

**Articles of Association**  
**of**  
**Huishang Bank Corporation Limited**

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** The Articles of Association (the “Articles”) are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Commercial Banking Law of the People’s Republic of China (the “Commercial Banking Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other relevant laws, administrative regulations, departmental rules and regulatory documents, for the purpose of regulating the organisation and activities of Huishang Bank Corporation Limited (the “Bank”), and protecting the legitimate rights and interests of shareholders and stakeholders of the Bank.

**Article 2** In 1997, the Bank was established upon approval of the People’s Bank of China Document Yin Fu [1997] No.4, under the original name of Hefei City United Bank. In 1998, with the approvals of the Anhui branch of the People’s Bank of China, the Bank changed its name to Hefei City Commercial Bank Corporation Limited. In 2005, the Bank changed its name to Huishang Bank Corporation Limited after obtaining approval from the China Banking Regulatory Commission, and merged with the former Wuhu City Commercial Bank, Ma’anshan City Commercial Bank, Anqing City Commercial Bank, Huaibei City Commercial Bank, Bengbu City Commercial Bank, Lu’an City Credit Cooperative, Huainan City Credit Cooperative, Tongling City Credit Cooperative, Fuyang Yinhe City Credit Cooperative, Fuyang Technology City Credit Cooperative, Fuyang Xinying City Credit Cooperative and Fuyang Jinda City Credit Cooperative, and inherited all of the assets, liabilities and businesses previously owned by the aforementioned city commercial banks or city credit cooperatives. Following the completion of these mergers, the Bank has registered with the Anhui Province Administration of Industry and Commerce on December 28, 2005 and has obtained a Business License For Enterprise Legal Person. The Business License For Enterprise Legal Person number of the Bank is 340000000026144.

**Article 3** The registered Chinese name of the Bank: 徽商銀行股份有限公司;  
or 徽商銀行 for short;

Full English name: HUISHANG BANK CORPORATION LIMITED; or  
HUISHANG BANK for short.

**Article 4** Domicile of the Bank: No. 79 Anqing Road, Hefei, Anhui Province  
230001

Telephone: 0551-62667787

Fax: 0551-62667787

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

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

**Article 7** The entire share capital of the Bank is divided into shares of equal par value; shareholders shall be liable for the liabilities of the Bank to the extent of their respective shareholdings and the Bank shall be liable for its debts to the extent of all its assets.

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

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

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

The concept of “initiating legal proceedings” referred to in this Article shall include the initiation of legal proceedings at courts or the application of arbitration to arbitration institutions.

The concept of “senior management” referred to in the Articles shall mean the Bank’s president, vice president, secretary to the Board of Directors, assistant to the president and other senior management members as determined by the Board of Directors.

**Article 9** The Bank is under the supervision and management of the banking regulatory authorities and other relevant regulatory authorities according to the applicable laws.

**Article 10** Based on the needs of its business development and subject to approval by the banking regulatory authorities and other relevant regulatory authorities, the Bank may, in accordance with the relevant laws, administrative regulations, departmental rules and the Articles, set up, change or dissolve institutions, including but not limited to bank branches (branch companies), subsidiary banks (subsidiary companies) and representative offices, within and outside the People’s Republic of China (the “PRC”). Except for subsidiary banks(subsidiary companies), the said institutions shall not have the status of independent legal persons and instead shall

legally carry out their business within the scope of powers delegated to them by the Bank and shall be subject to the centralized management of the Bank.

**Article 11** The Bank may invest in other enterprises in accordance with the laws and shall assume liability for such invested enterprises to the extent of its capital contribution or subscribed shares. The Bank shall not be a capital contributor who assumes joint and several liability for the debts of such invested enterprises.

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

**Article 12** The business objectives of the Bank are: to place its customers first, to operate lawfully, to commit itself to credibility, and to provide high quality financial services to the society through scientific approach, advanced technology and efficient management. The Bank shall create the maximum economic benefit for all the shareholders, actively perform its social responsibility and promote the economic prosperity on the basis of prudent operations and sound development.

The Bank shall adhere to the basic operating principles of safety, liquidity and efficiency, while performing independent financial accounting reviews, conducting independent operations, managing its own risks, assuming sole responsibility for its own profit or loss and being self-constrained.

**Article 13** The business scope of the Bank are as follows: taking deposits from the public; making short, medium and long-term loans; handling domestic and overseas payment settlements; accepting and discounting bills; issuing financial bonds; acting as agents to issue and honor and underwrite government bonds; trading government bonds and financial bonds; engaging in inter-bank lending; engaging in bank card business; engaging in foreign exchange trading as principals or as agents; providing letters of credit and guarantee services; collecting and making payment as agents and acting as insurance agents; providing safe deposit box services; handling deposit and loan businesses as agents; engaging in foreign exchange settlement and sales once approved by the People's Bank of China; and any other business purposes approved by the banking regulatory authorities of the PRC.

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

### **Section 1 Share Issue**

**Article 14** The Bank shall have ordinary shares at all times. The Bank may issue other classes of shares according to its needs and upon the approval from the applicable authorities of the State Council.

The Bank shall adopt the principles of openness, fairness and impartiality when issuing shares, and each share in the same class shall have the same rights.

Each share of the same class issued at the same time shall be on the same conditions and at the same price. All entities or individuals subscribing for the shares shall pay the same price for each share.

**Article 15** The shares of the Bank shall be in form of stocks.

The shares issued by the Bank shall be shares with par value, and the par value of each share shall be Renminbi (“RMB”) 1.

**Article 16** The Bank may issue shares to investors both within and outside the PRC after approval from the banking regulatory authority, the securities regulatory authority of the State Council, and any other relevant regulatory authority.

For the purposes of the preceding paragraph, the term “investors outside the PRC” refers to investors who are located overseas or the Hong Kong Special Administrative Region (“Hong Kong”), the Macau Special Administrative Region or Taiwan and who subscribe for shares issued by the Bank. The term “investors within the PRC” refers to investors who are located within the PRC (excluding the aforementioned regions) who subscribe for the shares issued by the Bank.

**Article 17** Shares issued by the Bank to investors within the PRC and subscribed for in RMB shall be referred to as “domestic shares”. Shares issued by the Bank to investors outside the PRC and subscribed for in foreign currency shall be referred to as “foreign investment shares”. Foreign investment shares listed outside the PRC shall be referred to as “overseas-listed foreign shares”.

The shares listed and traded on foreign stock exchange with approval from departments authorised by the State Council and from foreign securities regulatory authorities, are collectively referred to as overseas-listed foreign shares.

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

Foreign currencies referred to in the preceding paragraph shall mean the lawful currencies of other countries or regions other than RMB, which are recognised by the State Administration of Foreign Exchange for payment of share subscription to the Bank.

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

Shareholders of the Bank may trade in unlisted shares in overseas stock exchanges upon approval from the relevant regulatory authorities such as the banking regulatory authorities and the securities regulatory authority of the State Council. The listing and trading of the aforementioned shares shall comply with the regulatory procedures, regulations and requirements of the overseas stock exchange.

**Article 18** With the approval by the relevant examination and approval departments, the Bank's share capital on incorporation in 1997 was 268,000,000 shares. After the completion of the 2005 mergers, the share capital of the Bank became 2,500,000,000 shares.

**Article 19** The total number of ordinary shares that the Bank can issue upon approval by the examination and approval departments authorised by the State Council is 11,049,819,283 shares. The Bank's share capital structure is: 11,049,819,283 ordinary shares, among which 7,887,319,283 are domestic shares, representing 71.38% of the total shares issued by the Bank; and 3,162,500,000 H shares, representing 28.62% of the total shares issued by the Bank.

**Article 20** Subject to approval and verification of the Bank's plan to issue overseas-listed foreign shares and domestic shares by the securities supervisory authority of the State Council, the Board of Directors of the Bank may implement arrangements regarding the issuance of the shares respectively.

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

**Article 21** In the event that there are overseas-listed foreign shares and 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. If these shares cannot be fully subscribed due to special circumstances, such shares may be issued in separate tranches subject to the approval and verification by the securities regulatory authority of the State Council.

**Article 22** The registered capital of the Bank is RMB11,049,819,283.

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

**Article 23** The Bank may, based on its operating and development needs and in accordance with the laws and administrative regulations, subject to resolutions adopted in the shareholders' general meeting and the approval by the relevant regulatory authorities, increase its registered capital in the following ways:

- (1) public offering of shares;
- (2) non-public offering of shares;



(3) placing new shares to existing shareholders;

(4) transferring capital reserve funds to increased capital; and

(5) other methods permitted by the laws and administrative regulations or by relevant competent authorities.

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

**Article 24** The Bank may reduce its registered capital. The reduction of the registered capital of the Bank shall be handled in accordance with the procedures stipulated by the Company Law, the Commercial Banking Law and other relevant regulations and provisions of the Articles.

The Bank shall prepare a balance sheet and a list of assets when it intends to reduce its registered capital.

The Bank shall notify its creditors within ten (10) days of adopting the resolution to reduce its registered capital and shall publish an announcement of the resolution in a form and media designated by the Bank within thirty (30) days. Creditors shall, within thirty (30) days of receiving a written notice or within forty-five (45) days since the date of the announcement for those who have not received a written notice, be entitled to require the Bank to pay its debts or to provide a corresponding guarantee for repayment.

The registered capital of the Bank after reduction shall not be less than the statutory minimum.

**Article 25** The Bank may, following the provisions specified in the Articles and with the approval from relevant regulatory authority, repurchase its issued and outstanding shares in the following circumstances:

(1) reduction of the Bank's registered capital;

(2) merger with another company holding shares in the Bank;

(3) granting of shares to employees of the Bank as reward;

(4) requests for the Bank to buy out shares from shareholders who have voted against the resolutions passed at a shareholders' general meeting to merge or divide the Bank; or

(5) other circumstances permitted by the laws, administrative regulations and by other regulatory authorities.

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

**Article 26** Approval shall be obtained at a shareholders' general meeting when the Bank is to repurchase its own shares because of the circumstances set out in (1) to (3) of the preceding paragraph. After the Bank has purchased its own shares in accordance with the preceding provision, the shares so purchased shall be cancelled within ten (10) days from the date of purchase (under the circumstances set out in (1)), or shall be transferred or cancelled within six (6) months (under the circumstances set out in (2) and (4)).

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

**Article 27** The Bank may, with approval from relevant governing authorities, repurchase its shares in the following ways :

- (1) making a repurchase offer to all shareholders on a pro rata basis;
- (2) repurchasing shares through open transactions on a stock exchange;
- (3) repurchasing shares via an off-market agreement; and

(4) in any other manner approved by the laws, administrative regulations, and relevant regulatory authorities.

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

**Article 28** Where the Bank is to repurchase its shares via an off-market agreement, prior approval shall be obtained from the shareholders at a general meeting in accordance with the Articles. The Bank may, having first obtained the prior approval of shareholders at a general meeting, rescind or alter contracts concluded in the aforementioned manner or waive any of its rights under such contracts.

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

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

Where the Bank has the right to repurchase redeemable shares, the repurchase price shall be set at a maximum price if the repurchases are not made through the

market or by tender. If repurchases are by tender, tenders shall be made available to all shareholders in the same manner.

**Article 29** Unless the Bank is undergoing liquidation, it shall comply with the following requirements with respect to a repurchase of its issued shares:

(1) for repurchases of shares by the Bank at their par value, payment shall be made from the book balance of its distributable profits or from the proceeds of a new issuance of shares for that purpose;

(2) where the Bank repurchases its shares at a premium to its par value, payment up to the par value shall be made from the book balance of its distributable profits or from the proceeds of a new issuance of shares for that purpose. Payment of the portion which is in excess of the par value shall be made as follows:

(i) if the shares being repurchased are issued at par value, payment shall be made from the book balance of its distributable profits;

(ii) if the shares being repurchased are issued at a premium to its par value, payment shall be made from the book balance of its distributable profits or from the proceeds of a new issuance of shares for that purpose. However, the amount deducted from the proceeds of the new issuance of shares shall not exceed the aggregate amount of the premium received by the Bank from the issuance of the shares so repurchased, nor shall it exceed the amount in the Bank's premium account or capital reserve fund account (including premium on the new issue) at the time of such repurchase.

(3) The Bank shall make the following payments from the Bank's distributable profits:

(i) payment for acquisition of the rights to repurchase its own shares;

(ii) payment for the variation of any contracts for the repurchase of its shares;

(iii) payment for the release from its obligations under any repurchase contracts.

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

If there are applicable provision(s) to the contrary regarding the aforementioned share repurchases in the laws, administrative regulations, and relevant regulations of the relevant regulatory authorities, those provision(s) shall prevail.

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

**Article 30** Unless otherwise specified by the relevant laws, administrative regulations and the regulations of the securities regulatory authorities in the jurisdiction in which the shares of the Bank are listed, the fully paid shares of the Bank may be transferred legally without any lien attached.

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

The Bank shall comply with the relevant regulations of the banking regulatory authorities or other relevant regulatory authorities in transferring its shares.

**Article 31** All fully paid H shares may be freely transferred in accordance with the Articles. However, the Board of Directors may refuse to recognize the documents for transfer without stating any reason unless the conditions stipulated below are met:

(1) the standard fee prescribed in the Hong Kong Listing Rules has been paid to the Bank, and all transfer documents and other documents which relate to or may affect the title of any shares have been registered;

(2) the transfers are only in relation to H shares;

(3) stamp duty (as stipulated by Hong Kong law) which is payable for the transfer documents has been duly paid;

(4) the relevant share certificate(s) and any other evidence which the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;

(5) where the shares are intended to be transferred to joint holders, the number of such joint shareholders is not more than four (4); and

(6) the shares are free and clear of any lien of the Bank.

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

**Article 32** All transfers of H shares shall adopt written instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the Board of Directors. The instruments of transfer may be signed by hand or (where the transferor or transferee is a corporation) by the company's seal. Where the transferor or transferee is a recognized clearing house as defined by relevant regulations in accordance with the Laws of Hong Kong from time to time (the "recognized clearing house"), or its proxy, the instruments of transfer may be signed by hand or in a machine-imprinted format.

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

**Article 33** The Bank shall not allow its shares to become pledged.

**Article 34** Shares which have been in issue before the Bank's initial public offering shall not be transferred within one (1) year from the date of the Bank's listing and trading on a stock exchange.

Directors, supervisors and the members of senior management shall, during their term of office, regularly inform the Bank about their holdings of the shares in the Bank and any changes in their shareholding. During the term of office of the aforementioned persons, the shares transferred each year shall not exceed 25% of the total number of shares held by that individual. The shares of the Bank held by the aforementioned persons shall not be transferred within one (1) year from the date of initial listing and on the exchange. The aforementioned persons shall not transfer shares of the Bank held by them within six (6) months after they cease to be employed. If the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed have restrictions on transfers of overseas-listed foreign shares, those provision(s) shall prevail.

**Article 35** If any director, supervisor or members of senior management of the Bank or shareholders holding over 5% of the Bank's shares either sells shares in the Bank within six (6) months of the purchase date or purchases additional shares in the Bank within six (6) months of selling their shares in the Bank, the Board of Directors of the Bank shall confiscate the profits made from such transactions and the profits shall belong to the Bank. If a securities company holds over 5% of the shares because of a purchase of remaining shares under an underwriting arrangement, any subsequent sale of such shares shall not be subject to the 6-month restriction period.

Where the Board of Directors of the Bank fails to confiscate the profits in accordance with the provisions of the preceding paragraph, the shareholders shall have the right to demand that Board of Directors do so within thirty (30) days. Where the Board of Directors of the Bank still fails to confiscate the profits within that period, the shareholders shall have the right to directly initiate legal proceedings at the people's court in their own names for the benefit of the Bank.

Where the Board of Directors of the Bank fails to confiscate the profits in accordance with the provisions in paragraph 1, the directors who are responsible for the failure shall be jointly liable in accordance with the applicable laws.

**Article 36** Any entity or individual which or who purchases the issued, outstanding shares of the Bank shall be subject to the requirements of the banking regulatory authority or relevant regulatory authorities. Substantial shareholders shall truthfully, accurately and completely disclose the particulars of any connected parties to the Board of Directors, and undertake to promptly report to the Board of Directors if there is any change in the connected relationship.

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

**Article 37** The Bank or its subsidiary banks (subsidiary companies) shall not offer any financial assistance at any time by any means to purchasers or prospective purchasers who will or who wish to purchase the Bank's shares. The aforementioned purchasers shall include both persons who have directly or indirectly assumed obligations.

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

This Article does not apply to the circumstances set out in Article 39 of the Articles.

**Article 38** "Financial assistance" for these purposes shall include but shall not be limited to the following means:

(1) gifts;

(2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation given for acts where the Bank is at fault) or the release or waiver of any rights;

(3) the provision of loans or the entrance into any agreement under which the obligations of the Bank are to be fulfilled before the obligations of another party, and a change in the parties to, or the novation of, or the assignment of rights arising under such loans or agreement; and

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

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

**Article 39** The acts listed below are not prohibited by Article 37 of the Articles, subject to any prohibitions by the relevant laws, administrative regulations, departmental rules and statutory documents:

(1) the financial assistance provided by the Bank is either genuinely for the interests of the Bank and the main purpose of the financial assistance is not to purchase shares of the Bank, or the financial assistance is an incidental part of the Bank's overall plans;

(2) the lawful distribution of the Bank's assets in the form of dividends;

(3) the distribution of dividends in the form of shares;

(4) the reduction of registered capital, repurchase of shares, and adjustment of shareholding structure, etc. in accordance with the Articles;

(5) the provision of a loan by the Bank within its scope of business and in the ordinary course of business (provided that this does not lead to a reduction in the net assets of the Bank or that if this causes a reduction, the financial assistance is taken from the Bank's distributable profits); and

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

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

**Article 40** Share certificates of the Bank shall be in registered form and shall specify the following major items:

(1) name of the Bank;

(2) date of the Bank's establishment;

(3) the class of the share certificates, the par value of each share and the number of shares represented by each share certificate;

(4) serial number of the share certificate;

(5) other matters that must be specified according to the securities regulatory authorities in the jurisdiction in which the shares of the Bank are listed; and

(6) other matters that must be specified according to the Company Law and other relevant laws and administrative regulations.

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

During the period when H shares are listed in Hong Kong, the Bank shall ensure that all its listing documents pertaining to H shares include the statements stipulated below, and shall further instruct and cause its share registrars to refuse to register the subscription, purchase or transfer of any of its shares in the name of any individual holder unless and until the holder delivers to the share registrar a signed form in respect of the shares including the following statements:

(1) the purchaser of shares agrees with the Bank and each shareholder of the Bank, and the Bank agrees with each shareholder, to observe and comply with the Company Law, the Special Regulations and other requirements of the relevant laws, administrative regulations and the Articles.

(2) the purchaser of shares agrees with the Bank, each of the other shareholders, the directors, the supervisors, and the members of senior management, and the Bank (acting both for itself and for each director, supervisor and member of senior management) agrees with each shareholder to refer all differences and claims arising from the Articles or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Bank to arbitration in accordance with the Articles, and any referral to an arbitration tribunal shall be deemed to authorize the tribunal to conduct its hearing in an open hearing and to publish its findings. The findings of the arbitration tribunal shall be final and conclusive.

(3) the purchaser of shares agrees with the Bank and each shareholder of the Bank that shares in the Bank are freely transferable by the holder of such shares; and

(4) the purchaser of shares authorizes the Bank to enter into a contract on his behalf with each director and member of senior management whereby such directors and members of senior management undertake to observe and comply with their obligations to shareholders stipulated in the Articles.

**Article 41** The share certificates of the Bank shall be signed by the chairman of the Board of Directors. Where the securities regulatory authorities in the jurisdiction in which the shares of the Bank are listed require the president or other members of senior management of the Bank to sign the share certificates, the share certificates shall be signed by the president or members of senior management. The share certificates shall become effective after a seal of the Bank is affixed or imprinted thereon. The affixation of the Bank's seal on the share certificates shall be subject to the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors, the president or other relevant members of senior management of the Bank on the share certificates can be provided in printed form.



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

**Article 42** The Bank shall maintain a register of shareholders, stating the following matters:

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

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

**Article 43** Pursuant to an understanding and agreement reached between the State Council securities regulatory authority and overseas securities regulatory authority, the Bank may keep its registers of shareholders of overseas-listed foreign shares outside the PRC and appoint an overseas agent to manage these registers. The original of the register of shareholders of H shares shall be kept in Hong Kong.

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

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

**Article 44** The Bank shall keep a complete register of shareholders. The register of shareholders shall comprise the following parts:

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

**Article 45** The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not be registered in any other part of the register during the continuance of the registration of such shares.

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

**Article 46** No changes shall be made to the register of shareholders as a result of a transfer of shares either within thirty (30) days prior to the date of a shareholders' general meeting, or within five (5) days before the base date set by the Bank for the purpose of distribution of dividends.

If alternate provisions are stipulated by the securities regulatory authority located in the jurisdiction where the shares of the Bank are listed, those provisions shall apply.

**Article 47** When the Bank convenes a shareholders' general meeting, distributes dividends, undergoes liquidation or engages in any other act requiring the confirmation of shareholders' identities, the Board of Directors or the convener of the shareholders' general meeting shall stipulate a date for shareholding registration. After trading hours have ended on the shareholding registration date, the shareholders who are recorded in the register of shareholders shall be the shareholders who are entitled to the relevant rights and interests.

**Article 48** Anyone objecting to the register of shareholders, and either requests to register his/ her name (description) in the register of shareholders or to remove his/her name (description) from the register of shareholders shall have the right to apply to the court having the appropriate jurisdiction in order to rectify the register.

**Article 49** If the share certificates (i.e. the "Original Share Certificates") of any shareholders registered in the register of shareholders or any persons who requests to register their names (description) in the register of shareholders are lost, these shareholders or persons may apply to the Bank for replacement certificates in respect of such shares (i.e. the "Relevant Shares").

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

Shareholders holding overseas-listed foreign shares and who apply for the replacement share certificates shall comply with the laws, the rules of the stock exchange and other relevant regulations of the jurisdiction in which the original registers of shareholders holding overseas-listed foreign shares is kept.

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

(1) applicants shall submit an application via a standard form designated by the Bank alongside a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the reason the applicant is making the application, the circumstances in which the share certificate(s) was/were lost with supporting evidence, and a declaration that no other persons can request to be registered as a shareholder in respect of the Relevant Shares.

(2) the Bank has received no declarations from anyone other than the applicant requesting registration as a shareholder over such shares before the Bank decides to issue replacement share certificates.

(3) if the Bank decides to issue the replacement share certificates to the applicant, an announcement of its intention to issue the certificates shall be published in a newspaper designated by the Board of Directors. The period for this announcement shall be ninety (90) days and the announcement shall be published at least once every thirty (30) days during this period.

(4) prior to the publication of the aforesaid announcement, the Bank shall submit a copy of the proposed announcement to the stock exchange on which its shares are listed, and shall publish the announcement after obtaining the stock exchange's confirmation that the announcement has been displayed at the stock exchange. The announcement shall be displayed at the stock exchange for ninety (90) days.

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

(5) upon the expiry of the 90-day publication period for the announcement as stipulated in (3) and (4) of this Article, if no objections are received by the Bank regarding the issue of replacement share certificates, replacement share certificates shall be issued in accordance with the submitted application.

(6) once replacement share certificates are issued pursuant to this Article, the Bank shall immediately cancel the Original Share Certificates, and this cancellation and replacement shall be recorded in the register of shareholders.

(7) all expenses incurred by the Bank in connection with the cancellation of the Original Share Certificates and the issuance of replacement share certificates shall be borne by the applicant. The Bank is entitled to refuse to take any action unless the applicant provides a reasonable guarantee that it can pay the expenses.

**Article 50** After the Bank issues replacement share certificates in accordance with the Articles, the names (description) of the bona fide purchasers who obtain the replacement share certificates or the shareholders who subsequently register as the owner of such shares (provided that they are bona fide purchasers) shall not be removed from the register of shareholders.

**Article 51** The Bank shall not assume any compensatory obligations towards persons who may suffer loss from the Bank's cancellation of the lost Original Share Certificates or the issuance of replacement share certificates, unless such persons can prove fraud on the part of the Bank.

## **CHAPTER 6 SHAREHOLDERS' GENERAL MEETINGS**

### **Section 1 Shareholders**

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

Shareholders of the Bank shall comply with the requirements of the banking regulatory authority or other regulatory authorities.

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

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

(1) the Bank shall not register more than 4 persons as the joint holders of any share(s);

(2) all the joint holders of any share(s) shall be jointly and severally liable for payment of all amounts due from such share(s);

(3) if one of the joint shareholders is deceased, only the surviving persons among the joint shareholders shall be regarded as the owners of relevant shares of the Bank, provided that the Board of Directors shall have the right to require the surviving persons to provide a certificate of death (in a manner deemed appropriate by the Board of Directors) for the purpose of changing the register of shareholders; and

(4) as far as all joint shareholders are concerned, only the joint shareholder whose name appears first in the register of shareholders has the right to receive the share certificate of the relevant shares from the Bank, to receive notices of the Bank, to attend the shareholders' general meeting convened by the Bank or to exercise all the voting rights attached to the relevant shares; and any notice served on such a shareholder shall be treated as having been served on all the other joint shareholders of those shares

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

**Article 53** Holders of ordinary shares of the Bank shall enjoy the following rights:

(1) to receive dividends and other kinds of distributions as determined by the number of shares held by them;

(2) to personally attend or appoint a proxy to attend shareholders' general meetings, and to exercise voting rights based on the number of shares held by them;

(3) to supervise the business operation of the Bank, and to make suggestions and enquiries accordingly;

(4) to transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles;

(5) to obtain relevant information in accordance with the laws, administrative regulations, departmental rules, regulatory documents, the relevant provisions stipulated by the securities regulatory authorities in the jurisdiction in which the shares of the Bank are listed and the Articles, including:

1. to obtain a copy of the Articles after paying the costs and expenses incurred; and

2. have the right to inspect, free of charge, and to photocopy, after paying a reasonable fee, the following documents:

(i) all parts of the register of shareholders;

(ii) the personal information of the directors, supervisors and other members of senior management of the Bank;

(iii) status of the Bank's share capital;

(iv) reports on the aggregate par value, number of shares, and highest and lowest prices of each class of shares in relation to any repurchase by the Bank of its own shares since the last financial year, as well as all the expenses paid by the Bank in relation to such repurchases;

(v) minutes of the shareholders' general meetings;

(vi) the latest audited financial statements, directors' reports, auditors' report and report of the Bank's Board of Supervisors;

Other than item (ii), the documents referred to in items (i) to (vi) shall be maintained at the Hong Kong address of the Bank in accordance with Hong Kong Listing Rules and available for inspection free of charge by both the public

shareholders and H shareholders, whereas item (v) will only be available for inspection by the shareholders.

If any shareholder makes a request to obtain a copy of the relevant minutes from the Bank, the Bank shall send a copy of the requested minutes within seven (7) days upon the receipt of a reasonable fee.

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

(6) to participate in the distribution of the remaining assets of the Bank based on the number of shares held in the event of the Bank's dissolution or liquidation;

(7) to demand the Bank to acquire their shares (for shareholders who disagree with the resolutions adopted at a shareholders' general meeting in relation to the merger or division of the Bank); and

(8) to have other rights conferred in accordance with the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles.

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

**Article 54** Where a shareholder requests to inspect or obtain the relevant information as set forth in the preceding Article, this shareholder shall provide the Bank with written documents evidencing the class and number of shares held by this shareholder in the Bank and the Bank shall provide the above information at the request of such shareholder upon verification of the shareholder's identity.

**Article 55** If a resolution of a shareholders' general meeting or a board resolution violates the laws and administrative regulations, a shareholder shall have the right to request a people's court to determine the resolution as invalid.

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

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

If the Bank has completed the formalities regarding a change of registration pursuant to a shareholders' resolution or a Board resolution and a people's court has

subsequently declared the resolution to be invalid or has rescinded the resolution, the Bank shall apply to the registration authority to cancel the change of registration.

**Article 56** If any director and member of senior management has violated the laws, administrative regulations or provisions of the Articles in performing their duties in the Bank and therefore has caused loss to the Bank, shareholders who have individually or jointly held more than 1% or more shares in the Bank for one hundred and eighty (180) consecutive days may make a written request to the Board of Supervisors to initiate legal proceedings at the people's court. If the Board of Supervisors has violated laws, administrative regulations or provisions of the Articles in performing its duties and therefore has caused loss to the Bank, the shareholders may make a written request to the Board of Directors to initiate legal proceedings at a people's court.

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

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

**Article 57** If any director and member of senior management has violated the laws, administrative regulations or provisions of the Articles and has therefore impaired the interests of the shareholders, the shareholders may initiate legal proceedings at a people's court.

**Article 58** Holders of the ordinary shares of the Bank shall have the following obligations:

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

(5) not to seek improper advantages or interfere with the decision-making rights and management rights entrusted to the Board of Directors and senior management in line with the Articles, and not to bypass the Board of Directors and senior management and directly intervene in the Bank's operations and management;

(6) not to abuse their rights in harming the interests of the Bank, shareholders and any other stakeholders; not to abuse the Bank's status as an independent, separate legal entity and the limited liability of shareholders to harm the interests of the Bank's creditors. If a shareholder of the Bank abuses their rights and causes loss to the Bank or other shareholders it will be held liable for compensation in accordance with the law. If a shareholder abuses the Bank's status as an independent, separate legal entity and evades the repayment of debts, resulting in material damage to the interests of the Bank's creditors, that shareholder will be jointly and severally liable for the debts of the Bank;

(7) to safeguard the Bank's interests and reputation, and to support the Bank in operating in a lawful manner;

(8) to assume other obligations required by the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles.

Shareholders shall not be liable for making any additional contribution to the share capital of the Bank other than according to the terms agreed by the subscriber of the shares at the time of subscription.

**Article 59** Any unit or individual that purchases 5% or more of the total number of issued and outstanding shares of the Bank shall obtain prior approval from the banking regulatory authority.

If, in the absence of prior approval from the banking regulatory authority, the number of shares held by a shareholder is equal to or in excess of 5% or more of the total number of the issued and outstanding shares of the Bank (the "Excess Shares"), prior to obtaining approval from the banking regulatory authority, shareholders holding the Excess Shares shall be subject to the necessary restrictions stipulated in Article 53 of the Articles when exercising shareholders' rights in respect of the Excess Shares, including but not limited to:

1. no voting rights shall be attached to the Excess Shares when a vote is taken at the shareholders' general meeting (including the class shareholders' general meeting); and

2. no right to nominate directors and supervisors as stipulated in the shall not be attached to the Excess Shares.



If a shareholder holding the Excess Shares fails to obtain the approval from the banking regulatory authority, the shareholder must transfer the shareholding within the period prescribed by the banking regulatory authority.

Notwithstanding the foregoing provisions, shareholders of the Bank holding the Excess Shares shall not be subject to any restrictions when exercising the rights stipulated in items (1) and (6) of Article 53 of the Articles.

**Article 60** If the shareholders use their shares in the Bank to provide guarantees for themselves or others, they shall comply strictly with the requirements of the laws, regulations and regulatory authorities, and inform the Board of Directors of the Bank in advance.

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

**Article 61** Neither the controlling shareholder nor the *de facto* controller of the shares may damage the interests of the Bank by taking the advantage of its affiliate relationship, and a shareholder or controller shall be liable for compensation if it breaches this Article and thereby causes loss to the Bank.

A controlling shareholder or *de facto* controller of the Bank shall owe the fiduciary duties to both the Bank and public shareholders of the Bank. The controlling shareholders shall be in strict compliance with the law while they exercise their rights as investors, and shall not impair the legal interests of the Bank or public shareholders by taking advantage of profits distribution, assets reorganization, foreign investment, capital appropriation and loan guarantee or in any other way, nor shall they impair the legal interests of the Bank or public shareholders by taking advantage of their privileged positions as controlling shareholders.

**Article 62** In addition to the obligations required under the laws, administrative regulations or the provisions stipulated by a stock exchange located at the jurisdiction in which the shares of the Bank are listed, when exercising their rights as a shareholder, controlling shareholders shall not exercise their voting rights and make decisions on the following issues as these issues are detrimental to the interests of all or some of the shareholders:

(1) relieving a director or supervisor of their responsibility to act in good faith and in the best interests of the Bank;

(2) approving a director or a supervisor in depriving the Bank of its assets in any form, including but not limited to any business opportunities that are advantageous to the Bank, regardless of whether the deprivation is made for the director or supervisor's benefit or for the benefit of others; and

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

**Article 63** The Bank shall not offer favorable terms of credit to its shareholders over other clients.

**Article 64** When the credit extended by the Bank to shareholders (in particular, substantial shareholders) is overdue, the voting rights of these shareholders in shareholder's general meetings and of non-executive directors representing such shareholders (in accordance with the requirements of regulatory authorities) in Board meetings shall be restricted.

**Article 65** Shareholders, particularly substantial shareholders, shall support the Board of Directors of the Bank in formulating reasonable capital plans, in order to meet the capital regulatory requirements on a continuous basis. When the capital adequacy ratio of the Bank fails to meet the regulatory requirements, shareholders shall formulate a capital restoration plan where the capital adequacy ratio will meet the regulatory requirements within a limited time frame and restore capital by increasing core capital and other means. Substantial shareholders shall not prevent other shareholders from injecting capital or eligible shareholders from investing in the Bank.

As part of the Bank's capital restoration plans, the substantial shareholders shall make long-term undertakings in writing to restore the capital of the Bank.

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

**Article 66** The shareholders' general meeting shall be an organ of power of the Bank and shall exercise the following powers in accordance with the law:

(1) to decide on the business policies and significant investment plans of the Bank;

(2) to elect and replace directors and supervisors which are not appointed as representatives of the employees, and to decide on the remuneration of the relevant directors and supervisors;

(3) to examine and approve reports made by the Board of Directors;

(4) to examine and approve reports made by the Board of Supervisors;

(5) to examine and approve the Bank's proposed annual financial budget and final accounts;

(6) to examine and approve the Bank's plans for profit distribution and tax loss carryforward;

(7) to adopt resolutions concerning the increase or reduction in the Bank's registered capital;

(8) to adopt resolutions regarding the issuance of corporate bonds or other securities and listing;

(9) to adopt resolutions on the merger, division, dissolution, liquidation or other change in corporate form of the Bank;

(10) to amend the Articles, to consider and adopt the rules of procedure of the shareholders' general meetings, Board of Directors' meetings and Board of Supervisors' meetings;

(11) to decide on the engagement, dismissal or discontinuation of the appointment of the Bank's accounting firm;

(12) to examine and approve proposals raised by shareholders who individually or jointly hold 3% or more of the total voting shares of the Bank (the "Proposing Shareholders");

(13) to examine and approve proposals on matters relating to the purchase or sale of material assets made by the Bank with an amount exceeding 30% of its latest audited total assets within one year;

(14) to examine the guarantees made pursuant to Article 67 of the Articles;

(15) to examine the connected party transactions which require approval by the shareholders' general meeting as stipulated by the law, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities as well as the Articles;

(16) to examine and approve the matters concerning the change of the use of proceeds;

(17) to examine the stock incentive plans and employee stock ownership plans;  
and

(18) to examine other issues which should be decided by the shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities as well as the Articles.

The matters mentioned above are within the shareholders' general meeting's scope of authority and shall be examined and decided by the shareholders' general meetings. If it is necessary, reasonable and legal, the decision making of these issues

can be delegated to the Board of Directors. If the shareholders delegate their decision making to the Board of Directors, the authorization given shall be clear and specific. If the Articles require that matters to be delegated to the Board of Directors are to be adopted by the shareholders' general meeting by way of ordinary resolution, such resolutions shall be approved by more than half of the voting rights of the shareholders (including proxies thereof) attending the shareholders' general meeting. If the Articles require that matters to be delegated to the Board of Directors are to be adopted by the shareholders' general meeting by way of special resolution, such resolutions shall be approved by two-thirds or more of the voting rights of the shareholders (including proxies thereof) attending the shareholders' general meeting.

**Article 67** In the following situations, the guarantees extended by the Bank shall be considered and passed at the shareholders' general meetings:

(1) any subsequent guarantees to be provided once the total amount of external guarantees given by the Bank and its subsidiaries companies (subsidiary banks) has reached or exceeded 50% of their latest audited net assets;

(2) any subsequent guarantees to be provided once the total amount of external guarantees given by the Bank has reached or exceeded 30% of its latest audited total assets;

(3) guarantees to any party with a gearing ratio exceeding 70%;

(4) any single guarantee exceeding 10% of the latest audited net assets; and

(5) any guarantee provided to shareholders, *de facto* controllers and their related parties.

**Article 68** Unless the Bank is under special circumstances such as a crisis, the Bank shall not enter into contracts to entrust the management of all or the important businesses to persons other than the directors, supervisors and members of senior management of the Bank without approval in the form of a special resolution passed in a shareholders' general meeting.

**Article 69** There are two types of shareholders' general meetings: annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year within six (6) months after the financial year end. If the meeting is postponed due to special circumstances, the Bank shall report to the banking regulatory authority in a timely manner and state the reasons for deferral.

**Article 70** An extraordinary general meeting shall be convened within two (2) months from the date of occurrence of any of the following events:

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

(2) the outstanding loss of the Bank is at least one-third of the Bank's total share capital;

(3) shareholders who individually or jointly hold more than 10% of the voting shares of the Bank (the "Requesting Shareholders") have requested to convene the meeting in writing; the shareholding of the Requesting Shareholders shall be calculated on the day on which the shareholders submit a written request to convene the meeting;

(4) the Board of Directors deems it necessary to convene the meeting;

(5) the Board of Supervisors proposes to convene the meeting; and

(6) any other circumstances as stipulated by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles.

**Article 71** The Bank shall convene shareholders' general meetings either at its domicile or at any other place specified in the notice of shareholders' general meeting. The Bank shall arrange for the venue such that a physical meeting can be held.

**Article 72** When a shareholders' general meeting is being held, the Bank shall engage lawyers to observe the meeting, give legal opinions as to the matters set out below and, make announcements as to the matters set out below as required by the rules of the jurisdiction in which the shares of the Bank are listed:

(1) whether the procedures for convening and holding the shareholders' general meeting are in compliance with the laws, administrative rules and the Articles;

(2) whether the qualifications of the attendees and convener are legal and valid;

(3) verify the qualifications of shareholders who have put forward new proposals at the shareholders' general meeting;

(4) whether the voting procedures and voting outcome of the shareholders' general meeting are legal and valid; and

(5) legal opinions on other relevant issues as requested by the Bank.

**Article 73** The shareholders' general meeting shall exercise its powers to the extent permitted by the laws, administrative regulations and the Articles, and shall not interfere with shareholders in respect of their own rights.

Matters discussed and resolved at the shareholders' general meeting shall be determined in accordance with the laws, administrative regulations and the Articles.

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

**Article 74** The shareholders' general meeting shall be convened by the Board of Directors. If the Board of Directors is unable or fails to perform its duty in convening the shareholders' general meeting, the Board of Supervisors shall promptly convene the meeting. If the Board of Supervisors does not convene the meeting, the shareholders who individually or jointly hold 10% or more of the Bank's shares for not less than ninety (90) consecutive days (the "Convening Shareholders") may convene such meetings on their own initiative.

**Article 75** A written proposal to the Board of Directors to convene an extraordinary general meeting may be made by more than half of the independent directors. The Board of Directors shall, in accordance with the laws, administrative regulations, departmental rules and the Articles, make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten (10) days of receiving the proposal from the independent directors.

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

**Article 76** The Board of Supervisors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall make its motions to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles, make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten (10) days of receiving the proposal.

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

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

The external supervisors shall have the right to propose the Board of Supervisors to recommend that the Board of Directors convene an extraordinary general meeting if all the external supervisors are in unanimous consent, and the Board of Supervisors shall give a written opinion as to whether it agrees or disagrees within ten (10) days

upon receipt of such proposals. If the Board of Supervisors refuses to convene the extraordinary general meeting, it shall give an explanation.

**Article 77** When the Requesting Shareholders request to convene an extraordinary general meeting or any class shareholders' meeting, they shall act in compliance with the following procedures:

The Requesting Shareholders shall have the right to propose to the Board of Directors to convene an extraordinary general meeting or any class shareholders' meeting and shall propose their motions to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles, make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten (10) days of receiving the proposal.

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

If the Board of Directors does not agree to convene the extraordinary general meeting or class shareholders' meeting, or fails to give its response within ten (10) days of receiving the proposal, the Requesting Shareholders shall have the right to propose to the Board of Supervisors to convene an extraordinary shareholders' general meeting or class shareholders' meeting and this proposal shall be made to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene an extraordinary general meeting or class shareholders' meeting, a notice for convening such meeting shall be issued within five (5) days of receiving the proposal. If the proposal contained in the original notice is changed, approval of the Requesting Shareholders shall be sought.

If the Board of Supervisors fails to issue a notice convening such a meeting within the prescribed period, it shall be deemed to have failed to convene and preside over the extraordinary general meeting or class shareholders' meeting, and the Requesting Shareholders may convene and preside over the meeting.

**Article 78** If either the Board of Supervisors or shareholders propose to convene a shareholders' general meeting on their own initiatives, the Board of Directors shall be informed in writing and the relevant documents shall be filed with the banking regulatory authority and other relevant regulatory authorities of the place in which the Bank is operating.

The shareholding proportion of the Requesting Shareholders before the resolution of the shareholders' general meeting shall not be less than 10%.

The Board of Supervisors or the Requesting Shareholders shall submit the relevant evidentiary materials to the banking regulatory authority in the jurisdiction in which the Bank is situated and to other relevant regulatory authorities when the Board of Supervisors or the Requesting Shareholders issue the notice of shareholders' general meeting and the announcement of the resolutions passed at the shareholders' general meeting.

**Article 79** With respect to a shareholders' general meeting convened by the Board of Supervisors or the shareholders, the Board of Directors and the secretary of the Board shall cooperate. The Board of Directors shall offer the register of shareholders as at the share registration date.

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

**Article 80** Necessary costs arising out of a shareholders' general meeting convened by the Board of Supervisors or the Requesting Shareholders on their own shall be borne by the Bank and shall be deducted from the funds due to the Bank from directors who have not carried out their duties.

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

**Article 81** Proposals of shareholders' general meeting shall simultaneously meet all of the following requirements:

(1) the contents of the proposal shall be within the scope of authority of the shareholders' general meeting;

(2) shall have definite topics for consideration and specific items to be decided by resolution;

(3) shall be in compliance with the laws, administrative regulations and the relevant provisions of the Articles; and

(4) shall be in written form and submitted or delivered to the Board of Directors and the conveners of the shareholders' general meeting.

**Article 82** When the Bank convenes shareholders' general meetings, the Proposing Shareholders, the Board of Directors and the Board of Supervisors shall be entitled to submit their proposals in writing to the Bank. The Bank shall include matters in the proposal which are within the scope of responsibilities of the shareholders' general meeting into the agenda.



The Proposing Shareholders may submit provisional proposals to the conveners in writing ten (10) days prior to the date of the general meeting. The conveners shall issue a supplemental notice setting out the content of the provisional proposals within two (2) days of receiving the proposals.

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

Proposals which have not been set out in the notice of shareholders' general meeting or which are not in compliance with Article 81 of the Articles shall not be put forward and voted upon as resolutions at a shareholders' general meeting.

**Article 83** When the Bank is to convene a shareholders' general meeting, a written notice shall be sent forty-five (45) days before the general meeting. Shareholders who wish to attend the shareholders' general meeting shall provide a written reply of attendance to the Bank twenty (20) days before the general meeting is convened.

**Article 84** The Bank shall calculate the proportion of voting shares held by shareholders who wish to attend the meeting based on the written replies received twenty (20) days before the shareholders' general meeting that is convened by the Bank. Where the proportion of voting shares held by shareholders who wish to attend the meeting exceeds half of the total voting shares of the Bank, the Bank will convene the shareholders' general meeting. If this threshold is not met, the Bank shall inform the shareholders within five (5) days via an announcement stipulating the matters to be considered and the venue, date and time of the meeting. Once this announcement is made, the Bank may then proceed to convene the shareholders' general meeting.

**Article 85** Notice of shareholders' general meeting shall meet the following requirements:

- (1) it is in written form;
- (2) it indicates the date, venue and duration of the meeting;
- (3) it shall state the matters and proposals to be considered at the meeting;

(4) it shall contain all necessary information and explanation to enable shareholders to make informed decisions on the matters to be discussed. This means that when the following matters which shall include, but shall not be limited to: any merger, share repurchase, share capital reorganization and Bank restructuring proposals or any proposals relating to change in the structure of the Bank are involved, the detailed terms of the proposed transaction, copies of the proposed agreement (if any). and detailed explanation as to the cause and effect of such a proposal transaction shall be provided;

(5) if any of the directors, supervisors or members of senior management have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the effects of the matters to be discussed have a different effect on a director, supervisor or member of senior management as shareholders compared to other shareholders of that same class, they shall explain this difference;

(6) it shall contain the full text of any proposed special resolution to be voted on at the meeting;

(7) it shall contain a prominent statement stating that a shareholder entitled to attend and vote at the meeting, is entitled to appoint one or more proxies to attend and vote on his/her behalf, and such proxy need not be a shareholder;

(8) it shall state the shareholding registration date of the shareholders who are entitled to attend the meeting;

(9) it shall state the time and address for lodging the proxy forms of the relevant meeting;

(10) it shall state the name and phone number of the contact person of the meeting; and

(11) it shall satisfy other requirements stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities as well as the Articles;

The standard proxy form shall also be delivered together with the notice of shareholders' general meeting.

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

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

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

**Article 87** If the elections of directors and supervisors are intended to be discussed at the shareholder's general meeting, the notice of the shareholders' general meeting shall, in compliance with laws, administrative regulations, departmental rules, regulatory documents and the requirements of the relevant regulatory authority and the Articles, fully disclose the details of the candidates for the role of directors and supervisors, and shall at least include the following particulars:

(1) personal particulars such as education level, work experience and any part-time work undertaken;

(2) whether there is any connected relationship with the Bank or with the controlling shareholders and *de facto* controllers of the Bank;

(3) disclosure of their shareholding in the Bank;

(4) whether they have been subject to any penalties imposed by the securities regulatory authority of the State Council and other relevant departments, and any stock exchange disciplinary action; and

(5) information in relation to the new appointment or re-designation of directors or supervisors as required by the Hong Kong Listing Rules.

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

**Article 88** Once the notice of shareholders' general meeting is issued, the meeting shall not be postponed or cancelled without proper reasons, and proposals contained in the notice shall not be withdrawn. In the event of any postponement or cancellation, the convener shall make an announcement and state the reasons at least two (2) working days before the original meeting date.

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

**Article 89** The Board of Directors and other conveners shall take necessary measures to maintain order at the shareholders' general meeting. Behavior such as disruption of the meeting, provocation of trouble and infringement on the legitimate rights and interests of shareholders shall be prevented and promptly reported to relevant authorities for investigation.

**Article 90** Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (these persons need not be shareholders) as proxies to attend and vote on their behalf. A proxy may exercise the following powers at a shareholders' general meeting:

(1) the same right of speech as the shareholder at the meeting;

(2) have authority to demand or join other shareholders in demanding a poll; and

(3) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.

**Article 91** Shareholders shall appoint their proxies in writing. The appointing shareholder or his/her authorised representative (who has been given the authorisation in writing) shall sign the proxy form. If the appointer is a body corporate, the document shall be affixed with its seal or signed by its director or another authorized representative with due written authorization.

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

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

**Article 92** The power of attorney used by shareholders to appoint proxies to attend the shareholders' general meeting shall contain the following information:

(1) name of the proxy;

(2) the number of shares to be represented by the proxy;

(3) whether or not the proxy has the right to vote;

(4) instructions on how to vote (voting in the affirmative, negative, or in abstention) in relation to each of the resolutions on the agenda of the shareholders' general meeting;

(5) date of issuance and term of validity; and

(6) signature (or seal) of the appointing shareholder; if the appointing shareholder is a body corporate, the document shall be affixed with the legal person's seal or be signed by its legal representative, director or another authorized representative with due written authorisation.

The power of attorney should indicate whether the proxy may vote at his/her discretion if no specific instructions have been given by the shareholder; if it is not specified in the proxy form, the proxy is deemed to be entitled to vote at his/her

discretion for resolutions which lack specific instructions from the shareholder and the shareholder shall assume the corresponding responsibility for such a vote.

**Article 93** The power of attorney shall be placed at the Bank's domicile or at any other place designated in the notice of shareholders' general meeting, and at least twenty-four (24) hours prior to either the convening of the relevant meeting in which the resolutions are to be voted on or the designated voting time. If the power of attorney is signed by a person authorized by the appointing shareholder instead of the appointing shareholder himself/herself, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the proxy form authorizing the proxy to vote, be placed at the Bank's domicile or any other place designated in the notice of shareholders' general meeting.

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

If the shareholder is an authorised clearing house or its agent, such a shareholder is entitled to appoint one or more persons it deems suitable to act as its proxy in the shareholders' general meeting or class shareholders' general meeting. If two or more persons are appointed as proxies, the power of attorney shall clearly state the number and the class of shares represented by each of the proxies. The proxies so appointed may represent the authorised clearing house or its agent in exercising its rights as if that proxy is a natural person shareholder of the Bank.

**Article 94** The blank proxy form issued either by the Board of Directors or the convener of the shareholders' general meeting to the shareholder for the appointment of proxies shall freely allow the shareholder to instruct his/her proxy to vote as he/she sees fit (voting in the affirmative, negative, or in abstention), and to give separate instructions for each resolution that will be voted on at the meeting.

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

**Article 96** The attendance records of the meeting shall be prepared by the Bank. The records shall, amongst other matters, contain the names (or corporate names) of the attendees, their identity card numbers, their residential addresses, the number of voting shares held or represented by them, and the names (or corporate names) of the proxies.

**Article 97** The convener and the lawyers appointed by the Bank shall verify the legitimacy of shareholders' qualifications based on the records available from the register of shareholders provided by the securities registration and clearing authority, and further shall record the names (or corporate names) of shareholders attending the meeting and the number of voting shares held by them.

**Article 98** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting and the total number of voting shares represented by them, but the figures recorded in the attendance records will prevail.

The registration process for the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares represented by them.

**Article 99** When the shareholders' general meeting is being convened, the Bank's directors, supervisors and the secretary to the Board of Directors shall attend the meeting. Members of senior management shall observe the meeting.

**Article 100** A shareholders' general meeting convened by the Board of Directors shall be chaired and presided over by the chairman of the Board of Directors. If the chairman is unable or fails to perform his/her duties, the vice chairman of the Board of Directors shall chair and preside over the meeting. If the vice chairman is unable or fails to perform his/her duties, a director elected by not less than half of the directors shall chair and preside over the meeting. If no chairman is appointed, shareholders who are present at the meeting may elect a single shareholder to chair the meeting. If the shareholders have failed to elect a chairman for whatever reason, the shareholder that is present at the meeting (including any proxy of such a shareholder) holding the most voting shares shall preside over the meeting.

A shareholders' general meeting convened by the Board of Supervisors shall be chaired and presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, a supervisor elected by not less than half of the supervisors shall chair and preside over the meeting.

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

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

**Article 101** The procedural rules for a shareholders' general meeting shall be formulated by the Board of Directors of the Bank, and shall be implemented after review by the shareholders' general meeting.

The procedural rules for a shareholders' general meeting should cover rules pertaining to: the notice of the shareholders' general meeting, methods of convening, the preparation of documents, the methods of voting, the mechanism of making proposals, meeting minutes and signatures, the abstention from voting by connected shareholders, etc.

**Article 102** At the annual shareholders' general meeting, the Board of Directors and the Board of Supervisors should both report to the shareholders on the work they have undertaken over the past year, and each independent director shall also give a report on their duties to the shareholders.

**Article 103** Unless confidential trade secrets of the Bank are involved which shall not be divulged, the directors, supervisors and members of senior management shall respond and give explanation to recommendations or queries from shareholders at the shareholders' general meeting.

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

(1) the time, venue, and agenda of the meeting, as well as the name (or corporate name) of the convener;

(2) the names and positions of the chairman of the meeting, and the directors, supervisors and members of senior management who attend or observe the meeting;

(3) the number of shareholders and proxies present at the meeting, the total number of shares with voting rights held by them, and the percentage in relation to the total number of Bank shares;

(4) the deliberation process for each resolution, key points of speeches made and voting outcome;

(5) any enquiries or suggestions made by shareholders and the corresponding explanation or response, etc.;

(6) the name of the lawyer, vote counter and scrutineer; and

(7) any other matters required by the shareholders' general meeting or the provisions of the Articles to be recorded in the minutes.

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

**Article 105** The convener shall ensure that the minutes are the truthful, accurate and complete. The attending directors, supervisors, secretary to the Board of Directors, convener or their representatives and the chairman of the meeting shall sign on the minutes. The minutes, list of signatures by shareholders in attendance, powers of attorney, and valid information regarding alternative voting methods shall be filed and shall form part of the Bank's files. The secretary to the Board of Directors shall preserve the files in accordance with the Bank's record management guidelines for at least ten (1) years.

**Article 106** The convener shall ensure that the shareholders' general meeting does not end until final resolutions have been concluded. In the event that the shareholders' general meeting is adjourned or resolutions cannot be reached due to *force majeure* or other special circumstances, necessary measures shall be taken to reconvene the meeting as soon as possible or conclude the meeting immediately and an announcement shall be promptly published. At the same time, the convener shall also make reports to the banking regulatory authority of the jurisdictions in which the Bank is operating and the securities regulatory authorities in the jurisdictions in which the shares of the Bank are listed.

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

**Article 107** A shareholder (including his/her proxy) shall exercise his/her voting rights based on the number of shares with voting rights held. Each share shall have one (1) vote, but the shares held by the Bank have no voting rights and that part of the shareholding is not counted towards the total number of shares with voting rights that is held by shareholders attending the meeting.

**Article 108** If the matter demanded to be resolved by a poll is the election of the chairman of the shareholders' general meeting or the adjournment of the meeting, a poll shall be taken immediately. The chairman can decide when a poll will be taken if it is demanded for any other matters, the meeting may continue and other matters may be discussed. The results of that poll shall be considered as resolutions passed at the meeting.

**Article 109** The resolutions of shareholders' general meeting shall either be classified as ordinary resolutions or special resolutions. Ordinary resolutions shall be approved by a simple majority of voting rights held by the shareholders (including their proxies) attending the meeting. Special resolutions shall be approved by not less than two-thirds of voting rights held by the shareholders (including their proxies) attending the meeting.

**Article 110** The following matters shall be resolved by way of ordinary resolution:

- (1) work reports by the Board of Directors and the Board of Supervisors;



(2) profit distribution plans and tax loss carryforward plans as proposed by the Board of Directors;

(3) the appointment or removal, the remuneration and the method of payment for the members of the Board of Directors and the Board of Supervisors;

(4) reports regarding the Bank's annual financial budget and final accounts;

(5) the appointment or dismissal of an accounting firm;

(6) performance appraisals by the Board of Directors on directors (including independent directors);

(7) performance appraisals by the Board of Supervisors on the supervisors (including external supervisors); and

(8) any other matters not required by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities or the Articles to be resolved by way of special resolution.

**Article 111** The following matters shall be resolved by way of special resolution:

(1) an increase or reduction of the registered capital of the Bank or the issuance of any class of shares, warrants and other similar securities;

(2) the issuance and of bonds or other securities and a listing by the Bank;

(3) the division, merger, dissolution, liquidation or any other change in the corporate form of the Bank;

(4) amendments to the Articles;

(5) the purchase or sale of material assets by the Bank or any guarantee of an amount exceeding 30% of its latest audited total assets within one year;

(6) stock incentive plans and employee stock ownership plans; and

(7) any other matters which are required by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles, and any matter decided by the shareholders' general meeting by way of an ordinary resolution to have a material effect on the Bank and should therefore be adopted by a special resolution.

**Article 112** Connected shareholders shall not participate in voting when matters concerning connected party transactions are considered at a shareholders' general meeting, and the shares with voting rights represented by the connected shareholders shall not be counted into the total number of valid votes.

Where any shareholder is required to abstain from voting on any particular resolution or is restricted in how he votes (only for or against a particular resolution), in accordance with the requirements of the Hong Kong Listing Rules or due to agreed arrangements that have either been publicly announced or authorized by the shareholder to the Bank, any vote cast by such shareholder or their proxy in contravention of the requirements or restrictions shall not be counted towards the voting results.

**Article 113** The suggested list of candidates to serve as directors and supervisors shall be put forward to the shareholders' general meeting for voting.

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

The Bank shall ensure the continuity of the Board of Directors, and except for re-elections at expiration of office, the number of directors that shall be replaced and re-elected by the Board of Directors each year shall not exceed one-third of the number of directors on the Board of Directors.

**Article 114** The general procedures for nomination and election of directors or supervisors are as follows:

(1) according to the number of persons to be elected and in accordance with the Articles, a list of nominated candidates for directors and supervisors can be drawn up by the nomination and remuneration committee of the preceding Board of Directors or the nomination committee of the preceding Board of Supervisors. Shareholders individually or jointly holding 3% or more of the total issued shares with voting rights of the Bank may also nominate candidates for directors to the Board of Directors or candidates for supervisors to the Board of Supervisors.

Such shareholders and their associates shall not nominate candidates for directors and supervisors at the same time; they shall not be entitled to nominate other candidates as supervisors (or directors) if the candidate for director (or supervisor) nominated by them is already undertaking duties of a director (or supervisor) and their term of office has not expired or they have not been replaced. Unless stipulated otherwise by the State, the number of directors (or supervisors) nominated by such shareholder and their associates shall not, on principle, exceed the one-third of the total number of directors on the Board of Directors;

(2) the nomination and remuneration committee of the Board of Directors and the Board of Supervisors shall respectively conduct preliminary verification on the qualifications and eligibility of the candidates for directors or supervisors, and the names of qualified candidates shall be submitted to the Board of Directors or the Board of Supervisors for consideration. After approval by way of resolution from the Board of

Directors or the Board of Supervisors, written proposals regarding the candidates for directors or supervisors shall be submitted to the shareholders' general meeting;

(3) before the aforementioned shareholders' general meeting mentioned is convened, the nominees shall provide written undertakings that they accept the nomination, that the publicly disclosed information regarding their qualifications for serving as directors or supervisors are truthful and complete and that they shall conscientiously perform their obligations upon election;

(4) the Board of Directors or the Board of Supervisors shall disclose in accordance with the laws, regulations and the Articles, detailed information of the nominees to shareholders before the shareholders' general meeting is convened to ensure shareholders will have sufficient understanding of the candidates before voting;

(5) each candidate for director or supervisor shall be voted for on a separate basis at the shareholders' general meeting unless cumulative polling is adopted;

(6) if it is necessary to fill a vacant position for a director or supervisor, the nomination and remuneration committee of the Board of Directors, the nomination committee of the Board of Supervisors or shareholders eligible to make nominations shall submit proposals to the Board of Directors or the Board of Supervisors for consideration, and the position shall be elected or replaced after the shareholders' general meeting; and

(7) if there are any specific provisions regarding the method and procedure of nominating independent directors, external supervisors or employee representatives acting as directors and supervisors, as stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities and the Articles, those provisions shall prevail.

If the number of shares with voting rights held by the controlling shareholder exceeds 30% of the total number of shares with voting rights in the Bank, the elections of directors and supervisors at the shareholders' general meeting shall be carried out via cumulative polling in accordance with Article 359 of the Article of Association.

**Article 115** If directors and supervisors are elected by way of cumulative polling, and candidates have the same number of votes with vacancies in the number of candidates to be elected, additional election rounds using cumulative polling should be held with regard to the candidates with the same votes until the vacancies are filled.

**Article 116** Unless there is cumulative polling, all proposals shall be voted separately at the shareholders' general meeting. If there are a number of proposals related to the same matter, votes shall be cast in the order of which the proposals were presented. Except where there is *force majeure* or other special circumstances resulting in the adjournment of the shareholders' general meeting or the failure to pass

resolutions, no resolutions proposed in the shareholders' general meeting shall be set aside or skipped.

**Article 117** Apart from proposals regarding the procedure or administration of the shareholders' general meeting for which resolutions may be made by a show of hands and counted by the chairman of the meeting acting in good faith, all other matters shall be decided on by a poll.

**Article 118** Before a proposal is put to vote at a shareholders' general meeting, two (2) representatives of the shareholders shall be nominated to count the votes and to act as the scrutineer. If a shareholder has an material interest in the matter to be considered, the shareholder and their proxy shall neither count the votes nor act as the scrutineer.

During the voting process of the shareholders' general meeting, the vote count and examination of the poll shall be conducted together by lawyers, representatives of shareholders and representatives of supervisors. At the same time, the auditors of the Bank, the H Share Registrar or external accountants (who are qualified as auditors) shall be appointed as the scrutineer. The chairman of the meeting shall announce the voting outcome at the meeting and shall declare, according to the voting outcome, whether the resolution has been passed . The voting outcome for each resolution shall be recorded in the meeting minutes.

**Article 119** In the event that the same voting rights have been exercised twice, the result of the first vote shall prevail.

**Article 120** Shareholders who are present at the shareholders' general meeting shall adopt one of the following stances when a proposal is put forward for voting: for, against or abstention.

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

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

**Article 121** For every resolution, the chairman of the shareholders' general meeting shall announce the voting circumstances, the voting outcome, and whether the resolution has been passed based on the voting outcome.

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

**Article 122** If the chairman of the meeting has any doubts as to the voting outcome of any resolution, he/she may have the votes recounted. If the chairman does

not recount the votes, and the shareholders or their proxies who have attended the meeting have doubts as to the outcome announced by the chairman, they may request a vote recount immediately after the announcement of the voting outcome, and the chairman shall have the votes recounted immediately.

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

The minutes and the list of signatures by shareholders and proxies in attendance shall be kept at the Bank's domicile.

**Article 123** The Board of Directors shall submit the minutes and resolutions of the shareholders' general meetings to the relevant regulatory authorities for record-keeping.

**Article 124** Resolutions adopted at the shareholders' general meeting shall be announced in a timely manner in accordance with the relevant requirements of the regulatory authority. The announcement shall specify the number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and the proportion relative to the total number of shares with voting rights of the Bank, the voting method, the voting outcome of each proposal and the details of each adopted resolution.

**Article 125** If the proposal regarding the election of the directors or supervisors is approved at the shareholders' general meeting, the newly elected director or supervisor's term of service shall commence on the date on which the resolution is passed.

**Article 126** The Bank shall implement any plans of cash distribution, issue of bonus shares or increase of share capital by capitalization adopted at a shareholders' general meeting as soon as possible and within two (2) months after the conclusion of shareholders' general meeting .

### **Section 7 Special Procedures for Voting by a Certain Class of Shareholders**

**Article 127** Shareholders who hold different classes of shares are classified as "class shareholders".

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

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

If shares that do not have voting rights are counted towards the share capital of the Bank, such shares shall bear the phrase "no voting rights" in their title.

If shares carrying different voting rights are counted towards the share capital of the Bank, these classes of shares (except for the class of shares with the most privileged voting rights) shall bear the phrase “restricted voting rights” or “limited voting rights” in their titles.

**Article 128** If the Bank proposes to change or nullify certain rights of a certain class of shareholders, this proposal should be passed by a special resolution at the shareholders’ general meeting and passed at the meeting convened according to Articles 130 to 134 and held by and for the class of shareholders being.

**Article 129** The rights of a certain class of shareholders shall be deemed to be changed or nullified in the following circumstances:

(1) to increase or reduce in the quantity of the class of shares, or increase or reduce the quantity of shares of that class which enjoy the same or more voting rights, distribution rights or other privileges;

(2) to convert part or whole of a certain class of shares into other class(es), convert part or whole of other class(es) of shares into this class, or grant such conversion rights;

(3) to nullify or reduce the rights of certain class of shares to receive payable dividends or cumulative dividends;

(4) reduce or nullify the privileged rights of a class of shares to acquire dividends or obtain distribution of assets during liquidation of the Bank;

(5) to increase, nullify or reduce the conversion, option, voting, transfer or privileged allotment rights of a class of shares or the rights of such class of shares to obtain securities issued by the Bank;

(6) to nullify or reduce the rights of a class of shares to receive amounts payable by the Bank in a particular currency;

(7) to establish new class(es) of shares which enjoy the same or more voting rights, distribution rights or other privileges as compared with this class of shares;

(8) to restrict the transfer and ownership of a certain class of shares, or increase the restrictions;

(9) to grant the share subscription options or share conversion options of this or another class of shares;

(10) to increase the rights or privileges of other class(es) of shares;

(11) any restructuring scheme of the Bank that may result in the assumption of disproportionate responsibilities by different classes of shareholders during the restructuring; and

(12) to revise or nullify the provisions in the Articles.

**Article 130** The shareholders of the class of share that are affected, whether they originally have voting rights at former shareholders' general meetings, shall be entitled to vote on the matters concerning sub-paragraphs (2) to (8), (11) and (12) of the preceding Article at the meeting for this class of shareholders, but shareholders with conflicts of interests therein shall have no voting rights at the meeting for this class of shareholders.

The shareholders with conflict of interests mentioned in the preceding paragraph shall have the meaning as follows:

(1) if the Bank has made a repurchase tender offer to all shareholders in the same proportion in accordance with Article 27 of the Articles or has repurchased its own shares through public transaction on a stock exchange, "shareholders with conflicts of interests" shall mean the controlling shareholders defined in Article 359 of the Articles;

(2) if the Bank has repurchased shares under an off-market agreement in accordance with Article 27 of the Articles, "shareholders with conflicts of interests" shall mean shareholders who are connected with the aforementioned agreement; and

(3) under a restructuring scheme of the Bank, "shareholders with conflicts of interests" shall mean shareholders who assume liability in a lower proportion than other shareholders of the same class, or those who own different interests as compared with other shareholders of the same class.

**Article 131** A resolution of the meeting for a certain class of shareholders shall be adopted by more than two-thirds of the voting shares represented by shareholders of that class present at the meeting in accordance with the preceding Article.

**Article 132** When convening a meeting for a certain class of shareholders, the Bank shall, forty-five (45) days prior to the date of the meeting, issue a written notice to all shareholders in the relevant class whose names appear on the register of shareholders, stating the matters to be considered at the meeting and the date and venue of the meeting. Shareholders who intend to attend the meeting shall deliver a written response to the Bank twenty (20) days before the meeting is convened.

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

**Article 133** The notice of a meeting for a certain class of shareholders only needs to be served on the shareholders entitled to vote at that meeting.

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

**Article 134** Aside from other classes of shareholders, the shareholders of domestic shares and overseas-listed foreign shares are deemed to be shareholders of different classes.

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

(1) upon the approval by way of a special resolution passed by a shareholders' general meeting, the Bank independently or simultaneously issues domestic shares and/or overseas-listed foreign shares every twelve (12) months, provided that the amount of each class of shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;

(2) the Bank's plan on issuing domestic shares and overseas-listed foreign shares at the time of incorporation, which is completed within fifteen (15) months upon the date of approval from the securities regulatory authority of the State Council; and

(3) the relevant regulatory authorities such as banking regulatory authorities and the securities regulatory authority of the State Council have given approval for unlisted shares held by the shareholders of the Bank to be traded in overseas stock exchanges.

## **CHAPTER 7 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 135** Directors of the Bank shall be a natural person and is not required to hold any shares of the Bank. Directors of the Bank are composed of executive directors and non-executive directors (including independent directors).

Directors of the Bank shall have the necessary professional knowledge, work experience and basic qualities as well as good professional ethics in order to carry out their duties.

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



**Article 136** Directors shall be elected or removed from office by shareholders at a general meeting. The term of office of a director shall be three (3) years, and a director may be re-elected and re-appointed upon expiry of their term of office.

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

Subject to the relevant laws and administrative regulations, a director whose term of office has not expired may be removed by shareholders' ordinary resolution, without prejudice to any claim which may be instituted under any contract.

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

**Article 137** A director may resign before their term of office expires. He/she shall submit a written resignation to the Board of Directors. The Board of Directors shall inform the Board of Supervisors of this fact within two (2) days and report at the most recent shareholders' general meeting.

Where re-election is not carried out promptly after the expiration of a director's term of office, or the resignation of a director during their term of office affects the Bank's normal operation or causes the number of directors on the Bank's Board of Directors to fall below the minimum quorum, the director shall continue to perform the duties owed by a director before a new director is elected to take up the office, subject to the laws, administrative regulations, departmental regulations and the Articles.

The resignation becomes effective when the resignation is submitted to the Board of Directors, unless the circumstances stated above apply.

**Article 138** If the resignation of a director becomes effective or his term of office expires; the director shall complete all handover formalities with the Board of Directors. The fiduciary obligations owed to the Bank and shareholders are not discharged after their term of office expires. Their obligation of preserving commercial confidentiality subsists after the expiration of their term of office until such trade secrets become public information. The subsisting period of other obligations shall be determined in accordance with the principle of fairness, depending on the duration of the time between the occurrence of the event and the time he/she ceases to be employed by the Bank and the circumstances and conditions under which their relationship with the Bank ends.

**Article 139** A director shall not represent the Bank or the Board of Directors in their own name, unless otherwise provided in the Articles or legally authorized by the Board of Directors. A director shall announce their views and role in advance when he/she acts in their own name, if there is a possibility that a third party may reasonably believe that the director is representing the Bank or the Board of Directors..

**Article 140** The directors are entitled to investigate all business operations and financial positions of the Bank in accordance with the law, and are entitled to supervise the performance of the other directors and members of senior management.

**Article 141** The directors shall attend Board meetings earnestly and responsibly, and shall propose motions or address their opinions in an independent, professional and objective manner.

A director shall spend sufficient time to carry out their duties. A director shall work in the Bank for no less than fifteen (15) working days each year. A director who is a member of the audit committee, or the principal of the connected party transactions control committee and the risk management committee shall work in the Bank for no less than twenty-five (25) working days each year. Directors shall attend at least two-thirds of the Board meetings in person each year.

A director may appoint, in writing, another director to vote on their behalf if unable to attend a Board meeting in person. Such an appointing director shall independently assume legal liability.

A director shall be deemed incapable of carrying out their duties if they fails to attend two (2) consecutive Board meetings either personally or by appointing other directors to attend on their behalf, or attends less than two-thirds of the total Board meetings in person within one (1) year. The Board of Directors shall, in a democratic manner such as through a shareholders' general meeting or workers congress, make a proposal to remove such directors.

For the purposes of the Articles, the expression "attending in person" refers to the method of attendance where the relevant participant attends meetings in person; and the term "attendance by proxy" refers to the method of attendance where the relevant participant cannot attend a meeting for any reason and appoints in writing another person to attend such meetings on their behalf.

A director who fails to attend Board meetings in person and fails to appoint another director to attend on their behalf shall assume the same legal liabilities of Board resolutions.

**Article 142** A director shall be liable for compensation regarding any losses sustained by the Bank caused by the violation of the laws, administrative regulations, departmental rules or the Articles in the performance of their duties.

**Article 143** A director shall be liable for compensation regarding any losses sustained by the Bank caused by their willful dereliction of duty before the conclusion of their term of office.

## **Section 2 Independent Directors**

**Article 144** The Bank shall have independent directors. At least one of the independent directors of the Bank shall be a financial or accounting professional.

Unless otherwise provided for in this section, the provisions on directors in the Articles shall apply to independent directors.

**Article 145** An independent director shall attain a high professional level and have good reputation, and shall meet the following criteria:

(1) be qualified to serve as a director pursuant to the laws, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities and the Articles;

(2) perform the duties and responsibilities independently, without any interference by substantial shareholders or *de facto* controllers of the Bank, or other entities or individuals who have a material interest in the Bank;

(3) have a bachelor degree or above, or senior vocational titles of relevant professions;

(4) have knowledge related to corporate governance and be familiar with the relevant laws, administrative regulations, departmental rules and regulatory documents;

(5) have no less than 8 years' experience in law, economics, finance, accounting or other work experience conducive to performing the duties and responsibilities of an independent director;

(6) be familiar with the laws, administrative regulations, departmental rules and regulatory documents relevant to the operation and management of commercial banks;

(7) be able to read, understand and analyze credit reports and financial statements of commercial banks;

(8) have sufficient time and energy to effectively perform the duties and undertake to duly perform the duties of good faith and diligence.

**Article 146** Independent directors shall, in accordance with the relevant laws, administrative regulations and the Articles, perform their duties in an earnest manner

and protect the overall interests of the Bank, and in particular ensure that the legitimate interests of depositors and minority shareholders of the Bank are not prejudiced.

An independent director shall perform the duties and responsibilities independently, without any interference by controlling shareholders or *de facto* controllers of the Bank, or other entities or individuals who have a material interest in the Bank.

**Article 147** Apart from persons prohibited from serving as directors of the Bank, the following persons may not serve as independent directors of the Bank:

(1) persons who directly or indirectly hold more than 1% of the shares of the Bank or hold positions in such shareholder entities of the Bank or are among the top 10 natural person shareholders of the Bank;

(2) persons who, at any time in the previous year, is a person described in the paragraph above;

(3) persons who hold positions in the Bank or in enterprises under the control or *de facto* control of the Bank;

(4) persons who have held positions in the Bank or in enterprises over which the Bank holds controlling interests or has *de facto* control in the three (3) years before taking up the office;

(5) persons who hold positions in entities which have legal, accounting, auditing, management consulting and other business connections with, or an interest in, the Bank;

(6) any other person who may be controlled or materially influenced by the Bank by any means;

(7) the close relatives of the above persons;

(8) persons who have been removed from office by entities they previously served due to their failure to perform their duties diligently;

(9) persons who used to be key personnel in high-risk financial institutions and there is no proof proving that such persons were not responsible for the cancellation or loss of assets of such institutions;

(10) any other person not permitted to serve as an independent director by the banking regulatory authority, the securities regulatory authorities and any other relevant regulatory authorities of the place where the Bank's shares are listed.

The term "close relatives" mean spouses, parents, children, grand-parents and siblings.

**Article 148** A staff member from a government authority shall not concurrently serve as an independent director of the Bank, and an independent director shall not hold positions in more than two (2) commercial banks at the same time. An independent director shall, before holding a position in other non-commercial financial institutions, inform the Bank of such facts and confirm that there is no conflict of interest between such a position and their position in the Bank.

**Article 149** The nomination and remuneration committee of the Board of Directors, and shareholders who individually or jointly hold 1% or more of the Bank's total number of outstanding shares with voting rights may nominate independent directors, who shall be elected at a shareholders' general meeting. Shareholders who have nominated directors shall not simultaneously nominate independent directors. If the number of the voting shares held by the controlling shareholders exceeds 30% of the total number of shares of the Bank, the cumulative voting system stated in Article 359 herein shall be adopted to elect independent directors.

**Article 150** The term of service of an independent director shall be the same as that of other directors of the Bank and may be re-elected and re-appointed upon the expiration of their term of office, provided that such term of office shall not be more than six (6) years on an accumulative basis.

**Article 151** An independent director shall make a statement to the Board of Directors of the Bank before taking up the office, undertaking to have sufficient time and energy to perform their duties diligently.

**Article 152** An independent director shall work in the Bank no less than fifteen (15) working days each year.

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

**Article 153** The assessment reports on the independent directors by the Board of Directors reviewed at a shareholders' general meeting shall at least contain: the number of attendance at the Board meetings, the main particulars of all those meetings, the objections raised by the independent directors and the particulars of the treatment thereto of the Board of Directors, etc.

**Article 154** Independent directors shall give objective, impartial and independent opinions on the matters discussed at the Board meetings of the Bank, and shall in particular, address their opinions to the Board meeting on the following matters:

(1) the legality and fairness of significant connected party transactions and the implementation of internal examination and approval procedures;

- (2) the appointment and dismissal of senior management members;
- (3) profit distribution plans;
- (4) matters that may cause significant loss to the Bank;
- (5) matters deemed by the independent directors as such that may impair the legitimate rights and interests of the depositors and minority shareholders of the Bank and other persons who have interest in the Bank;
- (6) the appointment of external auditors;
- (7) other matters stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities and the Articles.

**Article 155** To ensure the effective performance of duties and powers by independent directors, the Bank shall provide the following necessary conditions for independent directors:

(1) the Bank shall ensure that independent directors have the same right to information as other directors. The Bank shall inform independent directors in advance and provide them with sufficient materials in accordance with the legally-stipulated time in relation to any matter to be decided by the Board of Directors. 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 that the arguments are 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 requests.

The materials provided by the Bank to independent directors shall be kept by the Bank and the independent directors for at least five (5) years.

(2) the Bank shall provide the necessary working conditions for independent directors. The secretary to the Board of Directors shall actively assist the independent directors in the performance of their duties, for example, explaining the background, providing materials and information, etc.;

(3) 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 the independent directors' powers and duties;

(4) the expenses incurred from engaging intermediaries by independent directors shall be borne by the Bank;

(5) the Bank shall give appropriate allowances to independent directors. Proposals on the standards of allowance shall be formulated by the Board of Directors, discussed and approved at a shareholders' general meeting and shall be disclosed in the annual report.

Save for the abovementioned allowance, independent directors shall not obtain additional undisclosed benefits from the Bank and its major Shareholders, or any entities or persons who have interests in the Bank.

**Article 156** An independent director may resign before their term of office expires. He/she shall submit a written resignation to the Board of Directors and specify any circumstances related to the resignation or any fact that he/she believes requires the attention of the Bank's shareholders and creditors.

If the resignation of any independent director causes the number of independent directors to fall below the quorum or the minimum number required herein, the resignation of the independent director shall only become effective when their successor has been elected to fill their vacancy.

**Article 157** Independent directors shall have committed a serious dereliction of duty in any of the following circumstances:

(1) divulgence of trade secrets and impairment of the legitimate interests of the Bank;

(2) acceptance of illicit benefits in the performance of their duties, or the seeking of private benefits by taking advantage of the status of independent director;

(3) failure to raise an opposing opinion despite being fully aware that a Board resolution violates laws, regulations, rules or the Articles;

(4) failure to exercise the veto power to connected party transactions which have caused significant loss to the Bank;

(5) other serious dereliction identified by the banking regulatory authority and the securities regulatory authorities of the place where the Bank's shares are listed.

If an independent director has been disqualified by the banking regulatory authority due to serious dereliction of duty, he/she shall be automatically dismissed from their position from the date he/she is disqualified.

**Article 158** The Board of Directors or the Board of Supervisors has the right to propose at a shareholders' general meeting to dismiss an independent director in any of the following circumstances:

(1) serious dereliction of duty;

(2) failure to resign from their position when he/she is no longer qualified to be an independent director due to a change in their position;

(3) attendance in person of less than two-thirds of the total number of Board meetings held within one (1) year;

(4) other circumstances provided by the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles where an independent director is no longer suitable for holding such a position.

**Article 159** A proposal submitted by the Board of Supervisors in connection with the dismissal of an independent director shall only be submitted to a shareholders' general meeting for consideration after such proposal has been adopted by two-thirds or more of the total number of supervisors. An independent director may, before the Board of Supervisors renders the proposal of dismissal, explain to the Board of Supervisors the relevant circumstances, make representations and defend himself/herself.

If the Board of Supervisors proposes at a shareholders' general meeting to dismiss an independent director, it shall report to the banking regulatory authority and issue a written notice to the independent director within one (1) month of such a shareholders' general meeting. The independent director shall have the right to express their opinion orally or in writing before the voting, and shall have the right to submit such an opinion to the banking regulatory authority five (5) days prior to the shareholders' general meeting. The shareholders shall vote after reviewing the independent director's opinion.

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

**Article 160** The Bank shall establish a Board of Directors. The Board of Directors shall be accountable to the shareholders, and shall perform its duties pursuant to the laws, administrative regulations and the Articles.

**Article 161** The Board of Directors shall be composed of fifteen (15) directors of which the independent directors shall account for one third or more of the total number of directors.

**Article 162** The Board of Directors shall perform the following duties:

(1) convene and report at shareholders' general meetings;

(2) implement shareholder resolutions;

(3) make decisions on the Bank's operational development strategies, business plans and investment plans;

(4) formulate the Bank's annual financial budgets and accounts, proposals on profit distribution and tax loss carryforward;



(5) formulate proposals on the increase or reduction of the Bank's registered capital and the issue and listing of corporate bonds and other securities;

(6) formulate plans for significant acquisitions, purchase of the Bank's shares, or merger, division or dissolution or other change in corporate form of the Bank;

(7) decide on matters within the scope authorized at a shareholders' general meeting, including major external investments and acquisitions, disposal of assets and major guarantees, etc.;

(8) review and approve significant connected transactions, and submit special reports at the annual shareholders' general meeting on the implementation of the connected transactions management systems and the particulars of connected transactions;

(9) decide on the establishment of the Bank's internal management entities;

(10) appoint or remove the Bank's president and secretary to the Board of Directors in accordance with the recommendations of the chairman; appoint or remove the members of the Bank's senior management including the executive vice president and other members of senior management in accordance with the recommendations of the president, and determine their remunerations, rewards and punishment;

(11) formulate the basic management systems, decide on the policies on risk tolerance, risk management, internal control and compliance of the Bank;

(12) formulate amendments to the Articles, the procedures of shareholders' general meetings and Board meetings;

(13) propose at a shareholders' general meeting the engagement, dismissal or discontinuance of engagement of an accounting firm;

(14) supervise the work performance of the members of senior management, listen to the president's work report and inspect the president's work, with the right to require the president and other members of senior management to provide various particulars and information on the Bank's operation, to ensure the proper performance of their duties;

(15) be responsible for the disclosure of information of the Bank and take ultimate responsibility for the truthfulness, completeness, accuracy and timeliness of the Bank's accounting and financial statements;

(16) evaluate regularly and improve continuously the corporate governance of the Bank according to the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles;

(17) draw up share incentive and employee share ownership plans of the Bank; and decide on the measures to link employees' salaries with the operational performance of the Bank;

(18) other rights conferred by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles.

**Article 163** The Board of Directors shall set up a special office, take charge of the daily affairs of relevant special committees, provide support to such committees in connection with the exercise of their rights and duties, and assist the secretary to the Board of Directors in carrying out their duties.

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

**Article 164** When removing the president of the Bank within their term of office, the Board of Directors shall inform the Board of Supervisors in time and provide a written explanation to the Board of Supervisors.

The Board of Directors shall not directly appoint and dismiss the vice president and other members of senior management without the nomination by the president.

**Article 165** The Board of Directors of the Bank shall explain at a shareholders' general meeting the qualified opinions contained in the audit reports issued by registered accountants in respect of the Bank's financial .

**Article 166** The Board of Directors shall define its authority in relation to foreign investment and acquisitions and disposals of the Bank's assets outside the scope of normal banking business, and establish strict examination and policy-making procedures; it shall arrange for the assessment and examination by relevant experts and professionals of substantial investment projects and asset disposals, and submit a report of the same to the shareholders for approval.

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

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 the 2<sup>nd</sup> paragraph of this Article.

**Article 167** The Board of Directors shall decide on the development strategies of the Bank and shall supervise the implementation of such strategies.

**Article 168** The Board of Directors shall formulate capital plans and assume the ultimate responsibility for capital management; be responsible for the Bank's capital management and ensure that the Bank formulates reasonable business development plans on the bases that the estimated and measured capital matches business development.

**Article 169** The Board of Directors shall formulate adequate rules and procedures for Board meetings, including notice of meeting, mode of meeting, preparation of documents, method of voting, proposal mechanism, Board minutes and the signing thereof, and the principles of granting authorization to the Board of Directors. Such rules and procedures shall be approved and implemented at a shareholders' general meeting so as to ensure the efficiency and scientific policy-making of the Board of Directors.

The rules and procedures of the Board of Directors shall contain the proposal mechanisms and procedures for proposals of every description and clarify the rights and obligations of each governing entity. The proposing parties of all proposals shall be clearly recorded in the minutes.

**Article 170** The meetings of the Board of Directors are divided into regular meetings and extraordinary meetings, and shall be convened and presided by the chairman.

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

The Board of Directors shall hold at least four (4) regular meetings annually and at least 1 meeting per quarter. Notices of Board meetings shall be sent to all directors and supervisors in writing at least fourteen (14) days before the meeting, and the meeting documents shall be sent to all directors and supervisors at least five (5) days before the meeting.

**Article 171** The chairman shall convene and preside over an extraordinary meeting within ten (10) days of receiving such a proposal under the following circumstances:

- (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 the Board of Supervisors;
- (4) it is proposed by more than half of the independent directors (where the Bank has only two (2) independent directors of the Bank, it is unanimously proposed by both independent directors);
- (5) it is proposed by the Proposing Shareholders;
- (6) it is proposed by the president;
- (7) other circumstances as stipulated by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles.

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

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

**Article 172** Board meetings may be convened in the form of a physical meeting or telephone conference, video conference and the adoption of written resolutions etc. the Board of Directors shall provide explanations if a Board meeting is convened by means of adopting written resolutions.

The Board shall ensure that each attending director can hear the other directors' clearly and can communicate with each other where a Board meeting is convened by telephone conference or video conference. A Board meeting convened by such means shall be recorded or taped. Should any director be unable to sign the Board minutes at such a meeting in a timely manner, such director shall vote orally and sign the written resolution as soon as possible.

The director's oral vote shall have the same effect as signing the written resolution, provided that the later written resolution confirms the oral vote during the meeting. Should the written resolution differ from the oral vote, the oral vote shall prevail.

If a Board meeting is convened by means of adopting written resolutions, i.e. by delivering the resolution for review in counterparts or by circulating it among the directors in turn, the directors or other directors entrusted by them shall write "agree", "object" or "abstain" on the resolution clearly. Once the number of directors who sign in favor of a resolution reaches the quorum as required by the Articles, the resolution shall be deemed adopted.

**Article 173** When the chairman of the Board of Directors cannot or fails to perform their duties of convening and presiding over an extraordinary Boarding meeting, the vice chairman shall act on their behalf; when the vice chairman cannot or fails to perform their duties of convening and presiding over an extraordinary Board meeting, a Director elected by more than half of all the directors shall act on their behalf.

**Article 174** The notice of Board meetings shall contain the following contents:

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

**Article 175** Board meetings shall only be held when more than half of the directors attend the meeting. The Board of Directors shall resolve the matters proposed to be resolved by means of a meeting. Resolutions adopted at the Board meeting must be approved by more than half of the directors.

Each director shall have one (1) vote for Board resolutions.

**Article 176** The following matters shall be approved by more than two-thirds of all directors and the Board meeting shall not be convened by the adoption of written resolutions:

- (1) annual financial budgets and accounts of the Bank;
- (2) plans for capital replenishment, allocation of venture capital, profit distribution and tax loss carryforward of the Bank;
- (3) increase or reduction of the registered capital of the Bank;
- (4) issue and listing of corporate bonds or other securities of the Bank;
- (5) merger, division, dissolution, liquidation or other change in corporate form of the Bank;
- (6) repurchase of shares by the Bank;
- (7) appointment or dismissal of members of senior management;
- (8) amendments to the Articles;

(9) establishment of the Bank's legal entities, major mergers and acquisitions, major external investments, major asset acquisitions, disposal and write-off, major external guarantees etc., within the authority of shareholders;

(10) significant matters such as significant changes in the Bank's equity and financial restructuring, etc.; and

(11) other matters required by the relevant laws, administrative regulations, departmental rules or the Articles, or considered significant to the Bank by more than half of all directors that shall be approved and adopted by more than two-thirds of all directors.

**Article 177** Directors who have material interest in the matters to be discussed by the Board of Directors shall avoid and shall not exercise their voting rights on such proposal, nor can he/she exercise any voting rights on behalf of other directors. The Board meeting shall only be held if more than half of the directors who do not have any material interest are present. Resolutions approving connected party transactions of the Board of Directors shall be adopted by more than half of the directors without material interest in the matter to be resolved. Where less than three (3) directors with no material interest in the matter are present at the Board meeting, such proposals shall be submitted to the shareholders for approval.

The avoidance and voting procedures of a connected director are as follows: a connected Director may excuse himself or the other directors or director representatives of the Board of Directors may make such a request. Where the request of avoidance is raised by the other directors or director representatives but the connected director does not consider that he/she falls within the scope of avoidance, he/she shall explain himself/herself. If the directors raising a request of avoidance are still not convinced after the explanation given by the connected director, the Board of Directors may record the voting results of the matter to be resolved with and without the participation in the voting process of the director whose conflict of interest in the matter is controversial. After the meeting, the chairman of the Board of Directors shall apply to the relevant department to adjudicate on the status of the director whose conflict of interest in the matter is controversial, confirm the final voting results and inform all directors.

**Article 178** Directors shall attend Board meetings in person. If a director cannot attend a meeting due to certain reasons, he may appoint another director in writing to attend on their behalf.

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

A director attending a meeting on another director's behalf shall exercise director's rights within the scope of authorization. If a director does not attend the

Board meeting and fails to appoint a proxy to attend the meeting, it shall be deemed as a waiver of their voting right at such a meeting.

**Article 179** Minutes shall be taken to record the decisions of matters discussed in the meeting (in the form of meeting minutes or meeting resolutions, etc.). Directors attending the meeting and the secretary to the Board of Directors shall sign the minutes. Directors attending the meeting shall have the right to request to have the details of their speeches made in the meeting recorded in the minutes.

The opinions expressed by the independent directors on the Bank's decisions shall be set out in the Board minutes.

As the Bank's files, Board minutes shall be kept by the secretary to the Board of Directors in accordance with the Bank's record management guidelines for a period of not less than ten (10) years.

**Article 180** Board minutes shall include the following:

(1) the date and place of the meeting, the name of the convener and the name of the presider;

(2) the names of directors attending the meeting and the names of directors (proxies) appointed by others to attend the Board meeting;

(3) the agenda of the meeting;

(4) the main points of directors' speeches; and

(5) the method and results of the voting for each proposal (the voting results shall state the numbers of votes voting in the affirmative, negative, or in abstention).

**Article 181** Directors shall sign the Board resolutions and be responsible for the Board resolutions. If the Board resolutions violate the laws, administrative regulations, the Articles or shareholders' resolutions, and thus causes serious losses to the Bank, the directors participating in the resolutions shall be liable to the Bank for the losses. However, a director may be exempted from such liability if it is verified that they have stated their objection when voting and the same was recorded in the Board minutes.

**Article 182** The decisions, resolutions and minutes of Board meetings shall be filed according to the regulations of the relevant regulatory authorities.

#### **Section 4 Chairman**

**Article 183** The Board of Directors shall have one (1) chairman and one (1) to two (2) vice chairman(s). The chairman and vice chairman shall be served by directors and shall be elected or dismissed by more than half of all directors.

**Article 184** The chairman of the Board of Directors and the president of the Bank shall be served by different persons.

**Article 185** The chairman of the Board of Directors shall have the following duties and powers:

(1) to preside over shareholders' general meetings, and convene and preside over meetings of the Board of Directors;

(2) to supervise and examine the implementation of resolutions of the Board of Directors;

(3) to sign certificates of shares, bonds and others securities of the Bank;

(4) to sign material documents of the Board of Directors and other documents which shall be signed by the legal representative of the Bank;

(5) to exercise the duties and powers of 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 Bank's affairs in the Bank's interests and in compliance with the relevant legal provisions, and, subsequently report such disposition to the Board of Directors and the shareholders in a general meeting;

(7) to decide on unconventional information disclosure caused by emergencies, and to subsequently report to the Board of Directors; and

(8) other powers and rights conferred by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities, the Articles and by the Board of Directors.

The vice chairman shall assist the chairman in his/her work. If the chairman of the Board is unable or fails to perform their duties and powers, the vice chairman shall exercise such duties on their behalf; if the vice chairman is unable or fails to do so, a director shall be recommended by half or more directors jointly to exercise such duties and powers on their behalf.

## **Section 5 Board Committees**

**Article 186** The Board of Directors shall establish the developmental strategies committee, the nomination and remuneration committee, the audit committee and the risk management committee, the connected party transactions management committee, and these committees shall be accountable to the Board of Directors. A person-in-charge shall be appointed to each Board committee to take charge of convening the activities of the Board committee; in principal, a person-in-charge of a Board committee may not concurrently serve as the person-in-charge of other Board



committees. The number of members of each committee shall be no less than three (3). In particular, independent directors shall form the majority of the audit committee, the connected transactions management committee, the nomination and remuneration committee; and the persons-in-charge shall be independent directors.

All members of the audit committee shall be non-executive directors (including independent directors) who have professional knowledge and work experience in any field of financial affairs, audit and accounting; moreover, at least one (1) independent director of the audit committee shall be a professional in financial affairs or accounting. The person-in-charge of the risk management committee shall have experience in judging and managing all kinds of risks.

**Article 187** The Board of Directors shall specify the scope of working authority for each of the Board committees, specifying the Board committees' duties, rules of meetings, working procedures and matters authorized by the Board of Directors. The establishment, composition, scope of working authority and disclosure of information, etc. of each Board committee shall be in accordance with the laws, administrative rules, departmental regulations, regulatory documents, the regulations of the relevant regulatory authorities and the Articles. Each Board committee shall formulate annual working plans and convene meetings regularly.

**Article 188** Matters proposed to be resolved by the Board of Directors shall first be submitted to the corresponding Board committee for review and approval, and the Board committees shall render deliberation opinions.

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

**Article 189** Each Board committee may engage professionals to give opinions on relevant matters when necessary and the reasonable expenses incurred shall be borne by the Bank, provided that the Bank's trade secrets are not divulged.

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

**Article 190** The Board of Directors shall have a secretary to the Board of Directors. The secretary to the Board of Directors concurrently serves as the head of office of the Board of Directors.

**Article 191** The secretary to the Board of Directors is a senior management officer of the Bank mainly responsible for the daily affairs of the Board of Directors and shall be accountable to the Board of Directors. The secretary to the Board of Directors shall possess the necessary professional knowledge and working experience in banks. The provisions herein in relation to the conditions prohibiting a person from acting as a director of the Bank shall be applicable to the secretary to the Board of Directors.

**Article 192** The major duties of the secretary to the Board of Directors are:

(1) assisting the Directors in handling the daily work of the Board of Directors, being in charge of the office of the Board of Directors, providing directors with, reminding them of and ensuring that the directors understand the regulations, policies and the requirements of the relevant regulatory authorities in relation to the Bank's operations, ensuring that the directors obtain the information and documents needed for carrying out their duties, and assisting the directors and the president in complying with the laws, administrative regulations, departmental rules and the regulations of the relevant regulatory authorities and the Articles in the performance of their functions and powers;

(2) preparing and submitting the reports and documents required by the relevant regulatory authorities;

(3) being responsible for organizing and preparing documents for Board meetings and shareholders' general meetings, taking minutes of meetings, ensuring that decisions made at meetings are in compliance with statutory procedures, acquainting himself/herself with the implementation of resolutions of the Board of Directors, and responding to directors' questions concerning relevant meeting procedures and applicable rules;

(4) being responsible for drafting of documents of the Board of Directors and the relevant regulations; and ensuring that the Bank has complete organizational documents and records;

(5) organizing and arranging comprehensive, official and tailor-made notes of appointment for the newly appointed directors when they are appointed for the first time, who shall subsequently receive the necessary introductions and professional development, to ensure that the newly-appointed directors have an appropriate understanding of the Bank's operation and businesses, and are fully acquainted with their responsibilities under the laws, administrative regulations, departmental rules and the regulations of the relevant regulatory authorities as well as the Bank's business and management policies;

(6) co-coordinating information disclosure to enhance the information transparency of the Bank;

(7) co-coordinating and organizing market promotion, coordinating reception of visitors, handling investor relations, maintaining contact with regulatory authorities, investors, intermediary agencies and the news media, and co-coordinating public relations;

(8) being the liaison between the Bank and the local securities regulatory authorities where the Bank's shares are listed, being responsible for organizing the preparation and timely delivery of documents required by the local securities regulatory

authorities where the Bank's shares are listed, and being responsible for receiving and completing relevant tasks assigned by such authorities;

(9) ensuring that the Bank's register of members is properly set up and ensuring that persons entitled to obtain the relevant records and documents shall be able to obtain them in a timely manner;

(10) being responsible for the management of shareholder information, ensuring that the identities of the independent directors are specified in all the communication of the Bank in which the names of the directors are set out; and

(11) other affairs authorized by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities, the Articles and by the Board of Directors.

**Article 193** The secretary to the Board of Directors shall be nominated by the chairman and shall be appointed or removed by the Board of Directors. The secretary to the Board of Directors has the same term of office as that of the Directors.

**Article 194** The Bank's Directors or members of senior management may concurrently serve as the secretary to the Board of Directors, but they must ensure they have sufficient energy and time to undertake their duties as the secretary to the Board of Directors. The president, supervisors, chief financial officer and the accountants of the accountants' firms engaged by the Bank, as well as other persons prohibited by the laws, administrative rules, departmental regulations and other regulatory documents to serve as secretary to the Board of Directors shall not serve as the secretary to the Board of Directors.

If a director of the Bank concurrently serves as the secretary to the Board of Directors, if an action has to be taken by the director and the secretary to the Board of Directors respectively, the person serving concurrently as director and the secretary of the Board of Directors shall not take such action in both of their capacities.

## **CHAPTER 8 SENIOR MANAGEMENT**

### **Section 1 Senior Management**

**Article 195** The senior management is composed of the president of the Bank headquarter, its vice president and other senior management members.

**Article 196** The senior management shall observe the principle of good faith, prudently and diligently perform their duties within their scope of authority; and shall not seek business opportunities belonging to the Bank for themselves or other persons, accept benefits in relation to the transactions of the Bank, take part-time jobs in other economic organizations, but shall report to the Board of Directors and Board of

Supervisors in a timely, complete and truthful manner, their connected relationships with other shareholders of the Bank.

**Article 197** Persons who have taken up positions other than directorship in the controlling shareholder or *de facto* controlling entities of the Bank shall not act as senior management members of the Bank.

**Article 198** The senior management shall, in accordance with the needs of the Bank's operations, establish a well-developed internal control mechanism with internal rules and regulations, the operational risk control system and the credit approval system, etc. as its key parts.

**Article 199** The senior management shall establish systems of reporting information to the Board of Directors and its Board committees as well as the Board of Supervisors and its committees, specifying the types, contents, timing and manner etc. of the information to be reported, ensuring that the directors and the supervisors can timely and accurately receive information of every description, and reporting to the Board of Directors on the operational results, material contracts, financial position, risk profile, business prospects and other information of the Bank according to the requirements of the Board of Directors and in a timely, accurate and complete manner.

**Article 200** The senior management shall submit themselves to the supervision of the Board of Supervisors, regularly report to the Board of Supervisors on information regarding the operational results, material contracts, financial position, risk profile, business prospects and other information of the Bank, and shall not obstruct or hinder the inspection, audit or other activities carried out by the Board of Supervisors according to its functions and powers.

The senior management of the Bank shall be responsible for organizing and implementing the capital management of the Bank according to business strategies and risk appetite, ensuring that the capital of the Bank is adaptive to its development and risk levels, and carrying out various monitoring measures.

**Article 201** The operational management activities of the Bank conducted legally by the senior management within their scope of authority shall not be intervened. The senior management shall have the right to request the Board of Supervisors to raise objections to the Board of Directors' acts of intervention in the operational management activities, and report to the banking regulatory authority.

**Article 202** The senior management shall remain relatively stable and no personnel adjustment shall be made arbitrarily during the term of office.

**Article 203** Matters submitted by the senior management to the Board of Directors for approval shall be timely discussed and decided by the Board of Directors in a timely manner.

**Article 204** Members of senior management may resign before their terms of office expire. Such persons shall not leave their positions until their exit audits are completed.

**Article 205** Members of senior management shall be liable to compensate the Bank for any losses due to violations of the laws, administrative regulations, departmental rules or the Articles in the performance of their duties.

## **Section 2 The President**

**Article 206** The Bank shall have one (1) president and may have several vice presidents; they shall be appointed or dismissed by the Board of Directors.

The term of office of the president and the vice presidents shall be three (3) years (same as that of the Board of Directors) and may be re-appointed.

**Article 207** The president shall be accountable to the Board of Directors and shall perform the following functions and powers:

(1) take charge of the daily operation and management of the Bank, organise the implementation of the resolutions of the Board of Directors and report the work to the Board of Directors;

(2) submit annual business plans and investment proposals to the Board of Directors and organize the implementation upon approval by the Board of Directors;

(3) draft proposals on the establishment of the Bank's internal management entities;

(4) draft the Bank's basic management system;

(5) formulate the Bank's specific regulations;

(6) propose to the Board of Directors to engage or dismiss the vice presidents and other members of senior management;

(7) engage or dismiss persons in charge of the internal departments and branches of the Bank other than those to be engaged or dismissed by the Board of Directors;

(8) authorize members of senior management of the Bank and persons in charge of internal departments and branches to conduct operational activities;

(9) draw up the Bank's proposals on annual financial budgets and final accounts, the Bank's profit distribution proposal, tax loss carry forward proposal, plans for increase or reduction of registered capital, issue and listing of bonds or negotiable securities, and put forward the proposals to the Board of Directors;

(10) review and approve general connected transactions;

(11) decide on the appointment and dismissal of the Bank's staff, and approve proposals on wages, benefits, rewards and punishment;

(12) formulate plans on emergency treatment and risk prevention; adopt emergency measures when any major emergency arises and promptly report them to the Board of Directors, the Board of Supervisors and the banking regulatory authority; and

(13) other powers and rights conferred by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities, the Articles and by the Board of Directors.

**Article 208** The president shall formulate the "Terms of Reference of the President" and implement such rules after being approved by the Board of Directors.

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

(1) conditions and procedures for convening a presidential meeting and the participating personnel;

(2) specific duties and division of work of the president, vice presidents and other members of senior management;

(3) use of funds and assets, authority for entering into material contracts and the system of reporting to the Board of Directors and the Board of Supervisors; and

(4) other matters which are deemed necessary by the Board of Directors.

**Article 209** The president shall listen to the views of the labour union before approving matters which involve the interests of the employees, e.g. salaries, welfare, secure operation as well as labor insurance, termination of labor contract, etc.

**Article 210** The president shall not serve as a member of the loan review committee, but he/she shall have veto power over the resolutions on credit passed by the loan review committee.

**Article 211** The vice presidents shall assist the president in their work; in case the president is unable to exercise his powers, the vice presidents shall do so in order on their behalf.

**Article 212** A non-director president attending the meetings of the Board of Directors shall have no voting rights at the Board meeting.

**Article 213** The president and other members of senior management of the Bank shall perform their obligations of fidelity and diligence according to the laws, administrative regulations and the Articles.

**Article 214** The president may resign prior to the expiration of their term of office. The specific procedures and measures for such resignation shall be specified in the appointment contract between the president and the Bank.

## **CHAPTER 9 BOARD OF SUPERVISORS**

### **Section 1 Supervisors**

**Article 215** The supervisors of the Bank shall be assumed by shareholders' representatives, external supervisors and representatives of the employees.

The proportion of supervisors overseeing the representative of employees (the "Employee Representative Supervisors") and the number of external supervisors shall, when taken together, be no less than one-third of the total number of supervisors.

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

**Article 216** In principle, the number of the supervisors nominated by the same shareholder and their connected person(s) shall not exceed one-third (1/3) of the total number of members on the Board of Supervisors; and, in principle the same shareholder shall only nominate one (1) candidate for external supervisors and shall not nominate a candidate for independent directors as well as external supervisors. If an exemption is needed because there is a special shareholding structure in place, the shareholder or their related person(s) shall apply to the relevant regulatory authority and provide an explanation.

**Article 217** The circumstances specified in these Articles for prohibiting a person from serving as director of the Bank shall also be applicable to the supervisors of the Bank.

Directors and other members of senior management of the Bank shall not concurrently serve as supervisors.

**Article 218** The term of office of each supervisor shall be three (3) years. Before the expiry of the supervisor's term of office, the shareholders' general meeting and employee representative meeting shall not dismiss any supervisor without any reason. Shareholder Supervisors and external supervisors shall be elected, dismissed or replaced by the shareholders' general meeting; and Employee Representative Supervisors shall be elected, dismissed or replaced by employee representative meeting or through any other democratic manner.

Upon expiry of the supervisor's term of office, the supervisor can be re-elected and re-appointed. However, the cumulative term of office for external supervisors shall not exceed six (6) years.

**Article 219** A supervisor may resign before the expiry of his/her term of office. The provisions on the resignation of directors in these Articles shall apply to the supervisors.

**Article 220** The supervisor's term of office shall be calculated from the date on which he/she takes up the office until the term of office of the current Board of Supervisors expires. Where re-election is not carried out promptly after the expiry of the supervisor's term of office or the number of supervisors on the Bank's Board of Supervisors falls below the quorum because of a supervisor's resignation during his/her term of office, before a new supervisor has been elected to take up the vacant position, subject to the laws, administrative regulations, departmental regulations and the Articles, the existing supervisor shall continue to perform his duties as a supervisor.

**Article 221** Any supervisor shall attend at least two-thirds of the meetings of the Board of Supervisors meetings in person each year. If a supervisor cannot attend the meeting due to some reason, he/she may entrust another supervisor in writing to attend on his/her behalf, but one supervisor shall not act on behalf of more than two (2) supervisors at the same Board of Supervisors' meeting.

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

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

**Article 222** A supervisor shall not work for less than fifteen (15) working days each year at the Bank.

The Employee Representative Supervisors shall also accept the supervision of the employee representative meeting, employee meetings or other democratic manners, and they shall report to the employee representative meetings regularly.

The Employee Representative Supervisors shall be entitled to participate in formulating the regulations and systems involving in employees' interests, and shall further actively participate in supervision and inspection of the implementation of these systems.



**Article 223** If the supervisor fails to attend the meeting of the Board of Supervisors either in person or entrust other supervisors to attend on his/her behalf two (2) times consecutively, or attends less than two-thirds of the total number of meetings of the Board of Supervisors in person within one (1) year, the supervisor shall be deemed incapable of performing their duty, and the Board of Supervisors shall make a proposal either to the shareholders' general meeting or employee representative meeting (or through another democratic manner) to dismiss such supervisor.

**Article 224** The Board of Supervisor shall make proposals to remove a supervisor at the shareholders' general meeting or employee representative meeting, etc. when the supervisor is involved with any of the following serious misconducts:

(1) willful divulgence of the Bank's trade secrets and impairing the legitimate interests of the Bank;

(2) acceptance of improper benefits during the performance of his/her duties or the misuse of his/her status as a supervisor to obtain personal gain;

(3) failure to discover problems which should have been apparent in the course of supervisory inspection or concealing problems which have been discovered, thus causing material loss to the Bank; or

(4) other serious misconduct provided by the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles.

**Article 225** Supervisors shall comply with the laws, administrative regulations and the Articles, and shall carry out their duties with due care, honesty and diligence. Supervisors shall not use their position of authority to accept bribes or other forms of illegal income and shall not embezzle the Bank's assets .

The supervisors shall disclose any connected relationships between themselves and other shareholders, directors and supervisors to the Board of Directors and the Board of Supervisors in a timely, complete and truthful manner.

**Article 226** Supervisors shall ensure that the information disclosed by the Bank is truthful, accurate and complete.

**Article 227** The supervisors may attend the meetings of the Board of Directors, special committees of the Board of Directors and senior management members, and may raise queries or proposals on the matters to be resolved but shall not have any voting rights. The supervisors who have attended such meetings on a non-voting capacity shall report the details of the meeting to Board of Supervisors.

**Article 228** Supervisors shall not use their connected relations to harm the interests of the Bank and they shall be liable for compensation regarding any related losses sustained by the Bank.

**Article 229** If supervisors violate the law, administrative regulations, departmental rules or the provisions of the Articles in the performance of their duties, they shall be liable for compensation regarding any related losses sustained by the Bank.

## **Section 2 External Supervisors**

**Article 230** The Bank shall establish systems regulating external supervisors. The external supervisor refers to a supervisor who holds no position in the Bank other than supervisor and has no relationship with the Bank and any of its substantial shareholders as this may affect their independent decision-making and objective judgment.

Unless otherwise provided for in this section, the general provisions on supervisors in the Articles shall apply to external supervisors.

**Article 231** The provisions on the qualifications and conditions required for the external supervisors of the Bank shall be implemented with reference to the requirements of independent directors in articles 145, 147 and 148 of the Articles.

An external supervisor of the Bank shall not simultaneously hold positions in more than two (2) commercial banks, and they shall not concurrently serve as an external supervisor in any financial institutions which may lead to potential conflicts of interest with the Bank.

**Article 232** The Board of Supervisors and shareholders who individually or jointly hold 1% or more of the total number of outstanding Bank shares with voting rights may nominate candidates to serve as external supervisors, and these candidates shall be elected at a shareholders' general meeting. If the amount of the shares held by the controlling shareholders exceeds 30% of the total number of shares with voting rights of the Bank, external supervisors shall be elected through the cumulative voting system referred to in article 359 of the Articles.

**Article 233** An external supervisor shall, before taking up office, make a statement to the Board of Supervisors, undertaking that he/she will have sufficient time and energy to perform his/her duties with due diligence.

**Article 234** The Board of Supervisors shall make an assessment report on the external supervisors to be reviewed and approved by the shareholders' general meetings, and this report shall, as a minimum standard, contain the number of times the external supervisors have attended meetings of the Board of Supervisors, details regarding the organization or participation by the external supervisors in inspections, details on the extent of which the external supervisors have carried out their supervisory duties, etc.

**Article 235** The dismissal of external supervisors by the Board of Supervisors and the resignation of external supervisors shall be made with reference to the provisions of the Articles regarding independent directors.

**Article 236** External supervisors shall enjoy the same rights as other types of supervisors, shall supervise the Board of Directors and other members of senior management and shall carry out supervision within the scope of authority granted to them by resolutions passed by the Board of Supervisors. The external supervisors shall, in carrying out their duties, pay particular attention to the interests of the depositors of the Bank as well as to the overall interests of the Bank.

**Article 237** The Bank shall provide its external supervisors with an appropriate allowance. The amount of allowance shall be proposed by the Board of Supervisors and approved at a shareholders' general meeting, and the amount shall be disclosed in the Bank's annual report.

**Article 238** Any expenses required by the external supervisors in carrying out their duties shall be borne by the Bank.

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

**Article 239** The Bank shall have a Board of Supervisors. The Board of Supervisors is an internal supervisory entity of the Bank and shall be responsible to the shareholders' general meeting.

**Article 240** The Board of Supervisors shall consist of nine (9) supervisors.

**Article 241** The Board of Supervisors shall have one (1) chairman, and the appointment and dismissal of the chairman shall be made with a resolution passed by more than two-thirds of the all members of the Board of Supervisors. The chairman of the Board of Supervisors shall convene and preside over meetings of the Board of Supervisors. If the chairman of the Board of Supervisors is unable to or fails to carry out his/her duties, a supervisor selected by more than half of the supervisors shall convene and preside over the meeting.

The chairman shall be served as by a full-time staff member. The chairman shall possess professional knowledge and working experience in at least one professional area, e.g. finance, audit, financing or law, etc.

**Article 242** The chairman of the Board of Supervisors shall have the following powers:

- (1) to preside over the work of the Board of Supervisors;
- (2) to convene and preside over the meetings of the Board of Supervisors, and confirm the matters to be reviewed and approved;

(3) to supervise and inspect the implementation of resolutions passed by the Board of Supervisors;

(4) to sign reports, resolutions and other important documents issued by the Board of Supervisors;

(5) to organise the performance of duties of the Board of Supervisors;

(6) to report on the work of the Board of Supervisors on their behalf at the shareholders' general meeting; and

(7) other powers conferred by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities, the Articles and the Board of Supervisors.

**Article 243** The Board of Supervisors shall exercise the following powers according to law:

(1) to review the regular reports prepared by the Board of Directors and provide written reviews;

(2) to supervise the performance by the Board of Directors and the members of senior management of their duties;

(3) to supervise the due diligence of the directors, the chairman of the Board of Directors and the members of senior management and ensuring that in executing their duties they do not commit acts violating the laws, administrative rules or the Articles;

(4) to conduct exit audits on directors and members of senior management when necessary;

(5) to require directors and members of senior management to rectify any acts which are detrimental to the interests of the Bank;

(6) to inspect and supervise the financial activities of the Bank;

(7) to carry out supervisory inspections on matters such as the business decision-making, risk management and internal controls of the Bank, and to supervise the rectification of mistakes;

(8) to propose the dismissal of or to initiate lawful legal proceedings against directors and members of senior management who violate the laws, administrative regulations, the Articles or resolutions of the shareholders' general meeting;

(9) to propose convening extraordinary shareholders' general meetings, and to convene and preside over shareholders' general meetings when the Board of Directors fails to perform this duty in accordance with the Company Law;

(10) to raise proposals before shareholders' general meetings;

(11) to propose convening interim meetings of the Board of Directors;

(12) to examine financial information such as financial reports, business reports and profit distribution plans proposed to be submitted to the shareholders' general meeting by the Board of Directors, to conduct investigations if there are any doubts or irregularities in relation to the operations of the Bank, and to engage professionals from accountant firms or law firms etc. if necessary to assist its duties at the expenses of the Bank;

(13) to make proposals regarding the remuneration of the supervisors; and

(14) to exercise any other powers conferred by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities, and the shareholders' general meetings.

**Article 244** The Board of Supervisors shall have an office equipped with full-time staff, who will be responsible for daily work of the Board of Supervisors.

**Article 245** The Board of Supervisors shall formulate comprehensive procedural rules for Board of Supervisor meetings, including information such as notice for meetings, preparation of documents, the manner in which meetings will be convened, form of voting, mechanism for making proposals, minutes of meetings and the signatures for the minutes, etc., and these procedural rules shall be implemented upon approval by the shareholders' general meeting to ensure the efficiency and scientific decision-making of the Board of Supervisors.

**Article 246** The Board of Supervisors shall discuss official business through the meetings of the Board of Supervisors. The meetings of Board of Supervisors consist of regular meetings and interim meetings, and either type of meeting shall be convened and presided over by the chairman of the Board of Supervisors.

The procedures for convening the meetings for the Board of Supervisors may take reference to the procedures stated in the Articles regarding the convening of meetings for the Board of Directors .

**Article 247** The Board of Supervisors shall hold regular meetings at least 4 times annually and once quarterly. The notice regarding the forthcoming meeting for the Board of Supervisors shall be served to all supervisors ten (10) days before the meeting date, and the documents to be used in the meeting shall be served on all supervisors five (5) days before the meeting date.

**Article 248** An interim meeting of the Board of Supervisors shall be convened and presided over by the chairman of the Board of Supervisors within ten (10) days if any of the following events occurs:

- (1) the chairman of the Board of Supervisors deems the meeting to be necessary;
- (2) more than one-third of the supervisors have made a proposal requesting the meeting;
- (3) all external supervisors have made a proposal requesting the meeting; or
- (4) the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles specify any other situations.

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

Where there are emergency situations, the interim meeting shall be held as soon as possible, and the service of the notice regarding the forthcoming meeting and documents to be used in the meeting shall not be subject to the time-limits of the preceding paragraph but nonetheless it must guarantee that such notice and documents will be served on the supervisors before the meeting.

**Article 249** The notice regarding the forthcoming meeting of the Board of Supervisors shall include the following information:

- (1) date, time and venue of the meeting;
- (2) meeting duration;
- (3) reason for holding the meeting and meeting agenda;
- (4) date of issuing the notice; and
- (5) a contact person and their contact information.

**Article 250** If all the external supervisors consider that the information relating to the resolutions to be discussed by the Board of Supervisors is insufficient or that the elaboration regarding the resolutions is unclear, they may jointly make a written proposal to postpone the convening of meeting or the review of the relevant resolution, and the Board of Supervisors shall adopt the proposal.

**Article 251** The Board of Supervisors may request the Bank's directors, members of senior management, internal and external auditors to attend the meetings of the Board of Supervisors to respond to questions that the supervisors are concerned about.

**Article 252** Aside from the duties and powers stated in the laws, administrative rules and the Articles, the Board of Supervisors shall focus on the following matters:

(1) to supervise the Board of Directors in establishing a sound business philosophy, normative values, and guidance in line with the Bank's development strategies; regularly evaluate and make a report on the scientificity, reasonableness and effectiveness of the Bank's development strategies formulated by the Board of Directors;

(2) to supervise the work performance, financial activities, internal control, risk management, etc. of the Board of Directors and members of senior management;

(3) to supervise the selection procedures of directors; to make a comprehensive evaluation of the work performance of directors, supervisors and members of senior management;

(4) to supervise and ensure that the Bank's remuneration systems and policies and the remuneration proposals for the members of senior management are scientific and rational; and

(5) to regularly communicate with the banking regulatory authority regarding the Bank's circumstances.

If the Board of Supervisors discovers that problems exist with the way the Board of Directors and the members of senior management are making and implementing of significant financial decisions, the Board of Supervisors shall instruct the Board of Directors to rectify its decision making. When necessary, the Board of Supervisors may report the problematic behavior to the banking regulatory authority.

When the Board of Supervisors detects any abnormal trading volatility in the Bank, it shall make enquiries of the Board of Directors or the members of senior management.

**Article 253** The Board of Supervisors shall proactively guide the Bank's internal audit department in independently carrying out audits, and effectively carry out the business management and performance appraisal for the internal audit department.

The audit results of the Bank's internally audit department and any of its affiliates or branches shall be submitted to the Board of Supervisors in a timely and complete manner.

The Board of Supervisors shall have the right to require the president or the internal audit department to make an explanation if it has any doubts regarding the audit results submitted by the internal audit department.

**Article 254** The Board of Supervisors shall, in the performance of its duties, have the right to require the Board of Directors and senior management to provide necessary information in information disclosure and audit.

**Article 255** Depending on its needs, the Board of Supervisors may, orally or in writing, make suggestions, give indications, arrange for interviews or make enquiries towards the Board of Directors, the members of senior management and other staff and require them to respond.

**Article 256** The Board of Supervisors may, in the performance of its duties, adopt a variety of methods, e.g. offsite testing, inspections, attending meetings, conducting interviews, examining reports, conducting research, carrying out surveys, exit audit and engagement of third-party professional organizations to offer assistance.

The Board of Supervisors shall have the right to use all the operational and management information of the Bank according to the needs for performance of its duties.

**Article 257** The profit distribution proposals drawn up by the Board of Directors shall be submitted to the Board of Supervisors in advance for examination, and the Board of Supervisors shall provide feedback within five (5) working days of receipt. If the Board of Supervisors fails to provide feedback within the specified period, the proposal shall be deemed to be approved.

**Article 258** The Board of Supervisors shall be informed in advance of the major decisions made by the Bank, and shall be provided with relevant information regarding the decision, such as operating conditions, financial information, major contracts, major events and cases, audits, changes of important personnel, as well as any other information requested by the supervisors.

**Article 259** If the Board of Supervisors discovers that the Board of Directors or the members of senior management have acted in violation of the laws, administrative regulations, departmental rules and the Articles etc., it shall make proposals to punish the responsible persons and promptly issue a notice stipulating correctional measures to be undertaken within a specified period. The Board of Directors or the senior management shall promptly undertake the specified punishment or correctional measures and make a written report to the Board of Supervisors.

If the Board of Directors and the members of senior management refuse or delay to adopt the punishment and correctional measures, the Board of Supervisors shall have the right to report it to the shareholders' general meeting or propose the convening of an extraordinary general meeting. When necessary, the Board of Supervisors may report the conduct to the banking regulatory authority.

**Article 260** The Bank shall ensure that the work of the Board of Supervisors is carried out normally and provide the Supervisors with necessary working conditions



and specialised office space. The Board of Supervisors shall have its own independent budget. The Board of Supervisors shall have the right to administrate its budget independently according to its business needs. The expenses needed for the Board of Supervisors to carry out its duties shall be borne by the Bank.

**Article 261** The meeting of the Board of Supervisors shall only be held if more than half of all the Supervisors are present at the meeting. Each supervisor shall have one (1) vote.

**Article 262** The Board of Supervisors shall make resolutions regarding the matters to be resolved at the meeting. Unless the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles provide stipulations to the contrary, a resolution at the Board of Supervisors' meeting shall be adopted if it is approved by two-thirds of all supervisors. Supervisors present at the meeting shall sign on the resolutions and shall be responsible for the resolutions. However, a supervisor may be exempted from such liability if there is proof that the supervisor had objected during voting and the objection has been recorded in the meeting minutes.

**Article 263** Supervisors who have any material conflict of interests in the matters to be discussed by the Board of Supervisors shall abstain from voting, and shall not exercise their voting rights on the proposal nor exercise any voting rights on behalf of the other supervisors. The Board of Supervisors' meeting shall only be held if more than half of the supervisors without material conflict of interests are present.

**Article 264** Minutes shall be taken to record the decisions of matters discussed at the meeting (in the form of meeting minutes or meeting resolutions, etc.). Supervisors attending the meetings shall sign the meeting minutes. Supervisors shall have the right to request explanatory notes regarding any remarks that have been made during the meeting to be placed in the minutes.

As the Bank's files, the minutes of the Board of Supervisors' meetings shall be kept by the office of the Board of Supervisors in accordance with the Bank's record management guidelines for a period of not less than ten (10) years.

**Article 265** The minutes of the Board of Supervisors shall include the following:

- (1) the meeting date and venue, the name of the convener or president;
- (2) the names of the supervisors attending the meeting and names of the supervisors (proxies) appointed by others to attend the meeting;
- (3) the agenda of the meeting;
- (4) the main points of the speeches made by the supervisors; and

(5) the method and results of the voting for each proposal (the voting results shall state the numbers of votes voting in the affirmative, negative, or in abstention).

**Article 266** The decisions, resolutions and minutes of the meetings of the Board of Supervisors shall be submitted to and filed with the relevant regulatory authorities according to the relevant requirements.

**Article 267** The Board of Supervisors shall report on its work to the shareholders' general meeting at least once a year, and the report shall include:

(1) particulars arising out of the supervision of the Board of Directors and members of senior management, namely their work performance, financial activities, internal controls, risk management;

(2) particulars of the work carried out by the Board of Supervisors; and

(3) any independent opinions expressed regarding related matters;

(4) other matters that the Board of Supervisors considers should be reported to the shareholders' general meeting.

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

**Article 268** The Board of Supervisors shall establish a nomination committee, supervisory committee and other special committees of the Board of Supervisors, and all such committees are accountable to the Board of Supervisors. One person shall be appointed to each of the committees to be in charge of convening activities for that committee. The person taking charge every special committee will in principle be an external supervisor.

**Article 269** The Board of Supervisors shall formulate the work rules for each of its special committees, specifying their duties, procedural rules, work procedures and the matters as authorized by the Board of Supervisors. Each Board committee's establishment, composition of members, scope of working authority and requirements for the disclosure of information etc. shall be in accordance with the law, administrative rules, departmental regulations, regulatory documents, the regulations of the relevant regulatory authorities and the Articles.

### **CHAPTER 10 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT**

**Article 270** The qualifications for the positions of directors, supervisors and members of senior management of the Bank shall meet the requirements stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities and the Articles. In accordance with

aforementioned requirements, the qualifications of the directors and members of senior management shall be verified by the banking regulatory authority.

**Article 271** No person shall hold the position of director, supervisor or member of senior management of the Bank in one of the following circumstances, even if he/she otherwise holds appropriate qualifications for the position of director (including independent director), supervisor and member of senior management as specified in the Articles:

- (1) the person without or with limited capacity for civil conduct;
- (2) the person who has been penalized or sentenced due for corruption, bribery, embezzlement, appropriation of property or the disruption of the socialist market economy, and five (5) years has not elapsed from which the punishment or deprivation of political rights for the crimes committed was carried out;
- (3) director, factory director or manager of bankrupt and liquidated companies or enterprises whereby such person was personally liable for the bankruptcy of such companies or enterprises, and three (3) years has not elapsed from which the liquidation of the company or enterprise was completed;
- (4) legal representative of companies or enterprises which have had their business licenses revoked and the business of such companies or enterprises were compulsorily closed down due to a violation of laws in which such person was personally liable, and three (3) years has not elapsed from which the business license of the company or enterprise was revoked;
- (5) the person with relatively large amounts of due and outstanding debt;
- (6) the person under investigation by judicial authorities for suspected violations of criminal law and the investigation is still ongoing;
- (7) the person banned from holding leadership positions as stipulated by laws and administrative regulations;
- (8) non-natural person;
- (9) the person judged by competent authorities as having violated the provisions of securities laws and regulations, the violation involves fraudulent or dishonest acts, and less than five (5) years have elapsed since the ruling; and
- (10) other persons who are prohibited from holding leadership positions as stipulated by the law, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities or the Articles.

The election, appointment or employment of directors, supervisors and members of senior management in violation of the Articles shall be void. In the event that any

circumstance above occurs during a director, supervisor or member of senior management's term of office, that person shall be dismissed.

**Article 272** The validity of any act by a director or member of senior management made on behalf of the Bank towards a third party acting in good faith shall not be affected by any non-compliance in regulations of that person's post, election procedure or qualifications.

**Article 273** In addition to the obligations stipulated by the laws, administrative regulations, the regulations of the relevant regulatory authorities and the Articles, in exercising their duties and functions, the directors, supervisors, and members of senior management of the Bank shall also owe the following obligations to each and every shareholder:

(1) to ensure that the Bank does not operate beyond the scope of business stipulated in its business license;

(2) to act in good faith and in the best interests of the Bank;

(3) not to deprive the Bank of its assets in any way, including but not limited to depriving the Bank of any advantageous business opportunities; and

(4) not to deprive the shareholders of any personal rights and interests, including but not limited to the right to distributions and the right to vote, but excluding the submission of company restructuring proposals to the shareholders' general meeting in accordance with the Articles.

**Article 274** The directors, supervisors, and the members of senior management of the Bank shall have a responsibility to apply the same level of care, diligence and skill in exercising their rights or carrying out obligations as would be shown by a reasonably prudent person in similar circumstances;

**Article 275** The directors, supervisors, and members of senior management of the Bank must act with good faith in exercising their duties and responsibilities, and shall not put themselves in any situation where their personal interests may conflict with their obligations. This extends to but not limited to the following obligations:

(1) to act in good faith and in the best interests of the Bank;

(2) to exercise powers within the scope of their authority and they shall not exceed their scope of authority;

(3) to exercise the discretion conferred on them in person and free from the influence of others; and not to transfer their discretion for others to exercise in the absence of the laws and administrative regulations providing to the contrary or through the informed consent of shareholders in a shareholders' general meeting;

(4) to treat shareholders of the same class in the same way, and to fairly deal with shareholders belonging to different classes;

(5) not to enter into any contract, transaction or arrangement with the Bank except if otherwise prescribed by the Articles or if there is informed consent from shareholders through a shareholders' general meeting;

(6) not to use any assets of the Bank to seek personal advantages in any way without the informed consent of shareholders through a shareholders' general meeting;

(7) not to accept bribes or other forms of illegal income by taking advantage of his authority, nor to embezzle the assets of the Bank in any way, these assets including but not limited to any business opportunities that are advantageous to the Bank;

(8) not to accept any commission related to transactions of the Bank without the informed consent of the shareholders through a shareholders' general meeting;

(9) to comply with the Articles, perform their duties faithfully and to safeguard the interests of the Bank, and not to take advantage of their position and authority at the Bank to seek personal gain;

(10) not to engage in any form of competition with the Bank without the informed consent of the shareholders through a shareholders' general meeting;

(11) not to misappropriate the funds of the Bank or lend the funds of the Bank to others, not to put any assets of the Bank under an account opened in his own name or in the name of others, not to use the Bank's assets as security for the debts of the shareholders of the Bank or others; and

(12) not to divulge any confidential information involving the Bank and obtained by them during their term of office without the informed consent of the shareholders through a shareholders' general meeting; and not to use such information except it is in the interests of the Bank; however the information may be disclosed to the court or other relevant regulatory authorities if the disclosure is:

1. in accordance with the law;
2. in the public interest; or
3. required for the own interests of directors, supervisors, and members of senior management .

**Article 276** The directors, supervisors, and members of senior management of the Bank shall not direct the following persons or institutions ("connected persons") to take any acts which the directors, supervisors, and members of senior management are themselves prohibited from taking:

(1) the spouse or underage children of the directors, supervisors, and members of senior management of the Bank;

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

(3) a partner of the directors, supervisors, or other member of senior management of the Bank or a partner of the persons referred to in items (1) and (2) of this Article;

(4) a company which is under the *de facto* control of the directors, supervisors, and members of senior management of the Bank, or a company which is under the *de facto* joint control of the persons referred to in items (1), (2) and (3) of this Article or with other directors, supervisors, and members of senior management of the Bank; and

(5) the directors, supervisors, managers and members of senior management of the companies referred to in item (4) of this Article.

**Article 277** The fiduciary duties owed by the directors, supervisors, and members of senior management of the Bank shall not necessarily be terminated at the end of their term of office, and their obligation to keep the trade secrets of the Bank confidential shall remain valid after their term of office expires. The duration of other obligations shall be determined by what is fair, and will depend on the length of time between the date on which the directors leave their positions and the relevant event involving the obligations as well as the circumstances and conditions in which their relationship with the Bank terminated.

**Article 278** The shareholders may make an informed decision at the shareholders' general meeting to dismiss any director, supervisor, and member of senior management of the Bank who has violated any obligations, unless the circumstances specified in Article 62 apply.

**Article 279** The directors, any of its associates (as defined under the Hong Kong Listing Rules), supervisors, or members of senior management of the Bank have direct or indirect have material conflict of interests in any executed or proposed contracts, transactions or arrangements (except the employment contracts between the Bank and its directors, supervisors, and members of senior management), regardless of whether such interests are usually subject to the approval or consent of the Board of Directors, such persons shall disclose the nature and extent of the interests to the Board of Directors as soon as possible.

Unless the directors, supervisors, and members of senior management of the Bank with conflicts of interest have disclosed their interests to the Board of Directors in accordance with the requirements of the preceding paragraph, and the Board of Directors has approved the matter without counting the interested persons into the quorum and without their participation in the vote, the Bank shall have the right to

rescind such contracts, transactions or arrangements, except in circumstances where the counterparty is acting in good faith and unaware that the directors, supervisors, and members of senior management are in breach of their obligations.

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

**Article 280** If the Bank considers entering into contracts, transactions or arrangements for the first time, and the interested directors, supervisors, and members of senior management of the Bank have provided a written notice to the Board of Directors and Board of Supervisors stating that they have an conflict of interests in the contracts, transactions or arrangements which would be entered into by the Bank in the future for the reasons set out in the notice, then the director, supervisor, and member of senior management concerned shall be deemed to have made the disclosure as required in the preceding article of this chapter to the extent as set out in the notice.

**Article 281** The Bank shall not in any way pay taxes for the directors, supervisors, and members of senior management of the Bank.

**Article 282** The Bank shall not, directly or indirectly, provide any loan or loan guarantee to the directors, supervisors, and members of senior management of the Bank and of its holding company, nor shall the Bank provide the same to their connected persons.

The preceding paragraph shall not apply in the following circumstances:

(1) loans or loan guarantees provided by the Bank to its subsidiary banks;

(2) loans, loan guarantees or other funds provided by the Bank to the directors, supervisors, president, or other members of senior management of the Bank pursuant to their employment contracts which were adopted by the shareholders' general meeting, so that the foregoing persons can make payments in the interests of the Bank or for the expenses incurred in performing their duties and responsibilities; and

(3) loans and loan guarantees provided by the Bank to the relevant directors, supervisors, and members of senior management of the Bank and their connected persons, provided that the loans and loan guarantees are provided on normal commercial terms and conditions.

**Article 283** If the Bank provides a loan in breach of the provisions of the preceding article, regardless of the terms of the loan the person who has received the loan shall repay it immediately.

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

(1) where a loan has been provided to the Bank or its parent company's directors, supervisors, and members of senior management and the provider of the loan is unaware of the violation; and

(2) the security provided by the Bank has been sold legally by the loan provider to a purchaser acting in good faith.

**Article 284** The "guarantee" referred to in the preceding articles of this chapter includes acts whereby the guarantor undertakes liabilities or provide assets to ensure that the obligor performs its obligations.

**Article 285** When the directors, supervisors, and members of senior management of the Bank are in breach of the obligations owed towards the Bank, aside from the various rights and remedies provided by the laws and administrative regulations, the Bank shall have the right to take the following measures:

(1) to require the directors, supervisors, and members of senior management concerned to compensate the Bank for the losses caused by their dereliction of duties;

(2) to rescind any concluded contracts or transactions between the Bank and the directors, supervisors, and other members of senior management concerned, and the contracts or transactions concluded between the Bank and third parties (when the third parties know or should have known that the directors, supervisors, and members of senior management of the Bank are in breach of their obligations);

(3) to require the directors, supervisors, and members of senior management concerned to hand over any benefits which have been obtained from their breach of obligations;

(4) to recover funds which should have been received by the Bank, including but not limited to commission from the directors, supervisors, and members of senior management concerned; and

(5) to request the directors, supervisors, and members of senior management concerned to repay the interest which is or may be accrued from the funds which should have been received to the Bank.

**Article 286** The Bank shall enter into written contracts with the directors and the supervisors regarding remuneration which are subject to the prior approval from the shareholders' general meeting. The matters relating to remuneration include:

(1) remuneration for the directors, supervisors or members of senior management of the Bank;



(2) remuneration for the directors, supervisors or members of senior management of the subsidiary banks of the Bank;

(3) remuneration for those providing other services for managing the Bank and its subsidiary banks; and

(4) compensation to directors or supervisors for loss of their office or upon retirement.

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

**Article 287** The remuneration contracts between the Bank and its directors or supervisors shall stipulate that if the Bank is acquired, the directors and supervisors of the Bank shall, subject to prior approval from the shareholders' general meeting, be entitled to compensation or other funds for loss of their positions or upon retirement. The "acquisition of the Bank" previously mentioned refers to one of the following circumstances:

(1) a takeover offer made by any person to all shareholders; or

(2) a takeover offer made by any person with the intent of becoming the controlling shareholder.

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

## **CHAPTER 11 INCENTIVE AND RESTRAINT MECHANISMS**

**Article 288** The Bank shall establish a work performance evaluation system for those in the Board of Directors and the Board of Supervisors, specifying the work performance standards for the directors and the supervisors and establishing and maintaining the records detailing the extent to which the directors and the supervisors have performed their duties.

**Article 289** The work performance evaluation system for the directors and supervisors shall involve different kinds of evaluation, such as self-evaluation, evaluation by the Board of Directors, evaluation by the Board of Supervisors and external evaluation.

The Board of Supervisors is responsible for conducting a comprehensive work performance evaluation of the directors and supervisors of the Bank, and shall report the final evaluation results to the banking regulatory authority and circulate the results and a notice at the shareholders' general meeting.

**Article 290** The Bank shall establish scientific and reasonable remuneration system for the members of senior management which gives due consideration to development strategies, risk management, overall benefits, job responsibility, social responsibility, and corporate culture. The Bank shall also establish impartial and transparent performance appraisal standards and other initiatives regarding work incentives or deterrence for the members of senior management.

**Article 291** The Board of Supervisors shall establish the work performance evaluation system of the members of senior management, specifying details such as the content, standards and form etc. of the evaluation. The Board of Supervisors shall report the evaluation results and basis of evaluation of the members of senior management to the banking regulatory authority and circulate the results at the shareholders' general meeting.

**Article 292** The directors and supervisors shall not participate in the decision-making process of their work performance evaluation and remuneration (other than completing their self-evaluation).

**Article 293** Subject to the approval through the shareholders' general meeting, the Bank may set up professional liability insurance or a risk fund system for the directors, supervisors and members of senior management .

## **CHAPTER 12 STAKEHOLDERS**

**Article 294** The Bank respects the lawful rights of stakeholders such as its creditors, staff, clients, and the community.

**Article 295** The Bank shall diligently cooperate with all the stakeholders, to jointly promote the sustained, stable and regular development of the Bank.

**Article 296** The Bank shall adopt employment contracts for all staff pursuant to the Labor Law of the PRC and other relevant laws, administrative regulations and departmental rules.

**Article 297** The Bank shall adopt a system assessments and employ socially-oriented, d merit-based hiring techniques in the appointment of all staff.

**Article 298** The Bank shall establish a records system for staff members and have educational training for its staff.

**Article 299** The Bank shall sign an employment labor contract with each employee, which will clearly specify the rights and obligations of both parties.

**Article 300** The Bank shall set up a remuneration system with effective work incentives and deterrence, and that continues to improve the Bank's management and efficiency whilst also constantly increasing the overall remuneration and benefits of the staff.

**Article 301** Employee bonuses, benefits, social insurance and other such matters shall be specified clearly in the relevant provisions of the Bank.

**Article 302** Disputes between the Bank and its employee(s) shall be settled pursuant to the relevant PRC laws and regulations governing labor disputes.

**Article 303** The Bank shall establish direct channels of communication to enable its staff to communicate with the Board of Directors, the Board of Supervisors and the members of senior management such that the staff can raise their opinions on the Bank's operational and financial conditions, as well as the major policy decisions involving their interests.

**Article 304** Whilst maintaining sustainable development and maximizing the interests of the shareholders, the Bank shall also pay attention to issues involving the community such as its welfare or environment protection, and the Bank shall treat its corporate social responsibilities with importance.

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

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

**Article 305** The Bank shall formulate its financial accounting system in accordance with the laws, administrative regulations and the provisions of the relevant regulatory authorities.

**Article 306** The accounting year of the Bank shall be the calendar year, beginning from January 1<sup>st</sup> and ending on December 31<sup>st</sup> of the calendar year.

The Bank shall prepare an annual financial report within four (4) months after the end of each accounting year and submit it to the relevant regulatory authorities in accordance with the relevant laws.

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

**Article 307** The Bank shall publish its financial report twice in each fiscal year, i.e. it shall publish its interim financial report within sixty (60) days after the end of the first six (6) months of each fiscal year, and its annual financial report within one hundred and twenty (120) days after the end of each fiscal year.

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

**Article 308** The Bank shall not have any books of accounts in addition to its statutory ones. No asset of the Bank may be kept in any account opened in the name of any individual.

**Article 309** The Board of Directors of the Bank shall make available at each annual shareholders' general meeting the financial reports prepared by the Bank in accordance with the relevant laws, administrative regulations, departmental rules and regulatory documents.

**Article 310** The financial reports of the Bank shall be made available at the Bank twenty (20) days or earlier before the convening of the annual shareholders' general meeting for inspection by shareholders. Each shareholder of the Bank shall be entitled to obtain the financial reports mentioned in this chapter.

Except as otherwise provided in the Articles, the Bank shall, at least twenty-one (21) days prior to the date of the annual shareholders' general meeting, send the financial accounting reports mentioned above to each shareholder of overseas-listed foreign shares by postage-paid mail, and the addresses of recipients shall follow the addresses set out in the register of shareholders. Where the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed provide otherwise, such provisions shall prevail.

**Article 311** The Bank shall prepare its financial statements in accordance with PRC accounting standards and regulations; as well as in accordance with international accounting standards or the accounting standards required by securities regulatory authorities of the jurisdiction in which the Bank's shares are listed. If there are any major differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. When distributing the after-tax profits for the relevant accounting year, the Bank shall adopt the one with the lower after-tax profits out of the aforesaid two financial statements.

**Article 312** The interim results or financial information to be published or disclosed by the Bank shall be prepared in accordance with PRC accounting standards and regulations, as well as in accordance with international accounting standards or the

accounting standards required by securities regulatory authorities of the jurisdiction in which the Bank's shares are listed.

**Article 313** The after-tax profits of the Bank for the year shall be distributed in the following order of priority:

- (1) to make up for the losses of previous years;
- (2) to set aside 10% to statutory reserve funds;
- (3) to set aside general reserves;
- (4) to set aside discretionary reserve funds; and
- (5) to divide profits and pay dividends to shareholders in proportion to their shareholdings.

No further contribution may be required when the accumulated amount of the statutory reserve funds of the Bank reaches 50% of its registered capital. The shareholders' general meeting shall decide on whether to set aside discretionary reserve funds after setting aside statutory reserve funds and general reserves. The Bank shall not distribute profits to shareholders before making up losses and setting aside statutory reserve funds and general reserves.

Where the shareholders' general meeting distributes profits to shareholders in violation of the foregoing provisions, the shareholders concerned must return to the Bank the profits distributed in violation of the provisions.

Shares held by the Bank shall not participate in the distribution of profits.

Where the capital adequacy ratio of the Bank does not meet the required standards of the relevant regulatory authorities, the Bank shall not distribute profits to investors.

**Article 314** The reserve of the Bank shall be used for making up the Bank's losses, expanding the Bank's scale of operation or increasing the capital of the Bank, but capital reserve shall not be used for making up the Bank's losses.

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

**Article 315** The capital reserve shall include the following funds:

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

**Article 316** The Bank may distribute dividends in the form of cash or shares.

**Article 317** Monies paid in advance of calls on any shares shall carry interest. However, shareholders shall not have any right to receive dividends declared thereafter in relation to any such monies paid in advance.

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

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

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

1. The Bank has distributed dividends on such shares at least three (3) times in a period of twelve (12) years and the dividends are not claimed by anyone during that period;

2. After the expiration of the twelve-year period, the Bank makes a public announcement in one or more newspapers in the place of listing, stating its intention to sell such shares and notifies the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed.

**Article 318** The Bank shall appoint for shareholders of overseas-listed foreign shares a recipient agent. The recipient agent shall collect on behalf of the shareholders concerned the dividends distributed and other funds payable by the Bank in respect of the overseas-listed foreign shares.

The collection agent appointed by the Bank shall comply with the laws of the jurisdiction in which the Bank's shares are listed or the relevant requirements of the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed.

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

## **Section 2 Internal Audit**

**Article 319** The Bank shall establish an internal audit system and set up an independent internal audit management system as well as a suitable internal audit reporting system with reporting mechanisms and professional audit personnel to undertake internal auditing and supervision of the Bank's financial income and expenditures and economic activities.

**Article 320** The internal audit system and the duties of the audit personnel shall be implemented upon approval by the Board of Directors. The head of audit shall be responsible to and shall report to the Board of Directors and the audit committee.

The Bank shall formulate the Internal Auditing Charter, medium and long term audit plans, internal audit work management regulations and annual internal audit work plans, and shall be implemented upon approval by the Board of Directors. Internal audit work shall be independent from operation and management and risk-oriented so as to ensure objectivity and fairness. The internal audit department shall regularly report to the Board of Directors and the members of senior management on the progress of audit work.

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

**Article 321** The Bank shall engage independent accounting firms that comply with the relevant State regulations to audit annual financial reports and to review other financial reports of the Bank, but shall not engage accounting firm(s) under the control of related parties.

**Article 322** The appointment of an accounting firm shall be decided upon by the shareholders' general meeting, and the Board of Directors shall not appoint an accounting firm before the decision is made at the shareholders' general meeting.

If a vacancy of the position of accounting firm arises, the Board of Directors may appoint an accounting firm to fill such vacancy before the holding of a shareholders' general meeting, but this shall be subject to confirmation at the next shareholders' annual general meeting. However, if there are other engaged accounting firms of the Bank while such vacancy still exists, such accounting firms shall continue to serve.

The term of engagement of an accounting firm engaged by the Bank shall start from the closing of each annual shareholders' general meeting and end at the closing of the next annual shareholders' general meeting.

**Article 323** An accounting firm engaged by the Bank shall have the following rights:

(1) to inspect the financial statements, records and documents of the Bank at any time, and to require the directors, the president or other members of senior management of the Bank to provide relevant information and explanation;

(2) to require the Bank to adopt all reasonable measures to obtain from its subsidiary banks such information and explanations as required by the accounting firm for performance of its duties;

(3) to attend the shareholders' general meeting to obtain the notice of shareholders' general meeting or other information in relation to the meeting, and to speak at the shareholders' general meeting on matters involving its duties as the accounting firm appointed by the Bank.

**Article 324** The shareholders' general meeting may, by way of an ordinary resolution, dismiss an accounting firm, prior to the expiration of the term of office of the accounting firm, regardless of the terms and conditions of the contract between the accounting firm and the Bank. If the accounting firm concerned has the right to make a claim against the Bank due to its dismissal, such right shall not be affected.

**Article 325** The Bank warrants that the Bank will provide the engaged accounting firm with true and complete accounting documents, accounting books, financial reports and other accounting information; the Bank shall not refuse to provide, and shall not conceal or falsify such documents.

**Article 326** The audit results of the Bank's financial reports, issued by the accounting firms engaged by the Bank, shall be reported to the Board of Directors and the Board of Supervisors at the same time. The Bank shall, upon receipt of the audit reports and management proposals issued by the accounting firms, timely submit copies to the banking regulatory authority.

**Article 327** The remuneration of the accounting firm or the ways to determine the remuneration of the accounting firm shall be determined by the shareholders' general meeting. The remuneration of the accounting firm engaged by the Board of Directors shall be decided by the Board of Directors.

**Article 328** The appointment, dismissal or non-reappointment of an accounting firm shall be decided upon by the shareholders' general meeting, and reported to the securities regulatory authority of the State Council for filing.

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

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



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

(2) if the accounting firm about to leave its post makes a written statement, and requests the Bank to inform the shareholders of its statement, the Bank shall, unless the time of receiving the written statement is too late, adopt the following measures:

(i) state in the notice sent out for the purpose of a resolution that the accounting firm to leave its post has made a statement;

(ii) send a copy of the statement in the form of an attachment to the notice to shareholders in the manner stipulated by the Articles.

(3) if the statement of the relevant accounting firm is not sent by the Bank in accordance with the above provisions in subsection (2) above, the accounting firm concerned may request that the statement be read out at the shareholders' general meeting and make further appeal.

(4) an accounting firm which is leaving its post shall be entitled to attend the following meetings:

(i) shareholders' general meeting at which its term of office shall expire;

(ii) shareholders' general meeting at which the vacancy due to its dismissal is to be filled up;

(iii) shareholders' general meeting convened due to its resignation from its post.

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

**Article 329** When the Bank dismisses or does not renew the engagement of an accounting firm; it shall give fifteen (15) days advance notice to the accounting firm. When voting on dismissal of an accounting firm at the shareholders' general meeting, such accounting firm shall be permitted to present its views at the shareholders' general meeting.

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

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

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

(2) a statement about any such circumstances that shall be disclosed.

The Bank shall, within fourteen (14) days after receiving the aforesaid written notice, send a copy of the notice to the relevant regulatory authorities. If the notice contained a statement referred to in the above item (2), the Bank shall also deposit a copy of the said statement in the Bank for the shareholders' review. Unless otherwise stipulated by the Articles, the Bank shall send by prepaid mail a copy of the statement mentioned above to each shareholder of overseas-listed foreign shares, and the address of the recipient shall be that recorded in the register of shareholders; or, during the above-mentioned period, publish such copy of the statement through the website of the stock exchange of the place where the Bank's shares are listed, or publish such copy of the statement in 1 or more newspapers specified by such stock exchange website and by the Articles.

If the accounting firm's notice of resignation contains any statement about circumstances which need to be accounted for, the accounting firm may request that the Board of Directors convene an extraordinary General Meeting for the purpose of receiving an explanation of the circumstances in connection with its resignation.

## **CHAPTER 14 NOTICES AND ANNOUNCEMENTS**

**Article 330** The notices stated in the Articles shall be given in 1 or more of the following ways:

- (1) by hand;
- (2) by prepaid mail;
- (3) by fax or e-mail;
- (4) by way of an announcement made in the press or other designated media;

(5) subject to compliance with the laws, administrative regulations, departmental rules, normative documents and the relevant rules of the securities regulatory authorities, and the provisions under the Articles, by way of posting on the websites of the Bank and the Hong Kong Stock Exchange;

(6) by such ways as agreed in advance between the Bank and the party to be notified or any other way which is recognized by the party to be notified after having received such notice; and

(7) other ways which are recognized by the securities regulatory authorities of the jurisdiction in which the Bank's shares are listed or stipulated in the Articles.

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

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

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

(1) where a notice is delivered by hand, the recipient or its agent shall acknowledge receipt by signing (or sealing) the delivery receipt, and the date on which the recipient or its agent signs the delivery receipt shall be the delivery date;

(2) where a notice is sent by mail, the delivery date shall be 48 hours after such notice is delivered to the post office;

(3) where a notice is sent out by fax or e-mail or published on a website, the date of sending or publishing the notice shall be the delivery date;

(4) where a notice is given by way of announcement, the date on which the announcement is first published shall be the delivery date. Where an announcement is published, in a newspaper which meets the relevant requirements, once the announcement is published, all persons concerned shall be deemed to have received the notice.

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

**Article 332** Where, as a result of accidental omission, a notice of meeting is not given to a person who is entitled to receive such notice or where such person has not

received the notice, the meeting or any resolution adopted at the meeting shall not be invalidated as a result.

**Article 333** Where the listing rules of the securities regulatory authorities in the jurisdiction in which the Bank's shares are listed require that the Bank send, mail, distribute, release or announce, or provide by other means the Bank's corporate communication in both English and Chinese versions, if the Bank has made appropriate arrangements to determine whether its shareholders expect to receive the English or the Chinese version only, the Bank may (based on the preference expressed by shareholders) send the English or Chinese version only to relevant shareholders within the scope permitted by the applicable laws and regulations and in accordance with applicable laws and regulations.

**Article 334** The Bank shall send announcements and disclose information to the shareholders of domestic shares in the newspapers and websites for information disclosure specified by the laws, administrative regulations or relevant domestic regulatory authorities. Where announcements are to be sent to the shareholders of H-shares in accordance with the Articles, then relevant announcements shall, at the same time, be published in the methods specified by the Hong Kong Listing Rules.

## **CHAPTER 15 MERGERS, DIVISION, DISSOLUTION AND LIQUIDATION**

### **Section 1 Merger and Division**

**Article 335** The Bank may carry out merger or division in accordance with the law.

The merger action taken by the Bank may be in two (2) forms, merger by absorption or merger by new establishment.

**Article 336** For a merger or division of the Bank, the Board of Directors shall put forward a proposal, and the formalities for approval shall be handled in accordance with the law after the proposal has complied with the procedures specified in the Articles. The shareholders who oppose the Bank's merger or division plans have the right to ask the Bank or the shareholders who approve the merger or division plans to purchase their shares at a fair price. The contents of the resolution on the merger or division of the Bank shall be made into special document, which shall be available for inspection by shareholders.

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

**Article 337** For a merger of the Bank, the parties to the merger shall sign a merger agreement, and shall prepare a balance sheet and assets list. The Bank shall

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

**Article 338** After the merger of the Bank, the entity surviving the merger or the new entity established after the merger shall assume the claims and debts of the parties to the merger.

**Article 339** Where the Bank proceeds into a division, its assets shall be divided accordingly. Where there is a division of the Bank, the parties to the division shall prepare a balance sheet and assets list. The Bank shall inform the creditors within ten (10) days from the date on which a resolution is adopted in favor of the division, and shall publish an announcement within thirty (30) days in the press or media designated by the Bank for publishing announcements .

**Article 340** The entity established after division shall assume joint and several liability for the debts incurred by the Bank before division, unless otherwise stipulated in any settlement agreement of debts which may be reached between the Bank and its creditors prior to the division.

**Article 341** Where a merger or division of the Bank involves any changes to registered matters, an application for modification of registration shall be made to the registration authority in accordance with the law; if the Bank is dissolved, cancellation of registration of the Bank shall be carried out in accordance with the law; where a new company is established, the registration of the incorporation of the company shall be carried out in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 342** In any of the following circumstances, the Bank may be dissolved in accordance with the law:

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

(5) the Bank is declared bankrupt by the people's court in accordance with the law.

**Article 343** Where the Bank is dissolved pursuant to items (1), (3), or (4) of Article 342 of the Articles, a liquidation committee shall be established to begin liquidation within fifteen (15) days from the date of occurrence of grounds for dissolution. The members of the liquidation committee shall be determined by the directors or the shareholders' general meeting. Where a liquidation committee is not established as scheduled, the creditors may apply to the people's court to appoint relevant persons to form a liquidation committee to carry out liquidation.

Where the Bank is dissolved pursuant to item (5) of Article 342, liquidation shall be conducted by the people's court in accordance with the relevant laws.

**Article 344** If the Board of Directors decides that the Bank shall be liquidated (except for liquidation resulting from the Bank's declaration of bankruptcy), it shall state in the notice of shareholders' general meeting convened for such purpose that the Board of Directors have conducted a comprehensive investigation into the situation of the Bank and believes that the Bank is able to pay off all its debts within twelve (12) months following the commencement of the liquidation.

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

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

**Article 345** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

(1) to liquidate the assets of the Bank and prepare a balance sheet and assets list respectively;

(2) to inform creditors by notices or public announcements;

(3) to deal with any unsettled business of the Bank that relates to the liquidation;

(4) to pay off any outstanding taxes and any taxes arising in the course of liquidation;

(5) to clear up claims and debts;

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

**Article 346** The liquidation committee shall notify creditors within ten (10) days from the date of its establishment, and shall publish an announcement within sixty (60) days, in the press or media designated by the Bank for publishing announcements.

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

When making a claim, creditors shall explain the matters related to their claim and provide relevant evidence of such claims. Claims shall be registered by the liquidation committee. The liquidation committee shall not settle any debt with any creditors during the period allowed for creditors to make a claim.

**Article 347** After liquidation of the Bank's assets by the liquidation committee and the preparation of a balance sheet and assets list, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders' general meeting or to the people's court for confirmation.

The Bank's assets shall be liquidated in the following order:

- (1) to pay the liquidation costs;
- (2) to pay employees' salaries, social insurance and statutory compensation;
- (3) to pay the principal and interest of personal savings deposits;
- (4) to pay all outstanding taxes;
- (5) to settle the Bank's debts; and
- (6) to distribute to shareholders according to their shareholding ratio.

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

**Article 348** During liquidation of the Bank's assets by the liquidation committee, and after preparing a balance sheet and assets list, if the liquidation committee finds the assets of the Bank to be insufficient for the settlement of its debts, the liquidation committee shall, upon approval by the banking regulatory authority, apply to the people's court for a declaration of bankruptcy in accordance with the law.

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

**Article 349** Following the completion of liquidation, the liquidation committee shall prepare a liquidation report, income and expenditure statement and financial books of accounts in respect of the liquidation period, and, upon verification by a PRC certified public accountant, submit the same to the shareholders' general meeting or the people's court for confirmation and submit the documents mentioned above to the company registration authority, apply for cancellation of the Bank's registration and make an announcement of the closure of the Bank.

**Article 350** Members of the liquidation committee shall faithfully perform their duties and perform the liquidation obligations in accordance with the law.

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

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

**Article 351** Where the Bank is declared to be bankrupt in accordance with the law, it shall implement the bankruptcy liquidation in accordance with the laws and regulations in relation to bankruptcy of enterprises.

**Article 352** Matters relating to the merger, division, dissolution, liquidation, bankruptcy and termination etc. of the Bank shall comply with Company Law provisions, Commercial Banking Law provisions and the requirements of the relevant regulatory authorities.

**Article 353** In case a credit crisis has occurred or may possibly occur, which could seriously affect the interests of the depositors of the Bank, the banking regulatory authority shall, in order to protect the interests of depositors, take over the Bank in accordance with the law and take necessary measures to restore the normal operations of the Bank. Creditor-debtor relationships will not change after such a takeover. The takeover shall cease in any of the following circumstances:

(1) the time-limit specified in the decision in relation to the takeover expires or the extension of the term of the takeover specified by the banking regulatory authority expires;

(2) the Bank has restored normal operations prior to expiry of the term of the takeover; or

(3) the Bank has merged or declared bankrupt in accordance with the law prior to expiry of the term of the takeover.



## CHAPTER 16 AMENDMENTS TO THE ARTICLES

**Article 354** The Bank may amend the Articles in accordance with the laws, administrative regulations and the provisions of the Articles.

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

(1) If, after the Company Law, Commercial Banking Law or other relevant laws and regulations are amended, any term contained in the Articles becomes inconsistent with the provisions of the amended laws and administrative regulations;

(2) If a change in the Bank's circumstances results in inconsistency with certain important terms specified in the Articles; or

(3) If the shareholders' general meeting adopts a resolution to amend the Articles.

**Article 355** Any amendments to be made to the Articles pursuant to a resolution of the shareholders' general meeting shall be subject to the approval of the relevant regulatory authorities, and shall become effective after obtaining the approval of such authorities; if registration matters are involved, the Bank shall apply for registration of the changes in accordance with the law.

**Article 356** 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 regulatory authorities.

**Article 357** Where the amendments to the Articles involve matters required by the relevant regulatory authorities to be disclosed, such amendments shall be announced in accordance with the relevant provisions.

## CHAPTER 17 DISPUTE RESOLUTION

**Article 358** The Bank shall abide by the following rules for dispute resolution:

(1) If any disputes or claims in relation to the Bank's business, with respect to any rights or obligations under the Articles, Company Law or any other relevant laws and administrative regulations, arise between shareholders of overseas-listed shares and the Bank, between shareholders of overseas-listed foreign shares and the Bank's

directors, supervisors or members of senior management of the Bank, or between shareholders of overseas-listed foreign shares and other shareholders, the parties concerned shall submit such disputes or claims to arbitration.

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

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

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

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

(3) Unless otherwise provided by the laws, administrative regulations, departmental rules or regulatory documents, the laws of the PRC shall apply to the settlement of any disputes or claims that are resolved by arbitration pursuant to item (1) above.

(4) The award of the arbitration institution shall be final and binding on all parties.

## **CHAPTER 18 SUPPLEMENTAL PROVISIONS**

### **Article 359** Interpretation

(1) The "controlling shareholder(s)" herein shall refer to the person(s) satisfying any of the following conditions:

(i) the person may elect more than half of the directors when acting alone or in concert with others;

(ii) the person may exercise or control the exercise of more than 30% of the total voting shares of the Bank when acting alone or in concert with others;

(iii) the person holds more than 30% of issued and outstanding shares of the Bank when acting alone or in concert with others; or

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

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

(2) “*De facto* controller” herein means a person who, though not a shareholder of the Bank, is able to get the *de facto* control of the Bank through investment relationships, agreement or other arrangements.

(3) "Substantial shareholders" herein means the shareholder who can directly, indirectly, or jointly hold or control 5% of the shares or voting rights of the Bank and have a significant impact upon the decision-making of the Bank.

(4) "Executive director" herein 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; "Independent Director" means a director who does not hold other positions in the Bank other than a directorship and who has no relationship with the Bank or its substantial shareholders that may affect their independent and objective judgment.

(5) “Cumulative voting system” herein 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 exercised collectively.

(6) In the Articles, the specific criteria for the words “important” and “major” as used in the expressions “important legal entities”, “major mergers and acquisitions”, “major external investments”, “major asset acquisitions”, “major asset disposals”, “major asset write-off” and “major external guarantees”, shall be determined by the specific authority granted by the shareholders’ general meeting to the Board of Directors and by the Board of Directors to the president.

**Article 360** The Articles shall be written in Chinese. Should there be any inconsistency between the Articles written in another language or provided in other versions, the latest Chinese version approved and registered by Anhui (PRC) Administration for Industry & Commerce shall prevail.

**Article 361** Unless otherwise specified herein, references to “above”, “within” and “below” shall include the actual given figures, while references to “less than”, “under”, “beyond” and “exceed” shall exclude such actual given figures.

**Article 362** The Board of Directors of the Bank shall be responsible for the interpretation of the Articles.

**Article 363** After approval by the banking regulatory authority and after consideration and approval by the shareholders' general meeting, the Articles shall become effective from the date of public offering of the H-shares of the Bank on the Hong Kong Stock Exchange.