

Articles of Association of Jinshang Bank Co., Ltd.

Contents

Chapter 1 General Provisions	- 2 -
Chapter 2 Business Objective and Scope.....	- 5 -
Chapter 3 Shares and Registered Capital.....	- 5 -
Section 1 Issue of Shares	- 5 -
Section 2 Increase, Decrease and Purchase of Shares	- 7 -
Section 3 Transfer of Shares	- 8 -
Section 4 Financial Assistance for the Acquisition of Shares in the Bank	- 10 -
Chapter 4 Shares and Register of Shareholders.....	- 10 -
Chapter 5 Party Organization (Party Committee)	- 11 -
Chapter 6 Shareholders and Shareholders' Meetings.....	- 12 -
Section 1 Shareholders	- 12 -
Section 2 General Provisions for Shareholders' Meetings.....	- 21 -
Section 3 Convening of Shareholders' Meetings	- 23 -
Section 4 Proposals and Notices of Shareholders' Meetings	- 25 -
Section 5 Holding of Shareholders' Meetings	- 27 -
Section 6 Voting and Resolutions of the Shareholders' Meeting.....	- 31 -
Chapter 7 Directors and Board of Directors	- 35 -
Section 1 Directors.....	- 35 -
Section 2 Independent Directors.....	- 40 -
Section 3 Board of Directors	- 44 -
Section 4 Secretary of the Board	- 50 -
Section 5 Special Committees Under the Board.....	- 51 -
Chapter 8 President and Other Senior Management Staff.....	- 55 -
Chapter 9 Qualifications and Obligations of Directors, President and Other Senior Managers of the Bank	- 58 -
Chapter 10 Financial Accounting System, Profit Distribution and Audit	- 59 -
Section 1 Financial Accounting System.....	- 59 -
Section 2 Internal Audit	- 61 -
Section 3 Appointment of Accounting Firms.....	- 63 -
Chapter 11 Staff Management	- 63 -
Chapter 12 Merger, Division, Dissolution and Liquidation.....	- 64 -
Section 1 Merger or Division.....	- 64 -
Section 2 Dissolution and Liquidation	- 66 -
Chapter 13 Notice	- 69 -
Chapter 14 Amendments to the Articles of Association	- 70 -
Chapter 15 Supplementary Provisions.....	- 70 -

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 Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), 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.

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

Article 7 The chairman is the legal representative of the Bank. If the chairman resigns, he/she shall be deemed to have resigned as the legal representative of the Bank at the same time. If the legal representative resigns, the Bank shall determine the new legal representative within thirty days from the date of such resignation.

The legal consequences of civil activities performed by the legal representative in the name of the Bank shall be borne by the Bank.

The limitation on the functions and powers of the legal representative in the Articles of Association or by the Shareholders' meeting shall not be enforceable against bona fide counterparty.

Where the legal representative causes damage to any other person in the performance of his/her duties, the Bank shall assume civil liability for such damage. The Bank may, after assuming such civil liability, claim reimbursement from the legal representative at fault in accordance with laws or the Articles of Association.

Article 8 The capital of the Bank is divided into shares of equal par value. 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 assets.

Article 9 The Bank has set up CPC committee, Shareholders' meeting, Board of Directors, and the senior management, which perform their respective duties, assume their respective obligations and check and balance each other to ensure coordinated operation. Under the Constitution of the Communist Party of China, the Bank has set up CPC organization to carry out Party activities. The Bank offers prerequisite conditions for activities of the Party organization. The Bank adheres to the principle that Party building and business management shall be planned synchronously, that 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 carried out 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, 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, president and other senior management staff of the Bank; the Bank may pursue actions against its shareholders, directors, president and other senior management staff.

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 information officer, chief compliance officer and others.

Article 12 The Bank's business activities are subject to supervision and management by National Financial Regulatory Administration and its local offices, PBOC and its branches 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 staff and personnel in key positions shall be subject to deferred payment.

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 within 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 joint and several 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: accept 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; engaging in inter-bank 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 maintain 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.

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

Article 19 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 national financial regulatory authorities and the securities regulatory authorities of the State Council and other relevant regulatory authorities. 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.

Article 20 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 21 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 22 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.

Section 2 Increase, Decrease and Purchase of Shares

Article 23 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' meeting and upon approval by relevant competent authorities of the State:

- (I) issuance of shares to unspecified investors;
- (II) issuance of shares to specified investors;
- (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 24 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 or on the National Enterprise Credit Information Publicity System 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 25 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' 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 26 A resolution of a Shareholders' meeting is required for a share buyback by the Bank under either of the circumstances stipulated in (I) or (II) of the preceding article; for the Bank's share buyback under any of the circumstances stipulated in (III), (V) or (VI) of the preceding article, 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' meeting.

The shares acquired by the Bank under the circumstance stipulated in (I) of the preceding article 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.

Section 3 Transfer of Shares

Article 27 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 national financial regulatory authorities and other relevant administrative authorities in transferring its shares.

Article 28 All fully paid H shares may be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognize the transfer documents without stating any reason unless the conditions stipulated below are met:

- (I) transfer documents are only in relation to H Shares;
- (II) stamp duty (as stipulated by Hong Kong law) which is payable for the transfer documents has been duly paid;
- (III) 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;

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 29 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 30 The Bank does not accept shares of the Bank as the subject of pledges.

Article 31 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 and senior management staff of the Bank shall notify the Bank of their holding of shares in the Bank and changes of their holdings. The shares transferred in any year during their tenures as determined on appointment 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 32 The Bank or its subsidiary companies shall not provide gifts, loans, guarantees or other financial assistance for others to obtain the shares of the Bank unless it carries out an employee stock ownership plan.

Subject to laws and regulations and regulatory rules, for the benefits of the Bank, the Bank may, upon a resolution by the Shareholders' meeting or by the Board under the Articles of Association or the authorization of the Shareholders' meeting, provide financial assistance to others for the acquisition of shares in the Bank, provided that the total accumulative amount of the financial assistance shall not exceed 10% of the total issued share capital. A resolution by the Board shall be adopted by more than two thirds of all the directors.

Where the violation of the preceding two paragraphs causes losses to the Bank, the liable directors and senior management staff shall be liable for compensation.

Chapter 4 Shares and Register of Shareholders

Article 33 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.

The Bank shall establish a register of shareholders and maintained the same with the Bank, record 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 and domiciles of the shareholders;
- (II) the class of shares and number of shares subscribed by the shareholders;

- (III) serial numbers of the shares if the shares are issued in form of papers;
- (IV) date on which the shareholders acquired the shares.

Article 34 The Hong Kong branch register of members shall be available to shareholders. The Bank may close the register of shareholders according to provisions equivalent to Section 632 of the Companies Ordinance (Cap. 622, Laws of Hong Kong). 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 Shareholders' 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 35 If the Bank convenes a Shareholders' meeting, distributes dividends, conducts liquidation or executes any other act requiring confirmation of equities, the convener of the Board meeting or Shareholders' meeting shall determine the shareholding registration date, at the end of which the shareholders in the register shall be shareholders entitled to relevant interests.

Chapter 5 Party Organization (Party Committee)

Article 36 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 37 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 38 Party Organization (Party 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 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 39 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’ Meetings

Section 1 Shareholders

Article 40 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 the national financial regulatory institutions for subscribing to the shares.

Shareholders of the Bank shall enjoy rights and assume obligations in accordance with the classes and number of shares held by them; shareholders holding shares of the same class shall enjoy equal rights and assume 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;
- (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' 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 41 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 request according to laws to convene, hold, preside over, attend or appoint a proxy to attend the Shareholders' meetings, to speak at the Shareholders' meeting, 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 inspect and make copies of the Articles of Association, the register of shareholders, minutes of Shareholders' meetings, resolutions of Board meetings, and financial accounting reports. Eligible shareholders may further inspect the Bank's accounting books and vouchers in accordance with applicable regulations;
- (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' 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.

Article 42 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. If a shareholder needs to inspect or copy relevant information, the provisions of laws and administrative regulations such as the Company Law shall be observed.

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 43 If the content of any resolution of the Shareholders' meeting or the Board meeting 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' 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 shall have the right to request the people's court to cancel the said procedure, method or resolution within 60 days after making the resolution, except where there are only minor defects in the convening procedure or voting method of the Shareholders' meeting or Board meeting, which do not materially affect the resolutions.

Shareholders who are not notified to participate in the Shareholders' meeting may apply to the people's court for revocation within 60 days from the date when they know or should have known that the resolution of the Shareholders' meeting; the right to revoke shall be extinguished if the right to revoke is not exercised within one year from the date on which the resolution is made.

Where there is a dispute among the Board, shareholders and other relevant parties as to the validity of a shareholders' resolution, they should promptly file a lawsuit with the people's court. Before the people's court makes a judgment or ruling to revoke the resolution, etc., the relevant parties shall implement the resolution of the Shareholders' meeting. The Bank, directors and senior management staff shall diligently perform their duties to ensure the normal operation of the Bank.

Article 44 Under any of the following circumstances, the resolutions of the Shareholders' meeting or the Board meeting shall be void:

- (I) Failure to convene a Shareholders' meeting or Board meeting to pass the relevant resolution(s);
- (II) No votes were taken on the resolution(s) at a Shareholders' meeting or Board meeting;
- (III) The number of persons attending the meeting or the number of voting rights held does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or this Articles of Association;
- (IV) The number of persons consenting to the resolution or the number of voting rights held does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or this Articles of Association.

Article 45 If any director, president or other senior management staff other than members of the Audit Committee of the Board 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 Audit Committee of the Board in writing to institute proceedings in the people's court. If any member of the Audit Committee of the Board violates the laws, administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Bank, the aforesaid 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 Audit Committee of the Board 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.

If any director or senior management staff of the Bank's wholly-owned subsidiary companies violates the relevant laws and administrative regulations or the provisions of the Articles of Association of the subsidiary companies in performing his/her duties in the Bank's wholly-owned subsidiary companies, causing any loss to the Bank's wholly-owned subsidiary companies, or if any third parties infringe upon the legitimate rights and interests of a wholly owned subsidiary company of the Bank and cause losses, the shareholders severally or jointly holding 1% or more of the Bank's shares for a period of 180 consecutive days or longer, in accordance with the provisions of the first three paragraphs, are entitled to request the board of directors of the Bank's wholly-owned subsidiary company to file a law suit with the people's court in writing or directly file a lawsuit with the people's court in its own name.

Article 46 If any director or senior management staff 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 47 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 48 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 divest 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 promptly notify the Bank in writing in accordance with the laws, regulations and regulatory provisions of any following circumstances: 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 national financial 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 the national financial 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' 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 national financial regulatory institutions or their 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' 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' 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 49 Where a shareholder intends to provide security for himself/herself or any third party by pledging the Bank's equity interests, 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, organization and submission of information about pledge of shareholders' equity and other routine work.

Where shareholders serving as directors 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' meeting or the voting right of the director(s) nominated or appointed by such shareholder at the Board meeting shall be restricted.

Article 50 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. If any shareholder of the Bank abuses his/her shareholder's right, thereby causing any loss to the Bank or other shareholders, the said shareholder shall be liable for compensation according to law. If any shareholder of the Bank who abuse the legal personality of the company and limited liability of shareholders in order to escape from liability, thereby seriously damaging the interests of creditors of the Bank, shall jointly and severally be responsible for the Bank's debts.

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 51 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 of the responsibility to sincerely act in the best interests of the Bank;
- (II) approving that a director (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 (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' meeting pursuant to the Articles of Association.

Section 2 General Provisions for Shareholders' Meetings

Article 52 The Shareholders' meeting of the Bank comprises all shareholders. The Shareholders' meeting is the authority of the Bank and shall exercise the following functions and powers according to laws:

- (I) electing and changing directors who are not employee representatives and determining the remuneration of such directors;
- (II) reviewing and approving the reports of the Board of Directors;
- (III) listening to the evaluation results of the Audit Committee's comprehensive evaluation of duty performance of the Board of Directors and directors, senior management and its members of the Bank;
- (IV) reviewing and approving profit distribution plans and loss recovery plans of the Bank;
- (V) 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' 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;
- (VI) resolving on the increase or decrease in the registered capital of the Bank;
- (VII) resolving on the issuance of bonds or the listing of the Bank or authorizing the Board to resolve on the issuance of bonds of the Bank;
- (VIII) resolving on the merger, division, dissolution, liquidation or change in the corporate form of the Bank;
- (IX) amending the Articles of Association;
- (X) reviewing and approving the Rules of Procedures for the Shareholders' meeting and the Board of Directors;
- (XI) 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;

- (XII) resolving on the appointment, dismissal or non-reappointment of accounting firms of the Bank for regular legal audit of the Bank's financial statements;
- (XIII) 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;
- (XIV) reviewing and approving matters relating to changes in the use of proceeds from share offerings;
- (XV) reviewing and approving the plans of the equity incentive scheme;
- (XVI) reviewing the proposals by the shareholders individually or jointly holding more than 1% of the voting shares of the Bank;
- (XVII) reviewing and approving other issues which should be determined by the Shareholders' 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.

Authority of a Shareholders' meeting as stipulated by the Company Law and the Corporate Governance Guidelines for Banking and Insurance Institutions, and the above matters falling within the authority of the Shareholders' meeting shall not be granted to the Board, other institutions or individuals.

Article 53 Shareholders' meetings are classified into annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be held once a year within six months after the last fiscal year ends. If the annual Shareholders' 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 54 The Bank shall convene an extraordinary Shareholders' 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 Audit Committee of the Board proposes to convene the meeting;
- (VII) 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 Shareholders' meeting shall start from the date when the Bank knows about the occurrence of the circumstance.

Article 55 The venue of Shareholders' meetings of the Bank shall be the address of the Bank or other place specified in the notice of Shareholders' meeting.

A venue shall be set for Shareholders' 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' meetings according to relevant provisions. Shareholders participating in the Shareholders' meetings by any aforesaid means shall be deemed as having attended the meetings.

Article 56 In convening a Shareholders' meeting, the Bank shall engage a lawyer to provide legal opinions on the following issues:

- (I) whether the convening of the Shareholders' 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' meeting are legal and valid;
- (V) legal opinions issued in respect of other relevant issues upon the Bank's request.

Section 3 Convening of Shareholders' Meetings

Article 57 Shareholders' meetings shall be convened by the Board.

If the Board is unable or fails to fulfil the obligation of convening Shareholders' meetings, the Audit Committee of the Board shall duly convene and preside over such meetings. If the Audit Committee of the Board 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 58 The Bank shall convene an extraordinary Shareholders' meeting within two months upon proposal by more than half and not less than two of the independent directors. If the extraordinary Shareholders' 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 59 The Audit Committee of the Board shall have the right to propose in writing to the Board to convene an extraordinary Shareholders' 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 Shareholders' meeting within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary Shareholders' 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 Audit Committee of the Board is required.

If the Board does not agree to hold the extraordinary Shareholders' 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 Shareholders' meeting, and the Audit Committee of the Board may convene and preside over the meeting by itself.

Article 60 If proposing shareholders require convening an extraordinary Shareholders' 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 Audit Committee of the Board in writing to convene the relevant meeting.

If the Audit Committee of the Board 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 Audit Committee of the Board 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.

Article 61 Where the Audit Committee of the Board or shareholders decide to convene a Shareholders' meeting on its/their own initiative, it/they shall notify the Board in writing and give a notice of the Shareholders' meeting, with relevant contents complying with Article 68 of the Articles of Association and the following provisions: no new contents shall be added to the resolutions, otherwise convening shareholders or the Audit Committee of the Board shall resubmit the request to convene a Shareholders' meeting to the Board according to the above procedures.

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

Article 62 With regard to a Shareholders' meeting convened by the Audit Committee of the Board 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.

Article 63 The necessary expenses of the Shareholders' meeting convened by the Audit Committee of the Board or the shareholders itself/themselves shall be borne by the Bank.

Section 4 Proposals and Notices of Shareholders' Meetings

Article 64 The content of a proposal shall be within the authority of the Shareholders' 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 65 Where the Bank convenes a Shareholders' meeting, the Board, and shareholders individually or jointly holding more than 1% 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' meeting if the such matters fall within the authority of Shareholders' meetings.

Shareholders individually or jointly holding more than 1% of the total voting shares of the Bank may submit written provisional proposals to the convener 10 days before the Shareholders' meeting. The provisional proposals shall have definite themes and specific matters for resolution. The convener shall serve a supplementary notice of Shareholders' meeting within 2 days after receipt of the provisional proposals and announce the contents of the said provisional proposals, and submit the provisional proposals to the Shareholders' meeting for consideration, except where the provisional proposals are in violation of laws, administrative regulations or the Bank's Articles of Association or does not fall into the terms of reference of the Shareholders' meeting.

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

Proposals not set out in the notice of Shareholders' meeting or not complying with Article 64 of the Articles of Association shall not be voted on or resolved at the Shareholders' meeting.

Article 66 When the Bank is to convene a annual Shareholders' 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' meeting, the convenor 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 67 Pursuant to the provisions stated in Article 66 in the Articles of Association, upon the issuance of notice convening the Shareholders' meeting, the Bank may convene the Shareholders' meeting.

Article 68 The notice of a Shareholders' meeting shall meet the following requirements:

- (I) specify the time, venue and duration of the meeting;
- (II) state matters and proposals to be submitted for consideration at the meeting;
- (III) state clearly that all holders of ordinary shares are entitled to attend the Shareholders' meeting and may appoint proxy(ies) in writing to attend and vote on their behalf and such proxies need not be a shareholder;
- (IV) specify the shareholding registration date of the shareholders who are entitled to attend the Shareholders' meeting;
- (V) specify the name and phone number of the contact person of the meeting;
- (VI) time of voting and procedures of voting;
- (VII) 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 69 If the election of directors is proposed to be discussed at a Shareholders' meeting, the notice of meeting shall adequately disclose the detailed information of the director 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 national financial 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 that needs to be disclosed according to the rules governing securities of the place where shares of the Bank are listed.

Unless a director is elected via the cumulative voting system, each candidate for a director shall be proposed via a single proposal.

Article 70 After issuing a notice of Shareholders' meeting, the Shareholders' 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' Meetings

Article 71 The Board or any other convener shall take necessary measures to ensure the proper order of the Shareholders' meeting. The Board or any other convener shall take measures to stop any act disturbing the Shareholders' 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 72 All shareholders of the Bank in the register of shareholders or proxies thereof shall be entitled to attend Shareholders' 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.

Article 73 An individual shareholder attending a Shareholders' 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' 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 74 The power of attorney issued by a shareholder to appoint a proxy to attend a Shareholders' meeting shall specify:

- (I) the name of the principal, and the class and number of shares held in the Bank;
- (II) the name of the proxy;
- (III) the specific directives of the shareholders, including directive to vote for or against or abstain from voting on each and every issue included in the agenda of the Shareholders' meeting;
- (IV) the date of issue and validity period of the power of attorney;
- (V) signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

Article 75 Where 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.

Article 76 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 counterparty 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' 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 77 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 78 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 79 When convening a Shareholders' meeting which requires attendance of directors, the president and other senior management staff, the directors and the president and other senior management staff shall be present at the meetings and answer shareholders' enquiries.

Article 80 A Shareholders' 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 a majority 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 a majority of the directors shall preside over the meeting. If no presider is appointed, a person maybe elected at the Shareholders' 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' meeting convened by the Audit Committee under the Board itself shall be presided over by the convener of the Audit Committee. Where the convener of the Audit Committee is unable or fails to perform his/her duties, a majority of member of the Audit Committee shall jointly elect a member of the Audit Committee to perform relevant duties.

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

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

Article 81 The Bank shall formulate the rules of procedure for the Shareholders' meeting, and specify the holding, convening and voting procedures of Shareholders' 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 meetings. The rules of procedure for Shareholder's meetings shall be formulated by the Board of Directors and implemented upon examination and approval by the Shareholder's meetings.

Article 82 The Board of Directors shall report their work in the previous year at the annual Shareholders' meeting. Every independent director shall also make his/her work reports.

Article 83 Except that the trade secrets of the Bank are involved and cannot be disclosed at the Shareholders' meeting, the directors and senior management staff shall respond and give explanation to inquiries and recommendations from shareholders at the Shareholders' meeting.

Article 84 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 85 Minutes shall be recorded for the Shareholders' 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, 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;
- (VII) other contents that shall be recorded in the minutes in accordance with laws, administrative regulations and the Articles of Association.

Article 86 The convener shall ensure the minutes are true, accurate and complete. The directors 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 87 The convener shall ensure that a Shareholders' meeting is held continuously until final resolutions are arrived at. If the Shareholders' 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' meeting as soon as possible or directly terminate the Shareholders' 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' Meeting

Article 88 A shareholder (including his/her proxy) who vote at a Shareholders' 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 89 The resolutions of a Shareholders' meeting shall either be classified as ordinary resolutions or special resolutions.

If an ordinary resolution is made at a Shareholders' meeting, the resolution shall be approved by a majority of the voting rights held by the shareholders (including their proxies) attending the Shareholders' meeting.

If a special resolution is made at a Shareholders' 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 Shareholders' meeting.

Article 90 The following issues shall be approved by ordinary resolutions at a Shareholders' meeting:

- (I) work reports of the Board of Directors;
- (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;
- (IV) appointment, dismissal or non-reappointment of the accounting firm that provides regular statutory audit on financial reports of the Bank;
- (V) 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 91 The following issues shall be approved by special resolutions at a Shareholders' 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;
- (VIII) any other matters required by laws and regulations, regulatory provisions or the Articles of Association and confirmed by the Shareholders' meeting by an ordinary resolution that they may have a material effect on the Bank and should be adopted by a special resolution.

Articles 92 Voting at a Shareholders' meeting shall be taken by way of open ballot, save for resolutions on procedures for Shareholders' 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 93 When a related party (connected) transaction is considered at a Shareholders' 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' 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' meeting.

Article 94 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, 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' meeting with a special resolution.

Article 95 List of director candidates is submitted by way of proposal for consideration at Shareholders' meetings. A cumulative voting system may be adopted for the election of directors at the Shareholders' meeting pursuant to the provisions of the Articles of Association or a resolution of the Shareholders' meeting.

The director candidates shall be voted on separately at the Shareholders' 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;
- (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 Shareholders' meeting.
- (III) Generally, the number of director candidates nominated by a shareholder and his/her related party shall not exceed one third of the number of members of the Board, except as otherwise prescribed by the state.
- (IV) The director candidates shall prior to the Shareholders' 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 if elected.
- (V) Independent directors shall be elected and appointed as per the procedures specified in Section 2 of Chapter 7 of the Articles of Association.
- (VI) Employee directors in the Board shall be elected by the employee representatives' meetings or by other forms of democratic elections.
- (VII) The Board shall announce detailed information relating to the director candidates in accordance with laws, regulations and the Bank's Articles of Association prior to the Shareholders' 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, the Nomination, Remuneration and HR Committee of the Board, or shareholders qualified for nomination shall nominate the candidates and propose them to the Board for consideration, and to the Shareholders' 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 96 Save as accumulative voting, the Shareholders' 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 Shareholders' 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 Shareholders' meeting.

Article 97 No amendment shall be made to a proposal when it is considered at a Shareholders' meeting, otherwise, the relevant amendment shall be deemed as a new proposal which shall not be voted on at this Shareholders' meeting.

Article 98 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 99 Before proposals are voted on at the Shareholders' meeting, two shareholders' representatives 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 Shareholders' meeting, the lawyer, shareholders' representative 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 100 A shareholder attending a Shareholders' 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 101 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 102 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 Shareholders' meeting, the counting result shall be recorded in the meeting minutes.

Article 103 Resolutions of the Shareholders' 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 104 Where a proposal has not been passed or the resolutions of the preceding Shareholders' meeting have been changed at the current Shareholders' meeting, special mention shall be made in the announcement of the resolutions of the Shareholders' meeting.

Article 105 Where a proposal on election of directors is passed at the Shareholders' meeting, the directors elected shall take office on the date of adoption of such proposal at the Shareholders' meeting, or on the date when the regulatory authorities give approval if they need to seek such approval for their qualifications.

Article 106 If the Shareholders' meeting approves the proposal on cash distribution, bonus issue or conversion of capital reserve into share capital, the Bank will implement the specific proposal within two months after the conclusion of the Shareholders' meeting.

Chapter 7 Directors and Board of Directors

Section 1 Directors

Article 107 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 108 Directors shall have professional knowledge and work experience necessary for duty performance and meet the requirements of the national financial regulatory authorities. Directors' qualifications shall be subject to approval by the national financial regulatory authorities.

Article 109 Non-employee representative directors shall be elected or replaced at Shareholders' meetings and their duties may be removed by the Shareholders' meetings before expiration of their term. Directors shall each serve a term of three years. The term of a director is renewable by re-election after its expiry.

A Shareholders' meeting may remove 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), with effect from the date on removal by resolution. Directors who are removed without justifiable reasons before expiration of their term may demand compensation from the Bank.

Article 110 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' 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 111 Directors may be concurrently held by senior management staff, provided that the total number of directors who concurrently serve as senior management staff and those who are employee representatives shall not exceed half of the total number of directors of the Bank. 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 112 Directors shall observe the laws, administrative regulations and the Articles of Association, and fulfill the following obligations of honesty to the Bank, take measures to avoid conflicts of interest between personal interests and those of the Bank, and not abuse their authority to seek improper gains:

- (I) not to embezzle properties of the Bank or misappropriate 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 funds;
- (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 Shareholders' meeting or the Board;
- (IV) not to enter into any contract or conduct any transaction with the Bank directly or indirectly without reporting to the Board or Shareholders' meeting and approval by a resolution of the Board or the Shareholders' meeting as stipulated by the Articles of Association;
- (V) not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Bank without reporting to the Board or Shareholders' meeting and approval by a resolution of the Board or the Shareholders' meeting as stipulated by the Articles of Association;

- (VI) not to conduct for themselves or others any businesses similar to those of the Bank without reporting to the Board or Shareholders' meeting and approval by a resolution of the Board or the Shareholders' meeting, without reporting to the Board or Shareholders' meeting and approval by a resolution of the Shareholders' meeting as stipulated by the Articles of Association;
- (VII) not to take as their own any commission for any transaction between the Bank and others;
- (VIII) not to disclose any secret of the Bank without authorization;
- (IX) not to abuse his/her official powers to accept bribes or other unlawful income;
- (X) not to use their related party relationship to damage the interests of the Bank;
- (XI) 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.

If close relatives of directors and senior management staff, enterprises directly or indirectly controlled by directors, senior management staff or their close relatives, and related persons who have other related relationships with directors and senior management staff enter into contracts or transactions with the Bank, the provisions of paragraph 2(IV) of this article shall apply.

Article 113 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, and shall exercise the reasonable care normally expected of a manager in the best interests of the Bank in the performance of their duties:

- (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' 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 Shareholders' 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) When the Audit Committee of the Board exercises supervision obligation, to honestly provide the Audit Committee of the Board with relevant information, not to prevent the Audit Committee of the Board or members of the Audit Committee of the Board from exercising their functions and powers;
- (XII) to accept the lawful supervision and rational suggestions of the Audit Committee of the Board 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 114 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 Shareholder' meeting to remove the said director.

Article 115 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 116 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 responsively 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 117 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' 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' 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 118 The Bank shall implement a director resignation management system, which defines safeguard measures to enforce accountability and seek restitution for unfulfilled public commitments and any unresolved obligations. 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 after his/her term of office expires, but remains valid within a reasonable period as stipulated by the Articles of Association. The responsibilities assumed by directors during their tenure due to the performance of their duties shall not be exempted or terminated upon their departure.

Article 119 If a director causes damage to others in fulfilling his/her duties to the Bank, the Bank shall be liable for compensation; if a director acts with willful or material default, he/she shall also be liable for compensation.

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 120 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 121 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, may propose independent director candidates to the Shareholders' meeting for election. The shareholder that has nominated non-independent directors and his/her related parties shall not nominate independent directors.

Article 122 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 123 A person who is a civil servant shall not concurrently serve as an independent director of the Bank.

Article 124 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 125 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 126 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 127 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 128 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' meeting within three months to remove him/her and elect new independent director.

Article 129 An independent director may resign before the expiry of his/her term of office.

In resigning his/her duties, an independent director shall tender a written resignation to the Board, and shall specify 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 130 The Audit Committee of the Board shall propose to the Shareholders' 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 Audit Committee of the Board for dismissal of an independent director shall be approved by more than two thirds of all the members of the Audit Committee by voting before it is submitted to the Shareholders' meeting for consideration.

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

Article 131 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 132 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 133 Independent directors shall give objective and fair independent opinions on the matters to be considered by Shareholders' meeting or the Board, in particular, they should express independent opinions to the Shareholders' meeting or the Board on the following matters:

- (I) material related party transactions;
- (II) nomination, appointment or removal of directors and engagement and dismissal of senior management staff;
- (III) remunerations of directors and senior management staff of the Bank;
- (IV) profit distribution plan;
- (V) appointment or dismissal of accounting firm that provides regular statutory audit on financial reports of the Bank;
- (VI) other matters which may have material effects on the legitimate rights and interests of the Bank, minority shareholders and financial consumers;
- (VII) matters specified in relevant laws, regulations or the Articles of Association.

Article 134 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 135 The Bank pays remuneration to independent directors. The standards for remuneration shall be formulated by the Board and examined and approved at the Shareholders' meeting.

Article 136 The provisions on directors set out in the Articles of Association shall also apply to independent directors.

Section 3 Board of Directors

Article 137 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, non-executive directors (including independent directors) and employee directors, including 4 executive directors, 10 non-executive directors (including 5 independent directors) and 1 employee director.

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.

Employee directors are democratically elected by the employees of the Bank through the employee representative assembly or other means. Senior management staff may not serve concurrently as employee directors.

Article 138 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 139 The Board shall have a Board Office, responsible for preparations for Shareholders' 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' meeting, to ensure execution of resolutions of the Shareholders' meeting, enhance the work efficiency and ensure scientific decision-making of the Board.

Article 140 The Board of Directors shall 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' meetings, reporting its performance at the Shareholders' meetings, and implementing resolutions of the Shareholders' 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' 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' 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 information 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' 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' 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' 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 (IV), (V), (VII), (VIII), (XVI), (XIX) and (XX), 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 141 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' meeting for approval.

Article 142 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 143 The chairman shall exercise the following functions and powers:

- (I) to preside over Shareholders' 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 a majority of the directors shall perform such duties); if the vice chairman is unable or fails to perform his/her duties, a majority of the directors shall jointly elect a director to perform such duties.

Article 144 Board meetings are divided into regular meetings and extraordinary meetings, which shall cover specific issues for discussion and matters to be resolved. 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 145 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 14 days in advance.

Article 146 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 Audit Committee of the Board;
- (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 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 147 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 148 A Board meeting shall only be held if it has a quorum of a majority 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 149 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 150 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 151 If any director has any related party relationship with corporations and individuals involved in any resolution of the Board meeting, the said director shall report in writing to the Board in a timely manner. The related directors shall not exercise the right to vote on the said resolution for himself or on behalf of other directors. The Board meeting may be held when a majority of the non-related directors attend the meeting. The resolution concerning approval of related party transactions made at the Board meeting shall be passed by a majority of the non-related directors. If the number of non-related directors attending the meeting is less than three, the matter shall be submitted to the Shareholders' meeting of the Bank for consideration.

Article 152 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 153 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 154 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 155 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 156 The secretary of the Board shall have adequate expertise and experience, and shall have his/her qualifications examined by the regulatory authorities. A director or senior management staff of the Bank may serve concurrently as secretary of the Board.

Article 157 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' 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 158 The secretary of the Board may serve concurrently as director of the Board Office.

Section 5 Special Committees Under the Board

Article 159 The Board establishes the Audit Committee, Strategic Development 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 160 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 161 The Bank does not set up the Board of Supervisors or supervisors. The duties and powers of the Board of Supervisors which shall perform the obligation to supervise the Bank, as stipulated by the Company Law shall be exercised by the Audit Committee of the Board.

Article 162 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 comprises five directors who do not hold senior management positions in the Bank, with the majority being independent directors. The convenor of the committee is an independent director with accounting expertise. Employee representatives on the Board of the Bank may serve as members of the Audit Committee.

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 163 The Audit Committee is responsible for reviewing the financial information of the Bank and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be approved by a majority of the members of the Audit Committee:

- (I) to disclose the financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (II) to appoint or dismiss the accounting firm that undertakes the audit business of the Bank;
- (III) to appoint or dismiss the chief financial officer of the Bank;
- (IV) to revise accounting policies and accounting estimates or to correct material accounting errors for reasons other than changes in accounting standards;

- (V) to supervise the performance of directors and senior management staff in the performance of their duties, and propose the removal of directors and senior management staff who violate laws, administrative regulations, the Articles of Association or the resolutions of the Shareholders' meetings;
- (VI) to require directors and the senior management staff to make corrections if their conduct has damaged the interests of the Bank;
- (VII) to propose the convening of extraordinary Shareholders' meetings and, in the event that the Board fails to perform the obligations to convene and preside over the Shareholders' meetings in accordance with the Company Law, to convene and preside over the Shareholders' meetings;
- (VIII) to propose proposals to the Shareholders' meetings;
- (IX) to supervise the Board in establishing sound business philosophies, value principles, and formulating development strategies aligned with the Bank's circumstances;
- (X) to evaluate the scientific basis, rationality, and soundness of the Bank's development strategies and prepare an assessment report;
- (XI) to conduct oversight and inspections of the Bank's operational decisions, risk management, and internal controls, and urge corrective actions;
- (XII) to supervise the procedures for the selection and appointment of directors;
- (XIII) to monitor the implementation of the Bank's compensation management system and the scientific basis and rationality of the compensation plans for senior management staff;
- (XIV) other matters stipulated by laws, administrative regulations, securities regulatory rules of the stock exchange where the Bank is listed, and the Articles of Association.

Matters in (I), (II), (III) and (IV) above are submitted to the Board for consideration upon the approval of the Audit Committee.

Article 164 The Audit Committee shall hold meeting at least once every quarter. An extraordinary meeting may be held upon the proposal of two or more members or when the convener deems necessary. The Audit Committee's meetings shall be held only when more than two thirds of members are present;

Resolutions of the Audit Committee shall be passed by a majority of members of the Audit Committee;

Each member shall have one vote for voting on resolutions of the Audit Committee;

Resolutions of the Audit Committee shall be produced into meeting minutes according to provisions, which shall be signed by all members of the Audit Committee present at the meeting;

The formulation of the working rules for the Audit Committee shall be the responsibility of the Board.

Article 165 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 166 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 167 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 168 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 169 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 170 The working rules of the special committees under the Board shall be separately formulated by the Board of Directors.

Chapter 8 President and Other Senior Management Staff

Article 171 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 172 The Bank shall have a president, vice president and assistant to the president, chief finance officer, chief risk officer, chief information 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 173 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 174 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 175 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 information 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 and the Board of Directors;
- (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' 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 176 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 on a regular basis or at the request of the Board of Directors, and shall undertake that such reports are true to the fact.

Article 177 The president and senior management are accountable to the Board of Directors and are under the supervision of the Audit Committee of the Board. 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 Audit Committee of the Board 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 national financial regulatory authority.

Article 178 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;
- (IV) Other matters which are deemed necessary by the Board of Directors.

Article 179 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 180 If a senior management staff causes damage to others in fulfilling his/her duties to the Bank, the Bank shall be liable for compensation; if a senior management staff acts with willful or material default, he/she shall also be liable for compensation.

If a senior management staff 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.

Article 181 Senior management staff of the Bank shall faithfully perform their duties and safeguard the best interests of the Bank and all shareholders.

Senior management staff of the Bank shall be liable for damages to the interests of the Bank and public shareholders in accordance with the law if they fail to faithfully perform their duties or breach their duty of good faith.

Article 182 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 9 Qualifications and Obligations of Directors, President and Other Senior Managers of the Bank

Article 183 No person shall hold the position of director 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, or announced a suspended sentence and two years have not elapsed from expiration of the probation period;
- (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 or their business were compulsorily closed down;
- (V) a person with relatively large amounts of due and outstanding debt and was listed as a dishonest person subject to enforcement by the people's court;
- (VI) other persons banned from acting as directors 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 and senior managers in violation of this paragraph shall be invalid. The Bank shall dismiss any director and senior manager if he/she is involved in the circumstances of this provision during his/her term of office.

Chapter 10 Financial Accounting System, Profit Distribution and Audit

Section 1 Financial Accounting System

Article 184 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 185 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 186 The fiscal year of the Bank shall begin on January 1 and end on December 31 of the Gregorian calendar.

Article 187 The Board of the Bank shall, at each annual Shareholders' 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 Shareholders' meeting for inspection by shareholders. Each shareholder of the Bank shall be entitled to obtain the financial reports mentioned in this chapter.

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 188 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 189 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 190 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 191 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 192 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 Shareholders' 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. If the Bank has, in violation of the Company Law, distributed profits to shareholders, the shareholders shall return to the Bank the profit distributed in violation of the provisions; in case of losses caused to the Bank, the shareholders and the directors and senior management personnel who are responsible shall be liable for compensation.

Article 193 The reserve fund of the Bank shall be applied to make up for its losses, expand its business operations or increase its capital. The Bank shall first apply discretionary reserve fund and statutory reserve fund to makeup for the losses. If the losses cannot be fully made up, capital reserve fund may be utilized in accordance with relevant regulations.

Upon the resolution of the Shareholders' 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 194 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 Shareholders' meeting, the Board of the Bank shall finish distributing dividends (or shares) within 2 months after conclusion of the Shareholders' meeting.

Article 195 The Bank may distribute dividends in the form of cash or shares.

Article 196 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.

Section 2 Internal Audit

Article 197 The Bank shall implement an internal audit system, clarifying the leadership structure, responsibilities and authorities, staffing, funding assurance, application of audit results, and accountability mechanisms for internal audit work.

The Bank shall 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 198 The internal audit department of the Bank shall supervise and inspect the business activities, risk management, internal control, financial information and other matters of the Bank. 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 199 The internal audit department is responsible to the Board. The internal audit department shall accept the supervision and guidance of the Audit Committee of the Board in the process of supervising and inspecting the Bank's business activities, risk management, internal controls and financial information. If the internal audit department identifies any significant issues or clues, it shall report them directly to the Audit Committee of the Board immediately.

Article 200 The internal audit department shall be responsible for specific organization and implementation of the Bank's internal control evaluation. Based on the evaluation report issued by the internal audit department and reviewed by the Audit Committee of the Board, along with relevant materials, the Bank shall produce an annual internal control evaluation report.

Article 201 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 202 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.

Article 203 When the Audit Committee communicates with external auditors such as accounting firms and national audit institutions, the internal audit department shall actively cooperate and provide necessary support and assistance.

Article 204 The Audit Committee of the Board participates in the appraisal of the head of the internal audit.

Section 3 Appointment of Accounting Firms

Article 205 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 Shareholders' meeting at which it is appointed to the conclusion of the next annual Shareholders' meeting.

Article 206 The Bank shall not appoint any accounting firm controlled by any related party to audit the Bank.

Article 207 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.

Article 208 The remuneration of the accounting firm or the manner in which such firm is to be remunerated shall be determined by the Shareholders' meeting. The remuneration of the accounting firm appointed by the Bank shall be determined by the Board.

Article 209 The appointment, dismissal or non-reappointment of an accounting firm by the Bank shall be submitted to the Board for consideration upon approval by a majority of all members of the Audit Committee and shall be determined by the Shareholders' meeting, and shall be filed with the securities regulatory authorities of the State Council.

Article 210 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 Shareholders' meeting. In the event the accounting firm proposes to resign from its position, it shall explain to the Shareholders' meeting whether there has been any impropriety on the part of the Bank.

Chapter 11 Staff Management

Article 211 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 212 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 213 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 214 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 215 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 12 Merger, Division, Dissolution and Liquidation

Section 1 Merger or Division

Article 216 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 217 Merger or division of the Bank shall follow the procedure below:

- (I) The Board formulates proposals for merger or division;
- (II) A Shareholders' 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 218 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 219 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.

If the consideration paid by the Bank for a merger does not exceed 10% of its net assets, a resolution by the Shareholders' meeting may not be required. If the merger is conducted without a Shareholders' meeting resolution in accordance with the preceding paragraph, it shall be subject to a resolution by the Board.

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 or on the National Enterprise Credit Information Publicity System 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.

Upon 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 220 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 or on the National Enterprise Credit Information Publicity System 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 221 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 222 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 Shareholders' 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.

If any of the dissolution causes specified in the preceding paragraph occurs, the Bank shall announce on the National Enterprise Credit Information Publicity System within ten days.

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 223 If the Bank is dissolved in the circumstance set out in sub-paragraphs (I), (II) and (VI) of the preceding article, it shall be liquidated. As the liquidation obligors of the Bank, the directors shall setup a liquidation committee within 15 days after the dissolution events occur, and the liquidation committee shall comprise directors, unless otherwise prescribed by the Articles of Association or other persons selected by an ordinary resolution at a Shareholders' 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. If the liquidation obligor fails to perform its liquidation obligation in a timely manner and causes losses to the Bank or its creditors, it shall be liable for compensation.

Article 224 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 225 The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements on newspapers or the National Enterprise Credit Information Publicity System within 60 days.

Article 226 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 227 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 Shareholders' meeting or the relevant competent authorities for confirmation.

Article 228 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 229 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 bankruptcy administrator designated by the People's Court all matters relating to the liquidation.

Article 230 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 Shareholders' meeting or the relevant competent authorities for confirmation.

Within thirty (30) days from the date of confirmation on the liquidation report from the Shareholders' 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 while the Bank's registration authority shall make an announcement to the closure of the Bank.

Article 231 The members of the liquidation committee shall perform liquidation duties and have obligations of loyalty and diligence, 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 neglects to perform the liquidation duties and thereby causes any loss to the Bank, the said member shall be liable for compensation. The members of the liquidation committee causing losses to creditors due to intentional misconduct or gross negligence shall also be liable for compensation.

Chapter 13 Notice

Article 232 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 233 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 234 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.

Chapter 14 Amendments to the Articles of Association

Article 235 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' meeting adopts a resolution to amend the Articles of Association.

Article 236 Any amendments to be made to the Articles of Association pursuant to a resolution passed at the Shareholders' 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 237 The Board of Directors shall amend the Articles of Association according to the resolutions on amending the Articles of Association passed at a Shareholders' meeting and the approval opinions of the relevant regulatory authorities.

Chapter 15 Supplementary Provisions

Article 238 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 natural person, legal person or other organization 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 Shareholders’ meeting; the failure of the Bank to convene a Shareholders’ meeting for more than one consecutive year; the failure of the shareholders to vote at a Shareholders’ 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 239 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 240 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 241 Unless otherwise specified herein, references to “above”, “within” and “under” shall include the actual given figures, while references to “majority”, “beyond”, “less than” and “more than” shall exclude such actual given figures.

Article 242 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 243 After consideration and approval by the Shareholders’ meeting and approval by the national financial regulatory authorities, the Articles of Association shall become effective.

Article 244 The Board of Directors of the Bank shall be responsible for the interpretation of the Articles of Association.

Article 245 Appendices to the Articles of Association comprise the Rules of Procedures for the Shareholders’ Meeting and Rules of Procedures for the Board of Directors.