails to veto those related party transactions that have incurred serious losses to the Bank;
- (V) commits other acts defined as a serious dereliction of duty by the regulatory authorities.

**Article 159** If an independent director has been disqualified by the regulatory authorities due to serious dereliction of duty, he/she shall no longer serve as an independent director of the Bank, and shall be automatically dismissed from the position from the date he/she is disqualified.

**Article 160** Independent directors shall give independent opinions on the following important matters:

- (I) nomination, appointment and dismissal of directors;
- (II) appointment or dismissal of senior management staff;
- (III) remunerations of directors and senior management staff of the Bank;
- (IV) legality, regularity and the implementation of the internal approval procedure of important related party transactions of the Bank;
- (V) profit distribution plan;
- (VI) matters which independent directors deem likely to cause serious losses to material effects on the legitimate rights and interests of the Bank, minority shareholders and financial consumers;
- (VII) appointment or dismissal of accounting firm that provides regular statutory audit on financial reports of the Bank;
- (VIII) other matters specified in relevant laws, administrative regulations or the Articles of Association.

Independent directors shall express one of the following types of opinions on the aforesaid matters: agreement; qualified opinion and reason therefor; objection and reason therefor; inability to express opinion and reason therefor.

The independent directors of the Bank may elect one independent director who shall be responsible for convening special meetings attended by the independent directors to study issues related to the performance of their duties.

**Article 161** Any independent director who fails to raise objection against a resolution of the Board which runs counter to the laws, administrative regulations or the Articles of Association, thereby causing serious losses to the Bank, shall be liable for compensation according to law.

**Article 162** The Bank pays remuneration to independent directors. The standards for remuneration shall be formulated by the Board and examined and approved at the Shareholders' general meeting.

**Article 163** The provisions on directors set out in the Articles of Association shall also apply to independent directors.

**Article 164** The provisions on qualifications and conditions, nomination, election, dismissal, appointment and resignation, basic obligations, working hours and minimum attendance of meetings, allowances and fees of independent directors set out in this section shall apply to external supervisors of the Bank.

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

**Article 165** The Bank shall have a Board of Directors, which shall be composed of 15 directors and responsible for important decision-making of the Bank. The Board is composed of executive directors and non-executive directors (including independent directors), including 5 executive directors, 10 non-executive directors (including 5 independent directors).

The Bank shall have one chairman and two vice chairmen, who shall be elected by more than half of all the directors.

Executive directors refer to directors who, in addition to serving as directors, also assume the responsibilities of senior management of the Bank.

Non-executive directors refer to directors who do not hold any position in the Bank other than as a director and do not assume the responsibilities of senior management.

**Article 166** The positions of the chairman and the president of the Bank shall be separated. The chairman shall not be the legal representative or main person in charge of the controlling shareholder.

**Article 167** The Board shall have a Board Office, responsible for preparations for Shareholders' general meetings, Board meetings and meetings of relevant special committees under the Board, document custody, information disclosure, and other daily affairs of the Board and its relevant special committees.

The Board shall formulate terms of reference for Board meetings, which shall be implemented upon examination and approval by the Shareholders' general meeting, to ensure execution of resolutions of the Shareholders' general meeting, enhance the work efficiency and ensure scientific decision-making of the Board.

**Article 168** The Board of Directors shall be accountable to the Shareholders' general meeting, undertake final responsibility of operation and management of the Bank, and exercise the following functions and powers in accordance with law:

- (I) to convene Shareholders' general meetings, reporting its performance at the Shareholders' general meetings, and implementing resolutions of the Shareholders' general meetings;
- (II) to formulate development strategies of the Bank and to monitor the implementation of such strategies, and decide on operational plans and investment plans of the Bank;
- (III) to formulate annual financial budgets, accounting plan, and risk capital allocation plan of the Bank;
- (IV) to formulate the Bank's profit distribution plans and loss recovery plans;
- (V) to formulate proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;
- (VI) to formulate proposals for repurchase of the Bank's shares;
- (VII) to formulate plans for material acquisition, merger, separation, dissolution, or change in corporate structure of the Bank;
- (VIII) to formulate proposals for any amendment to the Articles of Association;
- (IX) to formulate the rules of procedures for the Shareholders' general meeting and the rules of procedures for the Board of Directors, and to consider and approve the work rules of the special committees under the Board of Directors;
- (X) to formulate the basic management system of the Bank;
- (XI) to formulate and execute clear responsibility system and accountability system, and to assess and complete corporate governance of the Bank regularly;
- (XII) to decide asset and liability management (including but not limited to capital requirement), risk tolerability, risk management, and internal control policy of the Bank, and to take ultimate responsibility for comprehensive risk management;
- (XIII) to formulate capital planning, and undertake final responsibility of capital management;
- (XIV) to formulate related party transaction management system, to examine and approve or accredit Related Party Transactions Control Committee to approve related party transactions;
- (XV) to examine and approve annual work report of the Bank;
- (XVI) to decide long-term award plan, remuneration plan and salary plan of the Bank;
- (XVII) to approve internal audit plan, annual work plan and audit budget of the Bank;
- (XVIII) to examine and approve proposals raised by each special committee under the Board of Directors;

- (XIX) to decide the Bank's important external investment, important asset acquisition and disposals and write-off, important external guarantee, important trust management, important related party transactions, large loans, pledge of assets, data governance; to initially examine the Bank's extremely important external investment, extremely important asset acquisition and disposals, extremely important external guarantee, extremely important trust management, and submit them to the Shareholders' general meeting for approval;
- (XX) to appoint or dismiss the president, the secretary of the Board, chief audit officer and the person in charge of the audit department as nominated by the chairman; to appoint or dismiss the vice president, assistant to the president, chief financial officer, chief risk officer, chief technology information officer, chief human resources officer, chief compliance officer, etc. as nominated by the president; and to decide remunerations, awards and punishments of the aforesaid persons;
- (XXI) to authorize certain operation and management power to the president annually, and to review work reports of the president and to examine the performance of the president;
- (XXII) to decide chairman and members of each special committee under the Board as nominated by the Nomination, Remuneration and HR Committee;
- (XXIII) to decide on establishment of internal management structure of the Bank and establishment of branches of the Bank;
- (XXIV) to propose to the Shareholders' general meeting the engagement, dismissal or discontinuation of the appointment of the accounting firm that provides regular statutory audit on financial reports of the Bank, and to give explanation to the Shareholders' general meeting on the non-standard audit opinions of certified public accountant on our financial report;
- (XXV) to disclose information of the Bank and take ultimate responsibility for the authenticity, completeness, accuracy, and timeliness of our accounting and financial reports;
- (XXVI) to regularly debrief the internal audit department and compliance department's report on internal audit and examination result, and report regulatory opinions of relevant regulatory authorities on the Bank, and to examine the Bank's rectification report on executing regulatory opinions; to regularly assess operation status of the Bank, comprehensively evaluate performance of senior management staff according to assessment result, and to supervise and ensure effective management performance of senior management;
- (XXVII) to safeguard legitimate rights and interests of financial consumers and other stakeholders;
- (XXVIII) to establish an identification, investigation and management mechanism for the conflict of interest between the Bank and shareholders, especially substantial shareholders;
- (XXIX) to undertake the management responsibility for the affairs in relation to the shareholder of the Bank;
- (XXX) to exercise other functions and powers prescribed by the laws, administrative regulations, and the Articles of Association and authorized by the Shareholders' general meetings.

Unless otherwise specified in the Articles of Association, the Board shall resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in (V), (VII) and (VIII), in which approval of two thirds of the directors is required.

The functions and powers of the Board of Directors shall be exercised collectively by the Board of Directors. The functions and powers of the Board of Directors specified in the Company Law shall not be delegated to the chairman of the Board of Directors, any director or any other body or individual. Where it is necessary to delegate certain powers to make a decision on a specific matter, such delegation shall be approved by means of Board resolutions in accordance with the laws. Each delegation shall be for one matter exclusively, and the functions and powers of the Board of Directors shall not be delegated to any other body or individual generally or permanently.

Where laws, administrative regulations, rules and rules governing securities of the place where shares of the Bank are listed provide otherwise, such provisions shall prevail.

**Article 169** The Board shall determine the right relating to external investment, asset purchase and disposal, asset mortgage, external guarantees, trust management and related party transactions, and shall establish strict examination and decision-making procedures; and organize relevant experts and professionals to make assessments on material investment projects and report to the Shareholders' general meeting for approval.

**Article 170** The Board of Directors shall establish an information reporting system to require the senior management to report operational issues of the Bank to the Board of Directors regularly.

**Article 171** 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 value of the fixed assets which had been disposed of within four months immediately preceding such proposal for disposal exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed at a Shareholders' general meeting, the Board shall not dispose of or approve of the disposal of such fixed assets without the approval of the shareholders at a Shareholders' general meeting.

The disposal of fixed assets referred to in this Article includes the transfer of interests of certain assets, but excludes the provision of fixed assets as pledges to any guarantees.

Any breach of paragraph 1 of this Article shall not affect the validity of any transaction entered into by the Bank in disposing of fixed assets.

**Article 172** The chairman shall exercise the following functions and powers:

- (I) to preside over Shareholders' general meetings and convene and preside over Board meetings;
- (II) to supervise and examine the implementation of resolutions of the Board;
- (III) to nominate to the Board the president, secretary of the Board, chief audit officer and the person in charge of the audit department of the Bank;

- (IV) to sign the shares, bonds and other marketable securities of the Bank;
- (V) to sign documents such as documents of the Board and external contracts of the Bank which shall be signed by the legal representative of the Bank;
- (VI) to sign the power of attorney for the president upon approval of the Board;
- (VII) to exercise the functions and powers as the legal representative;
- (VIII) to regularly listen to the work reports of the president and to examine the performance of the president and senior management to ensure senior management perform their duties effectively;
- (IX) to review the annual information disclosure report of the Bank as required by the regulatory authorities;
- (X) to exercise other functions and powers specified in laws and administrative regulations and granted by the Board.

The vice chairman shall assist the chairman to perform his/her duties. If the chairman is unable or fails to perform his/her duties, such duties shall be performed by the vice chairman (if the Bank has two or more vice chairmen, the chairman elected jointly by more than half of the directors shall perform such duties); If the vice chairman is unable or fails to perform his/her duties, more than half of the directors shall jointly elect a director to perform such duties.

**Article 173** Board meetings are divided into regular meetings and extraordinary meetings, which shall cover specific issues for discussion and matters to be resolved. The Board shall notify supervisors to attend the Board meetings and senior management members may attend the Board meetings if needed.

The secretary of the Board or the Board Office in charge shall be responsible for collecting draft proposals to be discussed on the regular Board meetings.

**Article 174** Regular Board meetings shall be held at least four times annually, at least once a quarter, and shall be convened by the chairman, with the written notice of meeting sent to all directors and supervisors 14 days in advance.

**Article 175** In any of the following circumstances, the chairman shall convene an extraordinary Board meeting within 10 days after receipt of the proposal:

- (I) deemed necessary by the chairman;
- (II) proposed by more than one third of the directors jointly;
- (III) proposed by the Board of Supervisors;
- (IV) proposed by shareholders representing more than 10% of the voting rights;
- (V) proposed by the president;

- (VI) proposed by more than two independent directors;
- (VII) other circumstances stipulated by laws, administrative rules and the Articles of Association.

The written notice shall be served to all directors and supervisors by direct delivery, fax, e-mail or other means five days before an extraordinary Board meeting. Where an extraordinary Board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.

**Article 176** A notice of Board meeting shall include the following details:

- (I) date and venue of the meeting;
- (II) duration of the meeting;
- (III) reasons and topics for discussion;
- (IV) date on which the notice is served.

**Article 177** A Board meeting shall only be held if it has a quorum of more than half of the directors.

Directors shall attend Board meetings in person. If any director cannot attend the meeting for any reason, he/she may issue a power of attorney to authorize another director to attend the meeting on behalf thereof, while independent directors shall not appoint non-independent directors to attend the meeting on behalf thereof, and the power of attorney shall specify the name of the proxy, the matters to be handled in proxy, the scope of authorization and validity period, and shall bear the signature or seal of the principal.

The director attending the meeting on behalf of another director shall exercise rights within the scope of authorization. If a director fails to attend a Board meeting and does not appoint a proxy to act on his/her behalf, the said director shall be deemed as having waived his/her right to vote at the meeting.

**Article 178** Board meetings may be convened on site and by circulating written resolution. Voting at meetings held on site shall be conducted by open ballot or by a show of hands.

The one-person one-vote system shall be practiced for voting on resolutions of the Board. If voting by means of circulating written resolution is adopted at Board meetings, explanations shall be made and information regarding the matters for voting and the related backgrounds shall be served to all directors at least three days before voting. One vote for one matter shall be adopted for voting by means of circulating written resolution, and directors shall not be required to make one decision only on several matters.

**Article 179** Resolutions made by the Board shall be approved by more than half of the directors. However, profit distribution plan, remuneration plan, significant investment, plan for disposal of material assets, appointment or dismissal of senior management staff, capital replenishment plan, material equity change, financial reorganization and other significant matters shall not be voted on by means of circulating written resolution and shall be subject to approval of more than two thirds of the directors of the Board.

**Article 180** If any director or any of his/her close associates (as defined in Hong Kong Listing Rules) has any related party relationship with any resolution of the Board meeting or has a material interest in any contract, arrangement or any other suggestion proposed to be resolved on, the said director shall not exercise the right to vote on the said resolution for himself or on behalf of other directors. When determining whether a quorum for the meeting is attained, such director shall not be counted as part of the quorum. The Board meeting may be held when more than half of the non-related directors of no material interest attend the meeting. The resolution concerning approval of related party transactions made at the Board meeting shall be passed by more than two-thirds of the non-related directors of no material interest. If the number of non-related directors of no material interest attending the meeting is less than three, the matter shall be submitted to the Shareholders' general meeting of the Bank for consideration.

Where laws, administrative regulations, rules, provisions of relevant regulatory authorities and the Articles of Association provide otherwise, such provisions shall prevail.

**Article 181** The Board shall file resolutions of the meeting on site as minutes, which shall be signed by the attending directors or the proxy and the minutes recorder. Where a Director disagrees with the minutes, he may append a note to his signature. The minutes of Board meetings shall be kept by the secretary of the Board as archives of the Bank permanently.

The Bank shall record live Board meetings by means of audio and video recording.

**Article 182** The minutes of a Board meeting shall specify:

- (I) the time and venue of the meeting and the name of the convener;
- (II) the names of the attending directors and the directors (proxies) attending the meeting on behalf of others;
- (III) the agenda of the meeting;
- (IV) the main points of the speeches of directors; and
- (V) the voting method and results for each resolution (the voting results shall set out the numbers of pros, cons and abstentions).

**Article 183** The directors shall be responsible for the resolutions passed at Board meetings. Any director who votes for a resolution of the Board which runs counter to the laws, administrative regulations or the Articles of Association, thereby causing losses to the Bank, shall be liable for compensation to the Bank. However, a director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting can be exempt from liability.



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

**Article 184** The Bank shall have a secretary of the Board, who shall be nominated by the chairman and shall be appointed or dismissed by the Board. The secretary of the Board shall be a senior management staff of the Bank and shall be accountable to the Board.

**Article 185** The secretary of the Board shall have adequate expertise and experience, and shall have his/her qualifications examined by the regulatory authorities.

The provisions on qualifications and conditions of directors set out in the Articles of Association shall apply to the secretary of the Board. A director or senior management staff of the Bank may serve concurrently as secretary of the Board. The supervisors of the Bank, any certified public accountant of the accounting firm and any lawyer of the law firm engaged by the Bank shall not serve concurrently as secretary of the Board.

In the event a director serves concurrently as secretary of the Board of the Bank, where any act requires to be executed by the director and the secretary of the Board of the Bank separately, the said director serving concurrently as secretary of the Board of the Bank shall not execute the said act in both capacities.

**Article 186** The secretary of the Board shall perform the following duties:

- (I) to help the directors with the daily work of the Board, and ensure that the Bank legally prepares and submits reports and documents required by the competent authorities;
- (II) to organize documents of and prepare for Shareholders' general meetings and Board meetings, keep meeting minutes, keep informed of the execution of the resolutions and ensure that the Bank has complete organization documents and records;
- (III) to be responsible for the keeping of the register of shareholders and relevant materials and ensure that the register of shareholders of the Bank is properly established;
- (IV) to attend the official meetings of the president, and study matters to be submitted to the Board, reporting of internal and external examination and rectification, significant financial information disclosure and other matters;
- (V) to organize and coordinate matters relating to information disclosure of the Bank and enhance transparency of the Bank;
- (VI) to receive visits, answer consultations, contact shareholders, and ensure that people entitled to obtain the Bank's relevant records and documents can receive such records and documents in a timely manner;
- (VII) to handle the relations between the Bank and investors, intermediaries and media, and coordinate public relations;
- (VIII) Other duties stipulated in laws, administrative regulations and the Articles of Association, and granted by the Board.

**Article 187** The secretary of the Board may serve concurrently as director of the Board Office.

## Section 5 Special Committees under the Board

**Article 188** The Board establishes the Strategic Development Committee, Audit Committee, Risk Management Committee, Related Party Transactions Control Committee, Nomination, Remuneration and HR Committee, Consumer Rights Protection Committee and other special committees. The special committees shall be accountable to the Board, consist of directors and shall each have at least three members. In particular, the Audit Committee, Related Party Transactions Control Committee, Nomination, Remuneration and HR Committee and other special committees shall each comprise independent directors, who shall account for more than half of the total committee members thereof; the Related Party Transactions Control Committee and Nomination, Remuneration and HR Committee shall not comprise any director nominated by the controlling shareholders.

The head of each special committee shall not simultaneously hold any other position in principle. Any Director in charge of the Audit Committee, Related Party Transactions Control Committee and Risk Management Committee shall work at the Bank for at least 20 workdays every year.

**Article 189** The special committees under the Board shall carry out their work in accordance with the Articles of Association and their work rules. The special committees may appoint intermediaries to provide professional advice upon approval by the Board, with relevant fees to be borne by the Bank.

**Article 190** The Strategic Development Committee is responsible for formulating the Bank's development strategy and business objectives, and supervising and inspecting the implementation of annual operational plans and investment plans.

The chairman of the Board shall act as chairman of the Strategic Development Committee.

**Article 191** The Audit Committee is responsible for examining the accounting policies, financial conditions, financial report procedures, and risks and compliance status of the Bank; undertaking the Bank's annual audit work, producing judgement report on the truthfulness, accuracy, completeness and promptness of the audited financial information and submitting the report to the Board for consideration.

The Audit Committee shall comprise at least three members, Audit Committee members should have expertise and work experience in any of finance, auditing, accounting or law. At least one independent director who shall have relevant professional qualifications as specified in Hong Kong Listing Rules, or shall have professional specialty in audit or related financial management.

Independent director shall act as chairman of the Audit Committee.

**Article 192** The Risk Management Committee is responsible for supervising the senior management's control over credit risk, market risk, liquidity risk, operation risk, etc., conducting periodic assessment upon the Bank's risk and management status and risk tolerance ability and level, and advising on improvement of the Bank's risk management and internal control.

Independent director shall act as chairman of the Risk Management Committee.

**Article 193** The Related Party Transactions Control Committee is responsible for the management of the Bank's related party transactions in accordance with relevant regulations, promptly reviewing and approving related party transactions, and controlling the risks of related party transactions.

Independent director shall act as chairman of the Related Party Transactions Control Committee.

**Article 194** The Nomination, Remuneration, and HR Committee is responsible for formulating procedures and standards of electing directors and senior management staff, conducting preliminary examinations of qualifications and conditions of directors and senior management staff and making recommendations to the Board; working out the remuneration plans for directors and senior management staff, proposing remuneration plans to the Board and supervising the implementation of the said plans.

A majority of the members of the Nomination, Remuneration, and HR Committee shall be independent directors, with an independent director serving as the chairman.

**Article 195** The Consumer Rights Protection Committee is responsible for formulating strategies, policies and objectives of the Bank's consumer rights protection work, supervising and urging the senior management to effectively implement the relevant consumer rights protection work, regularly listening to special reports on the development of consumer rights protection work, supervising and evaluating the comprehensiveness, promptness and effectiveness of the Bank's consumer rights protection work and the performance of the senior management in this respect, and submitting relevant reports to the Board on a regular basis.

Independent director shall act as chairman of the Consumer Rights Protection Committee.

**Article 196** The working rules of the special committees under the Board shall be separately formulated by the Board of Directors.

## **Chapter 9 President and Other Senior Management Staff**

**Article 197** The senior management is the executive body of the Board of Directors of the Bank. Under the leadership of the Board of Directors, it exercises its functions and powers in accordance with the provisions of laws, administrative regulations, the Articles of Association and senior management work rules of the Bank.

**Article 198** The Bank shall have a president, vice president and assistant to the president, chief finance officer, chief risk officer, chief technology information officer, chief human resources officer, chief compliance officer. The president shall be nominated by the chairman and appointed or dismissed by the Board of Directors, and the chairman shall not concurrently serve as the president. The vice president and other senior management members shall be nominated by the president and appointed or dismissed by the Board of Directors.

**Article 199** The president shall exercise his/her functions and powers in accordance with the relevant laws, administrative regulations and the Articles of Association. The vice president and other senior management members shall assist the president in his/her work and perform their duties in accordance with the relevant authorization.

Senior management may set up professional committees and functional departments according to their work needs and the requirements of the Board of Directors, and refine the functional department structure.

**Article 200** The president and other senior management members of the Bank shall serve a term of three years, and may seek re-election upon expiry of the said term. The Bank shall sign an employment contract with the president and other senior management members specifying the rights and obligations of both parties.

**Article 201** The president shall be accountable to the Board and shall perform the following functions and powers:

- (I) to be in charge of the operation and management of the Bank, and report work to the Board of Directors or the chairman when the Board of Directors is not in session;
- (II) to carry out strategic decision of the Board of Directors, achieve operational goal made by the Board of Directors, and to organize the implementation of the resolutions of the Board of Directors;
- (III) to submit mid-and long-term development plans, annual operational plans and investment plans to the Board of Directors on behalf of the senior management, and to organize the implementation with the approval of the Board of Directors;
- (IV) to propose to appoint or dismiss vice president, assistant to the president, chief finance officer, chief risk officer, chief technology information officer, chief human resources officer, chief compliance officer, etc.;
- (V) to appoint or dismiss persons in charge of the internal departments and branches of the Bank other than those to be engaged or dismissed by the Board of Directors and ordinary staff of the Bank;
- (VI) to adopt emergency measures when any material emergency (such as a run on the Bank) arises and promptly report them to the regulatory authorities, the Board of Directors and the Board of Supervisors;
- (VII) to formulate the Bank's specific regulations;
- (VIII) to draft the Bank's basic management system;
- (IX) to draft internal management institution setting plan of the Bank;
- (X) to draft stock incentive plan, long-term award plan, remuneration scheme and salary plan for the Bank's staff, submit them to the Board of Directors or the Shareholders' general meeting, and organize the implementation after approval;
- (XI) to formulate rules of procedure of senior management, submit them to the Board of Directors, and implement them after approval;
- (XII) to undertake or authorize other senior management members, internal functional department and persons in charge of branches to undertake, under authorization of the Board of Directors, operational activities;

- (XIII) to sign external contracts under authorization of the Board of Directors;
- (XIV) to propose to convene a provisional board meeting;
- (XV) other functions and powers conferred by laws, administrative regulations, rules and the Articles of Association.

Non-director president and vice president may observe the meetings of the Board, but shall have no voting rights thereat.

**Article 202** The president and senior management shall report the Bank's operating results, financial conditions, risk profile, business prospects, important contracts, major events, etc. to the Board of Directors or the Board of Supervisors on a regular basis or at the request of the Board of Directors or the Board of Supervisors, and shall undertake that such reports are true to the fact.

**Article 203** The president and senior management are accountable to the Board of Directors and are under the supervision of the Board of Supervisors. The operation and management activities of the president and senior management of the Bank within the scope of their authorities shall not be interfered with.

The senior management shall have the right to request the Board of Supervisors to raise an objection to the Board's interfering with the operation and management activities in violation of regulations, and shall make a report to the banking regulatory authority.

**Article 204** The president shall formulate the "Terms of Reference of the President" and implement such rules after having been approved by the Board of Directors. The Terms of Reference of the President shall include the following:

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

**Article 205** The senior management staff of the Bank shall observe the laws, regulations and the Articles of Association, engage in proper professional conduct, abide by high standards of professional ethics, have obligations of loyalty and diligence to the Bank, perform duties in good faith, dutifully, and prudentially, and guarantee that he/she has sufficient time and energy to perform duties, and may not be slack in performing duties or perform duties beyond authority.

**Article 206** The president may resign before the term of office expires, specific procedures and methods of such resignation shall be prescribed by the provisions of the employment contract between the president and the Bank. The president and other senior management members shall resign only upon the completion of the resignation auditing.

## Chapter 10 Supervisors and Board of Supervisors

### Section 1 Supervisors

**Article 207** The supervisors of the Bank include shareholder supervisors, employee supervisors and external supervisors.

**Article 208** The provisions on qualifications and election procedure of directors specified in the Articles of Association shall apply to the supervisors of the Bank.

Directors and senior management staff shall not serve concurrently as supervisors.

**Article 209** A supervisor shall serve a term of three years. Non-employee supervisors shall be nominated by shareholders or the Board of Supervisors, and employee supervisors shall be nominated by the Board of Supervisors and the trade union of the Bank. The supervisors can be re-elected and re-appointed.

**Article 210** If a supervisor fails to attend meetings convened by the Board of Supervisors consecutively for two times and fails to appoint other supervisor(s) to attend such meetings on his/her behalf, or fails to attend at least two thirds of such meetings in person each year, he/she shall be deemed as failure on his/her part to perform his/her duties. For a supervisor unable to perform his/her duties according to provisions, the Board of Supervisors shall propose to the Shareholders' general meetings or staff representative meeting to remove such supervisor.

Each shareholder supervisor and external supervisor shall work for the Bank for not less than fifteen working days each year.

**Article 211** A supervisor may resign before the expiry of his/her term of office. The provisions on the resignation of directors specified in Chapter 8 of the Articles of Association shall apply to the supervisors.

A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association until a re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

**Article 212** Supervisors shall perform the following duties or obligations:

- (I) attend meetings of the Board without voting right and raise questions or make suggestions on matters resolved by the Board;
- (II) attend the meetings of the Board of Supervisors on time, to fully examine the matters resolved by the Board of Supervisors, to express their opinions independently, professionally and objectively, and to vote independently on the basis of prudent judgement;

- (III) assume responsibility for the resolutions of the Board of Supervisors;
- (IV) actively participate in training organized by the Bank and the regulatory authorities, etc., understand the rights and obligations of Supervisors, be familiar with relevant laws and regulations, and continuously possess the necessary professional knowledge and ability to perform their duties;
- (V) to be faithful and diligent in their duties to the Bank, to perform their duties with due diligence and prudence, and to ensure that they have sufficient time and energy to perform their duties;
- (VI) actively participate in the supervisory and inspection activities organised by the Board of Supervisors, and have the right to conduct independent investigations and obtain evidence in accordance with the law, and raise issues and supervisory opinions in a factual manner.
- (VII) comply with laws and regulations, regulatory provisions and the Articles of Association.

Supervisors shall fulfil the obligation of loyalty, honesty and diligence to the Bank. Supervisors shall possess good character and reputation, and knowledge, experience, capabilities and energy that match their respective position, maintain the independence required to perform their duties, and stability of personal and family finances. Supervisors shall not use their powers to accept bribes or other illegal income and shall not infringe the Bank's property.

Supervisors shall not jeopardize interests of the Bank by taking advantage of their related party relationship, and the supervisors shall indemnify the Bank for any losses incurred by the Bank therefrom.

Supervisors shall indemnify the Bank for any losses incurred to the Bank resulting from their violation of the laws, administrative regulations, rules and the Articles of Association when performing their duties.

## **Section 2 External Supervisors**

**Article 213** An external supervisor of the Bank refers to the supervisor not holding any other positions in the Bank except for supervisor, and having no relationship with the Bank and its substantial shareholders and *de facto* controllers that may affect his/her independent and objective judgment.

**Article 214** External supervisors are entitled to the supervisors' rights to supervise the Bank's Board and senior management staff and conduct audit work within the functions and powers of the Board of Supervisors in accordance with the resolutions of the Board of Supervisors. In fulfilling duties, external supervisors shall particularly safeguard the legitimate rights and interests of minority shareholders and other stakeholders.

The cumulative term of office for external supervisors shall not exceed six years, and external supervisors shall not hold positions in more than two commercial banks at the same time, and shall not serve as external supervisors in financial institutions that may have conflicts of interest with the Bank.

In addition to the special provisions on external supervisors specified in this section, external supervisors shall also comply with the provisions of the Articles of Association with respect to supervisors.

**Article 215** An external supervisor shall have committed a serious dereliction of duty in any of the following circumstances:

- (I) discloses the business secrets of the Bank and infringe on the legitimate interests of the Bank;
- (II) accepts illegitimate benefits during performance of duty;
- (III) uses the position of external supervisor to seek personal gains;
- (IV) fails to find problems or finds problems but fails to report them in the course of supervision and inspection, resulting in significant losses to the Bank;
- (V) commits other acts defined as a serious dereliction of duty by the relevant supervisory authorities.

**Article 216** An external supervisor who has been disqualified by the relevant regulatory authority due to serious dereliction of duty shall no longer be an external supervisor of the Bank, and he/she shall be automatically dismissed from the position from the date he/she is disqualified.

If external supervisors are disqualified or dismissed, so that the number or proportion of external supervisors in the Board of Supervisors of the Bank falls below the quorum or proportion specified in relevant laws, administrative regulations and the Articles of Association, the Bank shall convene a Shareholders' general meeting as soon as possible to fill the vacancy.

**Article 217** The external supervisors' qualifications and conditions, nomination, election, dismissal, appointment and resignation, basic obligations, working hours and minimum attendance of meetings, allowances and fees shall be governed by the relevant provisions of independent directors of the Bank.

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

**Article 218** The Bank shall have a Board of Supervisors which shall be composed of 9 supervisors. Among them, there are 3 shareholder supervisors, 3 external supervisors and 3 employee supervisors. The Board of Supervisors shall have one chairman, the appointment and removal of whom shall be made with a resolution passed by above two-thirds of the all members of the Board of Supervisors. The chairman of the Board of Supervisors shall be a full-time staff with professional knowledge and financial work experience. External supervisors and employee supervisors shall not be less than one-third of the total number of members of the Board of Supervisors.

**Article 219** The Board of Supervisors shall establish an office of the Board of Supervisors as the daily office, responsible for the preparations for the relevant meetings of the Board of Supervisors and other daily affairs.

The Board of Supervisors shall formulate the rules of procedures of the Board of Supervisors with specific mode of discussion and voting procedures of the Board of Supervisors for purposes of ensuring the work efficiency and scientific decision-making of the Board of Supervisors. Such rules of procedures shall be subject to the deliberation and approval by the Shareholders' general meeting.



**Article 220** The chairman of the Board of Supervisors shall convene and preside over meetings of the Board of Supervisors; where the chairman of the Board of Supervisors is unable or fails to perform his/her duties, supervisor appointed by more than half of the Board of Supervisors shall convene and preside over the meetings of the Board of Supervisors.

**Article 221** The Board of Supervisors, as the internal supervising institution of the Bank, shall be accountable to the Shareholders' general meeting and exercise the following functions and powers:

- (I) to carry out review and give written review opinions on the regular reports on the Bank prepared by the Board of Directors;
- (II) to examine our financial activities;
- (III) to supervise the Board of Directors and senior management staff to complete internal control system;
- (IV) to supervise performance of the Board of Directors, directors, senior management and its staff under relevant laws and regulations and the Articles of Association;
- (V) to supervise the behaviors of the directors, president and senior management staff in their performance of their duties in our Bank and to propose the removal of directors and senior management staff who have violated laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' general meetings;
- (VI) when the acts of a director, president or senior management staff of the Bank are detrimental to its interests, to require the aforementioned persons to correct these acts;
- (VII) to regularly assess performance of directors and senior management staff on the basis of the Board of Directors' evaluation on directors, and report to the Shareholders' general meeting;
- (VIII) to propose the convening of extraordinary Shareholders' general meeting and to convene and preside over Shareholders' general meeting when the Board fails to perform the duty of convening and presiding over Shareholders' general meetings under the Articles of Association;
- (IX) to submit proposals to the Shareholders' general meetings;
- (X) to attend meetings of the Board of Directors and senior management, and obtain meeting materials;
- (XI) to formulate a standard scheme for the remuneration of the members of the Board of Supervisors for review and determination at the Shareholders' general meeting;
- (XII) to formulate assessment method for performance of duties of directors, supervisors, examine and assess directors, supervisors, and report to the Shareholders' general meeting for determination;
- (XIII) to verify financial information including financial reports, operation reports and profit distribution plans to be proposed by the Board of Directors to the Shareholders' general meeting, and engage certified accountants or practicing auditors to assist in the re-examination in the name of the Bank if problems are identified;

- (XIV) to conduct investigation or special examination activity when noticed unusual operation condition, and require senior management to propose and execute rectification opinions as to noticed problems. If necessary, to engage intermediary organs such as accounting firm for assistance, fee of which shall be undertaken by the Bank;
- (XV) to negotiate with a director or bring actions against a director or senior management staff on behalf of the Bank according to Company Law;
- (XVI) to supervise the Board of Directors to determine stable operational principle, value criterion, and to formulate feasible development strategy for the Bank;
- (XVII) to assess regularly scientificity, reasonability, and effectiveness of development strategy formulated by the Board of Directors, which shall be made to an assessment report;
- (XVIII) to supervise and examine operation decision, risk management, and internal control of the Bank, and supervise the rectification;
- (XIX) to supervise engagement procedure of directors;
- (XX) to supervise scientificity and reasonability of the actual situation of the remuneration management system and policy of the Bank and remuneration plan of senior management staff;
- (XXI) to regularly communicate with the banking regulatory authority about the Bank's condition;
- (XXII) to suggest, remind, talk and inquire, if necessary, the Board of Directors and senior management members or other personnel, in writing or by parole, and ask for reply;
- (XXIII) to exercise any other functions and powers prescribed by the laws, administrative regulations, and the Articles of Association and authorized by the Shareholders' general meetings.

**Article 222** The chairman of the Board of Supervisors exercises the following functions and powers:

- (I) to convene and preside over the meeting of the Board of Supervisors;
- (II) to organize and perform the duties of the Board of Supervisors;
- (III) to review and sign the report of the Board of Supervisors, resolutions and other important documents;
- (IV) to report the work to the Shareholders' general meeting on behalf of the Board of Supervisors;
- (V) other functions and powers that should be performed according to relevant laws, administrative regulations, rules and the Articles of Association.

**Article 223** Supervisors shall have the right to know the operations of the Bank and shall undertake the confidentiality obligation accordingly. The Bank shall take measures to guarantee the supervisors' right to know and shall provide necessary assistance to supervisors for their normal performance of duties. No one shall interfere with or obstruct supervisors' work. Major decisions of the Board of Directors and senior management shall be notified to the Board of Supervisors in advance.

The internal audit department of the Bank shall submit the audit results of internal functional departments and branches to the Board of Supervisors in a timely and comprehensive manner. If the Board of Supervisors has doubts about the audit results submitted by the audit department of the Bank, it shall have the right to require the president of the Bank or the audit department to give an explanation.

Supervisors may attend Board meetings, meetings of special committees under the Board, and senior management meetings, and make inquiries or suggestions in relation to the resolutions of Board meetings. Supervisors attending the Board meetings shall report the meeting to the Board of Supervisors.

**Article 224** Meetings of Board of Supervisors are divided into regular meetings and extraordinary meetings. Regular meetings of the Board of Supervisors shall be convened at least once each quarter and be convened and presided over by its chairman.

**Article 225** An extraordinary meeting of Board of Supervisors may be convened upon proposal by supervisors, and the chairman of the Board of Supervisors shall convene an extraordinary meeting of the Board of Supervisors within ten days upon acceptance of such proposal.

When all the external supervisors reach a consensus, they shall have the right to propose the Board of Supervisors to recommend the Board of Directors to convene a Shareholders' general meeting or an extraordinary general meeting, and the Board of Supervisors shall reply its agreed or disagreed opinions in writing upon receipt of such proposals. When all the external supervisors consider that the information on the resolutions presented at the meeting of the Board of Supervisors is not adequate or accurate, they may jointly make a written proposal to postpone the convening of such meeting or the consideration and approval of relevant resolutions, and the Board of Supervisors shall adopt such proposal.

**Article 226** Written notice of the regular meetings of the Board of Supervisors shall be served on all of the supervisors ten days before the date of such meeting. Notice of the extraordinary meeting shall be served five days before the date of such meeting.

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

- (I) the date and place of the meeting and the duration of the meeting;
- (II) reasons and topics for discussion;
- (III) the date of issuance of the meeting notice.

**Article 227** The meeting of the Board of Supervisors shall be attended by the supervisor himself. If a supervisor cannot attend the meeting due to certain reasons, he/she may appoint another supervisor in writing to attend on his/her behalf. However, a supervisor shall not accept such appointments by more than two supervisors to attend a meeting of the Board of Supervisors on their behalf. The proxy form shall state the name of the proxy, the relevant matters, authority and validity period and shall be signed by the principal or a chop shall be affixed.

**Article 228** The supervisor attending the meeting on other's behalf shall exercise supervisors' rights within the scope of authorization. If a supervisor fails to attend the meeting of the Board of Supervisors or appoint other supervisor to attend the meeting, the same shall be deemed as waiver of the voting right at such meeting.

**Article 229** Meetings of the Board of Supervisors shall be held only if more than half of the supervisors are present. Supervisors attending the meeting shall have one vote for each proposal. Except as otherwise provided for in laws, administrative regulations, rules or by the relevant regulatory authorities, any resolutions made by the Board of Supervisors shall be effective only after such resolutions have been adopted by more than two thirds of all supervisors.

**Article 230** The meetings of the Board of Supervisors may be convened on site and by circulating written resolution.

**Article 231** Voting at meetings held on site shall be conducted by open poll or by a show of hands.

**Article 232** Minutes shall be taken for the meeting and the supervisors attending the meeting and the person taking the minutes shall sign on the minutes. Supervisors shall have the right to request to record in the minutes details of the speech made by them at the meeting. The minutes of the meetings of the Board of Supervisors shall be kept as the Bank's files by the office of the Board of Supervisors, for a permanent conservation period. The minutes and resolutions of the Board of Supervisors of the Bank shall be filed with the regulatory authorities.

**Article 233** Supervisors shall sign on the resolutions and shall be accountable to the resolutions passed by the Board of Supervisors. Any supervisor who votes on a resolution of the Board of Supervisors which runs counter to the laws, administrative regulations or the Articles of Association, thereby incurring losses to the Bank, shall be liable for compensation to the Bank. However, a supervisor who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting can be exempt from liability.

**Article 234** The minutes of the Board of Supervisors shall include:

- (I) the time and venue of the meeting and the name of the convener;
- (II) the names of the supervisors and proxies of supervisors attending the meeting;
- (III) the agenda of the meeting;
- (IV) the main points of the speeches of the supervisors;
- (V) the methods and results of the voting for each proposal.

**Article 235** All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors are required by the Board of Supervisors in discharging its functions and powers shall be borne by the Bank.

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

**Article 236** The Board of Supervisors of the Bank shall establish a Nomination Committee and a Supervision Committee.

The special committees shall work as authorized by the Board of Supervisors and shall be accountable to the Board of Supervisors. In principle, the heads of special committees shall be the external supervisors.

**Article 237** The work rules and duties of the special committees under the Board of Supervisors may be separately formulated by the Board of Supervisors.

#### **Chapter 11 Qualifications and Obligations of Directors, Supervisors, President and Other Senior Managers of the Bank**

**Article 238** No person shall hold the position of director, supervisor and senior manager of the Bank in one of the following circumstances:

- (I) a person without or with limited capacity for civil conduct;
- (II) a person who has been penalized or sentenced due to corruption, bribery, embezzlement, appropriation of property or the disruption of the socialist market economy, and five years have not elapsed from which the punishment or deprivation of political rights for the crimes committed was carried out;
- (III) a director, factory director or manager of companies or enterprises which were bankrupted and liquidated, whereby such person was personally liable for the bankruptcy of such companies or enterprises, and three years have not elapsed from which the liquidation of the company or enterprise was completed;
- (IV) a legal representative of companies or enterprises which have had their business licenses revoked and the business of such companies or enterprises were compulsorily closed down due to a violation of laws in which such person was personally liable, and three years have not elapsed from which the business license of the company or enterprise was revoked;
- (V) a person with relatively large amounts of due and outstanding debt;
- (VI) a person under investigation by judicial authorities for suspected violations of criminal law and the investigation is still ongoing;
- (VII) a person banned from holding leadership positions as stipulated by the laws and administrative regulations;
- (VIII) a non-natural person;

- (IX) a person judged by the relevant regulatory authorities as having violated the provisions of relevant securities laws and regulations, the violation involves fraudulent or dishonest acts, and less than five years have elapsed since the ruling;
- (X) other persons banned from acting as directors, supervisors and senior managers as stipulated by the law, administrative regulations, rules, regulatory documents, securities regulatory rules of the place where the securities of the Bank are listed and the Articles of Association.

Any election, appointment or employment of directors, supervisors and senior managers in violation of this paragraph shall be invalid. The Bank shall dismiss any director, supervisor and senior manager if he/she is involved in the circumstances of this provision during his/her term of office.

**Article 239** The validity of any act by a director, president or other senior managers made on behalf of the Bank towards a third party acting in good faith shall not be affected by any non-compliance in regulations of that persons' position, election procedure or qualifications.

**Article 240** In exercising the functions and powers conferred by the Bank, directors, supervisors, president and other senior managers shall fulfil the following obligations to each shareholder in addition to the obligations as required by laws, administrative regulations or the listing rules of the stock exchange where the securities of the Bank are listed:

- (I) not to let the Bank operate beyond the business scope specified in its business license;
- (II) to sincerely act in the best interest of the Bank;
- (III) not to seize from the Bank any asset, including but not limited to opportunity favorable to the Bank; and
- (IV) not to seize from any shareholder any personal interests, including but not limited to the right to profit distribution and right to vote, but excluding corporate reorganization submitted for adoption at the general meeting pursuant to the Articles of Association.

**Article 241** In exercising their rights or fulfilling their obligations, the directors, supervisors, president and other senior managers have the duty to act with due discretion, diligence and skill as a reasonable discreet person in similar circumstances.

**Article 242** In fulfilling duties, the directors, supervisors, president and other senior managers shall observe the principle of honesty and shall not set themselves in a position where their own interests conflict with their obligations. Such principles include but are not limited to performance of the following obligations:

- (I) to sincerely act in the best interest of the Bank;
- (II) to exercise their rights within the scope of their powers;
- (III) to exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent given at a general meeting, not to transfer the exercise of their discretion to others;

- (IV) to be equitable towards shareholders of the same class and fair towards shareholders of different classes;
- (V) not to conclude any contract, conduct any transaction or make any arrangement with the Bank saved as specified in the Articles of Association or with the informed consent given at a general meeting;
- (VI) not to seek personal gains by using the property of the Bank in any form without the informed consent given at a general meeting;
- (VII) not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Bank's property in any form, including but not limited to opportunity favorable to the Bank;
- (VIII) not to accept commissions in connection with the Bank's transactions without the informed consent given at a general meeting;
- (IX) to comply with the Articles of Association, to perform his/her official duties faithfully, to protect the interests of the Bank and not to exploit his/her position and power in the Bank for his/her own interests;
- (X) not to compete with the Bank in any form without the informed consent given at a general meeting;
- (XI) not to appropriate the monies of the Bank or illegally lend the same to others, not to open any account in their own or others' names for the purpose of depositing the assets of the Bank, and not to illegally use the Bank's assets as security for the personal debts of the shareholders of the Bank or others; and
- (XII) without the informed consent given at a general meeting, not to disclose any confidential information related to the Bank acquired by them during their terms of office; not to use the said information save for the interest of the Bank; however, provided that they have fulfilled the obligation to inform the Bank before making disclosure, they may disclose such information to a court or other relevant regulatory authorities in the following circumstances:
  - 1. required by law;
  - 2. required for public interests; and
  - 3. required for the interests of the said directors, supervisors, president and other senior managers.

**Article 243** Directors, supervisors, president and other senior managers of the Bank shall not direct the following persons or institutions ("connected persons") to do anything that the directors, supervisors, president and other senior managers cannot do:

- (I) spouses or minor children of directors, supervisors, president and other senior managers of the Bank;
- (II) trustees of directors, supervisors, president and other senior managers of the Bank or persons set out in sub-paragraph (I) herein;

- (III) partners of directors, supervisors, president and other senior managers of the Bank or persons set out in sub-paragraphs (I) and (II) herein;
- (IV) companies under the exclusive control of directors, supervisors, president and other senior managers of the Bank or under joint control of the persons set out in sub-paragraphs (I), (II) and (III) herein or other directors, supervisors, president and other senior managers of the Bank; and
- (V) directors, supervisors, president and senior managers of the controlled companies as set out in sub-paragraph (IV) herein.

**Article 244** The honesty obligations of the directors, supervisors, president and other senior managers of the Bank shall not necessarily end with the expiry of their terms of office, and their confidential obligations in respect of any commercial secrets of the Bank shall survive after expiry of their terms of office. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the circumstances and conditions under which the relationship with the Bank was terminated.

**Article 245** The liability of directors, supervisors, president and other senior managers of the Bank for breaching a given obligation may be exempted through an informed resolution given by shareholders at a general meeting, save for the circumstances specified in Article 68 of the Articles of Association.

**Article 246** The directors, supervisors, president and other senior managers of the Bank having any direct or indirect material conflict of interests in any executed or proposed contracts, transactions or arrangements (except the employment contracts between the Bank and its directors, supervisors, president and other senior managers), regardless of whether such interests are usually subject to the approval or consent of the Board, such persons shall disclose the nature and extent of the conflict of interests to the Board as soon as possible.

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

If the connected persons (as defined in the Hong Kong Listing Rules) of a director, supervisor, president and other senior managers of the Bank have any conflict of interests with any contracts, transactions or arrangements, the director, supervisor president and other senior managers shall be deemed to have a conflict of interests as well.

**Article 247** Before the Bank considers entering into contracts, transactions or arrangements for the first time, and if the interested directors, supervisors, president and other senior managers of the Bank have provided a written notice to the Board of Directors and the Board of Supervisors stating that they have a conflict of interests in the contracts, transactions or arrangements which would be entered into by the Bank in the future for the reasons set out in the notice, then the director, supervisor, president and other senior managers concerned shall be deemed to have made the disclosure as specified in the preceding article of this chapter to the extent as set out in the notice.



**Article 248** The Bank shall not pay taxes in any form for its directors, supervisors, president and other senior managers.

**Article 249** The Bank shall not, directly or indirectly, provide any loan or loan guarantee to the directors, supervisors, president or other senior managers of the Bank or its parent company, nor shall the Bank provide the same to their connected persons.

The preceding paragraph shall not apply in the following circumstances:

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

**Article 250** If the Bank provides a loan in breach of the provision above, regardless of the terms of the loan, the person who has received the loan shall repay it immediately.

The Bank shall not be forced to perform the loan guarantee it provides in breach of the first paragraph of the provision above, except in the following circumstances:

- (I) the loan provider does not know that it has provided the loan to the connected persons of the directors, supervisors, and senior managers of the Bank or its parent company; and
- (II) the collateral provided by the Bank has been legally sold by the loan provider to a goodwill buyer.

**Article 251** The guarantee as referred to in the preceding articles of this chapter includes the act of the guarantor to assume the liability or provide assets to secure the performance of obligations by the obligor.

**Article 252** If the directors, supervisors, president or other senior managers fail to fulfil the obligations to the Bank, the Bank shall be entitled to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:

- (I) require relevant directors, supervisor, president and other senior managers to compensate the Bank for the losses arising from their neglect of duty;
- (II) cancel the contracts or transactions concluded between the Bank and relevant directors, supervisors, president and other senior managers, and between the Bank and a third person (if the third person knows or is supposed to know that the directors, supervisors, president and other senior managers representing the Bank have breached their obligations to the Bank);

- (III) require the relevant directors, supervisors, president and other senior managers to surrender gains arising from breach of obligations;
- (IV) recover monies, including but not limited to commissions, received by the relevant directors, supervisors, president and other senior managers but receivable by the Bank; and
- (V) require the relevant directors, supervisors, president and other senior managers to surrender interests earned or likely to be earned from monies payable to the Bank.

**Article 253** The Bank shall enter into written contracts with its directors and the supervisors regarding remunerations which are subject to the prior approval from the general meeting. The aforesaid remunerations include:

- (I) remunerations for the directors, supervisors or senior managers of the Bank;
- (II) remunerations for the directors, supervisors or senior managers of the subsidiary banks (companies) of the Bank;
- (III) remunerations for those providing other services for managing the Bank and its subsidiary banks (companies); and
- (IV) compensation to directors or supervisors for loss of their office or upon retirement.

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

**Article 254** The remuneration contracts between the Bank and its directors or supervisors shall stipulate that if the Bank is acquired, the directors and supervisors of the Bank shall, subject to prior approval from the general meeting, be entitled to compensation or other funds for loss of their positions or upon retirement. The acquisition of the Bank mentioned in the preceding paragraph refers to one of the following circumstances:

- (I) a takeover offer made by any person to all shareholders; and
- (II) a takeover offer made by any person with the intent of becoming the controlling shareholder.

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

## Chapter 12 Financial Accounting System, Profit Distribution and Audit

### Section 1 Financial Accounting System

**Article 255** The Bank shall formulate its financial accounting system in accordance with relevant laws, administrative regulations and the provisions of the PRC accounting standards formulated by the competent financial authorities of the State Council.

**Article 256** At the end of each fiscal year, the Bank shall prepare its annual financial accounting report which shall be subject to legal examination and verification.

The Bank shall publish its financial report twice each fiscal year, i.e. publish the interim financial report within 60 days after the end of the first six months of each fiscal year and publish its annual financial report within 120 days after the end of each fiscal year.

If the securities regulatory authorities in the place where the securities of the Bank are listed have special provisions, such provision shall apply.

**Article 257** The fiscal year of the Bank shall begin on January 1 and end on December 31 of the Gregorian calendar.

**Article 258** The Board of the Bank shall, at each annual general meeting, submit to the shareholders the financial reports prepared by the Bank in accordance with the relevant laws, administrative regulations, rules, regulatory documents and securities regulatory rules of the Bank. The Board shall make the Bank's legally audited financial reports available at the Bank 20 days or earlier before the convening of the annual general meeting for inspection by shareholders. Each shareholder of the Bank shall be entitled to obtain the financial reports mentioned in this chapter.

Except as otherwise provided in the Articles of Association, the Bank shall send the aforesaid report or report of the Board along with the balance sheet (including each document that should be attached to the balance sheet according to laws) and income statement or income and expenditure statement, or report on financial highlights to each holder of overseas listed shares by hand or pre-paid post at least 21 days prior to the convening of the annual general meeting. The address of the recipients shall be the address registered in the H Share register.

For holders of overseas listed shares who meet the requirements of laws, administrative regulations and the securities regulatory authorities in the place where the securities of the Bank are listed, the notice may publish on the website of the Bank, website of the Hong Kong Stock Exchange and other websites specified by the Hong Kong Listing Rules from time to time. If the securities regulatory authorities in the place where the securities of the Bank are listed provide otherwise, such provisions shall prevail.

**Article 259** The Bank's annual financial report shall include the following:

- (I) a balance sheet;
- (II) a statement of profits;
- (III) a profit distribution statement;

- (IV) cash flow statement;
- (V) a statement of changes in owners' equity;
- (VI) notes to the accounting statements.

**Article 260** The Bank shall prepare its financial statements in accordance with PRC accounting standards and regulations; as well as in accordance with international accounting standards or the accounting standards of the overseas listing place. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. When distributing the after-tax profits for the relevant fiscal year, the Bank shall adopt the one with the lower after-tax profits out of the aforesaid two financial statements.

**Article 261** The interim results or financial data announced 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 the overseas listing place.

**Article 262** The Bank shall not establish account books other than the statutory account books. No assets of the Bank may be kept in any account opened in the name of any individual.

**Article 263** The after-tax profits of the Bank shall be distributed in the following order of priority:

- (I) to make up for the losses of the previous year;
- (II) to set aside 10% to statutory reserve fund;
- (III) to set aside general reserve;
- (IV) to set aside discretionary reserve fund;
- (V) to pay dividends to shareholders.

If the accumulated statutory reserve fund of the Bank is more than 50% of the registered capital of the Bank, the statutory reserve fund may be set aside no more. After setting aside the statutory reserve fund, whether or not to set aside any discretionary reserve fund shall be determined at a general meeting. The Bank shall not distribute profits to shareholders before making up for the losses of the Bank and setting aside the statutory reserve fund and general reserve. Otherwise, the shareholders shall return the profits distributed in violation of the provisions to the Bank.

The Bank shall not be entitled to any distribution of profits in respect of shares held by it.

**Article 264** The reserve fund of the Bank shall be applied to make up for its losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make up for the Bank's losses.

Upon the resolution of the general meeting to convert the reserve fund into share capital, new shares shall be distributed according to the original share proportion of shareholders, provided that the balance of the fund shall not be less than 25% of the registered capital before such conversion.

**Article 265** The capital reserve fund shall include:

- (I) the premium resulting from issuance of shares at a price above par value;
- (II) other revenues required by the competent financial authorities under the State Council to be stated as capital reserve fund.

**Article 266** In formulating a prudent profit distribution plan, the Bank shall meet the requirements of the Bank's capital adequacy ratio at present and in a reasonable period thereafter, comprehensively consider various factors including the industry characteristics, development stage, its own business operation model and profitability level as well as whether it has any significant capital expenditure arrangements, and also take into account the reasonable returns of the investors and the long-term development needs of the Bank.

After the profit distribution plan is adopted at the general meeting, the Board of the Bank shall finish distributing dividends (or shares) within 2 months after conclusion of the general meeting.

**Article 267** The Bank may distribute dividends in the form of cash or shares.

**Article 268** Monies paid for any shares before dunning by the Bank shall have interests, but the holders of shares are not entitled to dividends declared subsequently for the prepaid monies.

Provided that the relevant PRC laws, administrative regulations, and rules are observed, the Bank may exercise the right to seize dividends not claimed, but the said right shall only be exercised after expiry of the applicable validity period.

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

The Bank shall have the right to sell the shares of the unreachable holders of overseas listed shares through the methods the Board deems appropriate and subject to the following conditions:

1. the Bank has distributed dividends on such shares at least three times in a period of 12 years and the dividends are not claimed by anyone during that period;
2. after the expiration of the twelve-year period, the Bank makes a public announcement in one or more newspapers at the place where the Bank's securities are listed, stating its intention to sell such shares and notifies the securities regulatory authority of the place where the Bank's securities are listed of such intention.

**Article 269** The Bank shall appoint receiving agents for holders of overseas listed shares. Such receiving agents shall, on behalf of relevant shareholders, receive dividends and other payables in relation to the overseas listed shares of the Bank.

The receiving agents appointed by the Bank shall meet the requirements of the laws of the place where the Bank's securities are listed or the relevant regulations of the stock exchange of the place where the Bank's securities are listed.

The receiving agents appointed by the Bank for holders of H Shares shall be the trust companies registered under the Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 270** The Bank shall implement an internal audit system and establish an internal audit department that audits the Bank's system-wide management practices, with professional audit personnel to undertake internal auditing and supervision of the Bank's financial income and expenditures and economic activities.

The internal audit system and the duties of the audit personnel shall be implemented upon approval by the Board.

The Bank shall have a Chief Audit Officer responsible for the audit of the entire system, whose appointment and removal shall be determined by the Board. The Chief Audit Officer shall be accountable and report to the Board.

**Article 271** The internal audit matters mainly include:

- (I) the regularity of business management and the work condition of the related department;
- (II) soundness and validity of the internal control;
- (III) risk status, and the applicability and validity of the procedures for risk identification, computation and control;
- (IV) information on programming and design, development and operation, management and maintenance of the information system;
- (V) accuracy and reliability of the accounting records and the financial reports;
- (VI) information on the asset valuation system related to risks;
- (VII) operational performance of the institution and fulfillment of duties by managers.

**Article 272** The internal audit department shall be responsible to the Board and the Audit Committee, formulate internal audit procedures, appraise the risk status and management status, implement the annual audit work plan, carry out follow-up audit, supervise the rectification, be responsible for the quality of the audit project, and well manage archival.

**Article 273** The Board shall bear the final liabilities for the suitability and validity of internal audit, be responsible for approving articles of association of internal audit, medium and long-term audit plan and annual work plan, etc., provide necessary to guarantee the internal audit work be carried out independently and objectively, and examine and supervise the audit work.

**Article 274** The senior management of the Bank shall ensure and support the implementation of the internal audit system of the Bank and the performance of the auditor's duties, timely provide the internal audit department with materials and information on the financial status, risk status and internal control status of the Bank as required by the internal audit, and shall not obstruct or hinder the internal audit department's audit activities conducted in accordance with its duties.

### **Section 3 Appointment of Accounting Firms**

**Article 275** The Bank shall appoint an independent accounting firm which meets the relevant requirements of the State to audit the Bank's annual financial reports and review the Bank's other financial reports. The accounting firm appointed by the Bank shall hold office from the conclusion of the annual general meeting at which it is appointed to the conclusion of the next annual general meeting.

**Article 276** The Bank shall not appoint any accounting firm controlled by any related party to audit the Bank.

**Article 277** The Bank shall undertake to provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and shall not reject, conceal or misstate any information.

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

- (I) to inspect the financial statements, records or vouchers of the Bank at any time, and to request the directors, president or other senior managers of the Bank to provide relevant information and explanation;
- (II) to request the Bank to take all reasonable measures to obtain from its subsidiary banks (companies) such information and explanation as are necessary for the accounting firm to perform its duties;
- (III) to attend the general meetings, and to obtain the notice of, and other information relating to, the general meetings, and to speak at any general meeting in relation to matters concerning its role as the accounting firm appointed by the Bank.

**Article 278** If a vacancy occurs on the post of accounting firm, the Board may appoint an accounting firm to fill such vacancy before the convening of the Shareholders' general meeting. Any other accounting firm which has been appointed by the Bank may continue to act during the period during which a vacancy arises.

**Article 279** Notwithstanding what was agreed in the contract concluded between an accounting firm and the Bank, the 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. Such decision shall not affect any right of the accounting firm to claim compensation from the Bank, which arises from its dismissal.

**Article 280** The remuneration of the accounting firm or the manner in which such firm is to be remunerated shall be determined by the general meeting. The remuneration of the accounting firm appointed by the Bank shall be determined by the Board.

**Article 281** The appointment, dismissal or non-reappointment of an accounting firm by the Bank shall be determined by the general meeting, and shall be filed with the securities regulatory authorities of the State Council.

The 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 renew the term of office of an accounting firm appointed by the Board to fill the vacancy, or dismiss an accounting firm before the expiry of its term:

- (I) The proposal in relation to the appointment or dismissal shall be delivered prior to the issue of notice of the 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 fiscal year.

Leaving office includes dismissal, resignation and retirement.

- (II) If an accounting firm leaving office makes a written statement and requests the Bank to inform shareholders of such statement, the Bank shall take 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;
  2. to send a copy of the statement in the form of an attachment to the notice to each shareholder entitled to receive the notice of general meeting in the manner prescribed in the Articles of Association.
- (III) If the Bank fails to dispatch the statement of the relevant accounting firm in accordance with sub-paragraph (II) above, the relevant accounting firm may request such statement to be read at the general meeting and may make further appeals.
- (IV) The accounting firm leaving office shall have the right to attend the following meetings:
1. the general meeting at which its term of office would have expired;
  2. the general meeting held to fill the vacancy as a result of its dismissal;
  3. the general meeting held as a result of its voluntary resignation.

The accounting firm leaving office shall have the right to receive all notices of, or other information relating to, the abovementioned 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 282** The Bank shall notify the accounting firm 15 days before the dismissal or non-reappointment of such accounting firm. The accounting firm shall have the right to present its views at the general meeting. In the event the accounting firm proposes to resign from its position, it shall explain to the general meeting whether there has been any impropriety on the part of the Bank.

An accounting firm may resign by depositing at the legal address of the Bank 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 contain the following statements:

- (I) a statement to the effect that there are no circumstances in connection with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Bank; or
- (II) a statement of any other circumstances requiring an explanation.



The Bank shall send a copy of the written notice referred to in the preceding paragraph to the relevant regulatory authorities within 14 days upon receipt of such written notice. If the notice contains a statement mentioned in sub-paragraph (II) above, a copy of such statement shall be placed at the Bank for inspection by shareholders. Except as otherwise provided in the Articles of Association, the Bank shall also send a copy of such statement by prepaid mail to every holder of overseas listed shares at the address recorded in the register of shareholders; or the Bank shall, within the aforesaid period, issue or publish such statement through the website of the stock exchange where the shares of the Bank are listed or on one or more newspapers designated thereby and stipulated in the Articles of Association, subject to compliance with the Hong Kong Listing Rules.

In the event the accounting firm's notice of resignation contains a statement referred to in the sub-paragraph (II) above, 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.

### **Chapter 13 Staff Management**

**Article 283** The Bank shall abide by the state's laws and administrative regulations on labor and employment, labor protection and social security, implement the state's labor protection and social insurance system, and is obliged to respect and protect the legitimate rights and interests of its employees.

In examining and approving policies and systems on matters involving the vital interests of employees such as wages and benefits of employees, labor protection, labor insurance, dismissal (or termination) of employees of the Bank, the Bank shall listen to the opinions of trade unions in advance and listen to the opinions and suggestions of employees through the employee representatives' meeting or other forms.

**Article 284** According to relevant state regulations, the Bank shall have the right to decide the conditions and number of employees recruited, time and forms of recruitment and forms of employment.

**Article 285** In accordance with the needs of operation and management, the Bank shall implement a labor contract system to all the staff, establish an open, fair and impartial selection and appointment system, and build a remuneration system with vigorous incentive and effective constraints, to constantly improve management and efficiency while continuously raising the overall level of remuneration and benefits for employees.

**Article 286** The Bank shall formulate internal rules on employee rewards and punishments according to law, to reward employees with outstanding contributions, and take disciplinary actions against or terminate labor contracts with employees who violate rules and disciplines.

**Article 287** Any labor dispute arising between the Bank and its employees shall be handled according to the relevant laws and regulations of the PRC and the Bank's provisions on the handling of labor disputes.

## Chapter 14 Merger, Division, Dissolution and Liquidation

### Section 1 Merger or Division

**Article 288** The Bank may carry out merger or division in accordance with the laws. The Bank's merger and division shall comply with the Company Law, Commercial Bank Law and other laws, and administrative regulations.

**Article 289** Merger or division of the Bank shall follow the procedure below:

- (I) The Board formulates proposals for merger or division;
- (II) A general meeting passes a resolution in accordance with the Articles of Association;
- (III) The parties concerned execute the contract for merger or division;
- (IV) The parties concerned go through relevant examination and approval formalities according to the laws;
- (V) The Bank handles matters like claims and debts;
- (VI) The Bank registers its dissolution or change.

**Article 290** Any shareholder objecting to the merger or division of our Bank shall have the right to require our Bank or the shareholders approving the merger or division of our Bank to purchase his/her shares at a fair price. Resolution on merger or division of our Bank shall be archived as document for reference by the shareholders.

Save as otherwise provided for by the securities regulatory authority at the location where our Bank's shares are listed, the aforementioned documents shall be served by mail to the holders of overseas listed shares.

**Article 291** A merger of the Bank may be in two forms: merger by absorption and merger by the establishment of a new company. Absorption means a company absorbs another company and the absorbed company will be dissolved. Otherwise, two or more companies will combine together for the establishment of a new company, and the original companies will be dissolved.

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 10 days of adopting a resolution regarding the merger, and shall publish an announcement in a newspaper within 30 days. Creditors may, within 30 days after receipt of such notice from the Bank, or within 45 days as of the date of the announcement for those who do not receive such notice, to demand that the Bank repay their debts or provide a corresponding guarantee for such debts.

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

**Article 292** 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 10 days of adopting a resolution regarding the division, and shall publish an announcement in a newspaper within 30 days.

Unless a written agreement has been entered into by the Bank and its creditors in relation to the repayment of debts before division, liabilities of the Bank prior to the division shall be jointly assumed by surviving companies after division.

**Article 293** Change in registered particulars arising from merger or division of the Bank shall be registered with the company registration authority according to the laws. If the Bank is dissolved, it shall be deregistered according to the laws. If a new company is established, such establishment shall be registered according to the laws.

## **Section 2 Dissolution and Liquidation**

**Article 294** The Bank shall be dissolved and liquidated according to laws in any of the following circumstances:

- (I) the term of operation expires, or any dissolution events as stipulated in the Articles of Association occur;
- (II) a resolution for dissolution is passed at a general meeting;
- (III) dissolution as a result of a merger or division of the Bank;
- (IV) the Bank is legally declared bankrupt due to its failure to repay debts due;
- (V) the business license of the Bank is revoked, or the Bank is ordered to close down or revoked in accordance with laws;
- (VI) Shareholders holding 10% or more of all the voting rights of the Bank applies to the People's court for dissolution when the Bank experiences severe difficulties in its operations and management and continual operation of the Bank will bring significant losses to the interest of Shareholders while there are no other ways to resolve the difficulties.

The Bank's liquidation and dissolution matters shall comply with the provisions of the Company Law and the Commercial Bank Law, and shall be approved by the relevant regulatory authorities.

**Article 295** If the Bank is dissolved in the circumstance set out in sub-paragraphs (I), (II) and (VI) of the preceding article, a liquidation committee shall be set up within 15 days after the dissolution events occur, and the members of the committee shall be decided by an ordinary resolution at a general meeting.

If the Bank is dissolved in the circumstance set out in sub-paragraph (IV) of the preceding article in this section, a liquidation committee comprising shareholders, relevant departments and relevant professionals shall be established by the People's Court in accordance with relevant applicable laws to carry out the liquidation.

If the Bank is dissolved in the circumstance set out in sub-paragraph (V) of the preceding article in this section, a liquidation committee comprising shareholders, relevant departments and relevant professionals shall be established by relevant competent authorities to carry out the liquidation.

If the Bank fails to set up the liquidation committee within the period, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

**Article 296** 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 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 12 months following the commencement of the liquidation.

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

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

**Article 297** During liquidation, the liquidation committee shall exercise the following functions and powers:

- (I) to settle the assets of the Bank, prepare a balance sheet and an inventory of assets;
- (II) to inform creditors by notice or announcement;
- (III) to deal with the outstanding businesses of the Bank relating to liquidation;
- (IV) to pay all outstanding taxes and taxes incurred in the process of liquidation;
- (V) to settle claims and debts;
- (VI) to dispose of the remaining assets of the Bank after repayment of debts;
- (VII) to represent the Bank in civil proceedings.

**Article 298** The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements on newspapers within 60 days.

**Article 299** The creditors shall declare their claims to the liquidation committee within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received. During the period of the claim, the creditor shall explain all matters relevant to the creditor's rights he/she has claimed and provide relevant evidential documents. The liquidation committee shall register such creditor's rights.

The liquidation committee shall not make any repayment to the creditors during the period of declaration of claims.

**Article 300** After the liquidation committee has examined and taken possession of the assets of the Bank and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or the relevant competent authorities for confirmation.

**Article 301** The assets of the Bank shall be liquidated in the following order of priority:

- (I) to pay liquidation expenses;
- (II) to pay employees' salaries, social insurance and statutory compensation of the Bank;
- (III) to pay principal and interest of personal savings deposits;
- (IV) to pay outstanding taxes;
- (V) to pay debts of the Bank;
- (VI) to distribute to shareholders as per the type and proportion of shares held.

During the liquidation, the Bank remains subsisting but may not commence any business activities not related to the liquidation. The assets of the Bank shall not be distributed to shareholders before repayments have been made pursuant to the preceding article.

**Article 302** After the liquidation committee has examined and taken possession of the assets of the Bank and prepared a balance sheet and a property inventory, if it believes that the Bank's assets are insufficient to repay its debts in full, it shall apply to the People's Court to declare the Bank bankrupt. Following a ruling by the People's Court that the Bank is bankrupt, the liquidation committee shall transfer to the People's Court all matters relating to the liquidation.

**Article 303** After completion of liquidation of the Bank, the liquidation committee shall prepare a liquidation report, income and expenditure statement and account books in respect of the liquidation period and shall, after verification of the PRC certified public accountants, submit the same to the general meeting or the relevant competent authorities for confirmation.

Within thirty (30) days from the date of confirmation on the liquidation report from the Shareholders' general meeting or the relevant competent authorities, the liquidation committee shall submit the documents mentioned above to the company registration authority, apply for cancellation of company registration and make an announcement to the closure of the Bank.

**Article 304** The members of the liquidation committee shall be faithful to their duties, fulfil the liquidation obligation according to law, and shall not abuse their official powers to seek bribes or other unlawful gains or expropriate the Bank's property.

Where any member of the liquidation committee causes any loss to the Bank or the creditors due to his/her willful or material default, the said member shall be liable for compensation.

## Chapter 15 Notice

**Article 305** Notice of the Bank shall be given in one of the following ways:

- (I) by express;
- (II) by hand;
- (III) by fax;
- (IV) by e-mail;
- (V) by announcement;
- (VI) other ways specified in the Articles of Association.

**Article 306** Where a notice of the Bank is served by announcement, the said notice shall be deemed as having been received by all relevant persons once it is announced.

**Article 307** Where a notice of the Bank is sent by express, the 2nd day from the day of posting at the express-delivery company shall be the service day. Where a notice is delivered by hand, the date on which the recipient or its representative signs (or seals) the delivery receipt shall be the service date. Where a notice is sent by fax, the date on which the fax is sent shall be the service date. Where a notice is sent by e-mail, the date on which the e-mail is sent shall be the service day.

The Articles of Association do not prohibit any issuance of notice to shareholders registered outside Hong Kong. Any requirement in the Hong Kong Listing Rules for the Bank to send, mail, dispatch, issue, publish or otherwise make available any corporate communication may, to the extent permitted under all applicable laws and rules and the Articles of Association, be satisfied by the Bank sending or otherwise making available the corporate communication to the relevant holders of the Bank's securities using electronic means and any requirement in the Hong Kong Listing Rules that a corporate communication of the Bank must be in printed form may be satisfied as long as the Bank prepares corporate communication in electronic format.

Save as otherwise specified in the listing rules of the place where the securities of the Bank are listed, the corporate communication may be sent or otherwise made available by the Bank to holders of H Shares using electronic means (including sending or otherwise making available the corporate communication to holders of H Shares in electronic format) only where the Bank has previously received from the holders of H Shares an explicit and positive confirmation in writing that the holders wish to receive or otherwise obtain the corporate communication by the means and in the manner proposed by the Bank.

## **Chapter 16 Amendments to the Articles of Association**

**Article 308** The Bank may amend the Articles of Association in accordance with the laws, administrative regulations and the provisions of the Articles of Association.

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

- (I) if, after the Company Law, Commercial Banking Law, Hong Kong Listing Rules or other relevant laws and administrative regulations are amended, any term contained in the Articles of Association becomes inconsistent with the provisions of the amended laws and administrative regulations;
- (II) if changes in the Bank's circumstances result in inconsistency with certain terms specified in the Articles of Association;
- (III) if the Shareholders' general meeting adopts a resolution to amend the Articles of Association.

**Article 309** Any amendments to be made to the Articles of Association pursuant to a resolution passed at the Shareholders' general meeting which needs to be approved by regulatory authorities shall be subject to the approval of the relevant regulatory authorities; if registration matters are involved, the Bank shall apply for registration of the changes in accordance with the laws.

**Article 310** The Board of Directors shall amend the Articles of Association according to the resolutions on amending the Articles of Association passed at a Shareholders' general meeting and the approval opinions of the relevant regulatory authorities.

## **Chapter 17 Resolution of Disputes**

**Article 311** The Bank shall abide by the following rules for dispute resolution:

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

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

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

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

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

- (III) Unless otherwise provided by the laws, administrative regulations, rules or regulatory documents, the laws of the PRC shall apply to the settlement of any disputes or claims that are resolved by arbitration described in sub-paragraph (I) above.
- (IV) The award of the arbitration institution shall be final and binding on all parties.

## **Chapter 18 Supplementary Provisions**

### **Article 312 Definitions**

- (I) The controlling shareholder(s) shall refer to the person(s) satisfying any of the following conditions:
1. the person may elect more than half of the directors when acting alone or in concert with others;
  2. the person may exercise or control the exercise of more than 30% of the total voting shares of the Bank when acting alone or in concert with others;
  3. the person holds more than 30% of issued and outstanding shares of the Bank when acting alone or in concert with others;
  4. the person may de facto control the Bank in any other manner when acting alone or in concert with others.

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



- (II) De facto controller means a person who, though not a shareholder of the Bank, is able to get the de facto control of the Bank through investment relationships, agreement or other arrangements.
- (III) “Related relation” means the relation between the controlling shareholder, actual controller, directors, supervisors, senior management officers of the Bank and the enterprise that they control directly or indirectly, and other relation that may cause the transfer of interest of the Bank. However, the relation between fellow State-controlled enterprises shall not be deemed as related relation merely because they are both controlled by the State.
- (IV) Substantial shareholders mean the shareholder who can directly, indirectly, or jointly hold or control 5% or more of the shares or voting rights of the Bank and have a significant impact upon the decision-making of the Bank.
- (V) The ultimate beneficiary refers to the person who is actually entitled to the proceeds of the Bank’s shareholding.
- (VI) The term “meeting on site” in the Articles of Association refers to a meeting held by means of on-site, video, telephone, etc., which ensures immediate communication and discussion among participants; and “circulating written resolution” refers to a meeting at which resolutions are made by means of separate delivery of deliberations or circulation of deliberations.
- (VII) The circumstances in which the “corporate governance mechanism fails” as referred to in the Articles of Association include, but are not limited to: the failure of the Board to be constituted for more than one consecutive year; the failure of the Board to make effective resolutions due to prolonged conflicts among the Directors of the Bank and the failure of the Board to resolve the matter through a general meeting; the failure of the Bank to convene a general meeting for more than one consecutive year; the failure of the shareholders to vote at a general meeting in accordance with the law or the proportion stipulated in the Articles of Association and cannot make an effective resolution at a shareholders’ meeting for more than one year in a row; a proposal for a capital increase due to insufficient capital adequacy cannot be passed; the existing governance mechanism of the Bank cannot function properly resulting in serious difficulties in the operation and management of the Bank; and other circumstances as determined by the regulatory authorities.

**Article 313** The Board may formulate rules of Articles of Association in accordance with the Articles of Association. The rules shall not conflict with the Articles of Association.

**Article 314** The Articles of Association shall be written in Chinese. Where the articles of association in any other language or version disagree with the Articles of Association, the Chinese version of the Articles of Association latest approved and registered by the Shanxi Administration for Industry and Commerce shall prevail.

**Article 315** Unless otherwise specified herein, references to “above”, “within” and “under” shall include the actual given figures, while references to “beyond”, “less than” and “more than” shall exclude such actual given figures.

**Article 316** The meaning of the “accounting firm” mentioned in the Articles of Association is the same as that of “auditors” as referred to in the Hong Kong Listing Rules.

**Article 317** After consideration and approval by the Shareholders’ general meeting and approval by the banking regulatory authorities under the State Council, the Articles of Association shall become effective from the date of public offering of the H-shares of the Bank on the Hong Kong Stock Exchange.

**Article 318** The Board of Directors of the Bank shall be responsible for the interpretation of the Articles of Association.