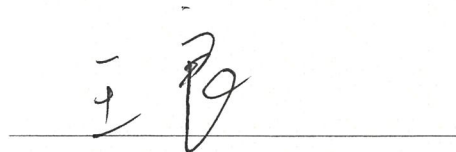


# Articles of Association of China Merchants Bank Co., Ltd.

(Amended in 2022)



Mr. Wang Liang, Executive Director, President and CEO

**Shenzhen, PRC**

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

**CONTENTS**

CHAPTER 1	GENERAL PROVISIONS.....	3
CHAPTER 2	BUSINESS OBJECTIVES AND SCOPE OF BUSINESS.....	5
CHAPTER 3	SHARES AND REGISTERED CAPITAL.....	6
CHAPTER 4	REDUCTION OF CAPITAL AND REPURCHASE OF SHARES.....	12
CHAPTER 5	FINANCIAL ASSISTANCE FOR REPURCHASE OF SHARES OF THE BANK....	15
CHAPTER 6	SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS.....	16
CHAPTER 7	PARTY ORGANIZATION (PARTY COMMITTEE).....	20
CHAPTER 8	RIGHTS AND OBLIGATIONS OF SHAREHOLDERS.....	21
CHAPTER 9	SHAREHOLDERS' GENERAL MEETINGS.....	30
CHAPTER 10	SPECIAL PROCEDURES FOR VOTING BY SHAREHOLDERS OF DIFFERENT CLASSES.....	48
CHAPTER 11	BOARD OF DIRECTORS.....	50
CHAPTER 12	SECRETARY OF THE BOARD OF DIRECTORS.....	73
CHAPTER 13	PRESIDENT AND OTHER SENIOR MANAGEMENT.....	74
CHAPTER 14	BOARD OF SUPERVISORS.....	77
CHAPTER 15	QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, PRESIDENT AND OTHER SENIOR MANAGEMENT MEMBERS.....	85
CHAPTER 16	FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING.....	91
CHAPTER 17	APPOINTMENT OF ACCOUNTING FIRM(S).....	97
CHAPTER 18	MERGER OR DIVISION.....	99
CHAPTER 19	DISSOLUTION AND LIQUIDATION.....	100
CHAPTER 20	PROCEDURES FOR AMENDING THE ARTICLES.....	103
CHAPTER 21	NOTICE.....	104
CHAPTER 22	DISPUTE RESOLUTIONS.....	106
CHAPTER 23	SUPPLEMENT.....	107

**CHAPTER 1 GENERAL PROVISIONS**

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

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

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

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

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

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

Article 4 Registered name of the Bank: 招商銀行股份有限公司 ; Abbreviation: 招商銀行 ; English name of the Bank: CHINA MERCHANTS BANK CO., LTD.

Article 5 Address of the Bank: No.7088 Shennan Boulevard, Futian District, Shenzhen  
Postcode : 518040  
Tel: 86-755-83198888  
Fax: 86-755-83195555

Article 6 The Bank is a joint stock limited company, capable of perpetual existence.

Article 7 The chairman of the Board of Directors shall serve as the legal representative of Bank.

Article 8 Shares of the Bank falls into ordinary and preference shares, and shares of the same class have same par value. Shareholders' liability shall be limited to the shares subscribed by them. The Bank shall assume liability for all the liabilities of the Bank by way of all its properties.

Article 9 The Articles became effective upon approval of China Banking and Insurance Regulatory Commission.

From the date the Articles became effective, the Articles shall become a legally binding document, regulating the organisation and acts of the Bank, and the rights and obligations between the Bank and each shareholder, and between a shareholder and each other shareholder.

Article 10 The Articles shall be binding on the Bank and the shareholders, directors, supervisors, president and other senior management members of the Bank. The persons referred to above can enforce their rights on matters relating to the Bank in accordance with the Articles.

Shareholders may initiate legal proceedings against the Bank according to the Articles. The Bank may initiate legal proceedings against the shareholders, directors, supervisors, president and other senior management members according to the Articles. Shareholders may initiate legal proceedings against other shareholders according to the Articles. Shareholders may initiate legal proceedings against the directors, supervisors, president and other senior management members of the Bank according to the Articles.

Senior management members referred to in the Articles shall mean the executive vice presidents, secretary of the Board of Directors, person in charge of finance and other personnel confirmed by the Board of Directors or regulatory authorities.

The senior management members referred to in the Articles shall mean the president and other senior management members of the Bank.

Initiating legal proceedings referred to above shall include initiating legal proceedings at courts or applying for arbitration at arbitration organs.

Article 11 The Bank shall adhere to the market-oriented selection and employment mechanism, and the remuneration incentive mechanism, conduct independent auditing and operation, assume its own risks, and be liable for its own profit and loss and exercise self-constraints according to the principles of effectiveness, safety and flexibility.

Article 12 The Bank may invest in other limited liability companies and joint stock limited companies according to law and its liability shall be limited to the capital contribution amount. Upon examination and approval by the banking supervision and administration department under the State Council, the Bank may, in accordance with its business development requirements, establish branch organs within and outside the PRC. The branch organs established outside the PRC shall engage in all banking businesses or other businesses permitted by the decrees of the place of its operation.

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

Article 13 The Bank may establish certain specialised committees and internal management organs according to the requirements of business operation and management.

Article 14 In accordance with the requirements of the Constitution of the Communist Party of China and Company Law, an organization of the Communist Party of China shall be established within the Bank to play the leadership role, providing direction, managing the overall situation and ensuring implementation. The working organs of the Party shall be established within the Bank, and shall be equipped with requisite staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.

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

Article 15 The business objectives of the Bank are: to adhere to the principle of credibility, to conduct businesses in compliance with laws, regulations and after due consideration, and to be always committed to the dynamic, balanced development of quality, efficiency and scale; to practice our value proposition of “customer-centric and creating value for customers” and protect consumer rights and interests; to comply with environmental, social and governance standards, to provide quality and highly effective financial services to the society, and in doing so, to maximise the value for shareholders and stakeholders and serve the transformation and upgrading of the national economy and people’s yearning for a better life with its own high-quality development.

Article 16 Upon approval by the regulatory authorities including the banking supervision and administration department under the State Council and the legal registration, the business scope of the Bank is:

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

### CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 17 The Bank issues ordinary shares and preference shares. According to its needs and upon the approval by the examination and approval authorities authorised by the State Council, the Bank may issue other classes of shares according to the provisions of the relevant laws and administrative regulations. Ordinary shares refer to the shares of ordinary class generally defined in the Company Law issued by the Bank. Preference shares refer to the shares other than the issued ordinary shares issued by the Bank according to the Company Law, the shareholders of which are preferred in the distribution of profits and remaining assets by the Bank over shareholders of ordinary shares, though their rights to participate in the decision making and management of the Bank are restricted.

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

As regards shares of the same class issued at the same time, the issuing conditions and price of each share shall be the same. As regards the shares subscribed by any entity or individual, the amount paid for each share shall be the same.

Article 18 The shares issued by the Bank shall have a par value, among which the ordinary shares shall have a par value of RMB1 per share and the preference shares shall have a par value of RMB100 per share.

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

Article 19 Subject to verification and approval by the relevant domestic and overseas regulatory authorities such as the securities regulatory organ of the State Council and the banking supervision and administration department under the State Council, the Bank may issue shares to domestic investors and overseas investors.

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

Article 20 The shares issued by the Bank to domestic investors and subscribed for in Renminbi are known as domestic shares. The shares issued by the Bank to overseas investors and subscribed for in foreign currencies are known as foreign shares. Domestic ordinary shares which are listed within the PRC shall be known as domestically listed domestic shares; while foreign ordinary shares which are listed outside the PRC shall be known as overseas listed foreign shares.

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

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

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

Article 21 As regards shares issued by the Bank, domestic shares shall be deposited at China Securities Depository & Clearing Corporation Ltd., Shanghai Branch for safe custody. H shares are mainly under the safe custody of an entrusted custody company of Hong Kong Securities Clearing Company Limited and the shares may also be held under the personal names of the shareholders.



Article 22 Upon approval by the examination and approval departments authorised by the State Council, the total number of ordinary shares issued when the Bank was established as a joint stock limited company was 1,122,727,212 shares. The promoters subscribed for 656,071,942 shares, representing 58.44% of the total number of ordinary shares issued by the Bank at that time, of which China Merchants Steam Navigation Company Limited subscribed for 312,257,428 shares, China Ocean Shipping (Group) Company subscribed for 145,676,349 shares, Guangzhou Maritime Transport (Group) Company subscribed for 58,270,540 shares, China National Offshore Oil Nanhai East Corporation subscribed for 30,005,270 shares, Guangdong Highways Administrative Bureau subscribed for 30,000,000 shares, Shandong Province Transport Development and Investment Company subscribed for 30,000,000 shares, Qinhuangdao Port Affairs Bureau of the Ministry of Communications subscribed for 30,000,000 shares and Shenzhen Shekou Zhaoyin Investment Services Company subscribed for 19,862,355 shares. The capital contribution by promoters following restructuring by the Bank as a joint stock limited company was by way of the capital held in the Bank prior to restructuring, common reserve fund, appraisal in value on assessment and partly by cash.

Article 23 As at 31 December 2016, the shareholding structure for ordinary shares of the Bank was as follows: total share capital of 25,219,845,601 shares, including 20,628,944,429 domestic shares, representing 81.80% of the total number of ordinary shares which can be issued by the Bank, 4,590,901,172 H shares, representing 18.20% of the total number of ordinary shares issued by the Bank. Calculation of the share capital referred to above had taken into account the bonus shares issued in the previous years, shares transferred from the capital reserve and the shares issued as a result of the exercise of the conversion rights of the convertible bonds by bond holders. On 22 December 2017, upon approval by the examination and approval departments authorised by the State Council, the Bank non-publicly issued 275,000,000 shares of preference shares within the PRC; and on 25 October 2017, upon approval by the examination and approval departments authorised by the State Council, the Bank non-publicly issued 50,000,000 shares of preference shares outside the PRC.

Article 24 Subject to approval or verification of the Bank's plan to issue overseas listed foreign shares and domestically listed domestic shares by the securities regulatory organ of the State Council, the Board of Directors of the Bank may implement arrangement regarding the issuance of the shares respectively.

The Bank may separately implement its plan to issue overseas listed foreign shares and domestically listed domestic shares pursuant to the preceding paragraph within 15 months from the date of approval or verification by the securities regulatory organ of the State Council.

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



Article 25 In the event that there are overseas listed foreign shares and domestically listed domestic shares included in the total number of shares stated in the said plan, such shares shall be fully subscribed for at their respective offerings; should the shares cannot be fully subscribed for due to special circumstances, such shares may be issued in separate tranches upon approval or verification by the securities regulatory organ of the State Council.

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

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

Article 26 The registered share capital of the Bank shall be RMB25,219,845,601.

Article 27 The Bank may, depending on the operating and development requirements, approve an increase in its capital pursuant to the relevant provisions of the Articles. The Bank may increase its capital by way of:

- (1) offering ordinary shares to unspecified investors for subscription;
- (2) placing ordinary shares to existing shareholders;
- (3) allotting ordinary shares to existing shareholders;
- (4) allotting ordinary shares to specific targets;
- (5) converting capital reserve to ordinary shares;
- (6) converting preference shares into ordinary shares; and
- (7) other means as permitted by law and administrative regulations.

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

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

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

Article 28 Unless otherwise stipulated in the relevant laws, administrative regulations or Articles, shares of the Bank shall be freely transferable without any encumbrances. In the event that the shareholders of the Bank transfer their shares of the Bank, the shareholders shall inform the transferees to be in compliance with the laws and regulations as well as the conditions imposed by the banking supervision and administration department under the State Council.

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

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

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

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

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

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

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

- (2) after the completion of the registration of equity pledge, the Shareholders shall provide the Bank with the information on equity pledge in a timely manner as required by the Bank for risk management and information disclosure.

- (3) Shareholders are forbidden from making equity pledge if their outstanding borrowing due to the Bank exceeding the value of the audited net equity held by them in the Bank in the previous year.
- (4) the shareholders' voting rights and those of the Directors on behalf of them, shall be restricted when they vote at the meeting of the Board of Directors in the event that the amount of equity they pledged arrives at or exceeds 50% of their respective equity in the Bank.

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

Article 30 Directors, supervisors and senior management members shall report to the Bank in relation to the number of shares held by them and the relevant changes. The number of ordinary shares or preference shares transferred each year during their term of office shall not exceed 25% of the total number of the same class of shares of the Bank held by them and the ordinary shares of the Bank held by them shall not be transferable within one year from the date of listing and trading of such ordinary shares. The persons referred to above shall not transfer shares of the Bank held by them within six months after they cease to be employed except under the circumstance enforced by courts.

Where directors, supervisors or senior management members resign before the expiration of his/her term of office, he/she shall comply with the restrictive provisions mentioned in the preceding paragraph within the term of office determined at the time of his/her appointment and within six months after the expiration of his/her term of office.

Article 31 If any shareholder holding more than 5% of the ordinary shares of the Bank, director, supervisor or member of the senior management members of the Bank sells shares of the Bank or other equity securities issued by the Bank within 6 months after purchase; or purchases shares of the Bank within 6 months after selling, the profits obtained therefrom shall belong to the Bank and the Board of Directors of the Bank shall confiscate the profits. If a securities company holds more than 5% of the ordinary shares as a result of purchasing and underwriting the remaining shares, and other circumstances specified by the securities regulatory authority of the State Council shall not be subject to such restriction.

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

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

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

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

Article 32 According to the provisions of the Articles, the Bank may reduce its registered capital.

Article 33 The Bank shall prepare a balance sheet and a list of inventory of assets on reduction of its registered capital.

The Bank shall notify its creditors within ten days from the date of the Bank's resolution on reduction of registered capital and shall publish an announcement in newspapers designated by the Bank at least three times within thirty days. A creditor shall have the right within thirty days of receipt of the notice from the Bank, or within 45 days from the date of the first announcement where the creditor did not receive such notice, to demand the Bank to repay its debts or provide an appropriate guarantee for such debts.

The Bank's registered capital must not, upon the reduction of capital, be less than the minimum amount required by the law.

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

Article 34 The Bank shall not acquire its own shares, unless under one of the following circumstances:

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

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

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

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

Article 35 Subject to approval of the relevant regulatory authority, the Bank may repurchase its shares in one of the following ways:

- (1) making an offer to repurchase from all shareholders of the same class on a pro rata basis;
- (2) repurchasing of shares in open market on a stock exchange in a way of centralised transactions;
- (3) repurchasing by means of a contractual agreement outside a stock exchange; or
- (4) by other means as permitted by the applicable laws and regulations or as recognised by the securities authority of the State Council.

Where the Bank repurchases its own shares for any of the circumstances as specified in items (3), (5) and (6) in the first paragraph of Article 34 of the Articles, it shall be conducted by way of public centralised transactions.

Article 36 The Bank shall obtain prior approval from the shareholders at a shareholders' general meeting (in the manner defined in the Articles) prior to its repurchase of shares by an off-market agreement. The Bank may, by obtaining the prior approval of the shareholders at a shareholders' general meeting (in the same manner as set forth above), discharge or amend the above contracts or waive any of its rights thereunder.

Contracts for the repurchase of shares referred to in the preceding paragraph shall include (but not limited to) an agreement to undertake the obligation to repurchase shares and acquire the right of repurchasing shares.

The Bank shall not transfer a contract on the repurchase of its shares or any rights thereunder.

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

The total number of outstanding preference shares shall be written down accordingly upon repurchase of preference shares by the Bank pursuant to Article 34 of the Articles.

Article 38 Unless the Bank is undergoing liquidation process, it shall comply with the following requirements with respect to a repurchase of its issued shares:

- (1) for repurchases of shares by the Bank at their par value, payment shall be made from the book balance of its distributable profits or from the proceeds of a new issue for that purpose;
- (2) for repurchases of shares by the Bank at a premium to its par value, payment up to the par value shall be made from the book balance of its distributable profits or from the proceeds of a new issue for that purpose. Payment of the portion which is in excess of the par value shall be effected as follows:
  - (i) if the shares being repurchased are issued at par value, payment shall be made from the surplus of its distributable profits; and
  - (ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made from the book balance of its distributable profits or from the proceeds of a new issue for that purpose. However, the amount deducted from the proceeds of such new issue shall not exceed the aggregate amount of the premiums received by the Bank on issuance of the shares so repurchased, nor shall it exceed the amount in the Bank's premium account or capital reserve fund account (including the premiums on the new issue) at the time of such repurchase.
- (3) The Bank shall make the following payment from the Bank's distributable profits:
  - (i) payment for acquisitions of rights to repurchase its own shares;
  - (ii) payment for the variation of any contract for the repurchase of its shares; and
  - (iii) payment for release from its obligations under any repurchase contract.
- (4) After the aggregate par value of the cancelled shares is deducted from the Bank's registered capital according to relevant provisions, the amount deducted from the distributable profits for payment of said aggregate par value of the shares shall be credited to the Bank's premium account or capital reserve fund account.

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

**CHAPTER 5 FINANCIAL ASSISTANCE FOR REPURCHASE OF SHARES OF THE BANK**

Article 39 The Bank (including branch organs of the Bank) or subsidiaries of the Bank (including subsidiary enterprises of the Bank) shall not offer any financial assistance at any time to purchasers or prospective purchasers of the Bank's shares by way of gifts, advances, guarantees, compensation or loans, etc. Such purchasers of the Bank's shares as mentioned above shall include those who directly or indirectly assume obligations as a result of purchase of the shares of the Bank.

The Bank (including branch organs of the Bank) or subsidiaries of the Bank (including subsidiary enterprises of the Bank) shall not offer any financial assistance at any time by any means in order to reduce or relieve the obligations of the above obligors.

This clause does not apply to the circumstances as set out in Article 41 of this chapter.

Article 40 "Financial assistance" referred to in this chapter shall include but is not limited to the following means:

- (1) voluntary disposition;
- (2) guarantees (including the guarantor's undertaking of responsibility or providing property in order to guarantee the obligor's performance of obligations), compensation (but excluding the compensation arising from the Bank's fault), relief or waiver of rights;
- (3) providing loans or entering into a contract in which the Bank performs its obligations prior to other parties; changes in the loans or parties to such loans and transfer of such loans or rights under such contract; and
- (4) financial assistance provided by the Bank in any other form when the Bank is insolvent or has no net assets or such financial assistance will lead to significant decrease of net assets.

The obligations referred to in this chapter shall include the obligations of the obligor by signing a contract or making an arrangement or changing its financial status in any other ways, regardless of whether or not the aforesaid contract or arrangement is enforceable, or whether or not undertaken individually or jointly.

Article 41 The following acts shall not be deemed to be the acts forbidden under Article 39 of this chapter:

- (1) where the Bank provides the relevant financial assistance bona fide for the benefit of the Bank and the main purpose of the financial assistance is not to purchase shares of the Bank, or the financial assistance is an incidental part of an overall plan of the Bank;
- (2) lawful distribution of the Bank's property in the form of dividends;
- (3) distributable profit in the form of shares;



- (4) reduction of registered capital, repurchase of shares, adjustment in shareholding structure in accordance with the Articles;
- (5) provision of loans by the Bank within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Bank or that if the same constitutes a reduction, the financial assistance is paid out of the Bank's distributable profits); and
- (6) provision of money by the Bank for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Bank or that if the same constitutes a reduction, the financial assistance is paid out of the Bank's distributable profits).

## CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

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

Article 43 Share certificates shall be signed by the chairman. Where the signatures of senior management members of the Bank are required by the stocks exchange where the Bank's shares are listed, the share certificates shall also be signed by such senior management members. The share certificates of the Bank shall become effective after the Bank seal (including the securities seal of the Bank) is affixed thereto or printed thereon. Affixing the seal or securities seal of the Bank on the share certificates shall be authorised by the Board of Directors. The signature of the chairman or senior management members on the share certificates may also be in printed form. Stipulations of the securities regulatory organs in the place where the shares of the Bank are listed shall apply in case the shares of the Bank are issued and transacted in scripless form.

Article 44 The Bank shall establish a register of shareholders and record the following:

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

Unless proved to the contrary, the register of shareholders is sufficient proof that the shareholder holds share(s) of the Bank.

Article 45 The Bank may keep the register of shareholders of the overseas listed foreign shares in a place outside the PRC and entrust a foreign agency to manage the same in accordance with the understanding or agreement reached between the securities regulatory organs of the State Council and the foreign securities regulatory organ. The register of shareholders of H shares shall be kept in Hong Kong.

The Bank shall keep a duplicate of the register of shareholders of the overseas listed foreign shares at its registered office. The appointed foreign agency shall ensure that the original and copy of the register of shareholders of overseas listed foreign shares are consistent at all time.

In case the original and duplicate of the register of shareholders of overseas listed foreign shares are inconsistent, the original register shall prevail.

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

The register of shareholders shall include the following:

- (1) a register of shareholders kept at the registered office of the Bank other than those stipulated in (2) and (3) of this Article;
- (2) the register of shareholders of overseas listed foreign shares of the Bank kept at the place of the stock exchange for listing of the overseas listed foreign shares; and
- (3) the register of shareholders kept in such other places as the Board of Directors may decide according to the listing requirements.

Article 47 The different parts of the register of shareholders shall not overlap. In case of the transfer of certain registered shares in any part of the register of shareholders, such shares shall not be registered in any other parts of the register of shareholders during the subsisting registration period of such shares.

Changes to or corrections of any part of the register of shareholders shall be conducted in accordance with the laws in the place where such part of the register of shareholders is kept.

Article 48 All fully paid H shares are freely transferable in accordance with the Articles. Unless the following conditions are satisfied, the Board of Directors may refuse to recognize any instrument(s) of transfer without stating any reasons:

- (1) any instrument of transfer or other documents which are related to or will affect the ownership of shares shall be subject to registration, and a fee thereupon shall be paid to the Bank at a rate to be stipulated according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”);
- (2) the instrument of transfer only relates to the H shares;
- (3) the stamp duty payable on the instrument(s) of transfer has been paid;

- (4) provision of the relevant share certificates and any other evidence which the Board of Directors may reasonably require to prove that the transferor has the right to transfer the shares;
- (5) should it be intended that the shares are to be transferred to joint owners, the maximum number of joint owners shall not exceed four;
- (6) the relevant shares shall be free from any encumbrances.

H shares of the Bank shall be transferred in written form by way of ordinary or usual forms of the instrument of transfer or in other forms which are acceptable to the Board of Directors. Such instrument of transfer shall only be signed under hand, or if the transferor or the transferee is a clearing organ or its agent, it may be signed under hand or by machine printed signatures. All instruments of transfer must be placed at the registered place of the Bank or other places designated by the Board of Directors.

Overseas preference shares shall be transferred in accordance with relevant trading and settlement rules.

Article 49 Registration of changes in the register of shareholders as a result of the transfer of shares may not be conducted within 5 days before the record date for distributable profit distribution as decided upon. However, if registration of changes in the register of shareholders is otherwise prescribed in laws, administrative regulations, departmental rules and regulations of local securities regulatory authorities where shares of the Bank are listed, relevant provisions shall be observed.

Article 50 If the Bank convenes a shareholders' general meeting, distributes distributable profit conducts liquidation or engages in other acts requiring confirmation of the identities of shareholders, the Board of Directors or the convenor of the shareholders' general meeting shall decide a date to be the shareholding registration date. After the close of the market on the shareholding registration date, the shareholders recorded in the register shall be the shareholders entitled to the relevant interests.

Article 51 Anyone who has objection to the register of shareholders and requests to register his/her name in the register of shareholders or to remove his/her name from the register of shareholders shall have the right to apply to the court having the jurisdiction for rectification of the register of shareholders.

Article 52 If the share certificates (i.e. the "Original Share Certificates") of any shareholders registered in the register of shareholders or any person who requests to register his/her name in the register of shareholders are lost, the shareholders may apply to the Bank for replacement of new share certificates in respect of such shares (the "Relevant Shares").

Application for replacement of share certificates by shareholders of domestic listed shares shall comply with the provisions of Article 143 of the Company Law.

Applications for replacement of share certificates by shareholders of overseas listed foreign shares shall be dealt with in compliance with the laws, rules of the stock exchange or other relevant regulations in the place where the original register of shareholders of overseas listed foreign shares is kept.

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

- (1) The applicant shall file the application in the standard form specified by the Bank and enclose the notarial certificate or statutory declaration documents. The notarial certificate or statutory declaration documents shall include the reason for the application, the circumstances under which the share certificates are lost and the relevant evidences, and the declaration that no one else apart from the applicant may request to register as shareholders in respect of the relevant shares.
- (2) Before the Bank decides to issue new share certificates, the Bank has not received any declaration that any person other than the applicant has requested to be registered as the shareholder of such shares.
- (3) If the Bank decides to issue new share certificates to the applicant, it shall publish an announcement on issuance of such new share certificates in the newspapers specified by the Board of Directors. The period of notice shall be 90 days and the notice shall be republished at least once every 30 days.
- (4) Before the Bank publishes an announcement on issuance of such new share certificates, it shall submit a copy of the announcement to the stock exchange where its shares are listed. After the stock exchange gives its reply confirming that such announcement has been displayed on the stock exchange, the announcement may be published. The announcement shall remain published on the stock exchange for a period of 90 days.
- (5) If the application for issuance of the new share certificates is not approved by the registered shareholders of relevant shares, the Bank shall mail a copy of the announcement to be published to such shareholders.
- (6) If the Bank receives no objection against the issuance of the new share certificates upon expiry of the 90-day display period for the announcement as stipulated in (3) and (4) of this article, then the Bank may issue such new share certificates in accordance with the application of the applicant.
- (7) When the Bank reissues new share certificates according to this provision, it shall immediately cancel the lost Original Share Certificates and shall record such cancellation and re-issuance in the register of shareholders.
- (8) All the costs arising out of the Bank's cancellation of the lost Original Share Certificates and the issuance of new share certificates shall be borne by the applicant. The Bank shall have the right to refuse to take any action before the applicant provides any reasonable guarantee.

Article 53 After the Bank issues the new share certificates in accordance with the Articles, the names of the bona fide purchasers who obtain the aforesaid new share certificates or the shareholders who subsequently registered as the owner of such shares (provided that he/she is a bona fide purchaser) shall not be removed from the register of shareholders.

Article 54 The Bank shall assume no obligation of compensation to those person(s) who may suffer damages from the Bank's cancellation of the lost Original Share Certificates or the issuance of new share certificates, unless such person(s) can prove fraud on the part of the Bank.

#### **CHAPTER 7 PARTY ORGANIZATION (PARTY COMMITTEE)**

Article 55 The Committee of the Communist Party of China Merchants Bank Co., Ltd. (hereinafter referred to as the "Party Committee") shall be established within the Bank. The Party Committee shall consist of one secretary and one or two deputy secretaries as well as several other members. The secretary to the Party Committee and the president of the Bank shall be the same person. One deputy secretary of the Party Committee shall be designated to assist the secretary to the Party Committee in carrying out Party-building. Eligible members of the Party Committee can become members of the Board of Directors, the Board of Supervisors and the senior management through legal procedures, while eligible members of the Board of Directors, the Board of Supervisors and the senior management can also join the Party Committee in accordance with relevant rules and procedures. Meanwhile, the Party Committee of the Bank shall establish the Discipline Inspection Committee ("Discipline Committee") in accordance with relevant regulations.

Article 56 The Party Committee shall perform the following duties according to the Constitution of the Communist Party of China and other regulations of the Party:

- (1) ensure and supervise the Bank's implementation of the principles and guidelines of the Party and the State, and to implement major strategic decisions of the Party Central Committee and the State Council, as well as important work arrangements of higher-level Party organizations;
- (2) strengthen the leadership and gatekeeping role in the management of the process of selection and appointment of personnel, focusing on standards, procedure, evaluation, recommendation and supervision, uphold the integration of the principle that the Party manages the officials with the function of the Board of Directors in the lawful selection of the senior management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the senior management;
- (3) research and discuss the reform, development and stability of the Bank, major operational and management issues and major issues concerning employee interests, and provide comments and suggestions in this regard. Support the shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management in performing their duties in accordance with laws; and support the employee representative meeting in carrying out its work;
- (4) assume the primary responsibility to run the Party Committee comprehensively with strict discipline. Lead the Bank's ideological and political work, the United Front work, the cultural and ethical progress, corporate culture cultivation as well as the work of groups such as the Labour Union of the Bank and the Communist Youth League. Lead the construction of the Party's working style and its clean and honest administration, and support the Discipline Committee in effectively performing its supervisory responsibilities;

- (5) strengthen the building of the Bank's grassroots Party organizations and of its Party members, give full play to the role of Party branches as strongholds and to the role of Party members as pioneers and fine examples, and unite and lead officials and employees bankwide to devote themselves into the reform and transformation development of the Bank;
- (6) other important matters that fall within the duty of the Party Committee.

## CHAPTER 8 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 57 Shareholders of the Bank shall be the persons who lawfully hold the shares of the Bank and whose names are registered in the register of shareholders.

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

In the case of shareholding by joint shareholders, if any one of such joint shareholders passes away, the other surviving shareholder(s) shall be deemed as the owners of the relevant shares. The Board of Directors may require the provision of death certificates acceptable to it for the purpose of amending the register of shareholders. As regards joint shareholders of any shares, only the shareholder whose name stands first in the register of shareholders shall be entitled to receive the share certificate of the relevant shares, receive notices of the Bank and attend and vote at any shareholders' general meeting. Any notice received by such shareholder shall be deemed as having served on all joint shareholders of the relevant shares.

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

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

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

Article 58 Shareholders of the Bank's ordinary shares shall be entitled to enjoy the following rights:

- (1) receiving distributable profit and other forms of benefits on the basis of the number of shares held by them;
- (2) requesting to convene, chairing or attending or appointing proxies to attend shareholders' general meeting according to law;
- (3) exercising voting rights in proportion to the shares held;
- (4) supervising business operation of the Bank and submitting proposals or inquiries;
- (5) transferring, bestowing, pledging or otherwise dealing with the shares held in accordance with laws, administrative regulations, the relevant regulations of the securities regulatory organs in the place where shares of the Bank are listed as well as the Articles;
- (6) obtaining the relevant information in accordance with laws and the Articles, including:
  - (i) obtaining the Articles after paying the relevant cost;
  - (ii) reviewing and making copies of the following documents after paying reasonable costs:
    - (A) any parts of the register of shareholders;
    - (B) personal information of the directors, supervisors and senior management members of the Bank, including:
      - (a) current and previous name and alias;
      - (b) principal address (residence);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and duties; and
      - (e) their identification documents and the number thereof.
    - (C) status of the share capital of the Bank;
    - (D) report on the aggregate par value, quantity, the highest price and the lowest price of each class of shares repurchased by the Bank since the last accounting year, as well as all the expenses paid by the Bank therefor;
    - (E) minutes of shareholders' general meeting, resolutions of board meetings and resolutions of meetings of the Board of Supervisors;
    - (F) counterfoils of the bonds; and
    - (G) financial and accounting reports.



- (7) participating in the distribution of the Bank's remaining property in proportion to the number of shares held by the shareholders upon cessation of the Bank's business or liquidation of the Bank;
- (8) shareholders objecting to resolutions on merger or division passed at the shareholders' general meeting can request the Bank to acquire their shares; and
- (9) other rights conferred by laws, administrative regulations as well as the Articles.

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

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

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

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

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

Article 59 Shareholders shall submit written documents certifying the class and quantity of shares of the Bank held by them when they intend to review the information or obtain the documents referred to above. After the Bank verifies the identity of such shareholders, it shall provide the information and documents as required by such shareholders.

Article 60 If the resolutions of shareholders meetings and board meetings violate the provisions of laws or administrative regulations, shareholders shall have the right to request the people's court to declare that they are void.

If the convening procedures and voting method of shareholders' general meeting and board meetings violate the provisions of laws or administrative regulations or the Articles or the contents of the resolutions violate the Articles, shareholders shall have the right to request the people's court to cancel the same within 60 days from the date of passing of the resolutions.

Article 61 If any director(s) or senior management members in the course of execution of the Bank's duties violate(s) the laws or administrative regulations or the provision of the Articles thus causing any loss to the Bank, shareholders holding more than 1% of the voting shares of the Bank individually or jointly for a continuous period of 180 days shall have the right to request the Board of Supervisors in writing to institute proceedings at the people's court (against such director(s) or senior management members); if the Board of Supervisors in the course of execution of the Bank's duties violates the laws or administrative regulations or the provision of the Articles thus causing any loss to the Bank, shareholders may in writing request the Board of Directors to institute proceedings at the people's court against the Board of Supervisors.

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

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

Article 62 If any director(s) or senior management members violate(s) the laws, administrative regulations or the provision of the Articles thus affecting the interests of shareholders, shareholders may institute proceedings at the people's court.

Article 63 Shareholders of the Bank shall assume the following obligations, unless otherwise required with respect to shareholders of preference shares by the Articles or applicable laws and administrative regulations or the listing rules in the places where the shares of the Bank are listed:

- (1) abide by the laws, administrative regulations, regulatory requirements and the Articles;
- (2) pay subscription fees according to the number of shares subscribed by them and the method of capital injection, and shall ensure to invest their own funds that are obtained from legal sources in the Bank, rather than from entrusted funds, debt funds and other funds not owned by themselves, unless otherwise prescribed by any law or administrative regulation or regulatory requirements;

- (3) shall not withdraw their shareholdings unless otherwise provided by laws and administrative regulations;
- (4) the shareholders and their controlling shareholders, de facto controllers shall not abuse the shareholders' rights or take advantage of related relationships thus damaging the legitimate interests of the Bank, other shareholders and stakeholders; shall not abuse its independent legal person status or the limited liability of shareholders thus damaging the interests of creditors of the Bank;

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

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

- (5) the shareholders shall perform their duties of fidelity lawfully to ensure the truth, completeness and effectiveness of the information provided by them;
- (6) the shareholding percentage and the number of shareholding institutions shall comply with the regulatory requirements, shall not authorise any other person to or accept any other person's authorisation to hold shares of the Bank;
- (7) shareholders shall not conduct inappropriate related party transactions with the Bank, or use its influence on the operation and management of the Bank to seek illicit benefits;
- (8) shareholders who fail to apply to the regulatory authority for approval or fail to report to the regulatory authority, despite being required to do so, are not permitted to exercise the right to request convening of a shareholders' general meeting, the voting right, right of nomination, right of submitting proposals, and right of disposition, etc.;
- (9) shareholders who transfer or pledge their shares of the Bank or conduct related transactions with the Bank shall comply with the laws and regulatory requirements and shall not harm the interests of other shareholders and the Bank;
- (10) in the event of any risk incident or material violation of the regulations, the shareholders shall cooperate with the regulatory authorities to carry out investigation and handle with the risk;
- (11) for a shareholder that makes any false statement, abuses shareholder's rights or otherwise damages the interests of the Bank, the banking supervision and administration department under the State Council or its local offices may restrict or prohibit related party transactions between the Bank and the shareholder, restrict the limit of equity held in the Bank, and equity pledge ratio, etc., and restrict its right to request convening of a shareholders' general meeting, the voting right, right of nomination, right of submitting proposals, and right of disposition, etc.;

(12) other obligations imposed by laws and regulatory requirements as well as the Articles.

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

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

Article 64 The voting right of a shareholder of the Bank at its shareholders' general meetings and that of its despatched director(s) at the meetings of the Board of Directors shall be restricted during the period in which the loan facilities granted by the Bank to that shareholder remains overdue.

Article 65 The conditions of loans that the Bank offers to its shareholders shall not be more favourable than those of similar loans that the Bank offers to other borrowers.

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

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

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

Article 66 In addition to the obligations that the common shareholders shall assume, a substantial shareholder, when conducting capital injection into the Bank, shall undertake in writing to comply with laws, administrative regulations, regulatory provisions and the Articles and make a statement on the purpose of capital injection to the Bank. At the meantime, the substantial shareholder shall state its shareholding structure level by level to its de facto controller and ultimate beneficiary, as well as its relationship as a related party or a person acting in concert with any other shareholders. A substantial shareholder shall inform the following information to the Bank in a timely, accurate and complete manner:

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

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

Article 67 Shareholders, especially the substantial shareholders shall exercise their rights as capital contributors strictly in compliance with the laws, administrative regulations and the Articles, fulfill the obligations of capital contributor, and shall not seek inappropriate interest or abuse shareholders' rights or utilize influence to intervene in the rights of decision-making and management enjoyed by the Board of Directors and senior management in accordance with the Articles, bypass the Board of Directors and senior management to directly intervene in or utilize their influence to intervene in the operations and management of the Bank, to conduct tunneling, or to damage the legitimate rights and interests of any depositor, the Bank and any other shareholder in any other form.

Article 68 Shareholders, especially the substantial Shareholders shall support the reasonable capital plans formulated by the Board of Directors to enable the Bank to meet regulatory capital requirements constantly. Shareholders shall support the reasonable measures suggested by the Board of Directors to raise the capital adequacy ratio of the Bank when the ratio is below the statutory standard, where the capital adequacy ratio can meet regulatory requirements within prescribed period through replenishing capital by way of increasing core capital or taking other measures.

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

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

Article 69 Substantial shareholders of the Bank shall make written commitments and actively fulfill their commitments to provide liquidity support to the Bank.

Article 70 The Bank shall establish a substantial shareholder commitment management system and substantial shareholder commitment archives, from which the Bank evaluates the performance of commitments made by the substantial shareholders regularly, and reports the assessment to the banking regulatory authority of the State Council or its dispatched office. Substantial shareholders shall truthfully make commitments in accordance with relevant laws, regulations and regulatory requirements, earnestly fulfill their undertakings and actively cooperate with the Bank, the banking regulatory authority of the State Council or its dispatched offices in carrying out the management and evaluation of the performance of commitments made by the shareholders.

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

Article 71 Any substantial shareholder, its controlling shareholder or de facto controller of the Bank shall not fall under any of the following circumstances:

- (1) being listed as an object subject to joint punishment for dishonesty by relevant departments;
- (2) seriously evading bank debts;
- (3) providing false materials or making false statement;

- (4) assuming significant liability for business failure or material violation of laws or regulations by any commercial bank;
- (5) rejecting or obstructing the lawful implementation of supervision and administration by the banking supervision and administration department under the State Council or its local offices;
- (6) having been investigated and punished by the financial supervision departments or relevant government authorities due to violations of laws or regulations, thus having caused adverse impact;
- (7) other circumstances that may cause adverse impact on the Bank's operation and management.

Article 72 Controlling shareholders and de facto controllers of the Bank shall not exploit their related relationship to impair the interests of the Bank. If the relevant provisions are violated thus causing damages to the Bank, the relevant persons shall assume the liability of compensation.

The controlling shareholders and de facto controllers of the Bank owe a fiduciary duty to the Bank and its other shareholders. The controlling shareholders shall strictly exercise their rights as capital contributors according to law, shall not impair the lawful interests of the Bank and its other shareholders by way of profit distribution, asset reorganisation, external investment, fund appropriation or loan guarantees nor damage the interests of the Bank and its other shareholders by using its controlling status.

Article 73 Except for the obligations as required by laws, administrative regulations or the listing rules in the place where the shares of the Bank are listed, the controlling shareholders (as defined below) in exercising their voting rights shall not make any decisions affecting the benefits of all or part of the shareholders in respect of the following matters:

- (1) exempting the responsibility of any director or supervisor to act in good faith for the maximum benefit of the Bank;
- (2) approving any director or supervisor (for the benefit of himself or other persons) to dispose of the property of the Bank in any form, including (but not limited to) the opportunities that are favourable to the Bank; and
- (3) approving any director or supervisor (for the benefit of himself or other persons) to deprive of the individual interests of other shareholders, including (but not limited to) any distribution rights or voting rights, but excluding the reorganisation of the Bank which is submitted to the shareholders' general meeting for approval in accordance with the Articles.

Article 74 The term "controlling shareholders" in relation to the Bank herein shall refer to those who hold more than 50% of the total share capital of the Bank, or hold less than 50% of the total share capital of the Bank but have a significant impact on the resolution of the shareholders' general meetings based on its voting right in proportion to shares of the Bank. Where the definition and conditions of a "controlling shareholder" are otherwise provided by laws, administrative regulations, departmental rules and the relevant provisions of the securities regulatory authorities of the place where the Bank's shares are listed, such provisions shall prevail.



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

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

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

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

## **CHAPTER 9 SHAREHOLDERS’ GENERAL MEETINGS**

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

Article 75 The shareholders’ general meetings is the organ of power of the Bank and shall exercise its powers according to law.

Article 76 The shareholders’ general meetings shall exercise the following powers:

- (1) deciding on the business policies and investment plans of the Bank;
- (2) electing and replacing directors not appointed from employee representatives, and deciding on matters concerning directors’ remuneration;
- (3) electing and replacing supervisors not appointed from employee representatives, and deciding on matters concerning supervisors’ remuneration;
- (4) examining and approving reports of the Board of Directors;
- (5) examining and approving reports of the Board of Supervisors;
- (6) examining and approving the Bank’s annual financial budget and final account proposals;

- (7) examining and approving the Bank's plans for profit distribution and loss make-up;
- (8) examining proposals on changes in the use of proceeds;
- (9) adopting resolutions on increase or reduction of the Bank's registered capital;
- (10) adopting resolutions on plans for issuance of bonds of the Bank;
- (11) adopting resolutions on matters such as merger, division, dissolution, liquidation and change of corporate form of the Bank;
- (12) amending the Articles of the Bank;
- (13) adopting resolutions on the engagement or removal or discontinuation of engagement of accounting firms that carry out regular statutory audit on the financial report of the Bank by the Bank;
- (14) examining proposals put forward by the shareholders who individually or jointly hold 3% or more of the total issued voting shares of the Bank;
- (15) examining proposal(s) on matter(s) relating to any single equity investment and other external investment, any single acquisition and disposal of fixed assets (including real estates and other fixed assets, and the term shall be construed accordingly), and any other assets involving an amount exceeding 10% of the net asset value based on the latest published audited accounts of the Bank as well as any acquisition and disposal of significant asset(s), on an accumulated basis, during a period of one year, (including but not limited to equity, fixed assets and other assets) involving an aggregate amount exceeding 30% of the total asset value based on the latest published audited accounts of the Bank;
- (16) examining and approving share incentive plans;
- (17) examining and approving rules of procedures for shareholders' general meetings, meetings of the Board of Directors and meetings of the Board of Supervisors;
- (18) resolving on repurchase of shares of the Bank in accordance with the requirements of laws;
- (19) examining the restrictive measures on shareholders who breach their commitments;
- (20) examining other issues that shall be approved by the shareholders' general meeting as stipulated by laws, administrative regulations, regulatory requirements or the Articles.

The functions and powers of the shareholders' general meeting stipulated in the Company Law and other laws, administrative regulations, regulatory provisions and the Articles shall not be delegated to the Board, other institutions or individuals.

Article 77 There are two types of shareholders' general meeting: annual general meeting and extraordinary general meeting. The annual general meeting shall be held once a year within six months after the end of the previous accounting year. If, for any special reasons, a shareholders' general meeting is postponed, a report setting out the reasons for such postponement shall be timely issued to the banking supervision and administration department under the State Council as well as the securities regulatory authority in the jurisdictions where the shares of the Bank are listed, and shall also be published.

An extraordinary general meeting shall be convened within two months from the date of occurrence of any of the following events:

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

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

Article 78 The venue for convening a shareholders' general meeting shall be the registered office of the Bank.

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

Article 79 At the time of convening the shareholders' general meeting, lawyers should be engaged to attend the shareholders' general meeting and issue legal opinion on the following and make an announcement:

- (1) whether the convening of the shareholders' general meeting and the convening procedures comply with the laws, administrative regulations and the Articles;
- (2) whether the qualifications of the person(s) attending the meeting and the convenor are lawful and valid;
- (3) whether the voting procedures and voting results of the shareholders' general meeting are lawful and valid; and
- (4) legal opinions issued on other matters as requested by the Bank.

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

Article 80 The Board of Directors shall convene a shareholders' general meeting according to the provisions of the Articles.

Article 81 Independent directors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting. As regards the proposal of independent directors in relation to convening an extraordinary general meeting, the Board of Directors shall give written replies on whether it agrees or disagrees to the convening of the extraordinary general meeting within 10 days after receiving the proposal according to the provisions of laws, administrative regulations and the Articles.

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

Article 82 The Board of Supervisors shall have the right to propose in writing to the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall give written replies on whether it agrees or disagrees to the convening of the extraordinary general meeting within 10 days after receiving the proposal according to the provisions of laws, administrative regulations and the Articles.

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

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

Article 83 The following procedures shall be complied with when shareholders request to convene an extraordinary general meeting or class meeting:

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

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

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

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

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

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

Article 84 If the Board of Supervisors or shareholders decide(s) to convene a shareholders' general meeting on their own, a written notice shall be sent to the Board of Directors and filed with the banking supervision and administration department under the State Council and stock exchange. Prior to publication of the announcement on the resolutions passed at the shareholders' general meeting, the ratio of the voting shares held by shareholders convening the meeting to total voting shares shall not be less than 10%.

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

Article 85 If the Board of Supervisors or shareholders convene(s) a shareholders' general meeting on their own, the Board of Directors and the secretary of the Board of Directors shall cooperate accordingly. The Board of Directors shall provide the register of shareholders as at the date of the shareholding registration date. If the Board of Supervisors or shareholders convene(s) a shareholders' general meeting on their own, the necessary expenses shall be borne by the Bank.

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

Article 86 The contents of the proposal(s) shall be within the scope of authority for the shareholders' general meeting, shall have definite subject(s) for discussion and specific matter(s) for resolution and shall comply with the relevant provisions of laws, administrative regulations and the Articles.

Article 87 If the Bank convenes a shareholders' general meeting, the Board of Directors, the Board of Supervisors and the shareholders individually or jointly holding more than 3% of the total issued voting shares of the Bank shall have the right to submit new proposals in writing to the Bank. If the contents of the proposal fall within the scope of authority of the shareholders' general meeting, the same shall be included in the agenda of such meeting.

Shareholders individually or jointly holding more than 3% of the total issued voting shares of the Bank may submit interim proposals in writing to the Bank 15 working days before convening the shareholders' general meeting and submit the same to the convenor. The convenor shall issue a supplemental notice to the shareholders' general meeting and announce the contents of the interim proposal within two working days after receiving the proposal.

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

Any proposal(s) which has/have not been stated in the notice of shareholders' general meeting or is/are not in compliance with the provisions of Article 86 of the Articles shall not be voted and passed as resolution(s) at the shareholders' general meetings.

Article 88 When the Bank convenes a shareholders' general meeting, a written notice shall be issued at least 20 working days (excluding both the date of notice and the date of meeting) prior to the annual general meeting and at least 15 days or 10 working days (whichever is longer, and excluding both the date of notice and the date of meeting) prior to the extraordinary general meeting by the convenor to all the shareholders whose names are recorded on the register stating therein the matters proposed to be considered at the meeting as well as the time and venue of the meeting. If any laws, administrative regulations and other regulatory documents have other provisions, such provisions shall apply.

Article 89 The notice of the shareholders' general meeting shall satisfy the following conditions:

- (1) be in writing;
- (2) specifying the venue, date and time and duration of the meeting;
- (3) describing the matters to be discussed at the meeting;
- (4) providing the information and explanations necessary for shareholders to make informed decisions regarding the matters to be discussed, including (but are not limited to) specific terms and contract (if any) of a proposed transaction and a detailed explanation of the causes and consequences where the Bank proposes a merger, repurchase of shares, capital reorganisation or other form of restructuring;
- (5) where any director(s), supervisor(s), president and other senior management member(s) has/have a material interest in the matters to be discussed, then the nature and extent of that interest should be disclosed. If the impact of the matters to be discussed on such director(s), supervisor(s), president and other senior management member(s) who is/are shareholders is different from the impact on other shareholders of the same class, that difference shall be illustrated;
- (6) containing the full text of any special resolution(s) proposed to be passed at the shareholders' general meeting;
- (7) providing a clear description stating that the shareholders of ordinary shares (including shareholders of preference shares with recovered voting rights) having the right to attend and vote at the shareholders' general meeting shall have the right to appoint one or more proxies to attend and vote on their behalf and such proxy needs not be a shareholder of the Bank;
- (8) setting out the deadline and address for the delivery of proxy form for the shareholders' general meeting;
- (9) the shareholding registration date for shareholders who have the right to attend the shareholders' general meeting;
- (10) name and telephone number of the contact person in relation to the shareholders' general meeting; and
- (11) the time and procedures for voting through Internet or by other methods shall be clarified.



- Article 90 If the matters relating to the election of directors and supervisors are proposed to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall fully disclose details of the candidates for directors and supervisors which shall include at least the following:
- (1) personal particulars including education background, working experience, part-time jobs etc;
  - (2) any relationship with the Bank or the controlling shareholders and de facto controllers of the Bank;
  - (3) disclosure of the number of shares of the Bank held by him/her; and
  - (4) whether he/she was subject to any punishment or enforcement action by the securities regulatory authorities under the State Council, other relevant regulatory authorities and the stock exchange.
- Article 91 The notice of the shareholders' general meeting and relevant documents shall be delivered by hand or prepaid post to all the shareholders (whether or not such shareholders have a voting right at the shareholders' general meeting). The address of the receiving party shall be the address recorded in the register of shareholders. For domestic shareholders, the delivery of the notice of shareholders' general meeting and relevant documents may also be made by way of announcement; for holders of overseas listed foreign shares, the notice of shareholders' general meeting and relevant documents may, in accordance with laws, administrative regulations, and the listing rules in the place where the Bank's shares are listed, be delivered on the Bank's website and the website of the Hong Kong Stock Exchange.
- All shareholders of domestic shares shall be deemed as having received that notice of shareholders' general meeting upon the publication of that announcement. If any law, administrative regulation and other regulatory documents have requirements otherwise, their requirements shall be complied with.
- Where the matters regarding the notice of preference shareholders' general meeting are otherwise provided by the Articles, applicable laws, administrative regulations and the listing rules in the place where the Bank's shares are listed, such provisions shall prevail.
- Article 92 The shareholders' general meeting and the resolutions of the meeting shall not become void even if there has been any accidental omission to deliver the notice of shareholders' general meeting to a person having the right to receive the notice or that such person fails to receive the notice.
- Article 93 After issuing the notice of the shareholders' general meeting, the shareholders' general meeting shall not be postponed or cancelled and the proposals stated in the notice of shareholders' general meeting shall not be cancelled without any justified reasons. In the event of any postponement or cancellation, the convenor shall publish another announcement stating therein the reasons at least 2 working days prior to the original date of the meeting.

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

Article 94 The Bank's Board of Directors and other convenors shall adopt necessary measures to warrant the normal order of the shareholders' general meeting. Any act which intervenes the shareholders' general meeting, causes trouble and affects the lawful interests of shareholders shall be prohibited by adopting the necessary measures and the same shall be reported on a timely basis to the relevant department for inspection and punishment.

Article 95 All shareholders of the Bank's ordinary shares and those of preference shares with recovered voting rights recorded in the register on the record date shall have the right to attend the shareholders' general meetings and exercise the voting rights in accordance with relevant laws, regulations and the Articles of Association. Such shareholders may attend a shareholders' general meeting in person, and also may appoint a proxy to attend and vote on their behalf.

Any shareholder who has the right to attend and vote at a shareholders' general meeting shall have the right to appoint one or more persons (not necessarily a shareholder) as his/her proxy to attend the meeting and vote. Such proxy may exercise the following rights in accordance with the shareholder's authorisation:

- (1) such shareholder's right of speech at the shareholders' general meetings; and
- (2) the voting right.

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

Article 96 A shareholder shall appoint a proxy by a proxy form, which must be signed by the appointor or his/her attorney duly authorised in writing. If the appointor is a corporation, the document shall be executed under its company's seal or signed by duly authorised representative(s).

Article 97 If a shareholder attends the meeting in person, he/she shall produce his/her own identity card or other valid documents or evidence to prove his/her identity and shareholding evidence. If a shareholder appoints a proxy to attend the meeting, the proxy shall produce his/her own valid identification documents and the shareholder's power of attorney and shareholding evidence.

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

- Article 98 The form of proxy appointing another person to attend a shareholders' general meeting produced by a shareholder shall state the following:
- (1) name of the appointor and its proxy;
  - (2) the number of shares held by the appointor for whom the proxy represents;
  - (3) whether he/she has the voting right;
  - (4) instructions as to vote for or vote against or abstain from voting in relation to each matter on the agenda to be examined at the shareholders' general meeting;
  - (5) issuing date and validity period of the proxy form; and
  - (6) signature (or chop) of the appointor. If the appointor is a domestic corporate shareholder, the corporation's seal shall be affixed.
- Article 99 Proxy forms provided by the Board of Directors of the Bank or the convenor to the shareholders in relation to appointing proxies shall provide that shareholders shall be free to elect and instruct a proxy to vote for or against accordingly and give separate instructions on each matter to be voted in relation to each subject for discussion. The proxy form shall state that if the shareholder does not give any instruction, the proxy may vote at his discretion.
- Article 100 The proxy form for voting shall be placed at the registered office of the Bank or other places designated in the notice of meeting twenty-four hours before the time appointed for convening the meeting to discuss the relevant matter(s) or twenty-four hours before the time designated for voting. If the proxy form is signed by a person authorised by the appointor, the power of attorney to sign the proxy form or other authorisation documents shall be notarized. The power of attorney or other authorisation documents notarized together with the proxy forms for voting shall be placed at the registered office of the Bank or other places designated in the meeting notice.
- If the appointor is a corporation, it shall be represented by its legal representative or a person authorised by its Board of Directors by resolutions or by its policy-making body at the shareholders' general meeting of the Bank.
- Article 101 The register of the persons attending the meeting shall be prepared by the Bank. The register shall set out the names of the persons attending the meeting (or names of the entity he/she is from), their identity card numbers, residential addresses, numbers of shares held or representing voting rights, class of shares, names of the proxied (or names of the entity he/she is from).
- Article 102 If, before voting, the entrusting party passed away, lost his/her ability to act, withdrew the entrustment, withdrew the authorisation on the proxy form or transferred all his/her shares, the vote cast by the proxy in accordance with the proxy form shall remain valid so long as the Bank has not received any written notice regarding such matters before the commencement of relevant meeting.

Article 103 The convenor and the lawyers appointed by the Bank shall jointly verify the legality of the shareholders' qualifications according to the shareholders' register provided by the securities registration and clearing service provider and register the names of the shareholders and the numbers of shares held by them with voting rights. Registration of shareholders attending the meeting shall terminate before the chairperson of the meeting announces the number of persons and proxies attending the meeting on the spot and the total number of shares with voting rights.

Article 104 At the time of convening the shareholders' general meeting, all the directors and supervisors, the secretary of the Board of Directors and the lawyers appointed by the Bank shall attend the meeting. The president and other senior management members shall attend the meeting as non-voting delegates.

Article 105 The shareholders' general meeting shall be convened by the Board of Directors according to laws and shall be presided over by the chairman who will act as chairman of the meeting. If the chairman is unable to perform his/her duties or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman (if the Bank has two deputy chairmen, by the deputy chairman jointly chosen by more than half of the directors). If the chairman or the deputy chairman is unable to perform his/her duties or fails to perform his/her duties, a director jointly chosen by more than half of the directors shall preside over the meeting and act as chairman of the meeting.

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

If a shareholders' general meeting is convened by the shareholders, the convenor shall choose a representative to preside over and chair the meeting.

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

Article 106 The Bank shall formulate rules of procedures of the shareholders' general meeting setting out in detail the convening and voting procedures of the shareholders' general meeting, including notice, registration, examination of proposals, voting, vote counting, announcement of the poll results, passing of resolution(s), minutes and their execution and announcement and abstention of related shareholders, and the principles of granting authorisation to the Board of Directors by the shareholders' general meeting. The contents of authorisation shall be precise and specific.

Article 107 At the annual general meeting, the Board of Directors and the Board of Supervisors shall submit their work reports for the previous year to the shareholders' general meeting. Each independent director shall also submit his work report.

- Article 108 The directors, supervisors and senior management members shall make explanation and clarification to the shareholders' queries and suggestions at the shareholders' general meeting.
- Article 109 Before voting, the chairperson of the meeting shall announce the number of shareholders and proxies attending the meeting in person and the total number of shares held with voting rights. The number of shareholders and proxies attending the meeting in person and the total number of shares held with voting rights recorded on the meeting register shall prevail.
- Article 110 Minutes of the shareholders' general meeting shall be taken by the secretary of the Board of Directors. The minutes shall include the following:
- (1) time, venue and agenda of the meeting and the name of the convenor;
  - (2) names of the chairperson of the meeting and the directors, supervisors, president and other senior management members attending the meeting or attending as non-voting delegates;
  - (3) number of voting shares held by shareholders of domestic shares (including proxies) and shareholders of overseas listed foreign shares (including proxies) attending the meeting and the proportion to the total number of shares of the Bank;
  - (4) the course of examination of each proposal, abstract of speech and voting results of each proposals by the shareholders of domestic shares and shareholders of overseas listed foreign shares;
  - (5) queries or suggestions of the shareholders and the corresponding replies and explanations;
  - (6) names of the lawyers, the vote-counter and the scrutineer(s); and
  - (7) other contents which should be set out in the minutes as stipulated in the Articles.
- Article 111 The convenor shall warrant that the contents of the minutes are true, accurate and complete. The directors, supervisors, secretary of the Board of Directors, convenor or their representatives and the chairperson of the meeting shall sign the minutes. The minutes shall be kept together with the signature register of shareholders attending the meeting in person and proxy forms and valid materials relating to voting through internet or otherwise permanently.
- Article 112 The convenor shall warrant that the shareholders' general meeting will proceed continuously until the conclusion of the final resolution is passed. If a shareholders' general meeting is suspended or no resolution is made due to special reasons including force majeure, necessary measures shall be adopted in order to resume the shareholders' general meeting as soon as practicable or directly adjourn the meeting and make an announcement in a timely manner. At the same time, the convenor shall submit a report to the securities regulatory authorities of the State Council of the jurisdiction where the Bank is situated or its local offices and the relevant stock exchange.

## Section 5 Voting and Resolutions at Shareholders' General Meetings

Article 113 Shareholders of ordinary shares (including their proxies) shall exercise their voting rights according to the number of shares held with voting rights. Each share shall have one voting right. The voting rights of shareholders of preference shares with recovered voting rights shall be calculated as agreed in specific terms of issuance. Unless otherwise required by the Articles in respect of class voting with preference shares, the shares held by the shareholders of preference shares shall not carry any voting rights.

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

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

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

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

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

Article 114 Resolutions of shareholders' general meeting shall be divided into ordinary resolutions and special resolution(s).

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

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

Article 115 The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

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

Article 116 The following matters shall be approved by a special resolution at a shareholders' general meeting:

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



Article 117 Unless approved by a special resolution at a shareholders' general meeting, the Bank shall not enter into any contract with any person other than the director, president or other senior management members pursuant to which the entire management or the Bank's business of any significance shall be vested to such person.

Article 118 When a shareholders' general meeting examines related party transactions, the related shareholders shall not participate in voting and the number of shares with voting rights represented by them shall not be counted in the total number of valid votes; the voting result announcement of the shareholders' general meeting shall fully disclose the voting by unrelated shareholders. If there are special circumstances under which the related shareholders are unable to abstain from voting, the Bank may, after obtaining consent of the relevant department, conduct voting according to the normal procedures and shall explain in details in the voting result announcement of shareholders' general meeting.

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

Article 119 The list of candidates for directors and supervisors shall be submitted to the shareholders' general meeting as a proposal for voting.

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

The cumulative voting system referred to in the preceding article means at the shareholders' general meeting where director(s) or supervisor(s) is/are elected, each share shall have the same number of voting rights as the number of director(s) or supervisor(s) to be elected. Shareholders' voting rights may be used collectively. The Board of Directors shall announce the biography(ies) and basic particulars of the candidate(s) for director(s) or supervisor(s).

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

Article 120 Except for cumulative polling, each of the proposals of the shareholders' general meeting shall be voted in sequence, and different proposals concerning the same matter shall be voted in order when the proposals are submitted. Except in the event of force majeure or other special reasons resulting in the termination of the shareholders' general meeting or that the failure of reaching the resolutions, any proposals proposed at the shareholders' general meeting shall not be set aside or reserve for voting.

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

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

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

- (1) amendment to contents relating to preference shares hereof;
- (2) reduction of registered capital of the Bank by over 10% at one time or multiple times together;

- (3) merger, division, dissolution or change of the corporate form of the Bank;
- (4) issuance of preference shares;
- (5) other circumstances stipulated by laws, administrative regulations or the Articles.

According to special procedures for voting by shareholders of different classes under chapter 10 of the Articles, resolution on above matters is not only subject to the approval with more than two-thirds of voting rights held by shareholders of ordinary shares (including shareholders of preference shares with recovered voting rights) attending the meeting, but also subject to the approval with more than two-thirds of voting rights held by shareholders of preference shares (excluding shareholders of preference shares with recovered voting rights, yet including shareholders in person and its proxies) attending the meeting.

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

Article 121 When the proposals are being examined at the shareholders' general meeting, the proposals shall not be amended; otherwise, the amended proposal shall be regarded as a new proposal and shall not be voted at such shareholders' general meeting.

Article 122 Any voting at the shareholders' general meeting shall be taken by way of poll of registered voters. The Bank shall announce the poll results in accordance with provision of relevant laws, administrative regulations and the Hong Kong Listing Rules.

Article 123 A voting by poll that is demanded for matters concerning the election of chairman or termination of the meeting shall be conducted immediately; for other matters, the chairman of the meeting shall decide when to conduct voting by poll and the meeting can continue to discuss other matters. The voting results shall still be deemed as a resolution adopted at such meeting.

Article 124 The same voting right shall only be exercised by attending meeting in person, through the internet or any one of the other voting methods. The vote cast first shall prevail if repeated voting occurs in relation to the same voting right.

Article 125 During the voting by poll, shareholders (including their proxies) with two or more voting rights do not necessarily use all their voting rights to vote for or against a proposal.

Article 126 Before any proposals are being voted at shareholders' general meeting, two shareholder representatives shall be elected to participate in vote counting and monitoring. If these shareholders are related in the matters to be examined, the relevant shareholders or their proxies shall not participate in the vote counting or monitoring.

When the proposals are being voted at the shareholders' general meeting, lawyers, shareholder representatives and supervisors shall be jointly responsible for vote counting and securitization and announcing the voting results on the spot.

Shareholders or their proxies voting through the internet shall have the right to check their own votes cast through the relevant voting system.

Article 127 An on-site shareholders' general meeting shall not end earlier than the one held through internet (if applicable) or by other methods. The chairperson or host of the meeting shall announce the details and results of the voting on each proposal, and announce whether a proposal is passed according to the voting results at the meeting.

Article 128 Before announcing the poll results officially, the Bank, the vote-counter, the voting scrutineer, substantial shareholders and the internet service providers involved in the voting at the shareholders' general meeting, through the internet or other method shall assume confidentiality obligations.

Article 129 Shareholders present at the shareholders' general meeting shall give one of the following comments to the proposals put forward for voting: for, against or abstention. Securities registration and clearing service providers serve as nominal shareholders of shares under the transactions in stock connect mechanisms between mainland China and Hong Kong, save those declare the intent of reporting as actual holders.

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

Article 130 If the chairperson of the meeting has any doubt on the poll results, he may arrange for vote counting. If the chairperson of the meeting does not arrange for vote counting and the shareholders or their proxies attending the meeting object to the results announced by the chairperson, they shall have the right to demand vote counting immediately after announcement of the voting results, and the chairperson of the meeting shall arrange for vote counting immediately.

Article 131 If counting of votes is held at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of the meeting.

Article 132 Shareholders can inspect copies of meeting minutes during office hours of the Bank free of charge. If any shareholder requests for copies of relevant meeting minutes, the Bank shall distribute the copies within seven days after receiving a reasonable fee.

Article 133 Public announcement of the voting results of a shareholders' general meeting, containing the number of shareholders and proxies of each class attending the meeting, the total number of voting shares held by them and its proportion to the total number of voting shares of the Bank, the form of voting, result of each resolution and the detailed content of each proposal, shall be issued in time.

Article 134 If a proposal is not passed or a resolution passed at the previous shareholders' general meeting is amended at such shareholders' general meeting, it shall be set out as a special reminder in the announcement on resolutions of the shareholders' general meeting.

**CHAPTER 10 SPECIAL PROCEDURES FOR VOTING  
BY SHAREHOLDERS OF DIFFERENT CLASSES**

Article 135 Shareholders holding different types of shares shall be shareholders of different classes.

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

Article 136 If the Bank intends to change or abrogate the rights of shareholders of different classes, it may do so only after such change or abrogation has been approved by way of a special resolution of the shareholders' general meeting and by a separate class meeting convened by the affected shareholders of that class in accordance with Article 138 to Article 142 hereof.

Article 137 Under the following circumstances, rights of shareholders of a certain class shall be deemed to have been changed or abrogated:

- (1) an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class, except the circumstance as contemplated under Article 20 hereof when shareholders of domestic ordinary shares of the Bank transfer their shares to overseas investors and that such shares are listed and traded overseas;
- (2) a re-classification of all or part of the shares of such class into the shares of another class, a conversion of all or part of the shares of another class into the shares of such class or the grant of a conversion right for such shares, except the circumstance as contemplated under Article 20 hereof when shareholders of domestic ordinary shares of the Bank transfer their shares to overseas investors and that such shares are listed and traded overseas;
- (3) cancellation or reduction of rights attached to such class of shares in relation to the accrued distributable profits or cumulative distributable profits;
- (4) a reduction or cancellation of rights attached to such class of shares in relation to the priority to distributable profits or property distribution during liquidation of the Bank;
- (5) increase, cancellation or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issues or rights to acquire securities of the Bank attached to that class of shares;
- (6) cancellation or reduction of rights attached to the class of shares to receive amounts payable by the Bank in a specified currency;
- (7) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to the shares of that class;
- (8) an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (9) issue of rights to subscribe for, or convert into, the shares of such class or another class;

- (10) an increase in the rights and privileges of the shares of another class;
- (11) the restructuring plan of the Bank may result in disproportionate liabilities to be borne by shareholders of different classes during the restructuring;
- (12) an amendment to or abrogation of the terms stipulated in the Articles.

The change or abrogation of the rights of shareholders of preference shares is limited to the circumstances set forth in the paragraph 3 under Article 120 hereof.

Article 138 Shareholders of the affected class, whether they originally have voting right at shareholders' general meeting or not, shall enjoy voting rights at class meeting of shareholders upon occurrence of events contemplated under Article 137 (2) to (8), (11) to (12). However, interested shareholders shall not have voting rights at class meeting of shareholders.

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

- (1) where the Bank has made a repurchase offer to all shareholders on a pro rata basis or made repurchase by means of an open offer at the stock exchange in accordance with Article 35 hereof, "interested shareholders" refer to the controlling shareholders defined in Article 74 hereof;
- (2) where the Bank has made repurchases by means of agreement off the stock exchange in accordance with Article 35 hereof, "interested shareholders" refer to the shareholders who are related to that agreement;
- (3) for the purpose of the Bank's restructuring plan, "interested shareholders" refer to those shareholders who assume less responsibilities than other shareholders of the same class or those shareholders who enjoy different rights and interests from other shareholders of the same class.

Article 139 Resolutions of class meeting of shareholders shall be made only after it is adopted through voting by more than two-thirds of voting shares represented by the shareholders present at the class meeting of shareholders according to Article 138.

Article 140 For convening class meetings of shareholders, the Bank shall issue a written notice in accordance with the requirements of the Articles, informing all shareholders of that class of shares recorded in the register of the matters to be considered at the meeting and the date and venue of the meeting.

Article 141 A notice of class meeting of shareholders only needs to be sent to those shareholders who have voting right at the meeting. The procedures to convene class meeting of shareholders shall resemble those of shareholders' general meeting as far as possible. Terms concerning the procedures to convene shareholders' general meeting shall be applicable to class meeting of shareholders.

Article 142 Except shareholders of other classes of shares, shareholders of domestically listed domestic shares and shareholders of overseas listed foreign shares shall be regarded as shareholders of different classes. Shareholders of ordinary shares and shareholders of preference shares shall also be regarded as shareholders of different classes.

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

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

## CHAPTER 11 BOARD OF DIRECTORS

### Section 1 Directors

Article 143 A director of the Bank shall be a natural person who is not required to hold any shares of the Bank. Directors of the Bank comprise of executive directors and non-executive directors (including independent directors).

Executive director means a director holding other senior operation and management positions in addition to holding directorship of the Bank.

Non-executive director means a director of the Bank who does not hold a senior operation and management position.

Article 144 Directors shall be elected or removed by the shareholders' general meeting, and can be removed by the shareholders' general meeting before the expiry of his/her term of office. The term of office of a director shall be three years. A director's term of office shall commence from the date of approval by the banking supervision and administration department under the State Council. Upon expiry of his/her term of office, a director may be re-elected and re-appointed. Where no new appointment is made upon expiry of the term of a director, the original director shall, prior to the newly appointed director assumes his/her office, continue to perform his/her duties as a director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association.

A written notice of the intention of nominating a candidate to become a director and the candidate's consent with such nomination shall be given to the Bank no later than the seventh day after the date of issuing the notice of the shareholders' general meeting for the election of such director, however, the nomination by the shareholders individually or jointly holding more than 3% of the total issued voting shares of the Bank according to Article 87 of the Articles is not subject to this requirement.

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



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

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

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

Article 145 The nomination and election of directors shall comply with the following requirements:

- (1) the candidates for directors may be nominated by the Nomination Committee of the Board of Directors in accordance with the number of proposed candidates for directors within the number of members of the Board of Directors stipulated by the Articles of Associations of the Bank; the candidates for directors may also be nominated to the Board of Directors by the shareholders individually or jointly holding more than 3% of the total number of the Bank's issued and outstanding shares carrying voting rights.
- (2) the Nomination Committee of the Board of Directors shall conduct preliminary verification on the qualification and conditions of appointment of the candidates for directors, and propose the qualified candidates to the Board of Directors for consideration; and propose them to the shareholders' general meeting by way of written resolutions after they are considered and approved by the Board of Directors. For candidates for directors nominated by the shareholders individually or jointly holding more than 3% of the total issued voting shares of the Bank according to Article 87 of the Articles, the Nomination Committee of the Board of Directors shall conduct preliminary certification on their qualifications and conditions to serve as directors in accordance with the relevant laws, administrative regulations and the Articles, report the certification results to the convenor of the shareholders' general meeting, and propose the qualified candidates to the shareholders' general meeting for consideration.
- (3) the candidates for directors shall, before the convening of the shareholders' general meeting, make written undertakings, express their consent to their nomination, confirm the truthfulness and completeness of their publicly disclosed information and undertake that they will duly perform their duties upon election.
- (4) the Board of Directors, before the convening of the shareholders' general meeting, shall disclose the detailed information on the candidates for directors to all the shareholders of the Bank in accordance with the laws, administrative regulations and the Articles of Association of the Bank, so as to ensure that the shareholders will have sufficient knowledge on the candidates when casting their votes.

- (5) when an additional director shall be temporarily nominated, the Nomination Committee of the Board of Directors or the shareholders satisfying the conditions for making such nomination may propose a candidate to the Board of Directors for consideration, and to the shareholders' general meeting for election or replacement.
- (6) the same shareholder and his/her/its related parties shall not nominate a candidate for a director and another candidate for a supervisor at the shareholders' general meeting; if the candidate for a director (supervisor) nominated by the same shareholder and his/her/its related parties has already served as a director (supervisor), the shareholder shall not nominate the candidate for supervisor (director) prior to the expiry of the term of office and the replacement of such person. The number of directors nominated by the same shareholder and his/her/its related parties in principle shall not exceed one-third of the total number of the members of the Board of Directors, unless otherwise authorised by the State.

Article 146 Directors shall have the right to learn about the operating status of various businesses and the financial position of the Bank, and supervise the performance of duties by other directors and senior management members in accordance with law.

A director owes the following fiduciary duties to the Bank:

- (1) not to make use of their powers to accept bribes or other unlawful income or not to appropriate the Bank's properties;
- (2) not to misappropriate the Bank's funds;
- (3) not to deposit the Bank's assets or funds into accounts under their own names or the name of other individuals;
- (4) not to lend the Bank's funds to others or provide guarantees in favor of others with the Bank's properties as collaterals which does not fall due in the ordinary course of business of the Bank without the approval of the general meeting or the Board in violation of the Articles;
- (5) not to enter into contracts or to deal with the Bank in violation of the Articles or without prior approval of the shareholders' general meeting;
- (6) not to make use of their positions to procure business opportunities for themselves or others that shall have otherwise been available to the Bank, or operate for their own benefit or managing on behalf of others businesses similar to those of the Bank without approval of the shareholders' general meeting;
- (7) not to accept commission in any deal with the Bank for their own benefits;
- (8) not to disclose confidential information of the Bank without authorisation;
- (9) not to take advantage of their connected relationship to prejudice the interests of the Bank;
- (10) to perform other fiduciary duties specified in the laws, administrative regulations, departmental rules and the Articles.

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

A director owes the following diligent duties to the Bank:

- (1) shall exercise the rights conferred to him/her by the Bank prudently, conscientiously and diligently in order to ensure that the commercial acts of the Bank comply with the State's laws and administrative regulations and the requirements of various economic policies of the State. The scope of commercial activities shall not exceed the business scope stipulated in the business licence;
- (2) shall be accountable to the Bank and all shareholders in performing their duties, and treat all the shareholders fairly;
- (3) shall familiarise with and put continuous attention to the operating and management conditions of the Bank in a timely manner and shall have the right to require the senior management to provide relevant information reflecting the operation and management conditions of the Bank in a comprehensive, timely and accurate manner or to give explanations on relevant issues;
- (4) shall participate in meetings of the Board on time, fully reviewing matters considered by the Board, expressing opinions in an independent, professional and objective manner, and voting independently on the basis of prudent judgment;
- (5) shall assume responsibility for the resolutions of the Board;
- (6) shall supervise the implementation of the resolutions of the shareholders' general meeting and the Board meetings by the senior management;
- (7) shall sign written confirmations on the regular reports of the Bank in order to ensure that all information disclosed by the Bank is true, accurate and complete;
- (8) shall inform the relevant status and provide the relevant information to the Board of Supervisors in accordance with the facts, and shall not hinder the Board of Supervisors or supervisors in exercising their powers;
- (9) shall take active participation in trainings organised by the Bank and regulatory authorities, understand the rights and obligations of directors, be familiar with relevant laws, regulations and regulatory requirements, and continue to possess expertise and capabilities required to perform their duties;
- (10) shall practice high standards of professional ethics and consider the legitimate rights and interests of stakeholders;
- (11) shall perform their duties conscientiously and prudently, and ensure sufficient time and commitment to perform their duties;
- (12) other diligence obligations stipulated by laws, administrative regulations, departmental rules and the Articles.

Article 147 A director shall not act on behalf of the Bank or the Board of Directors in his own name without complying with the provisions of the Articles of the Bank or obtaining the lawful authorisation of the Board of Directors. If a director acts in his own name and a third party reasonably considers that such director acts on behalf of the Bank or the Board of Directors, such director shall declare his position and identity in advance.

Article 148 If a director or other enterprises in which he/she holds a post directly or indirectly has interests with any existing or proposed contract, transaction, arrangement of the Bank (except employment contract), the nature and extent of such interests shall be disclosed to the Board of Directors as soon as possible irrespective of whether the relevant matter is required to be approved by the Board of Directors or not under normal circumstances.

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

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

Article 149 When performing the above obligations, a director shall state the relevant circumstances in writing to the Board of Directors. The Board of Directors shall confirm whether the director is a related person in the relevant transaction in accordance with the share dealing rules of the stock exchange in the place where the shares are listed.

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

Article 150 Independent directors shall work at least 15 working days each year in the Bank, and the directors serving as chairman of the Audit Committee, the Related Party Transactions Management and Consumer Rights Protection Committee and the Risk and Capital Management Committee of the Board of Directors shall work at least 20 working days each year in the Bank.

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

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

Article 151 The Bank shall establish directors' profiles and make a complete record of attendance of directors at the meetings of the Board of Directors, their respective opinions and advices and the status of adoption of their opinions and advices, which may be used as the pursuance for making appraisals on its Directors. A director may resign before his/her term of office expires. If a director resigns, he/she shall submit a resignation report in writing to the Board of Directors. The Board of Directors shall disclose the relevant situation within two days.

If the normal operation of the Bank is affected or the number of directors of the Board of Directors is less than two-thirds of the number of directors of the then session of the Board of Directors due to the resignation of a director, the resigning director shall discharge his/her duties in accordance with laws, administrative regulations, departmental rules and the provisions of the Articles of Association of the Bank before the newly appointed director assumes his/her office. If the Bank is dealing with material risks, the Directors shall not resign without the approval of the regulatory authorities.

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

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

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

Article 152 A director shall complete all the handover formalities with the Board of Directors when his/her resignation takes effect or his/her term of office expires. The fiduciary obligations owed to the Bank and shareholders shall not be discharged before his/her resignation report becomes effective or within a reasonable period after such report becoming effective and within a reasonable period after expiry of his/her term of office. His/her obligation of preserving confidentiality in order to protect the commercial secrecy of the Bank shall still be subsisting after expiry of his/her term of office until such commercial secrecy becomes public information. The subsisting period of other obligations shall be determined in accordance with the principle of fairness depending on the duration of the time between the occurrence of the event and the time he/she ceases to be employed by the Bank and the circumstances and conditions under which his/her relationship with the Bank ends.

Article 153 A director shall assume compensation liability if such director performed his/her duties to the Bank in violation of the laws, administrative regulations, departmental rules or the provisions of the Articles of the Bank and thus causing losses to the Bank.

## Section 2 Independent Directors

Article 154 Independent directors of the Bank refers to directors who do not hold any position other than as independent directors and have no relation with the Bank and its shareholders and de facto controllers that may impair their independent and objective judgment. Independent directors shall satisfy the following basic requirements:

- (1) satisfying the qualifications for holding the position of director in a listed company as stipulated by the laws, regulations and other relevant requirements;
- (2) performing independently their duties without any interference from the substantial shareholders of the Bank, de facto controllers, or other entities or individuals having interests in the Bank;
- (3) having basic knowledge about the operation of a listed company and being familiar with the relevant laws, administrative regulations, regulations and rules;
- (4) having an education background beyond undergraduate level (consisting of at least an undergraduate degree) or a job title at above middle level in the related profession;
- (5) having more than five years' experiences in law, economics and finance, or other working experiences required for performing the duties of an independent director;
- (6) well versed in the laws and regulations relating to the operation and management of commercial banks;
- (7) being able to read, understand and analyse statements on credit statistics and financial statements of commercial banks; and
- (8) having enough time and energy to effectively perform the duties of an independent director.

Article 155 The following persons shall not act as an independent director of the Bank:

- (1) any person holding more than 1% of the Bank's voting shares or holding a position in these shareholders' entities;
- (2) a natural person among the Bank's top ten shareholders with voting rights or holding a position in the entities owned by any of the Bank's top five shareholders with voting rights;
- (3) any person who holds a position in any company which is controlled or effectively controlled by the Bank;
- (4) any person who holds a position in any entity which is unable to repay loans to the Bank when falling due;
- (5) any person who held a position in the Bank or any company which is controlled or effectively controlled by the Bank within three years prior to the assumption of his/her office;

- (6) any person who provides such services as financial, legal and consultancy services to the Bank or its subsidiaries, or any person or any of his immediate relatives who holds a position in any entity 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;
- (7) any other person upon whom the Bank, its substantial shareholders or senior management members may control or exercise significant influence through various means, thus impeding his/her independence in the performance of duties;
- (8) any person who is within any of the above categories within the past one year;
- (9) the immediate or major relatives of the abovementioned persons (immediate relatives refer to spouse, father/mother, children, etc.; major relatives refer to brothers/sisters, father/mother-in-law, son/daughter-in-law, spouse of brothers/sisters, brothers/sisters of spouse, etc.);
- (10) any other person who is prohibited to act as independent director as prescribed by the relevant regulatory authorities or pursuant to the Articles of Association of the Bank; and
- (11) any other person as prescribed by laws and regulations.

A natural person may serve as independent director in at most five domestic or foreign enterprises concurrently, and shall not serve as independent director in more than two commercial banks concurrently. The banking and insurance institution having a common independent director with the Bank shall neither be affiliated with the Bank nor have conflicting interest with the Bank.

Article 156 Independent directors shall comprise of more than one-third of the members of the Board of Directors and at least one of them shall be an accounting professional. Independent directors shall faithfully perform their duties and protect the interests of the Bank, in particular ensuring that the lawful interests of the financial consumers and minority shareholders shall not be prejudiced.

Independent directors shall perform their duties independently and shall not be influenced by substantial shareholders and de facto controllers of the Bank or other entities or individuals having interests in the Bank and its substantial shareholders and de facto controllers.

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

If the resignation of an independent director results in the number of independent directors falling below one-third of the Board of Directors, or if there is no accounting professional among the independent directors, the independent director shall continue to perform his/her duties before the appointment of a new independent director, unless he/she resigns or is removed due to loss of independence.



## Article 157 Nomination, election and replacement of independent directors

- (1) The Nomination Committee under the Board of Directors, the Board of Supervisors or any shareholder who individually or in aggregate holds more than 1% of the issued voting shares of the Bank may nominate candidate(s) for independent director(s), and the shareholders who have already nominated the candidate(s) for director(s) and their related parties shall not nominate the candidate(s) for independent director(s). The same shareholder may only nominate one candidate for independent director and shall not nominate candidates for both independent director and external supervisor.
- (2) The person nominating a candidate for independent director shall obtain the consent of the person being nominated before the nomination. The person nominating such candidate shall fully understand the occupation, education, position, detailed working experience and all part-time jobs of the person being nominated and shall express opinion on his/her qualifications of acting as an independent director and his/her independence. The person being nominated shall make a public declaration stating that there is no relationship between him/her and the Bank which may hinder his/her independent and objective judgment.

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

- (3) The qualification of candidates nominated for serving as independent directors shall be verified by the Nomination Committee under the Board of Directors, with a focus on their independence, professional knowledge, experience and capability.
- (4) The election and appointment of independent directors shall mainly follow market principles.
- (5) Before convening the shareholders' general meeting for election of independent directors, the Bank shall submit the materials relating to all the persons being nominated to the stock exchange. If the Board of Directors of the Bank has any disagreement on the relevant circumstances in which the person is nominated, written opinions of the Board of Directors shall be submitted at the same time.
- (6) Independent directors are appointed for the same term as that of the Bank's directors. The term of office of the independent directors of the Bank shall not be longer than an aggregate of six years.

Article 158 In addition to the duties and powers as those of a director of the Bank, independent directors shall have the following duties and powers:

- (1) significant related party transactions (as so determined in accordance with the relevant requirements of the banking supervision and administration department under the State Council, the securities regulatory authority under the State Council, and the stock exchange in the jurisdictions where the Bank's shares are listed) shall be approved by independent directors in advance. Before the independent directors make a judgment, they may appoint an intermediary committee to issue the report of independent financial adviser as the basis for their judgment;
- (2) propose to the Board of Directors to appoint or remove an accounting firm;
- (3) propose to the Board of Directors to convene an extraordinary shareholders' general meeting;
- (4) propose to convene a board meeting;
- (5) publicly solicit voting rights from shareholders before the convening of shareholders' general meeting;
- (6) independently give opinions in respect of the influence of issuance of preference shares on the interests of shareholder of different classes;
- (7) independently appoint an external auditing firm and consulting firm to conduct auditing and consultancy on the specific matters of the Bank; and
- (8) other duties and powers stipulated in laws, administrative regulations, the relevant provisions of the banking regulatory authority of the State Council, the securities regulatory authority of the State Council and stock exchanges and the Articles.

The exercise of the duties and powers referred to in (1) to (3), (5) and (6) of preceding paragraphs by the independent directors shall obtain the consent of more than one-half of all the independent directors; the exercise of the duties and powers referred to in (4) above by the independent directors shall obtain the consent of two or more independent directors; the exercise of the duties and powers referred to in (7) above by the independent directors shall obtain the consent of all the independent directors. (1) and (2) shall obtain the consent of more than half of the independent directors before submitting to the Board of Directors for discussion. If the above proposal is not accepted or the above duties and powers cannot be normally exercised, the Bank shall disclose the relevant circumstances.

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

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

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

Article 159 Independent directors shall give objective and fair independent opinions on the matters considered at the shareholders’ general meeting or by the Board of Directors, especially shall give independent opinions to the Board of Directors or shareholders’ general meeting in relation to the following important matters of the Bank:

- (1) nomination, appointment and removal of directors;
- (2) appointment or removal of senior management members;
- (3) remunerations of directors and senior management members;
- (4) profit distribution policies and profit distribution plans;
- (5) the legality and fairness of existing or new significant related party transactions incurred by the shareholders and de facto controllers of the Bank and its affiliated enterprises and whether the Bank has adopted effective measures to recover the outstanding amount(s);
- (6) the appointment of removal of accounting firms to carry out regular audit for financial reports;
- (7) matters which the independent directors consider may prejudice the legitimate rights and interests of financial consumers, minority shareholders and other interested parties or may cause material losses to the Bank; and
- (8) other matters stipulated by laws, administrative regulations, regulatory requirements or the Articles.

Article 160 Independent directors shall express one of the following opinions on the above matters: consent; qualified opinions and reasons; objection and reasons; unable to express opinions and the impediments.

If the relevant matters belong to matters which require to be disclosed, the Bank shall announce the opinions of the independent directors. If the opinions of independent directors differ, the Board of Directors shall disclose the opinions of each independent director separately.

Article 161 To ensure the effective performance of the duties and powers by independent directors, the Bank shall provide the following necessary working conditions for independent directors:

- (1) The Bank shall take measures to ensure that independent directors have the same right to information as other directors. The Bank shall inform the independent directors in advance and provide them with sufficient materials for any matter to be decided by the Board of Directors in accordance with the stipulated time. If the independent directors consider that the materials are insufficient, they may request for supplements. Where two or more independent directors consider that such materials are insufficient or the reasoning is ambiguous, they may jointly submit a written request to the Board of Directors proposing to postpone the convening of the board meeting or postpone the discussion of such matter and the Board of Directors shall comply with such request. As regards the materials provided by the Bank to independent directors, the Bank and the independent directors shall keep the same for at least five years;
- (2) The Bank shall establish a working system of independent directors. The secretary of the Board of Directors shall actively assist the independent directors to perform their duties and provide the necessary materials and information to the independent directors in a timely manner, inform them of the operation conditions of the Bank on a regular basis and organise on-the-spot investigation for independent directors when necessary. As regards the independent opinions, proposals and written statements of independent directors which require announcement, the secretary of the Board of Directors shall complete the necessary formalities with the stock exchange accordingly;
- (3) When the independent directors are exercising their duties and powers, the relevant personnel of the Bank shall cooperate positively and shall not refuse to act, hinder or conceal anything and shall not interfere with the independent exercise of their powers and duties;
- (4) The expenses incurred from engaging intermediary institutions and other expenses required for exercising the duties and powers by independent directors shall be borne by the Bank; and
- (5) The Bank shall give appropriate allowances to independent directors. Proposals on the allowance standards shall be formulated by the Board of Directors and discussed and approved at the shareholders' general meeting and the same shall be disclosed in the annual report. Except the above allowance, independent directors shall not obtain undisclosed other additional benefits from the Bank and its substantial shareholders or any organ or personnel who have interests in the Bank.

Article 162 Independent directors shall attend board meetings on schedule, understand the business and operation conditions of the Bank, actively investigate and obtain the relevant information required for making a decision. Independent directors shall submit an annual report of all the independent directors at the annual general meeting of the Bank and state the circumstances for the performance of their powers and duties. Independent director(s) may appoint other independent director(s) to attend board meetings, but each director shall, in person, attend at least two-thirds of the board meetings each year. If an independent director fails to attend a board meeting in person for three times consecutively, he/she shall be deemed to have failed to perform his/her duties, and the Bank shall convene a shareholders' general meeting to remove him/her from office and elect a new independent director within three months.

Except the above circumstances and the circumstances under which the Company Law or the Commercial Banking Law prohibit a person from acting as director or independent director, an independent director can be removed from office through legal procedures before his/her term of office expires. If an independent director is removed from office before his/her term of office expires, the same shall be disclosed as a special disclosure matter.

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

Article 163 The Bank shall establish a Board of Directors. The Board of Directors shall comprise of eleven to nineteen directors and shall have one chairman and one to two vice chairman/chairmen. The composition of Board of Directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles.

Specifically, the total number of executive directors shall not exceed one-third of the total number of directors.

Article 164 The chairman and vice chairman of the Board of Directors shall be appointed amongst the directors and shall be elected and removed by over one-half of all the directors. The term of office of the chairman and vice chairman shall be three years and may be re-elected and re-appointed.

Article 165 The Board of Directors shall be accountable to the shareholders' general meeting, take ultimate responsibility for the operation and management of the Bank and shall exercise the following functions and powers:

- (1) to be responsible for the convening of shareholders' general meetings and shall report on the work to the shareholders' general meetings;
- (2) to implement the resolutions passed at the shareholders' general meetings;
- (3) to determine the Bank's business plans, investment proposals and important asset disposal proposals;
- (4) to formulate the development strategy and capital management strategy of the Bank, pay special attention to such ancillary strategies as the talent strategy and the IT strategy and supervise the implementation of such strategies;
- (5) to formulate the Bank's proposals on annual financial budgets and final accounts;
- (6) to formulate the Bank's profit distribution proposal and loss recovery proposal;

- (7) to formulate proposals on the increase or reduction of the Bank's registered capital, issuance of bonds or other securities and listing;
- (8) to draw up plans for significant acquisition, purchase repurchase of the Bank's shares or merger, division or dissolution or change of mode of the Bank;
- (9) to decide on matters including equity investment and other external investment, acquisitions and disposals of fixed assets and other assets, disposals and written-off of assets, assets pledge, external guarantees, related party transactions and external donations within the scope stipulated by the Articles and authorised by the shareholders' general meeting;
- (10) to decide on the establishment of the Bank's internal management organs;
- (11) to appoint or remove the Bank's president and secretary of the Board of Directors; and to appoint or remove the Bank's senior management members including the executive vice presidents and the financial controller in accordance with the recommendations of the president; to decide on their remunerations, rewards and punishment; and to monitor and ensure the effective performance of their management duties by the senior management of the Bank;
- (12) to decide the allocation ratio in proportion to the total profits in relation to the reward fund to the president;
- (13) to formulate the Bank's basic management system;
- (14) to formulate proposals on the amendments to the Articles, formulate the rules of procedures for shareholders' general meetings of the Bank and the rules of procedures for meetings of the Board of Directors, and consider and approve the implementation rules for the specialised committees under the Board of Directors;
- (15) to formulate the vocational guidelines and value standards with which the Board of Directors and senior management members shall comply;
- (16) to take charge of information disclosure of the Bank and take ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the accounting and financial reports of the Bank;
- (17) to propose at a shareholders' general meeting to appoint or replace the accounting firm which undertakes regular auditing work of financial statements for the Bank;
- (18) to hear the president's work report and inspect the president's work;
- (19) to regularly assess and improve the status of corporate governance of the Bank;
- (20) to formulate the overall strategy for the management of consolidated financial accounts of the Bank, approve and supervise the formulation and implementation of the specific implementation plan on the management of consolidated financial accounts, and establish a mechanism of regular review (including the review of internal transactions) and assessment;

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

Items (6), (7), (8), (11), (14) and (29) and other issues set out in Article 177 of the Articles shall be voted for by two-thirds of the directors and the remaining items shall be voted for by over one-half of the directors. The Board of Directors shall fully take into consideration the opinions of external auditors when performing its duties.



The powers of the Board of Directors shall be exercised collectively by the Board of Directors of the Bank. In principle, the functions and powers of the Board of Directors stipulated in the Company Law shall not be delegated to the chairman of the Board of Directors, directors, other institutions or individuals to exercise. Where it is necessary to authorise any of the aforesaid persons or institutions to make a decision on a specific matter, it shall be done by means of resolution of the Board of Directors in accordance with the laws. The Board of Directors shall only authorise its power on a case-by-case basis, and shall not grant its power to any other institution or individual in a general or permanent manner.

Article 166 The Board of Directors of the Bank shall explain the qualified audit reports issued by registered accountants in respect of the Bank's financial reports at the shareholders' general meeting.

Article 167 The chairman of the Bank shall be the first responsible person in handling the shareholding management of the Bank. The secretary of the Board of Directors shall assist the chairman and shall be the direct responsible person in handling the shareholding management.

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

Article 168 The Board of Directors shall formulate the rules of procedure of the Board of Directors, including notices of meetings, the manner of convening a meeting, preparation of documents, the method of voting, the mechanism for making proposals, minutes of meetings and its signatures, in order to ensure that the Board of Directors implements the resolutions of the shareholders' general meeting, thereby improving work efficiency and ensuring scientific policy making.

Article 169 The Board of Directors shall define its authority in relation to investment and disposal of the Bank's assets and establish strict examination and policy making procedures; shall arrange for the relevant experts and professionals to assess and examine significant investment projects and asset disposals and submit a report of the same to the shareholders' general meeting for approval.

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

For disposal of any fixed assets by the Board of Directors, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within four months immediately preceding such proposal for disposal exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed by the shareholders' general meeting, the Board of Directors shall not dispose or approve the disposal of such fixed assets before obtaining the approval of the shareholders' general meeting.

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

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

The validity of transactions conducted by the Bank in relation to the disposal of fixed assets shall not be affected notwithstanding any violation of the requirements set out in this Article.

Article 170 The chairman shall be entitled to exercise the following powers:

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

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

Article 171 There are two types of board meeting: regular board meeting and extraordinary board meeting. The Board of Directors shall hold at least one regular board meeting on a quarterly basis, and the board meeting shall be convened by the Chairman of the Board of Directors. Notice of board meeting shall be sent to all directors and supervisors in writing at least fourteen days before the date of the meeting.

Article 172 An extraordinary meeting of the Board of Directors may be held by the chairman within ten days, if:

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

Article 173 The notice of extraordinary meetings of the Board of Directors shall be delivered to the directors and supervisors within a reasonable time prior to the meeting.

Article 174 Notice of meeting of the Board of Directors shall contain:

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

Article 175 A meeting of the Board of Directors shall only be held if it has a quorum of over one-half of the directors. Each director shall have one vote. Resolution(s) adopted at the board meeting must be approved by over one-half of the directors. Where there is an equality of votes for and against a particular resolution, the chairman shall be entitled to have a casting vote.

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

Article 176 Voting of resolutions of the Board of Directors shall proceed by the following methods: voting by a show of hands or voting by poll.

Article 177 The meetings of the Board of Directors may be convened by members attending in person (including on-site, video and telephone conferences to ensure that participants can communicate and discuss in real time) or by way of signature in written form.

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

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

Article 178 Directors shall attend the board meeting in person. If a director cannot attend the meeting due to certain reasons, he may appoint another director in writing to attend on his/her behalf. However, an independent director shall not appoint a non-independent director to attend the meeting on his/her behalf. In principle, a director can accept the appointment of up to two directors who cannot attend the meeting in person. When considering related party transactions, non-related directors shall not appoint related directors to attend the meeting on their behalf.

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

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

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

Article 179 Minutes shall be taken for the matters discussed at the meeting and the directors attending the meeting, secretary to the Board of Directors and the person taking the minutes shall sign on the minutes. Directors attending the meeting shall have the right to request to record in the minutes details of the speech made by them at the meeting. The minutes of the board meeting shall be kept as the Bank's files permanently.

Article 180 The minutes of the meeting of the Board of Directors shall include the following:

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

Article 181 Directors shall sign on the board resolutions and shall be responsible for the board resolutions. If the board resolutions violate the relevant laws, regulations, the Articles or resolutions of the shareholders' general meeting thus causing losses to the Bank, the directors participating in the resolutions shall be liable to compensate the Bank for the losses. However, on verification that a director had stated his/her objection when voting and the same was recorded in the minutes, such director may be exempted from such liability.

Article 182 The Board of Directors of the Bank has established specialised committees, i.e. the Strategy and Sustainable Development Committee, the Audit Committee, the Related Party Transactions Management and Consumer Rights Protection Committee, the Risk and Capital Management Committee, the Remuneration and Appraisal Committee and the Nomination Committee. Each of the specialised committees is responsible directly to the Board of Directors. They provide professional opinions to the Board of Directors, or make decisions in respect of professional issues in accordance with the authorisation of the Board of Directors, and regularly discuss with senior management and relevant departments on the operation and risk status of the Bank and put forward opinions and advices. All specialized committees comprise of directors, and each committee shall have at least three members. In particular, the Audit Committee, the Related Party Transactions Management and Consumer Rights Protection Committee and the Nomination Committee shall not consist of directors nominated by controlling shareholders. The majority of the members of the Audit Committee, the Related Party Transactions Management and Consumer Rights Protection Committee, the Remuneration and Appraisal Committee and the Nomination Committee shall be independent directors, and they shall act as the chairman of meetings. Among the members of the Audit Committee and the Related Party Transactions Management and Consumer Rights Protection Committee who are independent directors, at least one of them shall have professional expertise in accounting. In principle, the proportion of independent directors in the Risk and Capital Management Committee shall not be less than one-third, and its chairman shall have experience in identification and management of various risks; the members of the Audit Committee shall have professional knowledge and working experience in a certain area of finance, auditing, accounting or law and in principle, they shall be independent from the daily operation and management of the Bank. The chairman of a specialised committee in principle shall not serve as the chairman of another committee.

Article 183 The major duties of the Strategy and Sustainable Development Committee under the Board of Directors include:

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

Article 184 The major duties of the Audit Committee under the Board of Directors include:

- (1) review the financial information and its disclosure, be responsible for the annual audit work, and make a judgment report on the authenticity, accuracy, completeness and timeliness of the information set out in the audited financial report;
- (2) inspect accounting policies, financial reporting procedures and financial position;
- (3) propose to engage or replace an accounting firm for regular audit of financial reports, and supervise and evaluate its audit work;
- (4) monitor the internal audit system and its implementation, and evaluate the work procedures and work effectiveness of the internal audit department;
- (5) coordinate the communications between internal auditors and external auditors;
- (6) examine the internal control system and put forward suggestions on the improvement of internal control;
- (7) review and supervise the mechanism for employees to whistleblow any misconducts in respect of financial reports, internal control or other aspects, so as to ensure that the Bank always handles the whistleblowing issues in a fair and independent manner and takes appropriate actions; and
- (8) any other tasks delegated by the Board of Directors.

Article 185 The major duties of the Related Party Transactions Management and Consumer Rights Protection Committee under the Board of Directors include:

- (1) identify related parties;
- (2) examine, monitor and review material Related-Party Transactions and Continuing Related-Party Transactions and control the risks associated with Related-Party Transactions;
- (3) review the measures on the management of Related-Party Transactions and supervise the establishment and improvement of the relevant management system of Related-Party Transactions; and
- (4) review the announcement(s) in respect of Related-Party Transaction(s);
- (5) review and consider the strategies, policies and objectives of consumer rights protection;
- (6) review reports on consumer rights protection efforts and relevant proposals;
- (7) supervise and evaluate the comprehensiveness, promptness and effectiveness of consumer rights protection efforts as well as the duty performance of the senior management in consumer rights protection, and the information disclosure of consumer rights protection; and
- (8) any other matters authorised by the Board of Directors.

Article 186 The major duties of the Risk and Capital Management Committee under the Board of Directors include:

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



Article 187 The major duties of the Remuneration and Appraisal Committee under the Board of Directors include:

- (1) study the assessment standards of directors and senior management members and make assessment and put forward proposals depending on the actual conditions of the Bank;
- (2) study and review the remuneration policies and proposals in respect of directors and senior management members, put forward proposals to the Board of Directors and supervise the implementation of such proposals;
- (3) review the remuneration management system and policies of the Bank; and
- (4) any other matters authorised by the Board of Directors.

Article 188 The major duties of the Nomination Committee under the Board of Directors include:

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

Article 189 The specialised committees may appoint intermediary institutions to provide professional advice and the relevant costs shall be borne by the Bank.

**CHAPTER 12 SECRETARY OF THE BOARD OF DIRECTORS**

Article 190 The Bank shall have one secretary of the Board of Directors. The secretary of the Board of Directors is a senior management officer of the Bank and shall be accountable to the Board of Directors.

Article 191 The secretary of the Board of Directors shall be a natural person having a bachelor degree or above and having more than six years' work experience in finance or more than ten years' work experience in related industries (including three years' work experience in finance); the secretary of the Board of Directors shall possess the necessary professional knowledge in finance, taxation, law and business management and have good personal qualities and work ethics and shall strictly comply with the relevant laws, administrative regulations and departmental rules and shall faithfully perform his/her duties and shall have good ability to handle public affairs.

The provisions of Article 231 in relation to the conditions prohibiting a person from acting as a director of the Bank shall be applicable to the secretary of the Board of Directors.

Article 192 The Board Secretary assists the Directors in the daily operations of the Board. Their main duties are:

- (1) ensuring that the Bank has complete organisational documents and records;
- (2) ensuring that the Bank prepares and submits the reports and documents required by the competent authorities according to law;
- (3) ensuring that the Bank's register of shareholders is properly set up and ensuring that the persons entitled to obtain the relevant records and documents shall obtain the relevant records and documents in a timely manner;
- (4) being responsible for the information disclosure of the Bank, coordinating the information disclosure of the Bank, organizing the formulation of the information disclosure management system of the Bank, and urging the Bank and the relevant information disclosure obligors to comply with the relevant regulations on information disclosure;
- (5) being responsible for the management of investor relationship and coordinating the information communication between the Bank and securities regulatory authorities, investors and actual controllers, intermediary institutions and the media;
- (6) being responsible for preparing and organising board meetings and shareholders' general meetings, attending general meetings, meetings of the Board of Directors, meetings of the Board of Supervisors and relevant meetings of the senior management, being responsible for taking the minutes and giving signature;
- (7) being responsible for the confidentiality of information disclosure of the Bank, and immediately reporting and disclosing to the stock exchange in the event of material information leakage that has not been made public;

- (8) paying attention to media reports and taking the initiative to verify the facts and urging the relevant entities such as the Bank to respond to the inquiries from the stock exchange in a timely manner;
- (9) organising trainings for directors, supervisors and senior management of the Bank on relevant laws and regulations and relevant provisions of stock exchanges, and assisting the aforesaid personnel in understanding their respective responsibilities in information disclosure;
- (10) being responsible for urging directors, supervisors and senior executives to abide by laws and regulations, relevant regulations of the stock exchange and the Articles, and earnestly fulfill their commitments. When learning that the Bank, directors, supervisors and senior executives have made or may make resolutions that violate relevant regulations, they should be reminded and should be reported to the stock exchange immediately and truthfully;
- (11) being responsible for the management of changes in the Bank's shares and derivatives thereon;
- (12) performing other duties as required by the laws, administrative regulations and departmental rules of the place where the Bank's shares are listed.

Article 193 A director and senior management member of the Bank may serve as the Bank's secretary of the Board of Directors concurrently. However, the supervisors of the Bank may not serve as secretary of the Board of Directors concurrently. A registered accountant of any accounting firms and a lawyer of any law firms that are engaged by the Bank are forbidden to act as the secretary of the Board of Directors. If a director acts as the secretary of the Board of Directors and an act is required to be performed by a director and the secretary of the Board of Directors separately, such person who is at the same time a director and the secretary of the Board of Directors shall not perform such act in both capacities.

Article 194 The secretary of the Board of Directors shall be nominated by the chairman and shall be appointed or removed by the Board of Directors. The secretary of the Board of Directors shall apply to the banking regulatory authority under the State Council for qualification review or filing in accordance with the regulatory requirements.

### **CHAPTER 13 PRESIDENT AND OTHER SENIOR MANAGEMENT**

Article 195 The Bank shall practise a system wherein the president shall assume full responsibility under the leadership of the Board of Directors. The Bank shall appoint one president and, if necessary, appoint other senior executives to assist the president. The president and executive vice presidents may be appointed or removed by the Board of Directors, and the chairman of the Board of Directors and the President of the Bank shall be held separately. The qualifications of the President and executive vice presidents shall be submitted to the banking supervision and administration department under the State Council for assessment.

The president, executive vice presidents, financial controller, secretary of the Board of Directors and other members as confirmed by the Board of Directors and the supervisory authorities comprise the senior management of the Bank.

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

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

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

Article 196 Persons holding executive posts other than as directors and supervisors at the controlling shareholder's entities of the Bank shall not act as senior management members of the Bank.

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

Article 197 The president shall have a term of office of three years and may be re-appointed.

Article 198 The president shall be accountable to the Board of Directors and shall perform the following functions and powers:

- (1) taking charge of the day-to-day administration, operation and financial management of the Bank and reporting the work to the Board of Directors;
- (2) implementing the board resolutions, annual plans and investment proposals;
- (3) drafting proposals on establishing the Bank's internal management organs;
- (4) drafting the basic management system of the Bank;
- (5) formulating specific regulations of the Bank;
- (6) nominating the executive vice presidents and financial controller and proposing to the board their appointment or removal and the appointment or removal of other management members including the persons in charge of various departments and branch organs other than those who shall be engaged or removed by the Board of Directors;
- (7) formulating proposals on wages, benefits, rewards and punishment of the Bank's staff and deciding on the appointment and dismissal of the Bank's staff;
- (8) authorising other senior management members and principals of the internal departments and branches to engage in business activities;

- (9) proposing to convene extraordinary board meetings;
- (10) deciding the establishment and cancellation of branch organs of the Bank and authorising the presidents of branches to commence ordinary business and management;
- (11) adopting emergency measures on occurrence of significant events including bank run and promptly report them to the banking supervision and administration department under the State Council, the Board of Directors and the Board of Supervisors; and
- (12) other functions and powers conferred by the Articles or the Board of Directors.

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

Article 199 The president shall attend board meetings and a non-director president does not have voting rights at the board meeting.

Article 200 The president shall formulate detailed work rules of president and submit the same to the Board of Directors for approval before implementation.

Article 201 The detailed work rules of the president shall include the following:

- (1) conditions and procedures for convening a president meeting and the participating personnel;
- (2) specific duties and division of work of the president and other senior management members;
- (3) use of funds and assets, authority of entering into material contracts and the system on reporting to the Board of Directors and the Board of Supervisors; and
- (4) other matters which are deemed necessary by the Board of Directors.

Article 202 The president and other senior management of the Bank shall abide by the laws, regulations, regulatory requirements and the Articles, have good professional ethics and adhere to high standards of professional ethics, and assume his/her obligation of fidelity and diligence to the Bank, perform his/her duties in good faith, conscientiously and prudently, and ensure sufficient time and efforts are available to perform his/her duties, and shall not be slack in performing his/her duties or exceed his/her authority, so as to safeguard the best interests of the Bank and all shareholders. If the president, other senior management members and staff at all levels violate(s) the laws and regulations, engage(s) in malpractices or commit(s) other serious acts involving dereliction of duties thus causing economic losses to the Bank, they shall assume such economic and legal liabilities.

Article 203 The president may resign before the expiration of his/her term of office. The specific procedures and measures for such resignation shall be specified in the appointment contract between the president and the Bank. The president and other senior management members must complete the relevant examination procedures before leaving the employ of the Bank.

**CHAPTER 14 BOARD OF SUPERVISORS****Section 1 Supervisors**

Article 204 Directors, president and other senior management members shall not act as supervisors concurrently.

Article 205 The process of nomination and election of shareholder supervisors and external supervisors of the Bank shall make reference to the process of nomination and election of directors and independent directors set out in the Articles of Association of the Bank. Shareholder supervisors and external supervisors of the Bank shall be elected, removed and replaced by the shareholders' general meeting of the Bank, the term of office of shareholder supervisors and external supervisors shall be calculated from the date on which such election is approved at the shareholders' general meeting; employee supervisors shall be nominated by the Board of Supervisors and the Labour Union of the Bank, and elected, removed and replaced by the employee representative meeting, the staff meeting or other democratic processes, the term of office of the employee supervisors shall be counted from the date on which the election at the employee representative meeting, the employee meeting or other democratic procedures is passed.

The number of supervisors nominated by the same shareholder and his/her/its associates in principle shall not exceed one-third of the total number of supervisors, and the same shareholder in principle shall nominate only one candidate for the external supervisor and shall not nominate a candidate for an independent director and another candidate for an external supervisor simultaneously. If a waiver of the above requirements is required due to a special shareholding structure, an application setting out the reasons shall be made to the relevant regulatory authority.

The term of office of supervisors shall be three years, and may be renewable upon reelection and re-appointment. The term of office of external supervisors shall not be longer than the aggregate of six years.

Article 206 Supervisors may resign prior to the expiry of their term of office. If the term of office of a supervisor expires and a new supervisor is not elected in a timely manner, a supervisor resigns during his/her term of office thereby causing the number of members of the Board of Supervisors falls below the statutory number, and the resignation of employee supervisors or external supervisors results in the number of employee supervisors or external supervisors being less than one-third of the members of the Board of Supervisors, the original supervisor shall continue to discharge his/her duties according to the laws, administrative regulations and the provisions of the Articles until the newly elected supervisor assumes office. Except for the aforesaid circumstances, the resignation of a Supervisor shall take effect upon delivery of the resignation report to the Board of Supervisors.

Article 207 Supervisors of the Bank shall perform the following duties or obligations:

- (1) Supervisors shall attend the meetings of the board of Supervisors on time, fully review the resolutions of the board of Supervisors, express opinions independently, professionally and objectively, and vote independently on the basis of prudent judgment;
- (2) Supervisors shall be responsible for the resolutions of the board of Supervisors;
- (3) Supervisors shall attend meetings of the Board, meetings of specialised committees of the Board and senior management meetings, and have the right to make inquiries or suggestions on matters resolved at the meetings. Supervisors in attendance in the meetings of Board shall report the meetings to the board of Supervisors;
- (4) Supervisors shall actively participate in the training organised by the Bank and regulatory authorities, understand the rights and obligations of supervisors, be familiar with relevant laws and regulations, and continue to possess the professional knowledge and capabilities required to perform their duties;
- (5) Supervisors shall have loyal and diligent obligations to the Bank, perform their duties conscientiously and prudently, and ensure that they have sufficient time and energy to perform their duties;
- (6) Supervisors shall proactively participate in the supervision and examination activities organised by the board of Supervisors, and shall have the right to conduct investigations and obtain evidence independently in accordance with law, and raise queries and put forward supervisory opinions based on facts;
- (7) Supervisors shall ensure that the information disclosed by the Bank is true, accurate and complete, and sign and endorse regular reports as to express whether they agree with the contents of regular reports or not;
- (8) Supervisors shall comply with laws, administrative regulations and the Articles.

Article 208 Any supervisor shall, in person, attend at least two-thirds of the meetings of the Board of Supervisors and on-site meetings of the Board of Supervisors each year. If a supervisor fails to attend meetings convened by the Board of Supervisors consecutively for two times and fails to appoint other supervisor(s) to attend such meetings on his/her behalf, or fails to attend at least two-thirds of such meetings in person each year, he/she shall be deemed as failure on his/her part to perform his/her duties. The Board of Supervisors shall propose to the shareholders' general meetings or employee representative meeting to remove such supervisor.

Each shareholder representative supervisor and external supervisor shall work for the Bank for not less than 15 working days each year.

Employee representative supervisor shall have the right to participate in the formulation of rules and regulations involving the interests of employees of the Bank, and shall proactively conduct supervision and examination on the implementation of such rules and regulations.



Article 209 Supervisors shall not use their powers to accept bribes or other illegal income and shall not infringe the Bank's property. Supervisors shall not prejudice the interests of the Bank by using their related relationship and shall be liable to compensate the Bank for any losses. If a supervisor discharges the duties of the Bank in violation of laws, administrative regulations, departmental rules or the provisions of the Articles thus causing losses to the Bank, he/she shall assume compensation liability.

## Section 2 Board of Supervisors

Article 210 The Bank shall have a Board of Supervisors. The Board of Supervisors shall consist of 5 to 9 supervisors. The Board of Supervisors shall have a chairman whose election or removal shall be approved by more than two-thirds of the members of the Board of Supervisors. The chairman of the Board of Supervisors shall convene and preside over the meeting of the Board of Supervisors. If the chairman of the Board of Supervisors cannot discharge his/her duties or fails to discharge his/her duties, a supervisor selected by more than one-half of the supervisors shall convene and preside over the meeting of the Board of Supervisors.

The Board of Supervisors comprises shareholder representative supervisors, employee representative supervisors and external supervisors, and the number of both the employee representative supervisors and external supervisors shall not be less than one-third of the total number of supervisors. External supervisors shall not hold any position other than supervisors of the Bank, and shall not have any relationship with the Bank and its shareholders and de facto controllers which may otherwise potentially affect their independent judgments.

Article 211 The Board of Supervisors is the supervisory organ of the Bank which is accountable to the shareholders' general meeting. It shall exercise the following functions and powers to protect the legal rights of the Bank, shareholders, employees, creditors and other interested parties:

- (1) to supervise and examine the Bank's financial activities, with main focus on supervising its development strategies, operation decisions, internal control and risk management of the Bank;
- (2) to supervise the adoption by the Board of Directors of prudent business philosophy and value standards and formulate suitable development strategies in line with the actual situations of the Bank, evaluate the scientificness, reasonableness and robustness of the Bank's development strategy and prepare an evaluation report;
- (3) to supervise the process of election and appointment of directors and the actual performance of duties by directors, president and other senior management members of the Bank, conduct overall assessment on the performance of duties by directors, supervisors and other senior management members of the Bank, and report the final assessment results to the banking regulatory authority under the State Council and report the same to the shareholders' general meeting of the Bank, and require the directors, president and other senior management members to proceed with rectifications within a designated period and take accountability when they violate the relevant laws, administrative regulations, departmental rules and the Articles of the Bank;

- (4) to supervise the objectivity and reasonableness of the remuneration management system and its implementation of the whole Bank and the remuneration packages for its senior management members;
- (5) to guide and supervise the internal audit work and have the right to request the Board of Directors and senior management to provide audit-related information;
- (6) to make written or verbal proposals to directors, president and other senior management members of the Bank, give directions, conduct discussions, raise questions and require formal replies when necessary; when the directors, president and other senior management members are found to have problems in making and implementing important financial decisions, to require them to make rectifications and to report to the regulatory authority when necessary;
- (7) to examine the Bank's regular reports prepared by the Board of Directors and submit written examination opinions on the truthfulness, accuracy and completeness of such reports; to review financial information including the financial statements and business reports to be submitted by the Board of Directors to the shareholders' general meeting, to appoint, in the name of the Bank, registered accountants and practicing accountants to assist in reviewing such information should any doubt arises; and to review the profit distribution plans of the Bank and submit opinions on the compliance and reasonableness of the profit distribution plans of the Bank;
- (8) to propose to convene extraordinary general meetings; to convene and preside over shareholders' general meetings if the Board of Directors fails to perform the duty of convening and presiding over shareholders' general meetings according to the provisions of the Articles of Association;
- (9) to put forward proposals at the shareholders' general meeting;
- (10) to represent the Bank in negotiating with its directors, president and other senior management members and to initiate legal proceedings against them according to the provisions of the Company Law;
- (11) the Bank's important decisions shall be reported to the Board of Supervisors in advance, and the information on operation conditions, financial conditions, important contracts, important events and cases, audit issues and significant changes in personnel shall be provided according to the requirements of the Board of Supervisors; The Board of Supervisors shall conduct investigation when becoming aware of any unusual operating situation;
- (12) to conduct examination on the resignations of directors, president and other senior management members when necessary;
- (13) to communicate with the banking regulatory authority under the State Council or its branches on the status of the Bank on a regular basis; and
- (14) other functions and powers stipulated by the relevant laws, administrative regulations, departmental rules and those conferred by the Articles of Association and the shareholders' general meeting.

Article 212 The Board of Supervisors may perform its duties by taking various methods such as off-site monitoring, examination, attending meetings, visits and symposia, reviewing reports, investigations, questionnaires, conducting audit on resignations, and appointing a third party professional entity to assist its work, and shall have the right to require the Board of Directors and senior management members to provide necessary information. The Board of Supervisors has an independent financial budget, and has the right to arrange budget expenditures independently based on its work conditions. All expenses incurred by the Board of Supervisors in performing its duties shall be borne by the Bank.

The audit results of the internal audit department of the Bank on each of its departments, branches, sub-branches and wholly-owned subsidiaries shall be fully reported to the Board of Supervisors in a timely manner. If the Board of Supervisors has any doubts on the audit results reported by the internal audit department, it shall have the right to require the Board of Directors or the internal audit department to make explanations.

Article 213 The Board of Supervisors shall formulate the rules of procedures of the Board of Supervisors with specific mode of discussion and voting procedures of the Board of supervisors, including notices of meetings, the manner of convening a meeting, preparation of documents, the method of voting, the mechanism for making proposals, minutes of meetings and signatures, for purposes of ensuring the work efficiency and scientific decision making of the Board of Supervisors. The rules of procedures of the Board of Supervisors shall be drafted by the Board of Supervisors and approved at the shareholders' general meeting.

Article 214 A Supervisory Committee and a Nomination Committee are established under the Board of Supervisors. The head of the Supervisory Committee and the Nomination Committee shall be the external supervisors.

Article 215 The major duties of the Supervisory Committee under the Board of Supervisors include:

- (1) to formulate detailed plans on the performance of supervisory duties by the Board of Supervisors;
- (2) to formulate supervisory plans for financial activities of the Bank and conduct relevant examinations;
- (3) to supervise the adoption by the Board of Directors of prudent business philosophy and value standards and formulate development strategies in line with the actual situations of the Bank;
- (4) to conduct supervision and assessment on important financial decisions of the Board of Directors and senior management members and subsequent implementations, the establishment and improvement of internal control governance structure and overall risk management governance structure and the division of duties of relevant parties and the performance of their duties;
- (5) to formulate the specific plans for reviewing the operation decisions, internal control and risk management of the Bank under the authorisation of the Board of Supervisors when necessary;

- (6) to formulate the plans for reviewing the resignations of directors, president and other senior management members when necessary; and
- (7) any other matters authorised by the Board of Supervisors.

Article 216 The main responsibilities of the Nomination Committee of the Board of Supervisors are as follows:

- (1) to put forward proposals to the Board of Supervisors in relation to the scale and composition of the Board of Supervisors;
- (2) to study the standards and procedures for selection of supervisors and put forward proposals to the Board of Supervisors;
- (3) to search extensively for qualified candidates for supervisors;
- (4) to conduct preliminary examination and put forward proposals in relation to the qualifications and conditions of candidates for supervisors proposed by the shareholders;
- (5) to supervise the process of election and appointment of directors;
- (6) to conduct assessment on the performance of duties of the Directors, Supervisors and the senior management members and submit reports to the Board of Supervisors;
- (7) to supervise the scientificity and reasonableness of the remuneration management system and its implementation of the whole Bank and the remuneration package for its senior management members; and
- (8) any other matters authorised by the Board of Supervisors.

Article 217 The specialised committees may appoint intermediary institutions to provide professional advice and the relevant costs shall be borne by the Bank.

Article 218 The Board of Supervisors shall report to the shareholders' general meeting at least once a year. The report shall contain the following contents:

- (1) the performance of duties by the Directors and the senior management members and its members of the Bank, and the status of supervision on the financial activities, internal control and risk management of the Bank;
- (2) the work performance of the Board of Supervisors;
- (3) the provision of independent opinions on relevant issues; and
- (4) other matters which, in the opinion of the Board of Supervisors, shall be reported to the shareholders' general meeting.

### Section 3 Convening of Meetings of the Board of Supervisors

Article 219 The method of discussion of the Board of Supervisors: meeting of the Board of Supervisors. Meetings of the Board of Supervisors may be held either on-site (including on-site, video, telephone, etc. to ensure that participants can communicate and discuss in real time) and by way of signature in written form.

Article 220 The meetings of the Board of Supervisors consist of regular meetings and extraordinary meetings. The Board of Supervisors shall hold at least one regular meeting of the Board of Supervisors on a quarterly basis, which shall be convened by the chairman of the Board of Supervisors. Supervisors may propose to convene an extraordinary meeting of the Board of Supervisors. When all the external supervisors make such proposal in writing, the Board of Supervisors shall convene a meeting. When all the external supervisors consider that the information on the resolutions presented at the meeting of the Board of Supervisors is not adequate or accurate, they may jointly make a written proposal to postpone the convening of such meeting or the consideration and approval of relevant resolutions, and the Board of Supervisors shall adopt such proposal. When all the external supervisors reach a consensus, they shall have the right to propose the Board of Supervisors to recommend the Board of Directors to convene an extraordinary general meeting, and the Board of Supervisors shall reply its agreed or disagreed opinions in writing upon receipt of such proposals.

Article 221 The notice on a regular meeting of the Board of Supervisors shall be sent to all the supervisors 10 days before convening the meeting of the Board of Supervisors, the notice on an extraordinary meeting of the Board of Supervisors shall be delivered within a reasonable time before convening the meeting.

Article 222 The notice on a meeting of the Board of Supervisors shall contain:

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

Article 223 A meeting of the Board of Supervisors shall only be held if it is attended by more than half of the supervisors.

Article 224 Supervisors shall attend meetings convened by the Board of Supervisors in person after receiving the notice of such meeting. If a supervisor cannot attend the meeting due to certain reasons, he/she may appoint another supervisor in writing to attend on his/her behalf. However, a supervisor shall not accept such appointments by more than two supervisors to attend a meeting of the Board of Supervisors on their behalf. External supervisors may appoint other external supervisors to attend on their behalf.

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

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

Article 225 Matters for discussion at the Board of Supervisors shall be voted item by item, that is, voting commences after a proposal has been examined; the next proposal may not be voted if the previous proposal is still being voted. Each and every supervisor shall have one vote.

Article 226 Voting of resolutions at meetings convened by the Board of Supervisors shall adopt the following methods: voting by a show of hands or voting by poll. Resolutions shall be announced according to the voting results. Voting results as well as the circumstances in which the resolutions were passed shall be recorded in the minutes. Meetings of the Board of Supervisors may be conducted by way of signature in written form provided that the supervisors should have fully expressed their views and have sufficient conditions to have a detailed understanding of the subject matter and information related to the matters of the meeting, and the supervisors attending the meeting shall sign the resolutions accordingly.

Article 227 Resolutions and reports proposed by the Board of Supervisors shall be approved by more than half of the members of the Board of Supervisors.

If a supervisor has different opinions in principle on the resolutions or reports, the same shall be stated in the resolutions or reports.

Article 228 Supervisors shall sign on the resolutions and shall be accountable to the resolutions passed by the Board of Supervisors. If it is verified that a supervisor has stated his objection when voting and the same has been recorded in the minutes, such supervisor may be exempted from liability.

Article 229 Minutes shall be taken for the meeting convened by the Board of Supervisors and the supervisors attending the meeting and the person taking the minutes shall sign on the minutes. Supervisors shall have the right to request to record in the minutes details of the speech made by them at the meeting. The minutes of the meeting convened by the Board of Supervisors shall be kept permanently.

Article 230 The minutes of the meeting of the Board of Supervisors shall include the following:

- (1) date and venue of the meeting and the name of the convenor;
- (2) names of the supervisors attending the meeting and names of the supervisors (proxies) appointed by others to attend the Board of Supervisors' meeting;
- (3) agenda of the meeting;
- (4) main points of the speeches of the supervisors; and
- (5) methods and results of the voting for each proposal (the voting results shall state the numbers of votes for or against the proposal or votes that have abstained from voting).

**CHAPTER 15 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS,  
PRESIDENT AND OTHER SENIOR MANAGEMENT MEMBERS**

Article 231 The following persons shall not assume the roles of directors, supervisors, president or other senior management members:

- (1) he does not possess civil capacity or possesses limited civil capacity;
- (2) he was convicted of corruption, bribery, infringement of property or misappropriation of property or other offences which disrupted the socialist market economic order within a period of five years after the sentence was served, or he has been deprived of his political rights within a period of five years after the sentence was served;
- (3) he was a former director, factory manager or manager of a company or an enterprise which has been dissolved or liquidated and was personally liable for the dissolution or liquidation of such company or enterprise within a period of three years after the date of completion of the dissolution or liquidation of such company or enterprise;
- (4) he was a former legal representative of a company or an enterprise the business license of which was revoked or was ordered to close down as a result of violation of law and was personally liable for such revocation within a period of three years after the date of the revocation of said business license;
- (5) he has a relatively substantial amount of debts which have become overdue;
- (6) he was prohibited to participate in the market by the securities regulatory organ of the State Council to enter the securities market and the time limit has not expired;
- (7) he is currently under investigation by judicial authorities for commission of criminal offence;
- (8) he is not permitted to act in the capacity of leader of an enterprise according to law and administrative regulations;
- (9) he is not a natural person;
- (10) he was determined by competent authorities for violation of applicable securities regulations and such conviction involved a finding that he acted fraudulently or dishonestly within a period of five years after the date of such determination.

Any persons who are disqualified by the banking supervision and administration department under the State Council in accordance with law shall not act as senior management members of the Bank.

Article 232 The validity of any act carried out by a director, supervisor, president or other senior management of the Bank on the Bank's behalf to a bona fide third party shall not be affected by any irregularities during the term of his/her office, election or any defect in his/her qualifications.



Article 233 In addition to the obligations imposed by law, administrative regulations or the listing rules of the place in which shares of the Bank are listed, the Bank's directors, supervisors, president and other senior management members owe the following obligations to each shareholder in exercising the functions and powers conferred to them by the Bank:

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

Article 234 Directors, supervisors, president and other senior management members of the Bank shall, in the exercise of their powers and in the discharge of their obligations, exercise care, diligence and skills that would be exercised by a reasonably prudent person under similar circumstances.

Article 235 Directors, supervisors, president and other senior management members of the Bank shall exercise and perform his duties in accordance with the principles of utmost good faith and shall avoid conflicts of interests. These principles include (but not limited to):

- (1) to act honestly in the best interests of the Bank;
- (2) to act within the scope of his/her powers and not to exceed such powers;
- (3) to exercise in person the discretion conferred to him/her and shall not be controlled by others; and not delegate such discretion to others unless otherwise permitted by laws or administrative regulations or approved by the shareholders based on an informed decision at the shareholders' general meeting;
- (4) to treat shareholders of the same class equally, and to treat shareholders of different classes fairly;
- (5) not to execute any contracts or transactions or make arrangements with the Bank unless otherwise provided by the Articles or approved by the shareholders based on an informed decision at the shareholders' general meeting, except those within the ordinary business scope of the Bank and complying with the administrative rules of the relevant related party transactions of the Bank;
- (6) not to use the Bank's assets in any manner to pursue own personal interests unless approved by the shareholders based on an informed decision at the shareholders' general meeting;

- (7) not to accept any bribery or other illegal income by virtue of his/her powers and positions, and not to seize the Bank's assets in any manner, including (but not limited to) opportunities advantageous to the Bank;
- (8) not to accept any commission with respect to any of the Bank's transactions with other persons without the prior approval granted by the shareholders based on an informed decision at the shareholders' general meeting;
- (9) to comply with the Articles, perform their duties honestly and faithfully, to protect the Bank's interests and not to pursue own personal gains by taking advantage of his/her powers and positions conferred by the Bank;
- (10) not to self-operate or operate on behalf of others any business having similar nature to the Bank and not to engage in any activities damaging the interests of the Bank and not to compete with the Bank in any manner unless approved by the shareholders based on an informed decision at the shareholders' general meeting;
- (11) not to misappropriate the funds of the Bank or open accounts in personal name(s) or others' name(s) and deposit funds of the Bank. Save for the ordinary business of the Bank, not to lend the Bank's funds to others or provide guarantees for others by way of the Bank's assets unless approved by the shareholders based on an informed decision made during the shareholders' general meeting or the Board of Directors;
- (12) not to divulge any confidential information concerning the Bank that has been obtained during his/her term of office, unless approved by the shareholders based on an informed decision at the shareholders' general meeting; and not to utilise such information unless it is for the benefits of the Bank provided however such information can be disclosed on petitioning to a court or other competent government authorities under the following circumstances:
  1. as prescribed by law;
  2. as required for the purpose of public interest;
  3. as required for the interests of the directors, supervisors, president or other senior management members.

Article 236 Directors, supervisors, president and senior management members of the Bank shall not direct the following persons or organisations ("related parties") to do what he/she has been prohibited from doing:

- (1) spouse or minor children of the directors, supervisors, president and other senior management members of the Bank;
- (2) the trustees of directors, supervisors, president and other senior management members of the Bank or of any person(s) as described in (1) of this Article;
- (3) the partners of directors, supervisors, president and other senior management members of the Bank or of any person(s) as described in (1) or (2) of this Article;

- (4) company(ies) which is/are effectively and solely controlled by the directors, supervisors, president or other senior management members of the Bank or under the common control with any person(s) as described in (1), (2) or (3) of this Article or other directors, supervisors, president and other senior management members of the Bank;
- (5) the controlled directors, supervisors, president and other senior management members of the Bank as referred to in (4) of this Article.

Article 237 The fiduciary duty of a director, supervisor, president and other senior management members of the Bank may not necessarily cease upon the conclusion of his/her term, and his/her obligations to keep the commercial secrets of the Bank shall survive beyond the conclusion of his/her term. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of the period between the occurrence of the relevant event(s) and the time when a director, supervisor, president or a member of the senior management members leaves the employ of the Bank and the circumstances and terms under which his/her relation with the Bank ends.

Article 238 The shareholders may make informed decisions at the shareholders' general meeting to discharge any director, supervisor, president and any other senior management members of the Bank as a result of breaches of any specific obligation, except for the circumstances as specified in Article 73 hereof.

Article 239 A director, supervisor, president and other senior management members of the Bank who directly or indirectly has material interest in any contracts, transactions, or arrangements executed or proposed to be executed by the Bank (except for service contracts between the directors, supervisors, president, executive vice presidents and other senior management members and the Bank) shall disclose to the Board of Directors the nature and extent of his/her interest as soon as possible, regardless of whether or not such matters require the approval of the Board of Directors under normal circumstances.

Subject to the provisions of the Hong Kong Listing Rules or the exceptions permitted by the Hong Kong Stock Exchange, Directors shall not vote on board resolutions in relation to the approval of any contract, transaction or arrangement or other proposals in which he/she or any of his/her associates (as defined under the Hong Kong Listing Rules) has material interests; in confirming whether a quorum is formed at the meeting, he/she himself/herself shall not be counted. Unless the interested director, supervisor, president and other senior management members of the Bank has made such disclosure to the Board of Directors as required by the preceding paragraph of this Article, and the relevant matter has been approved by the Board of Directors at the board meeting in which such director, supervisor, president and other senior management members has not been counted into the quorum and has not voted at the meeting, the Bank shall be entitled to rescind such contracts, transactions, or arrangements, except where the counterparty(ies) is/are bona fide without knowledge of the breaches of duties on the part of such director, supervisor, president and other senior management members.

Where any related party(ies) or associate(s) of any director(s), supervisor(s), president and other senior management members of the Bank is/are interested in any contracts, transactions or arrangements, such director(s), supervisor(s), president and other senior management members shall also be deemed to be interested.

Article 240 If, prior to the Bank first considers entering into the relevant contracts, transactions or arrangements, a director, supervisor, president, or senior management members of the Bank has delivered a written notice to the Board of Directors stating that he/she is interested in such proposed contracts, transactions or arrangements as a result of the reasons stated in the notice, such director, supervisor, president or senior management members shall be deemed to have made the disclosure stipulated in the preceding article within the scope stated in the notice.

Article 241 The Bank shall not, in any manner, pay any taxes for its directors, supervisors, president and other senior management members, however, the withhold and payment of income taxes by the Bank on behalf of the aforementioned persons in accordance with relevant laws and administrative regulations are not subject to this requirement.

Article 242 The Bank shall not grant credit loans to the related parties; the conditions for providing loans or loan guarantees by the Bank to the related parties shall be normal commercial terms; the terms of providing secured loans to the related parties shall not be more favourable than the terms for similar loans granted to other borrowers.

Related parties referred to above shall mean:

- (1) directors, supervisors, management personnel, personnel engaged in the credit business of the Bank and their close relatives; and
- (2) companies, enterprises and other economic organisations in which the personnel referred to above make investment or hold senior management posts.

Close relatives set out in this Article refer to spouse, father/mother, grown-up children, brothers/sisters, father/mother-in-law, son/daughter-in-law, spouse of brothers/sisters, brothers/sisters-in-law and other family members involving transfer of interests.

Article 243 Any person who receives any funds from a loan which has been made by the Bank in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

Article 244 A guarantee for a loan provided by the Bank in breach of Article 242 shall not be enforceable against the Bank, except under the following circumstances:

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

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

Article 246 In addition to the rights and remedies provided by law and administrative regulations when a director, supervisor, president and other senior management members of the Bank breaches his/her obligations to the Bank, the Bank shall be entitled to:

- (1) require such director, supervisor, president and other senior management members to compensate for any loss sustained by the Bank as a result of such breach of duty;
- (2) rescind any contract or transaction entered into between the Bank and such director, supervisor, president and other senior management members or between the Bank and a third party, where such party has knowledge or should have known that such director, supervisor, president and other senior management members representing the Bank has breached his/her duties owed to the Bank;
- (3) require such director, supervisor, president and other senior management members to account for the profits made as result of such breach of obligations;
- (4) recover any amount which otherwise would have been received by the Bank but were received by such director, supervisor, president and other senior management members instead, including (but not limited to) commissions;
- (5) demand the return of interest earned or which may be earned by such director, supervisor, president and other senior management members on any sum which should have been received by the Bank.

Article 247 With the prior approval of the shareholders' general meeting, the Bank shall enter into a written contract with a director or supervisor in relation to remuneration. Remuneration referred to above shall include:

- (1) remuneration with respect to his/her service as a director, supervisor or member of the senior management members of the Bank;
- (2) remuneration with respect to his/her service as a director, supervisor or member of the senior management members of any subsidiaries of the Bank;
- (3) remuneration with respect to the provision of other services in connection with the management of the Bank and its subsidiaries;
- (4) any payment as compensation for or in connection with loss of office or retirement from office of such director or supervisor;
- (5) No proceedings may be brought by a director or supervisor against the Bank for any benefit which otherwise would have been received by him/her by virtue of any of the matters referred to above except pursuant to any contract described above.

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

- (1) a general offer made by any person to all the shareholders;
- (2) an offer made by any person in anticipation of becoming a controlling shareholder. The definition of "controlling shareholder" has the same meaning ascribed to it as that defined in Article 74 hereof.

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

#### **CHAPTER 16 FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING**

Article 249 The Bank shall establish its financial and accounting systems in accordance with laws, administrative regulations and the requirements of the relevant departments of the State.

Article 250 A financial report shall be prepared at the end of each accounting year, audited by an accounting firm according to law, and reported in a timely manner to the banking supervision and administration department under the State Council, the People's Bank of China, and competent financial authority of the State Council.

Article 251 The Bank shall submit and disclose its annual reports to the securities regulatory organ of the State Council or its agencies and the stock exchanges where the shares of the Bank are listed within 4 months from the ending date of every accounting year. The Bank shall submit and disclose interim reports to the securities regulatory organ of the State Council or its agencies and stock exchanges where the shares of the Bank are listed within 2 months from the ending date of the first half year of every accounting year.

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

Article 252 The Board of Directors of the Bank shall present to the shareholders, at annual general meeting, such financial reports prepared by the Bank as required by applicable laws, administrative regulations and departmental rules.

Article 253 The Bank's financial reports shall be made available for shareholders' inspection at the Bank's offices twenty days prior to the date of annual general meeting. The shareholder of the Bank is entitled to obtain a copy of the abovementioned financial reports.

The Bank shall deliver or post to each shareholder of overseas listed foreign shares, by prepaid mail, (1) the directors' report along with the balance sheet, the income statement and the cash flow statement (including all the documents required to be attached according to law); or (2) a copy of the financial summary report no later than twenty-one days prior to the date of each annual general meeting, and the addresses of the recipients shall be those recorded in the register of the shareholders. For holders of overseas listed foreign invested shares, statements may, in accordance with laws, administrative regulations, the listing rules in the place where the Bank's shares are listed, be delivered on the Bank's website, the website of the Hong Kong Stock Exchange and any other websites as may be provided by the listing rules in the place where the Bank's shares are listed.

Article 254 The financial statements of the Bank may, in addition to being prepared in accordance with the accounting standards and regulations of the PRC, be prepared in accordance with the international accounting standards, or the accounting standards accepted in a place outside China where the shares of the Bank are listed.

In the event of any material discrepancies in the financial statements prepared in accordance with the two types of accounting standards, such discrepancies shall be stated in the notes to the financial statements. The profit after taxation to be distributed by the Bank shall be the profit after taxation for a relevant accounting year stated in the financial statements prepared in accordance with PRC accounting standards.

Article 255 The interim results or financial information published or disclosed by the Bank shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting or the accounting standards of a place which the shares of the Bank are listed overseas.

Article 256 The Bank shall announce its financial reports at least two times every accounting year. An interim financial report of the Bank shall be published within two months after the end of the first six months of each accounting year and an annual financial report shall be published within four months after the end of each accounting year.

Article 257 The Bank shall not keep financial records other than those required by law. As regards the Bank's assets, they shall not be deposited into any account opened in an individual name.

Article 258 In order to consistently implement the principle of "Technology-driven" strategy and accelerate the transformation into a "Digital bank", the Bank will continue to increase investment in Fintech when formulating its annual financial budget plan. The overall budget for investing in Fintech per annum shall not be less than 3.5% of the Bank's audited operating income (calculated on the Group's statistical calibre) for the previous year; among which the budget allocated to the "CMB Fintech Innovation Project Fund" established with the authority of the Board of Directors shall, in principle, not be less than 1% of the Bank's audited operating income (calculated on the Group's statistical calibre) for the previous year.



Article 259 The profit after taxation of the Bank shall be allocated according to the following order and sequence:

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

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

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

After making up for the losses, making allocation to the statutory common reserve fund and general reserve and distributing dividends on preference shares, the Bank may also allocate discretionary common reserve fund from profits after taxation.

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

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

Before making up for the losses, making allocation to the statutory common reserve fund and general reserve, the distribution of dividend or other distribution by way of bonus shall be prohibited. If the shareholders' general meeting distributes profits to the shareholders in violation of preceding provisions of the Article, the shareholders shall return to the Bank the profits which are distributed in violation of the provisions.

Article 260 The capital reserve fund shall include the following items:

- (1) premium received from issuance of shares at a premium exceeding their par value;
- (2) any other income which shall be included in the capital reserve fund as stipulated by the competent finance department under the State Council.

Article 261 The common reserve fund of the Bank shall apply for the following purposes:

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

Article 262 The Bank's policies and plans for profit distribution shall be prepared by the Board of Directors and approved by the shareholders' general meeting. In the course of making specific plans for profit distribution, the Board of Directors and the shareholders' general meeting shall in accordance with the Bank's profit distribution policy, fully consider the views of independent directors, the Board of Supervisors and public investors, communicate with public investors through a variety of channels and accept the inspections on the Bank's profit distribution by independent directors, the Board of Supervisors and public investors. Independent directors shall review the policies and plans for profit distribution presented for consideration and approval at the shareholders' general meeting and form a written opinion.

After the resolution on profit distribution has been passed at a shareholder's general meeting of the Bank, the Bank's Board of Directors shall complete the distribution of cash profits (or shares) paid to ordinary shareholders within 2 months after convening of the shareholders' general meeting.

The Bank shall adjust its profit distribution policies in accordance with the industry regulatory policies, changes in the external regulatory environment, its operation status and long-term development. The adjusted profit distribution policies shall not violate the laws, regulations and the relevant provisions of the regulatory authority in the place where the shares of the Bank are listed. Any resolution regarding adjustments to the profit distribution policy is subject to the prior review of independent directors and the Board of Supervisors, shall be presented at the shareholders' general meeting of the Bank for approval after consideration by the Board of Directors and approved by more than two-thirds of the votes of the Shareholders with right to vote attending the shareholders' general meeting of the Bank.

Provisions in preceding paragraphs herein only apply to the profit distribution to shareholders of ordinary shares by the Bank, and matters relating to dividend payment to shareholders of preference shares by the Bank shall be dealt with pursuant to the paragraph 2 under Article 263 hereof and other relevant provisions.

Article 263 The profit distribution policies for ordinary shares of the Bank are:

- (1) Profit distribution of the Bank shall focus on reasonable returns to investment of the shareholders, and such policies shall maintain continuity and stability;
- (2) The Bank may distribute profits in cash, shares or a combination of cash and shares, and the Bank shall distribute profits mainly in the form of cash. Subject to compliance with prevailing laws, regulations and the requirements of relevant regulatory authority on the capital adequacy ratio, as well as the requirements of general working capital, business development and the need for substantial investment, merger and acquisition plans of the Bank, the cash dividends to be distributed by the Bank to shareholders of ordinary shares each year in principle shall not be less than 30% of the net profit after taxation attributable to shareholders of ordinary shares, audited in accordance with PRC accounting standards for that year. The Bank may pay interim cash dividend. Unless another resolution is passed at the shareholders' general meeting, the Board of Directors shall be authorised at the shareholders' general meeting to approve the interim profit distribution policy;
- (3) If the Bank generated profits in the previous accounting year but the Board of Directors did not make any cash profit distribution plan after the end of the previous accounting year, the Bank shall state the reasons for not distributing the profit and the usage of the profit retained in the periodic report and the independent directors shall give an independent opinion in such regard;
- (4) In the event the Board of Directors considers that the share price of the Bank no longer matches the scale of its share capital or it is deemed necessary by the Board of Directors, subject to the satisfaction of the aforesaid conditions in respect of profit distribution in cash, the Bank may propose the profit distribution plan in shares, and implement it after consideration and approval by the shareholders' general meeting;
- (5) The Bank shall pay cash profits and other amounts to holders of domestically listed domestic shares and such sums shall be calculated, declared and paid in Renminbi. The Bank shall pay cash profits and other amounts to holders of H shares and such sums shall be calculated and declared in Renminbi and be paid in Hong Kong dollars. The foreign currencies required by the Bank for the payment of cash profits and other sums to shareholders of overseas listed foreign shares shall be handled according to the relevant provisions on foreign exchange administration of the State;
- (6) Where fund appropriation to a shareholder is found to be in violation of relevant rules, the Bank shall make deduction against the cash dividend to be paid to the shareholder, and such amount shall be used to repay the funds appropriated; and
- (7) The Bank shall disclose its implementation of the cash dividend policy and other relevant matters in its periodic report in accordance with the relevant requirements.

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

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

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

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

Article 264 The Bank shall appoint a receiving agent for the holders of the overseas listed foreign shares. Such receiving agent shall receive distributable profit and other sums in relation to the overseas listed foreign shares of the Bank on behalf of such holders.

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

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

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

Article 265 The Bank shall establish an internal audit system and appoints professional auditors to undertake internal auditing and supervision of the Bank's financial income and expenditure and economic activities.

Article 266 The internal audit system and the duties of such auditing personnel shall be implemented upon approval of the Board of Directors. The person in charge of auditing shall be accountable and report to the Board of Directors.

#### CHAPTER 17 APPOINTMENT OF ACCOUNTING FIRM(S)

Article 267 The Bank shall appoint an independent accounting firm complying with the relevant stipulations of the State to audit the annual financial reports and conduct verification of other financial reports of the Bank.

Article 268 The accounting firm appointed by the Bank shall hold office from the conclusion of each annual general meeting until the conclusion of the next annual general meeting. The accounting firms may be re-appointed.

Article 269 The accountant firm appointed by the Bank shall have the following rights:

- (1) to inspect books, records and vouchers of the Bank and shall have the right to require directors, president or other senior management members of the Bank to provide the relevant information and explanations;
- (2) to require the Bank to take all reasonable measures to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;
- (3) to attend shareholders' general meetings and to receive meeting notices or other communications relating to the meeting which any shareholder shall be entitled to receive, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Bank's appointed accounting firm; and
- (4) The Bank shall provide true and complete accounting evidence, accounting books, financial report and other accounting information to the accounting firm engaged and shall not refuse, withhold from providing, or falsify such information.

Article 270 In the event of a vacancy in the accounting firm, the Board of Directors may appoint an accounting firm to fill such vacancy prior to the convening of the shareholders' general meeting. Such accounting firms may continue to act during the vacancy period if the Bank has other incumbent accounting firms.

Article 271 Shareholders attending a general meeting may by ordinary resolution remove the Bank's accounting firm prior to the expiration of its term, irrespective of the provisions in the contract between the Bank and such accounting firm. Notwithstanding such provisions, the accounting firm's entitlement to claim for damages arising out of its removal shall not be affected thereby.

Article 272 The remuneration of an accounting firm or the manner in which such remuneration is to be determined shall be determined by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board of Directors to fill a vacancy shall be determined by the Board of Directors and approved by the shareholders' general meeting.

Article 273 The appointment, removal or discontinuation of appointment of an accounting firm by the Bank shall be resolved by shareholders at a general meeting and filed with the securities regulatory organ of the State Council.

In the event that a resolution at a shareholders' general meeting is to be passed to appoint an accounting firm other than the incumbent accounting firm to fill any vacancy in the office of the accountant, or to reappoint an accounting firm which was appointed by the Board of Directors to fill a vacancy, or to remove an accounting firm prior to the expiration of its term, the following provisions shall apply:

- (1) A proposal on the appointment or removal shall be sent (before a notice of the shareholders' general meeting is issued) to the accounting firm proposed to be appointed or the accounting firm intends to resign or has resigned in the relevant accounting year. "Resign" shall include removal, resignation and retirement.
- (2) In the event that the accounting firm that is going to leave its post makes written statements and requests that the Bank to notify the shareholders of such representations, the Bank shall (unless the written statements have been received too late) take the following measures:
  1. In any notice issued for passing a resolution, the Bank shall state the statements made by the accounting firm that is going to leave its post; and
  2. To attach a copy of the statements as a schedule to the notice and deliver it to the shareholders in the manner provided in the Articles.
- (3) In the event that the Bank fails to send the accounting firm's statements in the manner set out in (2) above, such accounting firm may require that the statements be read out at the shareholders' general meeting and may make further appeals.
- (4) The accounting firm which is going to leave its post has the right to attend the following meetings:
  1. The shareholders' general meeting at which its term would otherwise have expired;
  2. The shareholders' general meeting at which it is proposed to fill the vacancy caused by such removal; and
  3. The shareholders' general meeting which is convened as a result of the voluntary resignation of said accounting firm.

The accounting firm leaving its post is entitled to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which it attends on any matters with respect to which its capacity as the former accounting firm of the Bank.

Article 274 When the Bank removes or does not re-appoint an accounting firm, it shall give advance notice to the accounting firm. The accounting firm shall have the right to make representations at the shareholders' general meeting. Where the accounting firm resigns, it shall state in the shareholders' general meeting whether or not there are any irregularities in the Bank.

An accounting firm may resign by depositing a written notice of resignation at the registered address of the Bank. Such notice shall contain the following statements:

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

Such notice shall become effective on the date it is being placed at the legal registered address of the Bank or a later date stated in the notice.

When the Bank receives the notice referred to above, it shall within 14 days send a copy of the notice to the supervisory authorities. If the notice contains the statement mentioned in (2) above, a copy of the notice shall be kept by the Bank at the registered address of the Bank for inspection by shareholders. The Bank shall also send a copy of the aforesaid statements to each holder of the overseas listed foreign shares by prepaid post, and the address of the recipient shall be as recorded in the register of shareholders. In addition, the statement may also, in accordance with provision of laws, administrative regulations, the listing rules of the place where the Bank's shares are listed, be made on the Bank's website, the website of the Hong Kong Stock Exchange, and any other websites as may be provided by the listing rules of the places where the shares of the Bank are listed. The Bank may send a copy of the above notice to shareholders of domestic shares by way of public announcement.

When the notice of resignation of the accounting firm contains a statement of any relevant circumstances, the accounting firm may require the Board of Directors to convene an extraordinary general meeting for the purpose of hearing its explanation of the circumstances in connection with its resignation.

## CHAPTER 18 MERGER OR DIVISION

Article 275 In the event of a merger or division of the Bank, the Bank's Board of Directors shall submit a proposal, which shall be approved in accordance with the procedures stipulated in the Articles of the Bank and the relevant examination and approval formalities shall be completed. Shareholders who object to the merger or division proposal shall be entitled to request that the Bank or the consenting shareholders to acquire such dissenting shareholders' shares at a fair price. The contents of the resolutions on merger or division shall constitute special documents which shall be available for inspection by shareholders.

Such special documents shall be sent by mail to holders of overseas listed foreign shares.

Article 276 The merger of the Bank may take the form of either merger by absorption or merger by establishment of a new company.

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



In the event of a merger, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Bank shall notify its creditors within ten days from the date of passing of the resolution on merger and publish an announcement in a newspaper designated by the Bank at least three times within thirty days.

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

Article 277 Where there is a division of the Bank, its assets shall be divided accordingly.

In the event of a division, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Bank shall notify its creditors within ten days from the date of passing of the resolution on division and publish an announcement in a newspaper designated by the Bank at least three times within thirty days.

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

Article 278 The creditors shall have the right to demand the Bank to settle the debts or provide the relevant guarantees within thirty days from the date of receiving the notice or within 45 days from the date of announcement for those who have not received the notice. If the Bank fails to settle the debts or provide the relevant guarantees, merger or division shall not be conducted.

Article 279 The Bank shall, in accordance with law, apply for registration of the change with the company registration authorities where a change in any item in its registration arises as a result of any merger or division. Where the Bank is dissolved, the Bank shall apply for cancelling its registration in accordance with law. Where a new company is established, the Bank shall apply for registration thereof in accordance with law.

## CHAPTER 19 DISSOLUTION AND LIQUIDATION

Article 280 The Bank shall be dissolved and liquidated according to law upon any of the following circumstances:

- (1) A resolution for dissolution is passed by shareholders at a shareholders' general meeting;
- (2) Dissolution is necessary as a result of merger or division;
- (3) The Bank is declared insolvent on grounds of its failure to repay its debts as they become due;
- (4) The business licence is revoked according to law or the Bank is ordered to close down as a result of its contravention of laws or regulations; and
- (5) The Bank is ordered to be dissolved by the people's court according to the provisions of Article 182 of the Company Law.

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

Article 281 Where the Bank is dissolved pursuant to (1) or (5) above, a liquidation committee shall be established within fifteen days. Members of the liquidation committee shall be determined by an ordinary resolution at a shareholders' general meeting. When a liquidation committee is not set up within the specified period, creditors may apply to the people's court for the establishment of a liquidation committee by the relevant persons.

Where the Bank is dissolved pursuant to (2) above, an application shall be submitted to the banking supervision and administration department under the State Council, and the liquidation work shall be conducted by the parties involved in the merger or division according to the contracts entered into at the time of merger or division.

Where the Bank is dissolved pursuant to (3) above, the people's court shall, in accordance with the provisions of the relevant laws, coordinate with the shareholders, the relevant authorities and professionals to establish a liquidation committee to conduct the liquidation.

Where the Bank is dissolved pursuant to (4) above, the relevant regulatory authorities shall coordinate with the shareholders, the relevant authorities and professionals to establish a liquidation committee to conduct the liquidation.

Article 282 Where the Board of Directors has decided to liquidate the Bank (for any reason other than the Bank's declaration of its insolvency), the Board of Directors shall state in the notice convening a shareholders' general meeting that it has made full inquiry into the affairs of the Bank and is of the opinion that the Bank shall be able to settle its debts in full within twelve months from the commencement of the liquidation.

Upon passing of the resolution on liquidation at a shareholders' general meeting, all functions and powers of the Board of Directors shall cease immediately.

The liquidation committee shall act in accordance with the instructions from the shareholders' general meeting and report on the liquidation committee's income and expenses, the Bank's business and the progress of the liquidation at least once every year to the meeting; and to submit a final report to the shareholders' general meeting upon completion of the liquidation.

Article 283 The liquidation committee shall, within ten days of its establishment, notify the creditors, and within sixty days of its establishment, publish an announcement at least three times in newspapers designated by the Bank.

Article 284 Creditors shall, within thirty days of receipt of the notice, or for creditors who have not received such notice, shall within forty-five days of the date of the first announcement, claim their rights to the liquidation committee. In claiming their rights, the creditors shall provide a statement and evidence with respect thereof. The liquidation committee shall register creditor's rights. In claiming their rights, the liquidation committee may not reimburse any such creditor.

Article 285 During liquidation, the liquidation committee shall exercise the following functions and powers:

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

Article 286 Following the disposal of the Bank's assets and the preparation of a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation proposal and present it to the shareholders' general meeting or to the relevant governing authorities for confirmation.

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

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

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

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

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

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

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

Article 287 The liquidation committee shall immediately apply to the people's court for a declaration of bankruptcy if it becomes aware, having liquidated the Bank's assets and prepared a balance sheet and an inventory of assets, that the Bank's assets are insufficient to repay its debts in full. Upon the Bank being declared bankrupt by a ruling of the people's court, the liquidation committee shall transfer to the people's court all matters arising out of the liquidation.

Article 288 Following completion of liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and financial accounts for the liquidation, which shall be verified by a PRC registered accountant and submitted to the shareholders' general meeting or the relevant competent authorities for confirmation.

The liquidation committee shall, within thirty days from the date of the shareholders' general meeting or confirmation of the liquidation report by the relevant competent authorities, submit the aforementioned documents to the company registration authorities for application for cancellation of registration and publish an announcement in respect of the termination of the Bank. The relevant announcement shall be published in media complying with the relevant provisions.

Article 289 Members of the liquidation committee shall discharge their duties loyally and perform the liquidation obligations according to law and shall not use their powers to accept any bribes or other illegal income and shall not infringe the property of the Bank.

Members of the liquidation committee shall assume compensation liability if the Bank or creditors incur losses as a result of the deliberate or gross default of the members of the liquidation committee.

## CHAPTER 20 PROCEDURES FOR AMENDING THE ARTICLES

Article 290 The Bank may amend the Articles in accordance with the requirements of law, administrative regulations and the Articles of the Bank.

Article 291 The Bank shall amend the articles of association when any of the following occurs:

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

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

Article 292 If the amendments to the Articles approved at a shareholders' general meeting have to be examined and approved by the competent authorities, the same shall become effective after obtaining the approval of the original examination and approval competent authorities. If registration matters are involved, the Bank shall apply for registration of the changes according to law.

Article 293 The Board of Directors shall amend the Articles of the Bank according to the resolutions on amending the Articles passed at a shareholders' general meeting and the approval opinions of the relevant competent authorities.

Article 294 Where the amendments to the Articles involve matters requiring disclosure by law and regulations, the amendments shall be announced in accordance with the relevant provisions.

#### CHAPTER 21 NOTICE

Article 295 Notice of the Bank shall be issued in the following manner:

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

Article 296 If a notice of the Bank is issued by way of an announcement, it shall be deemed to have been received by all the relevant personnel once announced.

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

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

- Article 297 Any notices, circulars, relevant documents or written statements issued to the holders of overseas listed foreign shares by the Bank shall be delivered by hand or prepaid post to shareholders at their registered addresses, or may be delivered by electronic mails or publication on the Bank’s website and the website of the Hong Kong Stock Exchange, subject to compliance with laws, administrative regulations and listing rules of the place(s) where the Bank’s shares are listed.
- Article 298 As regards a notice of convening a shareholders’ general meeting, it shall be issued to holders of overseas listed foreign shares according to the provisions of Article 297 of the Articles and shall be issued to holders of domestically listed shares by way of announcement.
- Article 299 The notice of convening a board meeting shall be issued in writing, by telephone, fax or email.
- Article 300 The notice of convening the Board of Supervisors’ meeting shall be issued in writing, by telephone, fax or email.
- Article 301 If a notice of the Bank is delivered by hand, the date that the recipient signs (or affixes a chop) to acknowledge receipt of the same shall be regarded as the date of delivery. If a notice of the Bank is delivered by post (the address should be clearly written and postage prepaid), such notice shall be deemed to have been received 48 hours after it is put in the post box. If a notice of the Bank is issued by way of an announcement, the date of the first publication of the announcement shall be regarded as the date of delivery. If a notice of the Bank is issued by way of telephone or fax, the date on which the call is answered by an authorised recipient or a letter in writing has been effectively issued shall be regarded as the date of delivery. If a notice of the Bank is delivered by e-mail or website publication, save as otherwise provided in the listing rules of the place where the shares of the Bank are listed, the date of sending or publication shall be regarded as the date of delivery, which shall be referred to the records of the despatch of the e-mail or uploading of the same on web servers. Accidental omission to serve a notice on, or non-receipt of any such notice by, such person who is entitled to receive the same shall not invalidate the meeting and the resolutions passed at the meeting.

Article 302 Where relevant provisions of regulatory authorities of the place where the Bank's shares are listed require the Bank to deliver, mail, distribute, issue, publish or provide its relevant documents in English and Chinese versions, or in other ways, if the Bank has made appropriate arrangements on determining that its shareholders wish only to receive either the English version or the Chinese version, the Company may, in accordance with applicable laws and regulations, only deliver either the English or the Chinese version to relevant shareholders according to their wishes.

## CHAPTER 22 DISPUTE RESOLUTIONS

Article 303 The Bank shall abide by the following rules for dispute resolution:

- (1) Any disputes or claims arising between holders of overseas listed foreign shares and the Bank, between holders of overseas listed foreign shares and the Bank's directors, supervisors, president or other senior management members, or between holders of overseas listed foreign shares and holders of domestic shares, with respect to any rights or obligations by virtue of the Articles, the Company Law and any rights or obligations stipulated by any other relevant laws and administrative regulations concerning the affairs of the Bank, shall be submitted to arbitration.

When the aforementioned dispute or claim of rights is submitted to arbitration, the entire claim or dispute shall be submitted for arbitration, and all persons whose causes of action were based on the same ground or the persons whose participation is necessary for the resolution of such dispute or claim, shall comply with the arbitration, where such person is the Bank, the Bank's shareholders, directors, supervisors, president or other senior management members.

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

- (2) A claimant may select an arbitration to be carried out either by the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant submits a dispute or claim of rights to arbitration, the other party must conduct the arbitration at the arbitration organ selected by the claimant. If a claimant selects Hong Kong International Arbitration Centre as the arbitration organ, either party may apply for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of Hong Kong International Arbitration Centre.
- (3) If any disputes or claims of rights as a result of (1) are resolved by arbitration, the laws of the PRC shall apply, except otherwise provided by laws and administrative regulations.
- (4) The award of the arbitration organ shall be final and conclusive and binding on all parties.



**CHAPTER 23 SUPPLEMENT**

- Article 304 The Board of Directors may formulate detailed rules of the articles according to the provisions of the Articles. Detailed rules of the articles shall not be in conflict with the provisions of the Articles. If matters are not dealt with in the Articles and detailed rules of the articles, the same shall be dealt with according to the relevant laws and regulations of the PRC and the actual circumstances of the Bank.
- Article 305 The Articles shall be written in Chinese and English. The two versions shall have the same effect. If there is any discrepancy between the two versions, the latest Chinese version verified by the banking supervision and administration department under the State Council shall prevail.
- Article 306 For the purpose of the Articles, references to “above”, “within”, and “more than” shall include the actual figures, while references to “less than”, “below”, “under”, “beyond” and “exceed” shall exclude such actual figures.
- Article 307 Unless otherwise specified by the Articles, only ordinary shares and preference shares with recovered voting rights shall be counted in the calculations herein for requesting to convene extraordinary shareholders’ general meeting, convening and chairing shareholders’ general meeting, submitting interim proposal to shareholders’ general meeting and determining the shareholding ratio of relevant shareholders.
- Article 308 In accordance with the provisions of these Articles of Association, the Bank has separately formulated corporate governance system documents such as the rules of procedures for shareholders’ general meetings, meetings of the Board of Directors and meetings of the Board of Supervisors, which shall not conflict with the provisions of the Articles.
- Article 309 The Board of Directors of the Bank shall be responsible for the interpretation of the Articles.