

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

## (2025 Revised)

### CHAPTER I GENERAL PROVISIONS

- Article 1** To safeguard the legitimate rights and interests of Bank of Gansu Co., Ltd. (the “Bank”), its shareholders and creditors, and to regulate the organization and activities of the Bank, the Articles of Association (the “Articles of Association”) have been formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Law of the People’s Bank of China of the PRC, the Banking Supervision and Regulatory Law of the PRC, the Commercial Banking Law of the PRC (the “Commercial Banking Law”), the Securities Law of the PRC (the “Securities Law”), the Corporate Governance Guidelines for Banking and Insurance Institutions, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Working Regulations of the Communist Party of China on the Grassroots Organization of State-owned Enterprises (Trial), and other laws, administrative regulations, departmental rules, normative documents and relevant requirements of the securities regulatory authorities in the place where the Bank’s shares are listed.
- Article 2** The Bank is a joint stock company established with limited liability in accordance with the Company Law, the Commercial Banking Law and other relevant regulations.
- With the approval by China Banking Regulatory Commission (CBRC) in Yin Jian Fu [2011] No. 393, the Bank was established by means of promotion on November 18, 2011 and obtained the financial business operation permit. The Bank was registered with the Administration for Industry and Commerce of Gansu Province and obtained its enterprise business license (Unified Social Credit code: 91620000585910383X).
- Article 3** The registered name of the Bank:
- Full name in Chinese: 甘肅銀行股份有限公司
- Abbreviation in Chinese: 甘肅銀行
- Full name in English: BANK OF GANSU CO., LTD.
- Abbreviation in English: BANK OF GANSU
- Date of establishment of the Bank: November 18, 2011
- Article 4** Domicile of the Bank: No. 525-1 Donggang West Road, Chengguan District, Lanzhou, Gansu Province, postal code: 730000.

- Article 5** The registered capital of the Bank is RMB15,069,791,330.00, the paid-in capital registered by the Bank with the administration authorities for industry and commerce.
- Article 6** The Bank is a joint stock limited company in perpetual existence.
- Article 7** The entire share capital of the Bank shall be divided into shares of equal par value. Shareholders shall be liable to the Bank to the extent of their respective subscribed shares and the Bank shall be liable for its debts to the extent of all its assets.
- Article 8** The chairman of the Board is the legal representative of the Bank. Where the chairman of the Board of Directors resigns, it shall be deemed that the legal representative resigns at the same time. In the event of the resignation of the legal representative, the Bank shall appoint a new legal representative within 30 days from the date of the legal representative's resignation.
- Article 9** The Articles of Association have been adopted at the general meeting of the Bank as a special resolution and become effective from the date of approval by the banking regulatory authorities under the State Council.
- The original Articles of Association and their amendments shall be automatically invalidated from the effective date of the Articles of Association.
- As from the date when the Articles of Association come into force and effect, the Articles of Association shall constitute a legally binding document regulating the structure and acts of the Bank and the rights and obligations between the Bank and its shareholders and among its shareholders.
- Article 10** The Articles of Association shall be legally binding on the Bank and its shareholders, Directors, President and other senior management officers; such persons may also make claims for alleged rights regarding the Bank's affairs in accordance with the Articles of Association.
- In accordance with the Articles of Association, shareholders may sue other shareholders; shareholders may sue the Directors, President and other senior management officers of the Bank; shareholders may sue the Bank; the Bank may sue the shareholders, Directors, President and other senior management officers.
- The wording "sue" as referred to in the preceding paragraph shall include court proceedings or arbitration proceedings.
- The "senior management" as referred to in the Articles of Association shall include the senior management officers, secretary of the Board of Directors and other personnel as designated by the Board of Directors of the Bank. The senior management consists of the Bank's President, vice President and the person in charge of financial affairs, etc. The Bank's Directors, senior management and Presidents of branches and sub-branches shall have such qualifications as required by the banking regulatory authorities under the State Council. Their qualifications shall be approved by or filed with the banking regulatory authorities.

## Article 11

The Bank is an independent corporate legal person and has the full property rights of a legal person in respect of assets resulting from the investments by its shareholders. The Bank has civil rights in accordance with the laws and adopts a management system with authorized operation under a first-level legal person. Branches and sub-branches of the Bank shall not have the independent legal person qualification and shall carry out their operations in accordance with the laws within the authority granted by the head office. Any civil liabilities of such branches and sub-branches shall be borne by the head office. The head office exercises central leadership and administration over the major personnel appointment and removal and basic rules and regulations of branches and sub-branches.

In light of the need for business development and subject to review and approval of the banking regulatory authorities of the State Council, the Bank may set up, change or cancel, according to laws, administrative regulations and the Articles of Association, such entities including but not limited to branches (branch companies), and sub-branches (subsidiaries) in China and abroad. Except for the sub-branches (subsidiaries), other such entities shall not have the independent legal person qualification and shall carry out their operations in accordance with the laws within the authority granted by the Bank and be uniformly managed by the Bank.

The “sub-branches (subsidiaries)” as referred to in the Articles of Association shall mean the invested legal person corporations that have been incorporated into the consolidated financial statements and have fulfilled one of the following conditions except that there is evidence showing that the Bank cannot control them:

- (1) the Bank has, directly or indirectly owned through its sub-branches (subsidiaries), more than half of the voting rights of shareholders’ meeting (the shareholders’ general meeting) of the invested legal person corporation;
- (2) the Bank has owned half or less than half of the voting rights of shareholders’ meeting (the shareholders’ general meeting) of the invested legal person corporation, but has met one of the following conditions:
  1. the Bank has owned more than half of the voting rights of the invested legal person corporation through agreement with other investors of the invested legal person corporation;
  2. the Bank has the right to decide the financial and operational policies of the invested legal person corporation based on the articles of association of the invested legal person corporation or relevant investment agreements;
  3. the Bank has the right to appoint or dismiss more than half of the members of the board of directors or similar organ of the invested legal person corporation;
  4. the Bank has owned more than half of the voting rights at the board of directors or similar organ of the invested legal person corporation.

The “consolidated financial statements” as referred to in this Article shall mean the financial statements that reflect the overall assets and liabilities, operational income and cash flow of the Bank and all sub-branches (subsidiaries) of the Bank.

**Article 12** The Bank shall comply with relevant laws, regulations, administrative rules and financial guidelines and policies of the state and accept the supervision and administration by the banking regulatory authorities under the State Council and its counterparts (“the banking regulatory authorities under the State Council”).

**Article 13** With the review and approval by the banking regulatory authorities under the State Council, the Bank may invest in other limited liability companies, joint-stock companies and other corporate bodies according to law and shall be liable to such invested corporate bodies to the extent of its investment amount or the shares subscribed for.

**Article 14** The organization of the Communist Party of China established by the Bank shall carry out the activities of the Communist Party of China in accordance with the regulations of the Constitution of the Communist Party of China and the Working Regulations of the Communist Party of China on the Grassroots Organization of State-owned Enterprises (Trial).

**Article 15** The employees of the Bank may establish a trade union to carry out trade union activities and protect the legal interests of the employees in accordance with the Trade Union Law of the People’s Republic of China.

**Article 16** The business operations of the Bank shall be based on the principles of safety, liquidity and efficiency. The Bank shall have separate accounting, make its own business decisions, take sole responsibility for its risks, assume sole responsibility for its own profits and losses and exercise self-restriction.

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

**Article 17** The business objectives of the Bank are to strictly comply with laws, administrative regulations and financial guidelines and policies of the state, enhance internal control, improve corporate governance, provide financial services for economic development, create good returns for all shareholders and promote economic development and social advancement.

**Article 18** As registered with the registration authorities and as approved by the banking regulatory authorities under the State Council and the People’s Bank of China, the business scope of the Bank shall include:

- (1) taking deposits from the public;
- (2) granting short-, medium- and long-term loans;
- (3) handling domestic and international settlement;
- (4) handling bills acceptance and discounting;
- (5) issuing financial bonds;

- (6) acting as agents in issuance, honoring and underwriting of government bonds;
- (7) trading government bonds and financial bonds;
- (8) engaging in inter-bank lending;
- (9) trading or agency trading of foreign exchange;
- (10) engaging in bank card business;
- (11) providing letter of credit services and guarantee;
- (12) acting as agent in the collection and payments and insurance business;
- (13) providing safe deposit box service;
- (14) providing settlement and sales of foreign exchange services;
- (15) providing RMB and foreign currency exchange business; and
- (16) engaging in other businesses approved by the banking regulatory authorities under the State Council.

### **CHAPTER III SHARES AND REGISTERED CAPITAL**

#### **Section 1 Issuance of Shares**

**Article 19** The Bank shall have ordinary shares at all times. Based on its needs and upon approval by the approval authorities authorized by the State Council, the Bank may create other classes of shares as required by applicable laws. In appropriate circumstances, the Bank shall ensure adequate voting rights for preference shareholders.

**Article 20** All shares issued by the Bank shall have par values, each with a par value of RMB1.00.

RMB as referred to in the preceding paragraph refers to the statutory currency of the PRC.

**Article 21** As approved by the banking regulatory authorities under the State Council and the securities regulatory authorities under the State Council, the Bank may issue its shares to both domestic and foreign investors.

Foreign investors as referred to in the preceding paragraph shall mean those investors from foreign countries, Hong Kong, Macau and Taiwan who subscribe for the issued shares of the Bank. Domestic investors shall mean those investors in the PRC, excluding the aforementioned regions, who subscribe for the issued shares of the Bank.

**Article 22** Shares issued by the Bank to domestic investors for subscription in RMB shall be referred to as domestic shares. Shares issued by the Bank to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. The foreign shares that are listed overseas shall be referred to as overseas listed foreign shares. Both holders of domestic shares and overseas listed foreign shares are ordinary shareholders.

Foreign currencies as referred to in the preceding paragraph shall mean the statutory currencies of other countries or regions, other than RMB, which are recognized by the foreign exchange authority of the State and can be used to pay the Bank for the subscription of shares.

The overseas listed foreign shares issued by the Bank and listed on the Hong Kong Stock Exchange shall be referred to as “H shares”. H shares are shares that have been permitted to be listed on the Hong Kong Stock Exchange and are subscribed for and traded in Hong Kong dollars, the par value of which is denominated in RMB.

Domestic shares issued by the Bank are centrally deposited with a depository institution in accordance with relevant requirements. H shares issued by the Bank are primarily put under custody of the Hong Kong securities registration and clearing companies and may also be held by shareholders in their own name.

As permitted by relevant laws, administrative regulations and departmental rules and approved by the banking regulatory authorities under the State Council, the securities regulatory authorities under the State Council and other relevant regulatory authorities, shareholders of the Bank may trade their unlisted shares on an overseas stock exchange. The aforesaid shares listed on or traded in an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the relevant overseas securities markets. Listing and trading of the aforesaid shares on an overseas stock exchange does not need to be voted at a class general meeting. If the domestic shares held by shareholders of the Bank are approved to be listed on or traded in an overseas stock exchange, the shares shall be converted into overseas listed foreign shares.

**Article 23** The Bank shall issue shares in a fair, just and open manner, and shares of the same class shall rank *pari passu* with each other.

All shares of the same class issued in the same tranche shall be issued under the same conditions and at the same price; any entity or individual shall pay the same price for each share subscribed.

**Article 24** The promoters consisted of state-owned shareholders, other corporate shareholders and natural person shareholders at the time of establishment of the Bank. The promoters subscribed for all 3,486,223,700 shares at the time of establishment of the Bank in the form of net assets and cash, representing 100% of the total issuable ordinary shares at the time of establishment of the Bank. Two former city commercial banks, as shareholders, subscribed for shares of the Bank with their net assets confirmed upon evaluation, with September 30, 2010 as the evaluation benchmark date, and other promoters subscribed for shares with monetary fund.



- Article 25** Upon approval by the approval authorities authorized by the State Council, the Bank issued a total number of 15,069,791,330 ordinary shares.
- The capital structure of the Bank is 15,069,791,330 ordinary shares, including 11,275,991,330 domestic shares, accounting for 74.8251% of the total ordinary shares issued by the Bank; and 3,793,800,000 H shares, accounting for 25.1749% of the total ordinary shares issued by the Bank.
- Article 26** Subject to the approval of the Bank's plan to issue overseas listed foreign shares and domestic shares by the securities regulatory authorities under the State Council, the Board of the Bank may arrange for implementation regarding the separate issuance of the shares.
- The plan of the Bank to issue overseas listed foreign shares and domestic shares in accordance with the preceding paragraph may be implemented separately within 15 months from the date of approval by the securities regulatory authorities under the State Council.
- Article 27** In the event that there are overseas listed foreign shares and domestic shares included in the total number of shares stated in the offering plan, such shares shall be fully subscribed for at their respective offerings. If no such full subscription is possible due to special circumstances, such shares may be issued in tranches subject to approval by the securities regulatory authorities under the State Council.
- Article 28** Based on its operation and development needs, in accordance with the laws and regulations and subject to the resolution at the general meeting and approval by the banking regulatory authorities under the State Council, the Bank may increase its capital pursuant to relevant provisions of the Articles of Association.
- The Bank may increase its capital by any of the following methods:
- (1) a public offering of shares;
  - (2) a private placement of shares;
  - (3) allotment of new shares to existing shareholders;
  - (4) distribution of new shares to existing shareholders;
  - (5) conversion of funds in the capital reserve to share capital; and
  - (6) any other means specified by laws and administrative regulations and approved by the relevant regulatory authorities.
- Upon approval according to the provisions of the Articles of Association, the Bank may increase its capital by issuing new shares in accordance with such procedures as provided for in relevant laws and administrative regulations of the state.

**Article 29** Save as otherwise specified in the laws, administrative regulations, and by the securities regulatory authorities in the place where the Bank's shares are listed, shares of the Bank may be transferred freely according to law, free and clear of any lien.

Transfer of shares of the Bank shall be registered with the local share registrar entrusted by the Bank.

Transfer of shares of the Bank shall comply with relevant regulations of the banking regulatory authorities under the State Council and other relevant regulatory authorities.

Any entity's or individual's purchase of more than 5% of the total shares of a commercial bank shall be subject to prior approval of the banking regulatory authorities under the State Council.

## **Section 2 Capital Reduction and Share Repurchase**

**Article 30** The Bank may reduce its registered capital according to the provisions in the Articles of Association and upon approval by the relevant competent authorities of the State. The Bank shall reduce its registered capital pursuant to the Company Law, the Commercial Banking Law and other relevant regulations as well as procedures stipulated in the Articles of Association. The Bank shall prepare a balance sheet and an inventory of assets when it reduces its registered capital. The Bank shall notify its creditors within ten days following the resolution approving to reduce the registered capital and shall publish the same in the newspaper within thirty days. The creditors shall be entitled to request the Bank to pay their debts or provide corresponding guarantee within thirty days of receiving the notice, or within forty-five days from the date of the announcement for those who have not received the notice.

The registered share capital of the Bank following the reduction of capital shall not fall below the minimum threshold as required in the Company Law, the Commercial Banking Law and by the banking regulatory authorities under the State Council.

**Article 31** As adopted through the procedures stated in the Articles of Association of the Bank and approved by the banking regulatory authorities under the State Council, the Bank may repurchase its shares in the following circumstances:

- (1) reducing the registered capital;
- (2) merging with other companies holding shares in the Bank;
- (3) granting shares to employees of the Bank as a reward;
- (4) any requests for the Bank to buy out shares from the shareholders who voted against the resolutions adopted at a general meeting to merge or divide the Bank; and



- (5) using the shares for corporate bonds issued by the Bank to convert them to stocks;
- (6) necessary acts by the Bank to protect its value while safeguarding the interests of shareholders;
- (7) any such other circumstances as permitted by the laws and administrative regulations.

Except for the circumstances as set above, the Bank shall not be engaged in any activities of buying and selling its own shares. The Bank shall comply with the laws, administrative regulations, rules, the rules governing the listing of securities on the stock exchange where its shares are listed and the Articles of Association in repurchasing the shares in issue.

**Article 32** With the approval of the relevant competent state authorities for repurchasing its shares, the Bank may conduct the repurchase in one of the following manners:

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

**Article 33** Purchase of the shares of the Bank for the sake of the reasons provided in Article 31 (1) to (3) of the Articles of Association shall be permitted by resolutions at the shareholders' general meeting. Shares repurchased by the Bank in accordance with the provision in Article 31 (1) shall be cancelled within 10 days from the date of repurchase, and shares repurchased by the Bank in accordance with the provision in Article 31 (2) and (4) shall be transferred or cancelled within six months; provided, however, that where the administrative regulations, department rules and the rules governing the listing of securities on the stock exchange in relation to cancellation of the shares provide otherwise, such provisions shall prevail.

The number of shares in the Bank to be purchased under the circumstance set out in Article 31 (3) shall not exceed 5% of the total issued shares of the Bank. The purchase of such shares shall be funded using after-tax profits of the Bank and the shares so purchased shall be transferred to the employees within one year.

**Article 34** A prior approval shall be obtained from a shareholders' general meeting in respect of any share repurchase by the Bank through an off – market agreement in accordance with the provisions of the Articles of Association. After the shareholders' general meeting has given its approval in the same way, the Bank may rescind or alter any contracts entered into in the said manner or waive any rights under such contracts.

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

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

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

**Article 35** After its own shares have been repurchased according to the law, the Bank shall cancel such portion of shares and apply to the original registration authorities for registration of changes in registered capital within the period of time as provided for in the laws and administrative regulations.

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

**Article 36** Unless the Bank is in liquidation, the Bank shall comply with the following requirements in respect of its repurchase of any of its outstanding shares:

- (1) Where the Bank repurchases its shares at par value, the payments shall be made from the book balance of the distributable profits of the Bank or from the proceeds of a new issuance of shares for that purpose;
- (2) Where the Bank repurchases its shares at a premium, payments up to the par value shall be made from the book balance of the distributable profits of the Bank or from the proceeds of a new issuance of shares for that purpose; payment of the portion in excess of the par value shall be made as follows:
  1. if the shares repurchased are issued at par value, payment shall be made from the book balance of the distributable profits of the Bank;
  2. if the shares repurchased are issued at a premium, payment shall be made from the book balance of the distributable profits of the Bank 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 premium account (or the capital reserve account) of the Bank during the repurchase (including the premium of issuance of new shares);
- (3) The Bank shall make the following payments from the distributable profits of the Bank:
  1. the payments for any acquisition of the rights to repurchase of the shares of the Bank;

2. the payments for any variation of any contracts to repurchase the shares of the Bank;
  3. the payments for the release from the obligations of the Bank under any repurchase contracts.
- (4) After the aggregate par value of the shares cancelled is deducted from the registered capital of the Bank according to the relevant regulations, the amount deducted from the distributable profits used for the repurchase of the shares at par value shall be credited to the premium account (or the capital reserve account) of the Bank.

If there are applicable provisions to the contrary regarding the financial treatment of the aforementioned share repurchases in the laws, administrative regulations and relevant regulations of the relevant regulatory authorities, those provisions shall prevail.

### **Section 3 Share Transfer**

**Article 37** The Bank shall not accept any shares of the Bank as the subject of a pledge.

**Article 38** The shares held by the promoters of the Bank shall not be transferred within one year from the date of the incorporation of the Bank in the form of a joint stock company. Shares issued prior to the Bank's public offering shall not be transferable within one year from the date on which the Bank's shares are listed on the stock exchange. Except as otherwise provided for in the laws, administrative regulations or by the securities regulatory authorities in the place where the shares are listed, fully paid shares of the Bank may be transferred freely according to law, and all fully paid H shares may be freely transferred in accordance with the Articles of Association; however, unless the following conditions are met, the Board may refuse to recognize any transfer documents for H shares without any reasons:

- (1) all transfer documents and other documents relating to or affecting the title to any registered securities shall be registered, and all fees for registration as stipulated by the Hong Kong Stock Exchange in the Hong Kong Listing Rules have been paid to the Bank, and the transfer documents of the registered shares and other documents relating to or affecting the title of any shares have been registered;
- (2) the transfer documents are only in relation to H shares;
- (3) the stamp duties required by the laws of Hong Kong to be payable for the transfer documents have been paid;
- (4) the relevant share certificates and any other evidence which the Board may reasonably require to show that the transferor has the right to transfer the shares shall be provided;

- (5) where the shares are intended to be transferred to joint holders, the number of such joint shareholders is no more than four; and
- (6) the shares are free and clear of any liens of the Bank.

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

#### **Article 39**

For the purpose of the transfer of all H shares, a document of transfer in the general or ordinary form or any other written form accepted by the Board of Directors shall be used (including the standard transfer form or transfer form prescribed by the Hong Kong Stock Exchange from time to time); the written transfer document may be executed by hand or (if the transferor or transferee is a company) affixed with the company chop. If the transferor or transferee is a recognized clearing house within the defined meaning of the relevant ordinances under the Hong Kong laws in force from time to time (hereinafter the “Recognized Clearing House”) or its agent, the written transfer document may be executed by hand or by machine print.

All transfer documents shall be deposited with the legal address of the Bank or such addresses as designated by the Board of Directors from time to time.

#### **Article 40**

The Directors, President and other senior management officers of the Bank shall report to the Bank their shareholdings and changes therein on a regular basis and shall not transfer more than 25% of the total number of shares held by them in each year during their office as determined upon their appointment. Shares of the Bank held by them are not transferable within one year from the date on which the Bank’s shares are listed on the stock exchange. The aforesaid person(s) shall not transfer the shares of the Bank held by them within six months commencing from the termination of their office.

Where relevant laws, administrative regulations, department rules and normative documents, the relevant regulations of the securities regulatory authorities in the place where the shares of the Bank are listed provide otherwise in respect of any transfer of any overseas listed shares, such regulations shall prevail.

#### **Article 41**

If the Directors, President and other senior management officers of the Bank, and shareholders holding more than 5% of the shares in the Bank transfer their shares within six months after buying the same or buy shares within six months after transferring the same, the earnings arising therefrom shall belong to the Bank and the Board of Directors of the Bank will recover such earnings. However, the restriction of six months shall not be applicable to any sale of shares by a securities company holding more than 5% of the shares in the Bank as a result of its underwriting and purchase of the untaken shares after offering.

If the Board of Directors of the Bank does not observe the provision in the preceding paragraph, the shareholders have the right to require the Board of Directors to execute the provision within thirty days. If the Board of Directors of the Bank fails to execute the provision within the aforesaid period, the shareholders have the right to directly initiate legal proceedings at the people's court in their own names for the benefit of the Bank.

If the Board of Directors of the Bank fails to enforce the provision of the preceding paragraph, the responsible Directors shall assume joint and several liability according to law.

#### **Section 4 Financial Assistance for the Purchase of Shares of the Bank**

**Article 42** The Bank shall not provide gifts, loans, guarantees, or other forms of financial assistance to others for the purpose of their acquisition of the Bank's shares, except in the case of the implementation of the Bank's employee shareholding scheme.

For the benefit of the Bank, upon the resolution of the shareholders' general meeting, or upon a resolution made by the Board of Directors in accordance with the Articles of Association or the authorization of the shareholders' general meeting, the Bank may provide financial assistance to others for the acquisition of the Bank's shares. However, the cumulative total amount of such financial assistance shall not exceed 10% of the total issued share capital. A resolution made by the Board of Directors shall be adopted with the approval of more than two-thirds of all the Directors.

#### **Section 5 Share Certificates and Register of Shareholders**

**Article 43** A share certificate issued by the Bank is the evidence of the shareholdings of such shareholders in the Bank. Share certificates of the Bank shall be in registered form.

The terms specified on the share certificates of the Bank shall, in addition to those provided in the Company Law, contain other items required to be specified by the stock exchange(s) on which the shares of the Bank are listed.

The Bank may issue overseas listed foreign shares in form of foreign depository receipts or other derivative means of shares in accordance with the laws and the practice of registration and depository of securities in the listing place.

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 individual holder delivers to such 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 and other requirements of the relevant laws, administrative regulations and the Articles of Association.
- (2) the purchaser of shares agrees with the Bank, each shareholder of the Bank, Directors and senior management, and the Bank (acting both for itself and for each Director and senior management) agrees with each shareholder to refer all disputes and claims arising from the Articles of Association 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 of Association, and any referral to an arbitration tribunal shall be deemed to authorize the tribunal to conduct an open hearing and to publish its findings. The findings of the arbitration 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.
- (4) the purchaser of shares authorizes the Bank to enter into a contract on its/his/her behalf with each Director and member of senior management whereby such Directors and senior management undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

**Article 44**

Where share capital of the Bank includes any shares without any voting rights, the wording “no voting rights” shall be indicated in such shares; where the share capital of the Bank includes any shares with different voting rights, the wording “restricted voting rights” or “limited voting rights” shall be indicated in the name of each such class of shares (other than the shares with the most preferential voting rights). The share certificates of the Bank shall be signed by the Chairman. Where the stock exchange on which the shares of the Bank are listed requires the share certificates to be signed by other senior management officers of the Bank, the share certificates shall also be signed by such other senior management officers of the Bank. The share certificates shall take effect after being affixed with the seal of the Bank or the printed seal of the Bank. The affixation of the seal of the Bank shall be authorized by the Board of Directors. The signatures by the Chairman or other senior management officers may be affixed in printed form.

**Article 45**

In the circumstance of paperless trading of the shares of the Bank, provisions provided by the securities regulatory authorities in the place where the Bank’s shares are listed shall apply.

**Article 46**

The Bank shall keep a register of holders of domestic shares according to the vouchers provided by the domestic securities registration authority. The Bank shall establish a register of holders of H shares in which the following particulars shall be recorded:

- (1) the name, address (domicile), occupation or nature of each shareholder;

- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable for the shares held by each shareholder;
- (4) the serial numbers of the shares 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 a shareholder's shareholding in the Bank.

**Article 47**

The Bank may, pursuant to any understanding or an agreement reached between the securities regulatory authorities under the State Council and overseas securities regulatory authorities, keep its register of shareholders of overseas listed foreign shares outside the PRC, and appoint an overseas agency to manage the same. The original of register of shareholders of H shares shall be kept in Hong Kong.

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

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

**Article 48**

The Bank shall keep a complete register of shareholders.

The register of shareholders shall comprise the following parts:

- (1) the register of shareholders kept at the Bank's domicile, other than those as described in items (2) and (3) of this Article;
- (2) the register of shareholders of overseas listed foreign shares of the Bank kept in the place of the overseas stock exchange where the shares are listed; and
- (3) the register of shareholders kept at such other places as the Board may consider necessary for the purpose of listing of the Bank's shares.

**Article 49**

The various parts of the register of shareholders shall not overlap one another. The transfer of any shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Any change or correction of any part of the register of shareholders shall be effected in accordance with the laws of the place where that part of the register of shareholders is kept.



**Article 50** Where the laws, administrative regulations, department rules and the securities regulators of the place where the shares of the Bank are listed provide for the closure period of register of members, the benchmark date set by the Bank for the purpose of distribution of dividends, such provisions shall apply.

**Article 51** Any person who objects to the register of shareholders and requests to have his/her name entered in or removed from the register may apply to a court of competent jurisdiction for rectification of the register.

**Article 52** Any shareholder who is registered in, or any person who requests to have his/her name entered in, the register of shareholders may, if his/her share certificates (the “original share certificates”) are lost, apply to the Bank for a replacement share certificate in respect of such shares (the “relevant shares”).

If a holder of domestic shares loses his/her share certificates and applies for their replacement, it shall be dealt with in accordance with the Company Law.

If a holder of overseas listed foreign shares loses his/her share certificates and applies for their replacements, it may be dealt with in accordance with the laws, the rules of the stock exchange or other relevant regulations of the place where the original register of shareholders of overseas listed foreign shares is kept.

If a holder of H shares loses his/her share certificates and applies for their replacement, the issuance of replacement share certificates shall comply with the following requirements:

- (1) The applicant shall submit to the Bank an application in a standard form specified by the Bank, together with a notarial certificate or statutory declaration containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificate and a declaration that no other person may request to be registered as a shareholder in respect of the relevant shares.
- (2) No declaration has been received by the Bank from any person other than the applicant for having his/her name registered as a holder of the relevant shares before the Bank came to a decision to issue the replacement share certificate.
- (3) The Bank shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers as designated by the Board. The announcement shall be made at least once every thirty days for a period of ninety days.
- (4) The Bank shall have, prior to the publication of its announcement of intention to issue a replacement share certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Bank may publish the announcement after receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the stock exchange for a period of ninety days.

In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the relevant shares, the Bank shall send by post to such registered shareholder a copy of the announcement to be published.

- (5) If, upon expiration of the 90-day period of announcement and exhibition referred to in items (3) and (4) of this Article, the Bank has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate to the applicant in accordance with his/her application.
- (6) Where the Bank issues a replacement share certificate under this Article, it shall forthwith cancel the original share certificate and enter such cancellation and replacement in the register of shareholders.
- (7) All expenses incurred by the Bank relating to the cancellation of the original share certificate and issuance of a replacement share certificate shall be borne by the applicant. The Bank shall be entitled to refuse to take any action until a reasonable security for such expenses is provided by the applicant.

If the Bank is authorized to issue warrant to the bearer, no new warrant shall be issued to replace the original one that has been lost, unless the Bank is satisfied without reasonable doubt that the original warrant has been destroyed.

**Article 53** Where the Bank issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he/she is a bona fide purchaser) shall not be removed from register of shareholders.

**Article 54** The Bank shall not be liable for any loss suffered by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Bank.

## **CHAPTER IV SHAREHOLDERS AND THE SHAREHOLDERS' GENERAL MEETING**

### **Section 1 Shareholders**

**Article 55** A shareholder of the Bank is a person who lawfully holds shares of the Bank and whose name is entered in the register of shareholders.

Shareholders of the Bank shall comply with the investment requirements of the relevant regulatory authorities such as the banking regulatory authorities under the State Council.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Different class shareholders of the Bank shall enjoy the same rights to any distributions by way of dividends or in any other forms.

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

- (1) the Bank may not register more than four persons as joint shareholders of any shares;
- (2) all joint holders of any shares shall assume the joint liability to pay for all amounts payable for the relevant shares;
- (3) in case one of the joint shareholders has deceased, only the surviving joint shareholders shall be deemed by the Bank to be such persons as having the ownership of the relevant shares. But the Board shall have the right to demand a death certificate of such shareholder which it deems appropriate for the purpose of altering the register of shareholders; and
- (4) for joint shareholders of any shares, only the joint shareholders whose names appear first in the register of shareholders are entitled to receive the certificate for the relevant shares from the Bank, receive the Bank's notices, and to attend and exercise all the voting rights at the general meetings of the Bank. Any notice served on the above persons shall be deemed to have been served on all joint shareholders of the relevant shares.

For the joint shareholders of any shares, if the Bank pays any of the joint shareholders for the allocation or distribution of any dividend, bonus or capital return payable to such joint shareholders, such payment shall be deemed as having paid all of the joint shareholders of relevant shares for the foregoing allocation or distribution.

**Article 56** Where the Bank convenes a general meeting, distributes dividends, undergoes liquidation or engages in any other act requiring the confirmation of shareholding of shareholders, the Board or the convener of the general meeting shall stipulate a date for shareholding registration, on which the shareholders whose names appear on the register of shareholders shall be the shareholders who are entitled to relevant interests.

**Article 57** Holders of the 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 request, convene, preside over and attend general meetings in person or by proxy according to law and exercise corresponding voting rights based on the number of the shares held by them;
- (3) to supervise and manage the business activities of the Bank, and to make suggestions and enquiries accordingly;

- (4) to transfer, bestow or pledge the shares held by them in accordance with the laws, administrative regulations and the Articles of Association;
- (5) to obtain relevant information in accordance with the laws, administrative regulations and regulations of the securities regulatory authorities in the place where the shares of the Bank are listed and the provisions of the Articles of Association, including:
  - 1. to obtain a copy of the Articles of Association after its cost has been paid;
  - 2. to access and copy the following documents after a reasonable fee has been paid:
    - (1) all parts of the register of shareholders;
    - (2) the personal information of Directors, President and other senior management officers of the Bank;
    - (3) status of the share capital of the Bank;
    - (4) 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;
    - (5) minutes of the general meetings;
    - (6) special resolutions of the Bank;
    - (7) the latest audited financial statements and the Board reports and auditor's reports;
    - (8) the copy of the latest annual report submitted to the industrial and commercial administration authorities or other competent authorities for files.

In accordance with the requirements of the Hong Kong Listing Rules, the Bank shall make the above documents (excluding item (2)) available for free inspection by the public and holders of H Shares at the domicile of the Bank in Hong Kong, of which the documents referred to in item (5) shall be available for inspection by shareholders only.

The resolutions of the Board meetings and counterfoils of corporate bonds shall be available for the inspection of the shareholders of the Bank.

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

The Bank may refuse to provide any documents if any such documents or the copies thereof requested involve any business secrets and price sensitive information of the Bank.

- (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 dissolution or liquidation of the Bank;
- (7) to request the Bank to buy out shares from such shareholders who voted against the resolutions adopted at a general meeting to merge or divide the Bank; and
- (8) to have other rights conferred in accordance with the laws, administrative regulations and the Articles of Association.

**Article 58** The Bank shall not exercise any power against any person who exercises any rights by virtue of any shares of the Bank but fails to disclose any of his/her direct or indirect interest in the Bank for the purpose of freezing or otherwise damaging any interest of such person as attached to shares.

Where a shareholder requests to review the relevant information referred to in the preceding clause or demand any information, such shareholder shall provide written document to prove the class and number of the shares he holds in the Bank and the Bank shall make available such information required by the shareholder after the shareholding of such shareholder has been proved.

**Article 59** A shareholder is entitled to require the cessation of encroachment and compensation for losses as stipulated by laws, administrative regulations and the Articles of Association if his/her legal rights and interests are encroached.

**Article 60** If the content of a resolution of the general meeting or the Board violates any law or administrative regulation, the shareholder shall have the right to file a petition to a people's court to invalidate the resolution. The provision for disputes settlement in the Articles of Association shall be applicable to disputes involving the holders of foreign shares.

If the convening procedure or voting method of a shareholders' general meeting or Board meeting violates any law, administrative regulation or the Articles of Association, or the contents of a resolution breaches the Articles of Association, the shareholder shall have the right to file a petition to a people's court to revoke such resolution within 60 days from the date on which the resolution is approved. The provision for disputes settlement in the Articles of Association shall be applicable to disputes involving the holders of foreign shares

**Article 61** If a Director, President or other senior management officer of the Bank, other than members of the Audit Committee under the Board, violates any law or administrative regulation or the Articles of Association in performing his/her duties, causing losses to the Bank, shareholders holding 1% or more of the shares in the Bank, either individually or collectively, for 180 or more consecutive days shall have the right to request the Audit Committee under the Board in writing to institute a legal action in a people's court; if a member of the Audit

Committee under the Board violates any law or administrative regulation or the Articles of Association in performing his/her duties, causing losses to the Bank, such shareholders may request the Board in writing to institute a legal action in a people's court (where holders of foreign shares are involved, the provisions of the Articles of Association concerning settlement of disputes shall apply).

If the Board or the Audit Committee under the Board refuses to institute a legal action upon receipt of the written request from the shareholders, or fails to do so within 30 days from the date of receipt of the written request, or if the circumstances are urgent and failure to promptly institute a legal action would cause irreparable harm, the shareholders mentioned in the preceding paragraph shall have the right to institute a legal action in a people's court in their own names for the interests of the Bank (where holders of foreign shares are involved, the provisions of the Articles of Association concerning settlement of disputes shall apply).

In the event that a third party infringes upon the legal rights and interests of the Bank, thereby causing the Bank to sustain a loss, the shareholders, as specified in the first paragraph of this Article, may institute a legal action in a people's court pursuant to the first two paragraphs hereinabove in this Article (where holders of foreign shares are involved, the provisions of the Articles of Association concerning settlement of disputes shall apply).

**Article 62** If any Director, President or other senior management officer violates laws, administrative regulations or the Articles of Association, thereby impairing any interest of the shareholders, the shareholders may institute legal proceedings to the people's court (where holders of foreign shares are involved, the provisions of the Articles of Association concerning settlement of disputes shall apply).

**Article 63** The shareholders holding the ordinary shares of the Bank shall have the following obligations:

- (1) to abide by laws, administrative regulations, regulatory requirements and the Articles of Association;
- (2) to pay the share capital as determined by the number of the share they subscribe for and the prescribed method of capital contribution, to pay the share capital with their self-owned funds of legitimate source, rather than entrusted funds, debt funds and other funds not owned by themselves, unless otherwise prescribed by laws and regulations or regulatory system;
- (3) to be liable for the Bank to the extent of the number of the shares they subscribe for;
- (4) not to make divestment unless in the circumstances stipulated by laws and administrative regulations;



- (5) for shareholders, especially substantial shareholders, to support the Board of the Bank in developing a rational capital plan to ensure that the capital of the Bank continuously meets the regulatory requirements. When the capital of the Bank fails to meet the regulatory requirements, a plan of capital replenishment shall be developed to cause its capital adequacy ratio to meet the regulatory requirements during a certain period of time, and its capital may be supplemented by means such as increasing its core capital. Substantial shareholders shall not impede additional capital contributed to the Bank by other shareholders or introduction of eligible new shareholders into the Bank. The substantial shareholders shall replenish the Bank with capital when necessary;
- (6) to report to the Board of the Bank the information on its related enterprises, their relationship with other shareholders and their shareholdings in other PRC commercial banks in a timely, complete and true manner;
- (7) not to impair the legitimate interests of the Bank or other shareholders by abusing their rights as shareholders; not to abuse the Bank's status as an independent legal person or shareholders' limited liabilities to impair the interests of the creditors of the Bank; shareholders of the Bank who abuse their shareholders' rights and thereby cause loss on the Bank or other shareholders shall be liable for loss compensation according to law;

Where shareholders of the Bank abuse the Bank's status as an independent legal person and shareholders' limited liabilities for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Bank, such shareholders shall be jointly and severally liable for the debts owed by the Bank;

- (8) shareholders and their controlling shareholders and de facto controllers shall not to seek improper advantages, interfere with the decision-making and management rights conferred to the Board, President and other senior management officers by the Articles of Association, nor directly intervene in the operations and management of the Bank by bypassing the Board, President and other senior management officers;
- (9) no such rights of a shareholder as requesting to convene a general meeting, voting, nominating, proposing resolutions, or disposing may be exercised unless and until approved by regulatory authorities (where such approval is required) or reporting to regulatory authorities;
- (10) a shareholder's shareholding ratio and the number of institutions holding the shares shall be in compliance with regulatory requirements, and a shareholder shall not authorize others or accept any authorization from others to hold the shares of the Bank;
- (11) to notify the Bank truthfully of their financial information, shareholding structure, capital contribution source, controlling shareholder, de facto controller, related parties, parties acting in concert, ultimate beneficiary, investment in other financial institutions and other information in accordance with laws and regulations and regulatory requirements;



- (12) where the controlling shareholder, de facto controller, related parties, parties acting in concert and ultimate beneficiary of a shareholder change(s), the relevant shareholder shall notify the Bank of such change(s) in writing in a timely manner in accordance with laws and regulations and regulatory requirements;
- (13) where a shareholder engages in any merger or division, is ordered to suspend operation, or is appointed a receiver, or is taken over, subject to revocation or other measures or in the process of dissolution, liquidation or bankruptcy, or his/her/its legal representative, company name, business place, business scope and other major matters change(s), the relevant shareholder shall notify the Bank of such information in writing in a timely manner in accordance with laws and regulations and regulatory requirements;
- (14) where the shares held by a shareholder in the Bank are involved in litigation, arbitration, subject to legal enforcement actions by judicial authorities, or such shares are pledged or released pledges, the relevant shareholder shall notify the Bank of such information in writing in a timely manner in accordance with laws and regulations and regulatory requirements;
- (15) where a shareholder transfers, pledges the shares held by him/her/it in the Bank, or conducts related party transactions with the Bank, the relevant shareholder shall comply with laws and regulations and regulatory requirements, and shall in no ways impair the interests of other shareholders and the Bank;
- (16) in case a risk event or serious illegal behavior occurs in the Bank, the shareholders shall cooperate with regulatory bodies in conducting investigation and risk disposal;
- (17) other obligations for shareholders as required by the laws and regulations, regulatory requirement and the Articles of Association.

For shareholders who have made false statements, abused shareholders' rights or had other acts that jeopardize the interests of the Bank, the banking regulatory authorities under the State Council or its local offices may restrict or prohibit such shareholders from conducting related party transactions with the Bank, restrict their shareholding percentage in the Bank and the proportion of equity pledge, etc., and may restrict their rights to request to convene a shareholders' general meeting, to vote, to nominate, to propose resolutions, to dispose, etc.

Substantial shareholders shall make long-term commitments in writing on contribution of additional capital to the Bank, when necessary, as a part of the capital plan of the Bank. Shareholders shall not be liable for making any additional contribution to the share capital of the Bank other than according to the conditions agreed by the subscribers of the shares at the time of subscription.

**Article 64** Where the persons nominated by the shareholders or their related persons for Directors act as Directors, such shareholders shall not nominate any other candidate for Directors before the expiry of the office of the persons nominated by them; in principle, the Directors nominated by the shareholders or their related persons shall not exceed one third of the members of the Board of Directors. The nomination of any Director candidate by the shareholder shall be subject to relevant stipulations of the Bank for nomination and election of a Director.

**Article 65** Where the credit extended by the Bank to a substantial shareholder is overdue, his/her/its voting rights shall be restricted at the general meetings, and the voting rights of the directors nominated or designated by him/her/it shall be restricted at the Board meetings. Where the credit extended by the Bank to other shareholders is overdue, the Bank shall restrict their relevant rights based on the actual situation.

**Article 66** Where a shareholder holding more than 5% of voting shares of the Bank pledges any of his/her shares, he/she shall report the same to the Bank in writing on the day on which he/she pledges his/her shares.

Where a Shareholder pledges any of his/her shares of the Bank as guarantee for himself/herself or others, he/she shall strictly comply with the requirements of laws, regulations and regulatory authorities, and inform the Board of the Bank in advance. The office of the Board shall be responsible for such daily work as the collection, sorting out and submission of any information in relation to any pledge of shares of the Bank.

Where a shareholder, who serves on the Board, or directly, indirectly, or jointly holds or controls more than 2% of the shares or voting rights in the Bank pledges any shares in the Bank, such shareholder shall make a prior application to the Board of the Bank for filing, with such explanation as the reason for the pledge, the number of equity involved, the pledge term and the pledgee. Where the Board considers the pledge to be materially adverse to the stability of the Bank's equity, governance as well as the control of risk and related party transactions, the filing shall be rejected. The Director(s) nominated by a shareholder proposing to pledge the shares shall abstain from voting at the Board meeting at which such proposal is considered.

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

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

If a Shareholder pledges 50% or more of his/her equity interests in the Bank, the voting rights of such Shareholder at the general meeting, as well as the voting rights of the Director(s) nominated by such Shareholder and elected at the general meeting at the Board meeting shall not be exercised. The Bank shall state the foregoing in the relevant minutes of the meetings.

- Article 67** The Bank shall not provide financing guarantee for shareholders and their related enterprises unless shareholders provide counter-guarantee for the Bank by bank deposit receipts or treasury bonds.
- Article 68** Shareholders that have borrowed money from the Bank shall immediately repay mature loans and prepay immature loans when the Bank faces difficulties in meeting the statutory liquidity standard.
- Article 69** In addition to the obligations required under the laws, administrative regulations or the listing rules of the place where the Bank's shares are listed, when exercising his/her rights as a shareholder, a controlling shareholder of the Bank shall not exercise his/her voting rights and make decisions on the following issues which are detrimental to the interests of all or some of the shareholders:
- (1) relieving a Director of his/her responsibility to act in good faith and in the best interests of the Bank;
  - (2) approving a Director (for his/her own sake or for the benefit of others) in depriving the Bank of its assets in any form, including but not limited to any opportunities advantageous to the Bank; and
  - (3) approving a Director (for his/her own sake 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 the restructuring of the Bank submitted to and adopted at the general meeting in accordance with the Articles of Association.

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

- Article 70** The general meeting, as the organ of authority of the Bank, shall have the following duties and powers in accordance with laws:
- (1) to decide on the business policies and major investment plans of the Bank;
  - (2) to elect and replace non-employee representative Directors, and decide on the remuneration of relevant Directors;
  - (3) to consider and approve reports of the Board;
  - (4) to consider and approve the annual financial budgets and the final accounts of the Bank;
  - (5) to consider and approve the profit distribution plans and loss recovery plans of the Bank;
  - (6) to pass resolutions on any increase or reduction of the Bank's registered capital;
  - (7) to pass resolutions on the issuance of the corporate bonds or other securities and listing of the Bank;

- (8) to consider and approve or authorize the Board to consider and approve the external investment, asset transfer, assignment, acquisition and disposal plans of the Bank;
- (9) to pass resolutions on repurchase of the Bank's shares;
- (10) to pass resolutions on the merger, division, dissolution, liquidation or transformation of the Bank;
- (11) to consider the report of evaluation on the Directors and senior management officers;
- (12) to consider the temporary proposals of shareholders representing more than 1% of the total shares with voting rights of the Bank;
- (13) to consider non-exempt connected transactions needed to be approved by the general meeting;
- (14) to amend the Articles of Association, consider and approve or amend the rules of procedure for general meetings, and rules of procedure for Board meetings;
- (15) to pass resolutions on appointment or dismissal of the Bank's accounting firm;
- (16) to consider and approve matters relating to the guarantees stipulated in Article 71 of the Articles of Association;
- (17) to consider the Bank's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest total audited assets of the Bank;
- (18) to consider and approve matters relating to the changes in the use of proceeds;
- (19) to consider the equity incentive schemes and employee shareholding schemes;
- (20) to consider other matters as determined by the general meeting in accordance with the laws, administrative regulations and the Articles of Association.

The aforesaid matters within the scope of powers of the general meeting shall be considered and approved by the general meeting; however, when necessary, reasonable and lawful, the general meeting may authorize the Board to decide. The authorization shall be clear and specific in content. Where the matters authorized shall be adopted at a general meeting by an ordinary resolution as required by the Articles of Association, the authorization given to the Board shall be adopted by more than half of the attending shareholders (including shareholder proxies) having voting rights; if the matters authorized shall be adopted at a general

meeting by a special resolution as required by the Articles of Association, the authorization given to the Board shall be adopted by more than two thirds of the attending shareholders (including shareholder proxies) having voting rights.

**Article 71** The following external guarantees provided by the Bank shall be considered and approved by the general meeting:

- (1) any external guarantee to be provided after the aggregate amount of the external guarantees already provided by the Bank and its holding subsidiaries (subsidiary banks) reaches or exceeds 50% of their latest audited net assets;
- (2) any external guarantee to be provided after the aggregate amount of the external guarantees already provided by the Bank reaches or exceeds 30% of its latest audited total assets;
- (3) any guarantee provided to a recipient whose asset-liability ratio is over 70%;
- (4) any single guarantee whose amount exceeds 10% of the latest audited net assets; and
- (5) any guarantee provided to shareholders, de facto controllers and their related parties.

**Article 72** General meetings consist of annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and shall be held within six months of the date of the previous financial year.

In the event that the Bank is unable to convene annual general meeting within the aforesaid period for any reason, the Board shall report to the banking regulatory authorities under the State Council and explain the reasons for the postponement.

Relevant information on convening of general meeting of the Bank shall be reported to regulatory bodies in a timely manner.

**Article 73** The Bank shall hold an extraordinary general meeting within two months from the date of the occurrence of any of the following events:

- (1) the number of Directors falls below the minimum required by the Company Law or is less than 2/3 of the total number of Directors required by the Articles of Association;
- (2) the outstanding losses of the Bank has reached one third of the total amount of the total share capital;
- (3) the shareholders who individually or jointly hold more than 10% of the total voting rights shares (the “Proposal Shareholders”) have requested in writing to convene such a meeting;
- (4) when the Board deems it necessary to convene such a meeting;

- (5) when the Audit Committee under the Board proposes to convene;
- (6) when one-half or more, and no fewer than two, independent directors propose to convene a meeting;
- (7) in any other circumstances as provided for in the laws, administrative regulations or the Articles of Association.

Regarding the circumstance in item (2) above, the time limit for convening an extraordinary general meeting shall start from the date when the Bank becomes aware of the occurrence of the circumstance.

The number of shares mentioned in item (3) above shall be the shares held on the day when the written request is made by the shareholder(s).

**Article 74** The venue for the Bank to hold a general meeting shall be the domicile of the Bank or other places specified in the notice of the general meeting.

General meetings shall be held onsite at the venue. The Bank may also facilitate shareholder participation in the meeting, including speaking and voting, through various means and channels, including modern information technologies such as the internet, provided that the legality and validity of the general meeting are ensured. Shareholders participating in the general meetings by any aforesaid means shall be deemed as having attended the meetings.

**Article 75** In convening a general meeting, the Bank shall engage a lawyer to witness the general meeting, provide legal opinions on the following issues and publish an announcement according to the rules of the place where the Bank's shares are listed:

- (1) whether the procedures relating to the convening and holding of such meeting comply with the laws, administrative regulations and the Articles of Association;
- (2) whether the qualifications of the attendees and the convener are lawful and valid;
- (3) whether the voting procedures and results of the meeting are lawful and valid;
- (4) legal opinions issued on other related matters as requested.

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

**Article 76** An extraordinary general meeting may be held upon proposal by more than half of the independent Directors (in the event that the Bank has less than three independent Directors, then upon the unanimous proposal by the two independent Directors) to the Board. Regarding the proposal by the independent Directors to convene an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene such an extraordinary general

meeting within ten days after receiving the proposal. Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of such meeting within five days after it has so resolved. Where the Board does not agree to convene the extraordinary general meeting, it shall give the reasons and publish an announcement.

#### **Article 77**

The Audit Committee under the Board shall have the right to propose to the Board to convene an extraordinary general meeting, and shall make such proposal in writing to the Board. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene such an extraordinary general meeting within ten days after receiving the proposal.

Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of such meeting within five days after it has so resolved. In the event of any change to the original proposal in the notice, the consent of the Audit Committee under the Board shall be obtained.

Where the Board does not agree to convene the extraordinary general meeting or fails to give a written reply within ten days after receiving the proposal, the Board shall be deemed as unable to or failing to perform the duty of convening the extraordinary general meeting, and the Audit Committee under the Board may convene and preside over the meeting by itself.

#### **Article 78**

The Proposal Shareholders shall act in compliance with the following procedures when they make a request to convene an extraordinary general meeting or a class meeting:

- (1) The Proposal Shareholders shall sign one or more counterpart requisitions in writing requiring the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the objectives of the meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten days after receiving the proposal. The above mentioned number of shares held shall be calculated as of the date of requisitions in writing made by the shareholders.

Where the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice for convening such a meeting within five days after the resolution of the Board of Directors is passed. In the event of any change to the original proposal in the notice, the consent of the related shareholders shall be obtained.

- (2) Where the Board of Directors does not agree to convene the extraordinary general meeting, or fails to give its response within ten days after receiving the proposal, the Proposal Shareholders shall have the right to propose to the Audit Committee under the Board to convene an extraordinary general meeting and this proposal shall be made to the Audit Committee under the Board in writing.



Where the Audit Committee under the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice for convening such meetings within five days after receiving the proposal. In the event of any change to the original proposal in the notice, the consent of the related shareholders shall be obtained.

Where the Audit Committee under the Board of Directors fails to issue the notice of extraordinary general meeting within a prescribed period, the Audit Committee under the Board of Directors shall be deemed as refusing to convene and preside over such meeting. Shareholders who individually or jointly hold more than 10% of the total shares with voting rights in the Bank for more than ninety successive days (the “Convening Shareholders”) may convene and preside over such meeting on their own initiative.

Where the Board fails to respond to the request of the shareholder to hold a meeting, any reasonable expenses incurred by the shareholder to convene and preside over such meeting shall be borne by the Bank and deducted from any sums owing by the Bank to the Directors who have defaulted on their duties.

#### **Article 79**

If either the Audit Committee under the Board of Directors or shareholders propose to convene a general meeting on their own initiatives, the Board of Directors shall be informed in writing and the relevant documents shall be filed with the local banking regulatory authorities under the State Council in the place where the Bank is situated. A notice for convening an extraordinary general meeting shall be issued and its content shall comply with the following requirements:

- (1) no new contents shall be added to the proposal otherwise, the Convening Shareholders shall make request to the Board of Directors for convening of such a meeting in accordance with the above procedures; and
- (2) the venue for the meeting shall be the domicile of the Bank.

For the general meeting convened and presided over by shareholders on their own initiatives, the shareholding proportion of the Convening Shareholders before the announcement of the resolutions passed at the general meeting shall not be less than 10% of the total shares with voting rights.

The Audit Committee under the Board of Directors or convening shareholders shall submit the relevant evidentiary materials to the local banking regulatory authorities under the State Council in the jurisdiction in which the Bank is situated upon the issuance of the notice of a general meeting or the announcement of the resolution of a general meeting.

#### **Article 80**

With respect to a shareholders’ general meeting convened by the Audit Committee under the Board of Directors or the shareholders on their own initiative, the Board of Directors and the secretary to the Board of Directors shall cooperate. The Board of Directors shall offer the register of shareholders as at the share registration date.

**Article 81** Necessary costs arising out of a shareholders' general meeting convened by the Audit Committee under the Board of Directors or the shareholders on their own initiative shall be borne by the Bank.

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

**Article 82** The proposals of shareholders' general meetings are specific proposals made for matters to be discussed at shareholders' general meetings, shareholders' general meetings shall resolve for specific proposals.

The proposals of shareholders' general meetings shall comply with the following conditions:

- (1) the proposals shall be within the scope of authority of the shareholders' general meeting;
- (2) the proposals shall be in compliance with the provisions of the laws and regulations and the Articles of Association;
- (3) the proposals shall cover specific topics for discussions and specific issues to be resolved; and
- (4) the proposals shall be submitted or presented to the Board in writing.

**Article 83** When the Bank convenes shareholders' general meetings, the Board of Directors, the Audit Committee under the Board of Directors and the shareholders who individually or jointly hold a total of more than 1% of the shares with voting rights of the Bank shall be entitled to submit their proposals in writing to the Bank. The Bank shall include matters in the proposals which are within the scope of responsibilities of the shareholders' general meeting into the agenda.

Shareholders who individually or jointly hold a total of more than 1% of the shares with voting rights of the Bank may submit provisional proposals to the conveners in writing ten days prior to the date of the shareholders' general meeting or the deadline for the issuance of the supplementary notice and/or supplementary circular of the shareholders' general meeting as required by the Hong Kong Listing Rules, whichever is earlier. The conveners shall issue a supplemental notice setting out the content of the provisional proposals within two days of receiving the proposals.

Except for the circumstances provided in the paragraph above, the conveners shall not amend the proposals set out in the notice of general meetings or add any new proposals to the notice after the announcement of the notice has been issued.

The Board of the Bank shall consider the proposals submitted to a shareholders' general meeting in the best interests of the Bank and shareholders in accordance with the provisions of Article 82 of the Articles. The Board shall give an explanation at the shareholders' general meeting in respect of the proposals submitted to the shareholders' general meeting that it has decided not to include in the meeting agenda.

Proposals which have not been set out in the notice of a shareholders' general meeting or which are not in compliance with Article 82 of the Articles shall not be voted on and resolved at a shareholders' general meeting.

**Article 84** When convening a shareholders' general meeting, the convener shall inform the shareholders by way of announcement 20 days prior to an annual general meeting and 15 days prior to an extraordinary general meeting.

When calculating the starting date, the date of the meeting shall be excluded.

**Article 85** The notice of a general meeting shall:

- (1) be made in writing;
- (2) contain the date, time, venue and duration of the meeting;
- (3) describe the matters and proposals to be considered at the meeting;
- (4) specify the shareholders entitled to attend the general meeting and their shareholding registration date;
- (5) provide shareholders with such information and explanation as necessary for them to make informed decisions in respect of the matters to be discussed; this means (but not limited to): when any merger, share repurchase, share capital restructuring or any other restructuring proposal raised by the Bank is involved, the detailed conditions and contract (if any) for the contemplated transactions and explanations as to the cause and effect of such contemplated transactions shall be provided;
- (6) if any of the Directors, the President and other senior management officers have any material interest in the matters to be discussed, the nature and extent of such interest shall be disclosed; if the matters to be discussed have an effect on such Directors, the President and other senior management officers as the shareholders different from the effect on the shareholders of the class, an explanation shall be made in respect of such difference;
- (7) contain the full text of any of the special resolutions intended to be adopted at the meeting;
- (8) specify the time and venue for delivering the power of attorney for the voting proxy for the meeting;
- (9) contain a template of the power of attorney for the voting proxy for the meeting;
- (10) contain a clear statement that a shareholder entitled to attend and vote at such a meeting is entitled to appoint one or more proxies to attend and vote at such a meeting on his/her behalf and that such a proxy needs not to be a shareholder;

- (11) contain the name and telephone number of the contact person for the meeting;
- (12) set out the date of issuing the notice of the meeting; and
- (13) meet other requirements of the laws, administrative regulations, relevant regulatory authorities and the Articles of Association.

Where a general meeting is to be convened via the internet or in any other manner, the notice of the general meeting shall clearly state the time and procedure of voting via the internet or any other manner.

#### **Article 86**

The list of candidates for Directors of the Bank shall be submitted to a shareholders' general meeting for consideration in a form of proposal. The ways and procedures for nomination of Directors shall be as follows:

- (1) in the election for changing term of the Board of Directors, the list of candidates for Directors shall be proposed by the Nomination and Remuneration Committee under the Board of Directors according to the number of Directors to be elected, and the number shall be within the scope of the number as provided for in the Articles of Association. The list of candidates for Directors may also be proposed to the Board of Directors by shareholders who individually or jointly hold more than 1% of the Bank's total shares with voting rights;
- (2) the Nomination and Remuneration Committee under the Board of Directors conducts a preliminary examination on the qualifications and conditions of the candidates for Directors and submit the list of qualified candidates to the Board of Directors for consideration; after consideration and approval by the Board of Directors, the list of candidates for Directors shall be submitted as a written proposal to the general meeting;
- (3) before the general meeting is held, the candidates for Directors shall undertake in writing to accept the nomination and guarantee that the information disclosed publicly about them is true and complete and they shall duly perform their duties as Directors after they have been elected;
- (4) before the general meeting is held, the Board of Directors shall disclose to shareholders the detailed information about the candidates for Directors in accordance with the laws and regulations and the Articles of Association so as to ensure that the shareholders have a complete knowledge of the candidates at the time of voting;
- (5) each candidate for Directors shall be voted on separately at the general meeting; and

- (6) in the event of temporary addition or replacement of Directors, the Nomination and Remuneration Committee under the Board of Directors or shareholders qualified for nomination shall propose a list of candidates and submit it to the Board of Directors for consideration, and to the general meeting for election or replacement.

**Article 87**

If the election of Directors is proposed to be discussed at a general meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for Directors, in which the information shall at least include:

- (1) personal particulars, including educational background, work experience, and concurrent positions;
- (2) whether they have any related party relationship with the Bank, its controlling shareholders and de facto controllers;
- (3) the number of shares in the Bank held by them; and
- (4) whether they have been punished by the banking regulatory authorities under the State Council or securities regulators under the State Council.

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

**Article 88**

The notice of the shareholders' general meeting shall be given to Shareholders (whether or not such Shareholder is entitled to vote at the general meeting) by way of announcement, by post or in a manner permitted by the relevant stock exchange or regulatory body where the Bank's shares are listed.

**Article 89**

The accidental omission to serve the notice of meeting to, or the non-receipt of the notice of meeting by, any person entitled to receive the notice shall not invalidate the meeting and the resolutions adopted at the meeting.

**Article 90**

After the notice of general meeting is issued, the same meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons at least two workdays prior to the date on which the meeting is originally scheduled.

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

**Article 91**

The Board of the Bank and other conveners shall take necessary measures to ensure the proper order of the general meeting. The Board and other conveners shall take measures to stop any act disturbing the general meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall report such act to the relevant authority for investigation and treatment in a timely manner.

**Article 92**

All the shareholders or their proxies in the register of members on the date of registration of the shares shall be entitled to attend the general meeting and exercise their voting rights according to relevant laws, administrative regulations and the Articles of Association.

Shareholders entitled to attend and vote at a general meeting may attend the meeting in person or appoint one or more persons (who need not to be a shareholder or shareholders) as their proxy or proxies to attend and vote on their behalf. Shareholders shall appoint their proxies in writing. The principals or their proxies duly authorized in writing shall sign the power of attorney. Where the principal is a legal person, the power of attorney shall bear its seal or be signed by its Director or a proxy or others duly appointed.

A proxy so appointed shall exercise the following rights pursuant to the authorization by such shareholder:

- (1) to exercise the shareholder's right to speak at the general meeting;
- (2) to severally or jointly request to vote by ballot; and
- (3) to exercise the right to vote by a show of hand or ballot. Where there is more than one proxy so appointed, the said proxies shall be only able to exercise the right to vote by ballot.

**Article 93**

Shareholders being individuals and attending the meeting shall present their valid personal identity cards, or other valid identity documents or proof, and share certificates; proxies attending the meeting shall present their valid personal identity cards, the powers of attorney and the share certificates of the principals.

Corporate shareholders attending the meeting shall be represented by their legal representatives or proxies appointed by the legal representatives. Legal representatives attending the meeting shall present their valid personal identity cards, or valid documents that can prove their identities as legal representatives, and share certificates; proxies authorized to attend the meeting shall present their valid personal identity cards, the powers of attorney lawfully issued by the corporate shareholders and legal representatives, and the share certificates.

**Article 94**

The power of attorney shall clearly state the following:

- (1) the name(s) of the proxy(ies);
- (2) the number of shares of the principal represented by such proxy(ies);
- (3) whether the proxy(ies) has/have the right to vote;
- (4) the principal's instructions to vote for, against or abstain from voting on each of the items in the agenda of the general meeting;
- (5) whether the proxy(ies) has/have the voting right in respect of any temporary proposal which might be included in the agenda; if any, the specific instructions to vote;

- (6) the signing date and the valid period of the power of attorney; and
- (7) signature (or seal) of the principal. For powers of attorney from corporate shareholders, the seal of the corporate entity shall be affixed.

Any form delivered to a shareholder by the Board of the Bank for appointing a proxy shall entitle the shareholder to instruct the proxy(ies) to vote for, against or abstain from voting in respect of each resolution to be voted at the meeting. Such power of attorney shall specify whether the proxy(ies) may vote as he/she thinks fit in the absence of instructions by the shareholder.

The power of attorney shall be deposited at the domicile of the Bank or such other place as specified in the notice of the meeting at least twenty-four hours prior to the meeting at which the proxy is authorized to vote or twenty-four hours before the scheduled voting time.

Where such a power of attorney for voting is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the power of attorney for voting, be deposited at the domicile of the Bank or such other place as specified in the notice of the meeting.

Where the principal is a legal person, its legal representative or a person authorized by its Board or other decision-making body upon resolution shall attend the general meeting of the Bank.

If the shareholder is a recognized clearing house or its nominee, as defined in Securities and Futures Ordinance of Hong Kong (Cap. 571 of the laws of Hong Kong), such shareholder may authorize more than one person it thinks fit to act as its proxies at any general meeting or any class meeting; however, if two persons or more are authorized, the power of attorney shall specify the number and class of the shares with respect to each of such persons so authorized. The power of attorney shall be executed by a person authorized by such recognized clearing house. The person so authorized may attend the meeting and exercise rights on behalf of such recognized clearing house (or its nominee) (without presenting any share certificate, notarized power of attorney and/or further proof to verify that the person has been duly authorized) as if such person were a natural-person shareholder of the Bank.

**Article 95** If the principal has passed away, lost the ability to act, withdrawn the appointment, withdrawn the authorization of the signed power of attorney or has transferred his/her shares prior to the 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(ies) in accordance with the power of attorney shall remain valid.

**Article 96** A sign-in book for meeting attendance shall be prepared by the Bank. The sign-in book shall set forth the names of attendees (or the attending units), their identity card numbers, residential addresses, number of shares held or represented, numbers of the share certificates, and names of the principals (or the principal units), etc.



- Article 97** The convener and the lawyers engaged by the Bank shall verify the legitimacy of shareholders' qualifications based on the Bank's register of members provided by a securities registration and clearing institution, and shall record the names of shareholders and the number of voting shares held by them. 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 held or represented by them.
- Article 98** The Bank's Directors and secretary to the Board shall attend general meetings, and the President and other senior management officers shall be present at the meetings without voting rights.
- Article 99** A general meeting convened by the Board in accordance with the laws shall be chaired and presided over by the chairman of the Board. Where the chairman of the Board is unable or fails to perform his/her duties, a Director nominated by more than half of the Directors shall preside over such meeting.
- A general meeting convened by the Audit Committee under the Board shall be chaired and presided over by the convener of the Audit Committee under the Board. If the convener of the Audit Committee under the Board is unable or fails to perform his/her duties, a member of Audit Committee under the Board nominated by more than half of the members shall preside over such meeting.
- A general meeting convened by the shareholders shall be chaired and presided over by a representative elected by the convener.
- During the course of a general meeting, if the chairman of the meeting violates the rules of procedure such that the meeting cannot be continued, the general meeting may elect one person to act as the chairman of the meeting to continue, which is subject to the consent of more than half of the shareholders with voting rights who are present at the meeting.
- Article 100** The Bank shall formulate the rules of procedure regarding the general meeting, and specify the convening and voting procedures, including convening, notification, registration, and consideration of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meetings and signature, announcements and the principle of authorization by the general meeting to the Board. The authorization principle should be clear and specific in terms of contents. The rules of procedure of the general meeting shall form an annexure to the Articles of Association and shall be drafted by the Board and approved by the general meeting.
- Article 101** The Board of Directors should report to the general meeting on the work they have undertaken over the past year at the annual general meeting. Each independent Director shall also present a work report.
- Article 102** Unless it is related to the business secrets of the Bank which cannot be disclosed at the general meeting, the Directors and senior management officers shall answer and explain the inquiries or suggestions from the shareholders at such meeting. The time for shareholders' inquiries is determined by the chairman of the meeting.

- Article 103** 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 held or represented by them, but the figures on the sign-in book for meeting attendance shall prevail.
- Article 104** A general meeting shall have meeting minutes, of which secretary to the Board of Directors is in charge.
- Article 105** The minutes of a general meeting shall record the following information:
- (1) the number of shareholders and proxies attending the meeting, the total number of their voting shares and the proportion of these shares to the total number of shares of the Bank;
  - (2) the date, time, venue, and convener of the meeting;
  - (3) the agenda of the meeting;
  - (4) the consideration process, key points of speeches made and voting results for each resolution;
  - (5) the inquiries or suggestions from the shareholders, and the corresponding responses or explanations;
  - (6) names of the lawyer, vote counter and scrutineer;
  - (7) names of the chairman of the meeting, and the Directors, the President of the Bank and other senior management officers attending or present at the meeting;
  - (8) other contents that shall be recorded in the minutes in accordance with opinions of the general meeting and provisions of the Articles of Association.
- Article 106** The attending Directors, secretary to the Board, convener or representative thereof, and the chairman of the meeting shall sign on the meeting minutes, and warrant that the meeting minutes are true, accurate and complete. The meeting minutes, the signed attendance book of those shareholders on the spot and the powers of attorney for attendance by proxy, and the valid information relating to the online voting or voting in any other form shall be kept by the secretary to the Board at the domicile of the Bank permanently.
- Article 107** The convener shall ensure that the general meeting is held continuously till final resolutions have been reached. If the general meeting is adjourned or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary action to resume the general meeting as soon as possible or directly terminate the general meeting and make an announcement in time. Meanwhile, the convener shall report to the banking regulatory authorities under the State Council of the place where the Bank is situated.

## **Section 6 Voting and Resolutions of General Meetings**

**Article 108** Holders of ordinary shares (including proxies thereof) who vote at a general meeting shall exercise their voting rights in proportion to the number of voting shares they represent. Each share has one vote.

The Bank has no voting right for the shares it holds, and such shares shall not be counted towards the total number of voting shares represented by the shareholders attending the general meeting.

If, pursuant to laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, any shareholder cannot exercise the voting right, or abstain from voting on a proposal, or is restricted to vote in favour of or against a proposal, any vote of such shareholder or its proxy which violates the aforesaid requirement or restriction shall not be counted in the voting result.

The Board, independent Directors and qualified shareholders may publicly solicit voting rights from shareholders. Information including the specific voting preference shall be fully provided to the shareholders from whom voting rights are solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Bank shall not impose any minimum shareholding limitation for soliciting voting rights.

**Article 109** General meetings shall adopt voting by open ballot.

**Article 110** Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions made at general meetings shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

Special resolutions made at general meetings shall be passed by votes representing more than two-thirds of voting rights held by shareholders (including proxies thereof) attending the general meeting.

**Article 111** Any voting by the shareholders at a general meeting shall be conducted by ballot, unless the chairman of the meeting, in the spirit of honesty and credibility, decides to allow voting by a show of hands on resolutions only relating to procedures or administrative matters.

The aforesaid procedures and administrative matters include:

- (1) procedures and matters not included in the agenda of the general meeting or any supplemental circular to the shareholders; and
- (2) procedures and matters involving the duty of the chairman of the meeting to ensure the meeting can proceed in an orderly manner and/or the issues at the meeting can be handled more properly and effectively, while all the shareholders are allowed to have a reasonable opportunity to express their views.

**Article 112** A ballot demanded on such matters as the election of the chairman of the meeting or the adjournment of the meeting shall be taken forthwith. A ballot demanded on other matters shall be taken at such time as the chairman of the meeting may decide, and the meeting may proceed to discuss other matters, while the results of the ballot shall still be deemed to be a resolution of that meeting.

**Article 113** The following shall be approved by ordinary resolutions at a general meeting:

- (1) work reports of the Board of Directors;
- (2) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (3) appointment and removal of the members of the Board of Directors, their remunerations and the payment thereof;
- (4) annual financial budgets and final accounts of the Bank;
- (5) appointment or dismissal of an accounting firm;
- (6) the annual report of the Bank; and
- (7) matters other than those required by the laws, administrative regulations and the Articles of Association to be passed by special resolutions.

**Article 114** The following shall be approved by special resolutions at a general meeting:

- (1) increase or reduction in the registered capital of the Bank and the issuance of shares of any class, warrants and other similar securities;
- (2) issuance of the Bank's bonds or other securities and the listing thereof;
- (3) the Bank's division, merger, dissolution, liquidation or change in the corporate form;
- (4) amendments to the Articles of Association of the Bank;
- (5) the Bank's purchase or sale of material assets or provision of guarantee within one year with the transaction amount exceeding 30% of the latest audited total assets of the Bank;
- (6) equity incentive schemes and employee shareholding schemes;
- (7) dismissal of independent Directors;
- (8) any other matter specified in the Articles of Association or confirmed by an ordinary resolution at a general meeting that it may have a material effect on the Bank and accordingly shall be approved by special resolutions.

- Article 115** When a related party transaction is considered at a general meeting, the related shareholders or any of their close associates (as defined in the Hong Kong Listing Rules) shall not vote, and the voting shares held by them shall not be counted as a part of the total number of voting shares; the announcement of any resolution made at the general meeting shall fully disclose information relating to the voting by non-related shareholders.
- The related shareholders may withdraw by themselves or upon request by other shareholders or proxies thereof attending the general meeting.
- Article 116** The Bank may provide convenience for shareholders to attend, speak and vote at general meetings by whatever means, including via internet or any other modern information technology means, provided that the general meeting is held legally and validly.
- Article 117** Unless the Bank is in a crisis or any other special circumstance, the Bank shall not enter into any contract with anyone other than a Director, the President of the Bank or other senior management officers to have all or significant part of the Bank's business managed by such person, unless otherwise approved at a general meeting by way of special resolution.
- Article 118** The list of candidates for Directors shall be submitted by way of proposal to the general meetings for voting.
- When voting on election of Directors at a general meeting, each candidate for Directors shall be voted on separately, and the cumulative voting system may be adopted pursuant to the Articles of Association or the resolution of the general meeting.
- The cumulative voting system as referred to in the preceding paragraph shall mean that when Directors are being elected at a general meeting, each share has as many voting rights as the number of candidates for Directors, and the shareholders' voting rights may be used in a concentrated manner. The Board shall provide shareholders with the brief biographies and background information of the candidates for Directors.
- Article 119** Save under the cumulative voting system, the general meeting shall vote on all the proposals separately; in the event of several proposals for the same matter, such proposals shall be voted on in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, the voting on such proposals shall neither be shelved nor refused at the general meeting.
- Article 120** No amendment shall be made to a proposal when it is considered at a general meeting, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted at that general meeting.
- Article 121** The same voting right can only be exercised through one of the following methods: in-person, online, or other voting methods. Where the vote cast is repeated in respect of the same voting right, the result of the first vote shall prevail.

- Article 122** When proposals are voted on at the general meeting, two shareholder representatives shall be appointed to carry out vote counting and scrutiny. Where any shareholder has interests in the matters to be considered, the said shareholder or proxy thereof shall not participate in vote counting and scrutiny.
- When proposals are voted on at the general meeting, vote counting and scrutiny shall be carried out jointly by lawyer, shareholder representatives and other relevant persons designated according to the Hong Kong Listing Rules in accordance with the relevant provisions of the Hong Kong Listing Rules and the voting results shall be announced on the spot and recorded in the meeting minutes.
- Article 123** When the general meeting is concluded at the venue, the presider shall announce the voting details and result of every proposal and announce whether the proposal is passed or not according to the voting result. The decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.
- Before the voting result is officially announced, the relevant parties including the Bank, vote counter, scrutineer and substantial shareholders involved at the venue shall have the confidentiality obligation.
- Article 124** A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: for, against or abstention.
- Any votes which are unfilled, erroneously completed, illegible or un-submitted shall be deemed as the voters' abstention from their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions".
- In voting, shareholders (including proxies thereof) entitled to two or more votes may not cast all their votes in the same way of pros, cons or abstentions.
- Article 125** Where the chairman of the meeting has any doubt as to the voting result of any resolution, he/she may have the votes counted. Where the chairman of the meeting does not have the votes counted, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.
- In the event that votes are counted at a general meeting, the counting result shall be recorded in the meeting minutes.
- Article 126** Shareholders may have access to copies of the meeting minutes free of charge during the office hours of the Bank. If any shareholder asks for copies of relevant meeting minutes, the Bank shall send out the said copies within seven days upon the receipt of a reasonable fee.

- Article 127** An announcement on resolutions passed at a general meeting shall be made in due time. The announcement shall specify the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of these shares to the total number of voting shares of the Bank, the voting method, the voting result for each proposal and the details of each of the resolutions passed.
- Article 128** Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special notes shall be made in the announcement of the resolutions of the general meeting.
- Article 129** Where a proposal on election of Directors has been passed at a general meeting, the new Directors shall take office on the date when they are elected at the general meeting. Where the qualifications of the new Directors shall be submitted to the regulatory authorities for review, they shall take office on the date of approval by the regulatory authorities.
- Article 130** Where a proposal on cash dividends, bonus shares or increase of share capital by way of transfer from capital reserves has been passed at a general meeting, the Bank shall implement the specific scheme within two months after conclusion of the general meeting.

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

- Article 131** Holders of different classes of shares are class shareholders.
- Class shareholders shall enjoy rights and assume obligations according to laws, administrative regulations and the Articles of Association.
- Class shareholders of the Bank shall enjoy the same rights to any distributions by way of dividends or in other forms.
- Article 132** The Bank's proposal to amend or abrogate the rights of class shareholders shall be subject to approval by way of a special resolution at a general meeting and approval by the shareholders of the class so affected at a class meeting convened in accordance with the requirements of Article 136 to Article 140.
- Article 133** The following circumstances shall be deemed to be an amendment or abrogation of the rights of a certain class shareholder:
- (1) to increase or reduce the number of shares of such class, or to increase or reduce the number of shares of a class having equal or additional voting rights, distribution rights or other privileges;
  - (2) to convert all or part of such class of shares into another class or to convert all or part of another class of shares into that class of shares or to grant such conversion rights;
  - (3) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;



- (4) the reduction or removal of pre-emptive rights to obtain dividends or property distribution in the liquidation of the Bank attached to shares of such class;
- (5) the increase, removal or reduction of conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Bank attached to the shares of such class;
- (6) the removal or reduction of rights to receive amounts payable by the Bank in a particular currency attached to the shares of such class;
- (7) the creation of a new class of shares having equal or additional voting rights, distribution rights or other privileges;
- (8) the imposition of restrictions or additional restrictions on the transfer or ownership of the shares of such class;
- (9) the issue of rights to subscribe for, or to convert into, shares of such class or another class;
- (10) the increase in the rights and privileges of the shares of another class;
- (11) the restructuring proposal of the Bank which will result in shareholders of different classes bearing a disproportionate liability in such restructuring; and
- (12) the variation or abrogation of the provisions of this section.

**Article 134** Shareholders of the affected class, whether or not otherwise entitled to vote at general meetings originally, shall nevertheless be entitled to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) to (12) of Article 133, but interested shareholder(s) shall not be entitled to vote at class meetings.

The meaning of “interested shareholder(s)” as mentioned in the preceding paragraph is as follows:

- (1) in the case of a repurchase by the Bank of shares by pro rata offers to all shareholders or public dealing on the stock exchange according to Article 32 of the Articles of Association, a Controlling Shareholder within the meaning of Article 313 of the Articles of Association;
- (2) in the case of repurchasing shares through an off-market agreement outside of the stock exchange by the Bank under Article 32 of the Articles of Association, a shareholder to whom the agreement relates;
- (3) in the case of a restructuring proposal of the Bank, a shareholder within a class who bears less than a proportionate burden imposed on that class or who has an interest different from the interest of other shareholders of that class.

**Article 135** Resolutions of a class general meeting shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class attending the meeting in accordance with the preceding Article.

**Article 136** When convening a class meeting, the Bank shall give written notice to all shareholders whose names appear in the register of shareholders of such class and who are entitled to attending the meeting in accordance with the requirements of Article 84 of the Articles of Association, to inform them of the matters proposed to be considered and the date and venue of the meeting.

**Article 137** Where the number of the shares with voting rights at the meeting represented by the shareholders intending to attend the meeting is more than 1/2 of the total number of the shares with voting rights of that class at the meeting, the Bank may convene the class meeting; otherwise, the Bank shall, within five days, inform the shareholders again of the matters to be considered at the meeting, the date and venue of the meeting by means of a public announcement. After making such announcement, the Bank may convene the class meeting. Notice of class meetings shall be served exclusively on shareholders entitled to vote at such meetings.

Save as otherwise required by the Articles of Association, any class meeting shall be conducted through similar procedures as any general meeting as far as possible. Provisions in the Articles of Association which relate to the procedures of any general meeting shall apply to any class meeting.

**Article 138** Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares shall be deemed as shareholders of different classes.

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

- (1) any issue of domestic shares and overseas listed foreign shares by the Bank in every twelve months, whether on separate or concurrent basis, if such issue of domestic shares and overseas listed foreign shares are approved at a general meeting by way of special resolution, and the number of domestic shares and overseas listed foreign shares proposed to be issued by the Bank does not exceed 20% of the shares of each class in issue;
- (2) the Bank's plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is carried out within fifteen months from the date of approval of the securities regulatory authorities under the State Council; and
- (3) with approval by relevant regulatory authorities such as the banking regulatory authorities and the securities regulatory authorities under the State Council, the holders of domestic shares of the Bank convert their unlisted shares into overseas listed shares and list and trade the said shares on an overseas stock exchange.

## **CHAPTER V DIRECTORS AND THE BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 139** Directors of the Bank are natural persons and elected at the general meeting. Directors of the Bank shall comply with the Company Law, Commercial Banking Law and relevant provisions of the banking regulatory authorities of the State Council. Qualifications to act as Directors shall be approved by the banking regulatory authorities of the State Council and its local offices. Directors of the Bank shall have professional knowledge, work experience and good professional ethics necessary for duty performance and meet the following requirements:

- (1) shall have full civil capacity;
- (2) shall comply with laws and disciplines, be honest, perform duties with diligence, and have good personal character;
- (3) shall have no less than 5 years' work experience in law, economics, finance, accounting or other work experience conducive to performing duties as Directors and shall have good track records in economic and financial practice;
- (4) shall be familiar with laws on commercial banks and other relevant rules and regulations, and have good awareness of operation compliance;
- (5) shall be able to read, understand and analyse the business reports and financial statements of commercial banks; and
- (6) shall understand the Bank's corporate governance structure and Articles of Association and duties of the Board.

**Article 140** Directors shall be elected or replaced at general meetings (in particular, employee Directors shall be elected at the employee representatives' meetings, employee meetings of the Bank or other forms of democratic election). The term of office of the Directors shall be three (3) years. Upon expiry of the current term of office, a Director shall be eligible for re-election and reappointment. The qualifications to act as a Director shall be approved by the banking regulatory authorities under the State Council. Prior to the expiry of the office term of a Director, a general meeting shall not remove such Director from office for no cause.

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

A written notice about the intention to nominate candidates for Directors and the candidates' willingness to accept such nomination shall be given to the Bank not earlier than the day after the notice of general meeting is sent out and seven days before the meeting.

The term of office of a Director shall start from the date on which such Director assumes office and end upon the expiry of the current session of the Board. If the term of office of a Director expires but re-election is not made timely, the original Director shall continue fulfilling the duties as Director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until a new Director so elected takes office.

A Director may serve concurrently as the President or other senior management officers, but the total number of Directors serving concurrently as such shall not be more than half of the total number of Directors of the Bank.

The Directors shall not be required to hold shares of the Bank.

Any person appointed as Director by the Board to fill up the casual vacancies in the Board or to increase the number of members of the Board shall act as a Director up to the next annual general meeting of the Bank and then shall be eligible for re-election and reappointment.

**Article 141** Except as otherwise provided for in the Articles of Association or authorized by the Board, no Director shall act on behalf of the Bank or the Board in his/her own name. If any Director acts in his/her own name and a third party may reasonably think the said Director is acting on behalf of the Bank or the Board, the said Director shall make a prior statement of his/her standpoint and capacity.

**Article 142** A Director shall have sufficient time and energy to fulfill his/her duties and shall express his/her opinions on the matters under consideration. A Director shall attend at least 2/3 of on-site the Board meetings in person every year. Where a Director is really unable to attend the Board meeting in person for any reason, he/she may authorize in writing another Director to vote on his/her behalf according to the delegating party's wishes. The power of attorney shall specify the name of proxy, matters, authority and valid period and shall be executed or sealed by the delegating party. The Director attending the meeting on behalf shall exercise the rights as a Director within the scope of authorization. The delegating party shall assume legal liabilities independently. Where a Director fails to attend a Board meeting and does not appoint another Director to attend on his/her behalf, such said Director shall be deemed to have given up the right to vote at such a meeting. A Director may accept the appointment from at most two Directors who will not attend the meeting in person. When it comes to consideration of related party transactions, non-related Directors shall not appoint related Directors to attend the meeting on their behalf.

Where any Director fails to attend Board meetings in person or by authorizing another Director to attend such meetings for two consecutive times, the said Director shall be deemed as incapable of performing his/her duties and the Board shall make a proposal to the shareholders' general meeting to remove and replace the said Director.

Where any Director fails to attend Board meetings in person or by authorizing another Director to attend such meetings, the said Director shall assume corresponding legal liabilities for the resolutions of the Board.

Directors attending in person as referred to in the Articles of Association shall mean a Director's attendance of a physical Board meeting in person or a non-physical Board meeting convened by means of adopting written resolutions. Attending by proxy as referred to in the Articles of Association shall mean the method of attendance where a Director cannot attend a meeting in person for any reason and authorizes in writing another Director to attend such meeting on his/her behalf.

A proposal made by the Board for remove of a Director shall be adopted by more than 2/3 of all Directors before it is submitted to the general meeting for consideration.

**Article 143** Any Director may resign before his/her term of office expires. When he/she resigns, such Director shall submit a letter of resignation to the Board.

**Article 144** Where the resignation by a Director results in the number of the members of the Board to fall below the statutory minimum number or two thirds of the number as specified in the Articles of Association, before the Director so elected takes office, the original Director shall continue to act as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association, and the letter of resignation given by such Director shall take effect only when the succeeding Director has filled up the vacancy caused by his/her resignation.

Save as provided in the preceding paragraph, a Director's resignation shall become effective on the date when his/her resignation is served to the Board.

The Board shall convene an extraordinary general meeting promptly to elect Directors to fill up the vacancies caused by the resignation of the Directors.

**Article 145** Where a Director requests to resign or his/her term of office expires, the Director shall complete all handover formalities with the Board of Directors, the obligations that such Director undertakes towards the Bank and the shareholders during the six months period after his/her resignation or the expiry of his/her term of office may not be necessarily relieved, and his/her obligations to keep confidential the business secrets of the Bank shall survive after the expiry of his/her term of office, until such secrets have entered into the public domain. The continuance of his/her other obligations shall be determined on the principle of fairness, depending upon the length of time from the occurrence of the event and from the termination of service and the circumstances and conditions under which his/her relations with the Bank ends.

**Article 146** Where a Director leaves his/her office without any permission prior to the expiry of his/her term of office, such Director shall be liable to compensate for any losses caused to the Bank due to such leave.

**Article 147** Director shall not serve concurrently as director of any financial institution with potential conflict of interests against the Bank.

## **Section 2 Independent Directors**

**Article 148** An independent Director shall mean a Director who does not hold positions in the Bank other than directorship, person in charge of any special committee under the Board or its member and does not maintain with the Bank and its substantial shareholders a relationship which may possibly hamper his/her independent and objective judgments. In all cases, independent Directors of the Bank shall include at least one with appropriate qualifications as provided for in the Hong Kong Listing Rules, the appropriate accounting or relevant financial expertise, and the independent Directors shall not be less than 1/3 of all Directors in number and the total number shall not be less than three, and at least one independent Director shall ordinarily reside in Hong Kong. An independent Director shall:

- (1) have a bachelor's degree or above or a relevant intermediate professional title or above;
- (2) have more than five years' experience in legal, economic, financial and accounting work or other work that are beneficial to fulfilling duties as independent Director;
- (3) be able to fulfill duties independently, without any interference by substantial shareholders, de facto controllers of the Bank or other units or individuals who have interests in the Bank;
- (4) have the basic knowledge about the operation of a commercial bank and be familiar with relevant laws, regulations and normative documents;
- (5) be able to read, understand and analyze the credit statistics report and financial statements of the Bank; and
- (6) meet other criteria required by the banking regulatory authorities under the State Council.

**Article 149** The following persons shall not serve as independent Directors:

- (1) any person, together with any of his/her immediate family members, jointly holding more than 1% of the shares of the Bank;
- (2) any person and any of his/her immediate family members holding a position in an enterprise which holds more than 1% of the shares of the Bank;
- (3) persons holding positions at the Bank or its branches and sub-branches and their immediate family members and major social connections (aforesaid immediate family members shall include spouse, parents, children, grandparents, siblings, and grandchildren, and major social connections shall include parents-in-law, sons/daughters-in-law, spouses of siblings and siblings of spouse);
- (4) persons who belonged to persons as prescribed in items (1), (2) or (3) in the preceding year;



- (5) persons who have held a position in the Bank or in the enterprises whose shares are held by the Bank or effectively controlled by the Bank in three years immediately before assuming their office;
- (6) any person or any of his/her close relatives holding a position in the entities which are unable to repay loans to the Bank when falling due;
- (7) any person or any of his/her close relatives who holds a position in any entity which has a business relationship with the Bank in such aspects as legal, accounting, auditing, management consultancy and guarantee cooperation, or has any interest of liabilities or debts in connection with the Bank, in each case impeding his/her independence in the performance of duties;
- (8) any person or any of his/her close relatives upon whom the substantial shareholders and senior management of the Bank may control or exercise significant influence, thus impeding his/her independence in the performance of duties; or
- (9) other persons disqualified by laws, administrative regulations, relevant supervisory authorities and the Articles of Association.

**Article 150** An independent Director shall be deemed as having gross neglect of his/her duties if he/she:

- (1) discloses the business secrets of the Bank and injures the legitimate interests of the Bank;
- (2) accepts improper benefits in performance of duties, or seeks personal gains by taking advantage of his/her position as an independent Director;
- (3) fails to raise objections to those board resolutions that are in violation of laws, regulations or the Articles of Association of the Bank and have incurred serious losses to the Bank;
- (4) fails to veto those related party transactions that have incurred serious losses to the Bank; or
- (5) commits other acts defined as serious dereliction of duties by banking regulatory authorities under the State Council and securities regulatory authorities in the place where the Bank's shares are listed.

**Article 151** Election, appointment and dismissal of independent Directors shall be in compliance with laws, regulations and the Articles of Association of the Bank:

- (1) the Nomination and Remuneration Committee under the Board, and shareholders individually or jointly holding more than 1% of the total voting shares issued by the Bank may nominate candidates for independent Director; a shareholder can only nominate one candidate for independent Director and any shareholder who has nominated a candidate for Director shall not nominate any candidate for independent Director;



- (2) the Nomination and Remuneration Committee under the Board shall review the qualifications of the nominated candidates for independent Director in respect of independence, expertise, experience and competency, etc.;
- (3) nominators of independent Director shall obtain the consent of the nominee before nomination. Nominators shall be fully aware of the occupation, education background, title, detailed work experiences, all part-time jobs of the nominee, and shall express opinions on the qualification and independence of the said nominee as independent Director;
- (4) written opinions of the Board shall be submitted in case the Board has any dispute as to the particulars of the nominee;
- (5) the term of office of independent Directors shall be three years, and an independent Director shall be eligible for re-election and reappointment upon expiry of the current term of office. However, the cumulative term of office of an independent Director in the Bank shall not exceed six years;
- (6) where any independent Director fails to attend Board meetings in person for three consecutive times, the Board shall propose to the general meeting to dismiss and replace the said independent Director;
- (7) an independent Director may serve as an independent director concurrently in no more than five domestic or foreign enterprises;
- (8) an independent Director shall not serve concurrently in more than two commercial banks (including the Bank), shall not have related party relationship and conflicts of interest with the Bank.

**Article 152** An independent Director shall perform his/her duties in good faith, independently and diligently, effectively safeguard the legitimate rights and interests of the Bank, small and medium shareholders and financial consumers, and shall not be influenced by the Bank's shareholders, de facto controller, senior management or other entities or individuals with an interest in the Bank.

In the event of significant deficiencies or failures in the corporate governance mechanism of the Bank, the independent Directors shall promptly report the relevant information to the regulatory authorities. In addition to reporting the relevant information to the regulatory authorities in accordance with the regulations, the independent Directors shall keep the secrets of the Bank.

**Article 153** An independent Director may authorize in writing another independent Director to attend Board meetings on his/her behalf, but shall attend at least two thirds of the Board meetings in person each year.

**Article 154** An independent Director shall work in the Bank for at least 15 workdays each year.

Directors serving as chairperson of the Audit Committee and the Related Party Transaction and Risk Management Committee shall work in the Bank for at least 20 workdays each year.

- Article 155** The Board has the right to propose to the general meeting to replace or dismiss an independent Director if he/she:
- (1) is disqualified as an independent Director due to position change and does not voluntarily submit resignation;
  - (2) attends less than two thirds of the total number of Board meetings in person in a year or fails to attend Board meetings in person for three consecutive times;
  - (3) fails to fulfill his/her duties, violates laws and regulations or breaches fiduciary duties during his/her term;
  - (4) has gross neglect of his/her duties as described in Article 150 of the Articles of Association;
  - (5) or is otherwise disqualified by laws, administrative regulations or the Articles of Association as independent Director.

Unless in the above circumstances and in circumstances as specified in Company Law where a person is prohibited from acting as a Director, no independent Director may be removed before his/her term of office expires without any cause.

- Article 156** An independent Director may resign before his/her term of office expires. When he/she resigns, such independent Director shall tender a letter of resignation to the Board in writing.

Where the number of independent Directors of the Board falls short of the number as stipulated in the Articles of Association or the quorum as a result of resignation of any independent Director, such independent Director shall continue to perform his/her duties until a new independent Director takes office, except for resignation due to loss of independence or dismissal.

- Article 157** An independent Director shall have the following special powers in addition to the basic powers conferred by the Company Law and the Articles of Association:
- (1) to propose to the Board for appointment or dismissal of an accounting firm;
  - (2) to propose to the Board to convene an extraordinary general meeting;
  - (3) to propose to convene a Board meeting;
  - (4) to independently appoint external auditing firms and consulting institutions to audit and provide consulting opinions on the specific matters of the Bank;
  - (5) significant related party transactions shall be approved by independent Directors before they are submitted to the Board for discussion. Before making a judgment, the independent Director may appoint intermediary agencies to provide independent financial consulting reports as a basis for his/her judgment.

Independent Directors shall obtain the prior consent of half of all independent Directors before exercising the above authorities.

**Article 158** Independent Directors shall provide the Board or general meeting with independent opinions on the following matters of the Bank:

- (1) nomination, appointment and dismissal of Directors of the Bank;
- (2) appointment or dismissal of President and other senior management officers of the Bank;
- (3) remuneration of Directors, President and other senior management officers of the Bank;
- (4) legitimacy and fairness of significant related party transactions and implementation of internal examination and approval procedures;
- (5) profit distribution plan;
- (6) matters that may incur serious losses to the Bank;
- (7) matters that may injure the legitimate rights and interests of the Bank, financial consumers, medium and small shareholders and other interested parties;
- (8) appointment of external auditors; and
- (9) other matters specified in laws, administrative regulations and the Articles of Association.

**Article 159** Independent Directors shall express one of the following types of opinions on the aforesaid matters: agreement; qualified opinion and reasons therefor; objection and reasons therefor; inability to express opinion and reasons therefor.

**Article 160** In addition to the special provisions as to independent Directors in this section, the provisions in the Articles of Association on Directors shall also apply to independent Directors.

### **Section 3 The Board**

**Article 161** The Board is the executive organ of the general meeting and is accountable to the general meeting.

**Article 162** The Board of the Bank shall consist of 9-13 Directors, including executive Directors, non-executive Directors (including independent Directors and employee Directors), and one chairman.

**Article 163** The Board shall exercise the following duties and powers according to law:

- (1) to determine the Bank's business development strategies and supervise the implementation of such strategies, to determine the Bank's business plans and investment plans;
- (2) to convene Shareholders' general meetings and report its work to the Shareholders' general meetings;
- (3) to implement the resolutions of the Shareholders' general meeting;
- (4) to prepare the Bank's annual financial budgets, and final accounts;
- (5) to prepare profit distribution plan and plan for making up the losses;
- (6) to assess and evaluate the performance of the duties of the Directors and senior management officers;
- (7) to formulate plans for increase or reduction of the registered capital, issuance of bonds or other securities and listing plan of the Bank;
- (8) to consider and approve the Bank's plans for external investments, acquisitions and sales of assets, asset collateral, external guarantees, entrusted wealth management and related party transactions and data governance in accordance with the authorization of the Shareholders' general meeting;
- (9) to formulate plans for material acquisitions or repurchases of shares of the Bank or merger, division, dissolution and alternation of corporate form of the Bank and submit it to the Shareholders' general meeting for approval;
- (10) to decide on the establishment, merger and revocation of internal management departments and branch offices of the Bank;
- (11) to consider and approve material related party transactions and make special reports to the Shareholders' general meetings on overall situation of the related party transactions;
- (12) to appoint or dismiss the President of the Bank and the secretary to the Board based on the nomination by the Chairman of the Board; to appoint or dismiss other senior management officers such as the Vice President of the Bank and the persons in charge of finance based on the nomination by the President of the Bank;
- (13) to approve and monitor the implementation of the capital plan and to bear the ultimate responsibility for management of capital;
- (14) to formulate the Bank's risk tolerance, risk management and internal control policies and to bear the ultimate responsibility for comprehensive risk management;
- (15) to regularly assess and improve the Bank's corporate governance;

- (16) to formulate the basic management system of the Bank;
- (17) to formulate amendment proposals to the Articles of Association, the rules of procedure for Shareholders' general meetings and the rules of procedure for Board meetings, and to consider and approve the working procedures of the special committees under the Board;
- (18) to consider the periodic reports of the Bank, and to be responsible for the Bank's information disclosure and take the ultimate responsibilities for the truthfulness, completeness, accuracy and promptness of the Bank's accounting and financial reporting;
- (19) to listen to the work report and examine the work of the President of the Bank;
- (20) to approve the Bank's annual internal audit plans and audit budgets;
- (21) to determine the chairman and members of each special committee under the Board of Directors based on the nomination by the Nomination and Remuneration Committee;
- (22) to consider and approve the proposals put forward by each special committee under the Board of Directors;
- (23) to determine the Bank's long term incentive schemes, remuneration plans and salary plans;
- (24) to propose to the Shareholders' general meeting to engage, renew or replace the accounting firm which conducts audit for the Bank;
- (25) to have the right to stop the decisions made by the President and other senior management officers of the Bank that may cause significant business risks or losses to the Bank;
- (26) to carry out performance appraisals for the President and other senior management officers of the Bank and determine their remuneration, rewards and penalties and payment methods and decide on the remuneration and payment methods of independent Directors;
- (27) to formulate the Bank's strategy, policy and objectives on the protection of consumer rights and interests, and regularly listen to and consider the senior management's report on the protection of consumer rights and interests, and safeguard the legitimate rights and interests of financial consumers and other interested parties;
- (28) to consider and approve the money laundering risk management report, develop money laundering risk management strategies and supervise the implementation of the strategies and assume the ultimate responsibility for money laundering risk management;

- (29) to establish the mechanisms for identifying, reviewing and managing conflicts of interest between the Company and its shareholders, especially substantial shareholders;
- (30) to assume responsibility for management of shareholders' matters;
- (31) other duties and powers conferred by the laws, administrative regulations, department rules and regulations, the Articles of Association and the Shareholders' general meeting or required by the supervisory authority for the Board to exercise.

The Board may resolve on such matters by approval of more than half of all Directors save for major matters described in items (5), (7), (9),(11), (12), (13), (17), (23) and (26) or otherwise stipulated under laws, administrative regulations, department rules and the Articles of Association, for which approval of more than two-thirds of all Directors is required.

The Board shall seek advice from the Bank's Party Committee before making decisions on the Bank's major matters.

**Article 164** The Board shall not dispose of or agree to dispose of any fixed assets without approval by the Shareholders' general meeting if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within 4 months before such proposal to dispose of the fixed assets exceeds 30% of the value of the fixed assets as shown on the latest balance sheet considered and approved by the Shareholders' general meeting.

Disposals of the fixed assets mentioned herein include transfer of some asset interests, but do not include guarantee provided by pledge of fixed assets.

The effectiveness of any disposal by the Bank of the fixed assets shall not be affected by any breach of the foregoing provisions in Paragraph 1 of this Article.

**Article 165** The Board shall regularly assess the risk situation of the Bank and determine and adjust the level of risk acceptable by the Bank according to the risk assessment results.

**Article 166** The Board shall make explanations to the Shareholders' general meeting in relation to the qualified audit reports issued by the accounting firm on the financial reports of the Bank.

**Article 167** The Board shall regularly listen to the reports of the audit department of the Bank on internal audit and inspection results.

**Article 168** The Board shall formulate rules of procedure for Board meetings, so as to ensure the execution of resolutions at the Shareholders' general meeting, and thus to enhance work efficiency and ensure scientific decision making.

**Article 169** The Board may authorize the Chairman to exercise part of the powers of the Board when it is not in session.

- Article 170** The Board shall establish an information reporting system and require the President to regularly report to it the business operations of the Bank.
- Article 171** The Board shall not obstruct or hinder the Audit Committee under the Board of Directors from conducting inspection, supervision, audit and other activities according to its powers.
- Article 172** The meetings of the Board of Directors include regular meetings and extraordinary meetings.

Regular Board meetings shall be held at least once a quarter and at least four times every year, and shall be convened and presided over by the chairman, with the written notice to be given to all Directors at least fourteen days before such meetings. A Board meeting is generally convened and presided over by the chairman. Where the chairman is unable or fails to perform his/her duties, a Director nominated by more than half of the Directors shall convene and preside over the meeting.

The agenda and relevant meeting documents of a regular Board meeting shall be sent to all Directors in full and in a timely manner, and shall be sent out at least three days prior to the scheduled date of convening the Board meeting or the meeting of committees thereunder (or such other period as agreed). The aforesaid arrangements shall also apply to all other meetings of the Board where practicable.

Extraordinary Board meetings may be convened upon proposal by shareholders representing at least one tenth of the total voting rights, by at least one third of the Directors, by at least two independent Directors, or by the Audit Committee under the Board, or by the Chairman when deemed necessary, or by the President of the Bank under exceptional circumstances. The Chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal.

The Board shall send a written notice of meeting by hand, fax, email or other means five days before an extraordinary Board meeting is convened. Where an extraordinary Board meeting needs to be convened in emergency, the notice of meeting may be not subject to the limitation on notice periods specified in the preceding paragraphs, and be sent by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.

- Article 173** The notice of a Board meeting shall include:
- (1) the date, time, venue and duration of the meeting;
  - (2) the members attending or present at the meeting;
  - (3) the reasons and topics for discussion;
  - (4) the names of contact persons for the meeting and the contact methods; and
  - (5) the date of issuing the notice.



- Article 174** No Board meeting may be held unless more than half of the Directors attend the meeting.
- Article 175** The Board shall pass resolutions by means of meetings. Resolutions of Board meetings shall be voted as per “one person, one vote” system.
- Resolutions made by the Board shall be approved by more than half of all the Directors. The significantly important matters as specified in Article 163 of the Articles of Association shall be approved by more than two thirds of all the Directors.
- Article 176** Where a Director or his/her any close associate (as defined in the Hong Kong Listing Rules) has a material interest in any matter to be decided at a Board meeting, such Director shall not exercise his/her voting rights or the voting rights on behalf of other Directors on the resolutions of the said matters and such Director shall not be counted in the quorum present at the meeting, except as otherwise provided for in laws, regulations, normative documents and the relevant regulations of the securities regulatory authorities of the place where the shares of the Bank are listed. A Board meeting may be held when more than half of the non-related Directors attend the meeting. The resolutions made at the Board meeting shall be passed by more than half of the non-related Directors. If the number of non-related Directors attending the Board meeting is less than three, the matters shall be submitted to the Shareholders’ general meeting for consideration.
- Article 177** Voting on Board meetings may be conducted by a show of hands or by open ballot.
- Article 178** Voting by means of circular resolutions is also allowed at Board meetings.
- However, voting by circular resolutions is not allowed for material issues like profit distribution plan, remuneration plan, material external investment, plan for material disposal of assets, and appointment or dismissal of the President and other senior management officers, capital replenishment plan, material changes in interest equity and financial restructuring.
- Article 179** If the Board is to dismiss the President within his/her term of office, it shall notify the Audit Committee under the Board in a timely manner and make a written explanation to the Audit Committee under the Board.
- The Board appoints or dismisses the vice President and other senior management officers according to the nomination of the President. Without the nomination of the President, the Board shall not directly appoint or dismiss the vice President and other senior management officers.
- Article 180** The Board shall file resolutions of the matters considered at meetings as meeting minutes which shall specify:
- (1) the date, time and venue of the meeting and names of the convener and presider;

- (2) the names and identities of attending Directors and proxies thereof;
- (3) the names and identities of persons present at the meeting;
- (4) the agenda of the meeting;
- (5) the main points of the speeches made by Directors; and
- (6) the voting method and result of each resolution (the number of votes for, against each resolution or the number of persons abstaining from voting on such resolution shall be recorded in the voting results).

**Article 181** The attending Directors shall sign the meeting minutes and be responsible for the resolutions of the Board. If any resolution of the Board violates the laws, administrative regulations or the Articles of Association, the resolution of the Shareholders' general meeting, thereby incurring any loss to the Bank, the Directors who participate in the passing of such resolution shall be liable for compensating the Bank. However, if a Director has been proved as having expressed dissenting opinions on the resolution during the voting and such opinions are recorded in the meeting minutes, the Director may be exempt from liability. A Director who waives his/her right of voting, or who fails to attend the meeting and fails to appoint a proxy to act on his/her behalf, shall not be exempt from liability. A Director who explicitly expresses his/her objection in the course of discussion but fails to cast an objection vote in the voting shall not be exempt from the liability.

The minutes of Board meetings shall be kept as archives of the Bank permanently.

**Article 182** The Board shall have a special office to be responsible for the preparation, information disclosure and other daily affairs of meetings of the Shareholders' general meeting, the Board and special committees under the Board.

#### **Section 4 The Chairman**

**Article 183** The chairman of the Bank shall be elected and removed by more than half of all the Directors of the Board, and shall be subject to resign audit by the audit department. The qualification of the chairman shall be reported to the banking regulatory authorities under the State Council for approval.

The legal representative or principal of controlling shareholders shall not serve concurrently as the Chairman of the Bank.

**Article 184** The chairman shall exercise the following powers:

- (1) to preside over the Shareholders' general meetings and to convene and preside over Board meetings;
- (2) to supervise and inspect the implementation of resolutions passed by the Board;

- (3) to sign the share certificates, bonds and other marketable securities of the Bank;
- (4) to propose to the Board candidates for the President and secretary to the Board; the Board shall not decide on the appointment and dismissal of the President of the Bank and the secretary to the Board without the nomination of the chairman;
- (5) to sign important documents of the Board and other documents which shall be signed by the legal representative of the Bank;
- (6) to exercise the powers as a legal representative;
- (7) to exercise the special disposal power to handle the Bank's affairs in compliance with the laws and in the Bank's interests in cases of emergency caused by serious natural disasters or other events of force majeure, and report to the Board and the Shareholders' general meeting timely thereafter; and
- (8) to exercise other functions and powers conferred by the Board.

### **Section 5 Special Committees under the Board**

**Article 185** The Board has set up a Strategy and Development Committee, an Audit Committee, a Nomination and Remuneration Committee, a Related Party Transaction and Risk Management Committee, a Consumer Rights and Interests Protection Committee, and may set up other special committees as needed.

**Article 186** Each special committee shall be accountable to the Board, and all the members of the committees shall be Directors, and the number of each committee shall not be less than three. All the members of the Audit Committee shall be non-executive Directors, and shall possess professional knowledge and working experience in at least one professional area, e.g. finance, audit, accounting or law, etc.

Each special committee shall have a chairman to be responsible for convening activities of each special committee. The Audit Committee, the Nomination and Remuneration Committee and the Related Party Transaction and Risk Management Committee shall each comprise a majority of independent Directors who shall also be chairmen. The chairman of the Audit Committee shall be an accounting professional among the independent Directors.

Directors nominated by controlling shareholders shall not be members of the Nomination and Remuneration Committee or the Related Party Transaction and Risk Management Committee.

**Article 187** Main duties of the Strategy and Development Committee:

- (1) formulating the Bank's business objectives;

- (2) formulating the Bank's environmental, social and governance (ESG) related objectives, medium-and-long-term development strategies and management policies, and supervising the implementation of related objectives;
- (3) supervising and examining the implementation of the Company's annual business plans and investment plans; and
- (4) other duties required by laws, regulations and regulatory authorities and conferred by the Board.

**Article 188** The Bank does not establish a Board of Supervisors or appoint supervisors. The Audit Committee under the Board shall exercise the functions and powers of the Board of Supervisors as stipulated by the Company Law.

**Article 189** Main duties of the Audit Committee:

- (1) reviewing the periodic reports of the Bank prepared by the Board of Directors and make written review comments;
- (2) reviewing the accounting policies, financial position, financial reporting procedure, and risks and compliance conditions of the Bank;
- (3) proposing the appointment or changing of external auditing firms;
- (4) supervising the internal audit system of the Bank and its implementation;
- (5) coordinating communication between internal auditors and external auditors;
- (6) auditing the financial information of the Bank and disclosure thereof, and producing judgment report on the truthfulness, accuracy, completeness and promptness of the audited financial information, and submitting the report to the Board for consideration;
- (7) supervising the performance of duties by Directors and senior management officers of the Bank, and propose the dismissal of any Directors or senior management officers who violate laws, administrative regulations, the Articles of Association, or resolutions of the general meetings;
- (8) requiring Directors and senior management officers to rectify their actions when such actions harm the interests of the Bank;
- (9) proposing the convening of an extraordinary general meeting and, when the Board of Directors fails to convene or preside over general meetings as required by the Company Law, convening and presiding over such meetings;
- (10) submitting proposals to the general meetings;
- (11) initiating legal proceedings against Directors or senior management officers in accordance with Article 189 of the Company Law;

- (12) investigating any irregularities detected in the Bank's operations and, when necessary, engaging professional institutions such as accounting firms or law firms to assist in such investigations, with related costs borne by the Bank;
- (13) other duties granted by laws, administrative regulations, departmental regulations, the Articles of Association and the securities regulatory authorities in the places where the Bank's shares are listed.

**Article 190**      Main duties of the Nomination and Remuneration Committee:

- (1) submitting proposals to the Board in relation to the formation of the Board of Directors based on the business condition, asset scale and equity structure of the Bank;
- (2) formulating the standards and procedures for the selection of Directors, President and other senior management officers of the Bank, and submitting relevant proposals to the Board;
- (3) conducting preliminary review of the qualifications and credentials of Directors, President and other senior management officers, and providing review opinions;
- (4) formulating remuneration plan for Directors, President and other senior management officers, making recommendations to the Board, and supervising the implementation of the said plan; and
- (5) other duties specified by relevant laws, administrative regulations and the securities regulatory authorities in the place where the Bank's shares are listed and conferred by the Board.

**Article 191**      Main duties of the Related Party Transaction and Risk Management Committee:

- (1) supervising the risk control by senior management officers of the Bank;
- (2) evaluating the Bank's risk profile;
- (3) making recommendations on improving the risk management and internal controls of the Bank;
- (4) responsible for the management, examination, and risk control of related party transactions, with an emphasis on the compliance, fairness and necessity of such related party transactions, and appointing independent third parties including financial advisors to issue reports as the basis for judgment when necessary;
- (5) filing general related party transactions that have been examined in accordance with the Bank's internal management system and authorization procedures;
- (6) examining the Bank's material related party transactions, and submitting them to the Board for consideration;

- (7) examining those transactions required to be declared, announced and/or approved by independent shareholders by relevant provisions of the securities regulatory authorities in the place where the Bank's shares are listed, and submitting them to the Board for approval; and
- (8) other duties conferred by the Board.

**Article 192** The primary duties of the Consumer Rights and Interests Protection Committee include:

- (1) to formulate the Bank's strategies, policies and objectives of consumer rights and interests protection, guide the senior management to strengthen the construction of corporate culture of consumer rights and interests protection from the overall planning, and incorporate the relevant contents of consumer rights and interests protection into the Bank's corporate governance and business development strategies;
- (2) to supervise and urge the senior management to effectively implement the work related to consumer rights and interests protection, regularly listen to the senior management's special reports on the Bank's consumer rights and interests protection work, consider and approve relevant special reports, submit relevant special reports to the Board of Directors, and regard relevant work as an important part of information disclosure;
- (3) to be responsible for supervising and evaluating the comprehensiveness, timeliness and effectiveness of the Bank's consumer rights and interests protection work and the duty performance of the senior management;
- (4) to consider the resolutions on consumer rights and interests protection to be submitted to the Board for consideration, and advise the Board in this respect according to the overall strategies of the Bank;
- (5) other matters required by the relevant banking regulatory provisions on consumer rights and interests protection or authorized by the Board.

**Article 193** Material related party transactions shall be reported to the CBIRC or its local office on a transaction-by-transaction basis within 15 workdays.

**Article 194** Members of respective special committees under the Board shall have relevant professional knowledge and working experience. At least one member of the Audit Committee is an independent Director who has the professional qualifications as required by relevant laws and regulations (including but not limited to the Hong Kong Listing Rules) or has professional expertise in audit or related financial management. The person in charge of the Related Party Transaction and Risk Management Committee shall be experienced in judging and managing various risks.

- Article 195** Respective special committees shall formulate implementation rules to specify the rules of procedure and working procedure. The setup, staff composition, terms of reference and information disclosure of respective committees shall comply with relevant provisions of laws, administrative regulations, departmental rules, relevant regulatory authorities, the Hong Kong Listing Rules and the Articles of Association. The respective committees under the Board shall formulate annual work plans and hold meetings regularly. Proposals made by these special committees shall be submitted to the Board for examination and decision.
- Article 196** With the consent of the Board, respective special committees may appoint intermediaries to provide professional advice, with reasonable costs to be borne by the Bank (provided that the business secrets of the Bank are not disclosed).
- Article 197** Respective special committees shall inform the President and other senior management officers and department heads of the operation and risk situation of the Bank and propose opinions and suggestions on a regular basis.
- Article 198** Specific working procedures of respective special committees shall be formulated by the Board.

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

- Article 199** The Bank shall have a secretary to the Board, who is nominated by the chairman and appointed or dismissed by the Board, and whose qualifications shall be reported to the banking regulatory authorities under the State Council for approval. The secretary to the Board shall be a senior management officer of the Bank.
- Article 200** The Board shall set up a special office to be responsible for the daily affairs of the Board and the special committees thereunder, to give support to the Board and the special committees thereunder in exercising their powers and fulfilling their duties, and to assist the secretary to the Board in fulfilling duties. The staff employed to work in the office of the Board shall have relevant professional knowledge, so as to sufficiently ensure their assistance to the Board in fulfilling its duties.
- Article 201** Main duties of the secretary to the Board:
- (1) to ensure that the Bank has complete organization documents and records;
  - (2) to ensure that the Bank prepares and submits reports and documents as required by the competent authorities according to law;
  - (3) to ensure that the register of shareholders of the Bank is properly established and that persons entitled to obtain relevant records and documents of the Bank obtain such records and documents in time;
  - (4) to prepare for Shareholders' general meetings and Board meetings in accordance with statutory procedures, and to prepare and submit relevant documents and materials of the meetings;



- (5) to attend Shareholders' general meetings and Board meetings, and prepare meeting minutes and sign on it;
- (6) to be responsible for the safekeeping of the register of shareholders, the register of Directors and senior management officers of the Bank, the information regarding the shareholding in the Bank of controlling shareholders, Directors and senior management officers, as well as the documents and minutes of Shareholders' general meetings and Board meetings;
- (7) to be responsible for handling the information disclosure of the Bank and urge the Bank to establish and implement information disclosure management system and internal reporting system for material information, so as to enable the Bank and relevant parties to fulfill their obligations of information disclosure according to law;
- (8) to coordinate the relationship between the Bank and investors, receive visits from investors, respond to investors' inquiries, and provide investors with information disclosed by the Bank;
- (9) to act as the contact person between the Bank and the securities regulatory authorities in the place where the Bank's shares are listed, to be responsible for organizing the preparation and timely submission of the documents required by the securities regulatory authorities in the place where the Bank's shares are listed and responsible for receiving and organizing to complete the relevant assignments by the securities regulatory authorities in the place where the Bank's shares are listed;
- (10) to be responsible for the confidentiality in relation to the Bank's information disclosure, to formulate confidentiality measures to procure the Directors and other senior management officers and relevant insiders to keep confidential any information prior to disclosure, and take remedial measures in a timely manner in case of any leakage of inside information;
- (11) to assist the Directors and other senior management officers to understand the relevant laws, administrative regulations, departmental rules and the Articles of Association in relation to information disclosure; and
- (12) Other duties specified by the laws, administrative regulations, departmental rules, relevant regulatory authorities and the Articles of Association and conferred by the Board.

## **Article 202**

Directors or other senior management officers may concurrently serve as secretary to the Board. The President, the person in charge of finance of the Bank and accountants of accounting firms engaged by the Bank shall not concurrently serve as secretary to the Board of the Bank.

In the event a Director or senior management officer concurrently serves as secretary to the Board, where any act requires to be made by the Director, senior management officer and the secretary to the Board separately, such Director or senior management officer shall not make such actions in both capacities.

**Article 203** The Directors, other senior management officers and relevant staff shall provide active support and coordination for the work of the secretary to the Board.

## **CHAPTER VI PRESIDENT AND OTHER SENIOR MANAGEMENT OFFICERS**

**Article 204** Under the leadership of the Board of the Bank, the President and other senior management officers shall carry out operation and management activities of the Bank in accordance with relevant laws and regulations, the Articles of Association and the authorization of the Board.

**Article 205** The President of the Bank shall be nominated by the Chairman of the Board and appointed or dismissed by the Board.

The Bank has one President and several Vice Presidents and other senior management officers.

The Vice Presidents and other senior management officers are nominated by the President and appointed or dismissed by the Board.

The qualifications of the President and other senior management officers shall be reported to the banking regulatory authorities under the State Council for approval.

**Article 206** The President and other senior management officers shall be in office for three years and may be reappointed upon expiry of the office term. Resignation of the President and other senior management officers may only be effective after undertaking the off-office audit.

**Article 207** When exercising powers, the President and other senior management officers shall fulfil the obligation of honesty and diligence in accordance with laws, administrative regulations and the Articles of Association.

**Article 208** Persons who take up positions other than directorship in the controlling shareholders or de facto controlling entities of the Bank shall not serve as senior management officers of the Bank.

**Article 209** The Bank's President shall be accountable to the Board and organize and carry out the operation and management activities of the Bank in accordance with laws, regulations, the Articles of Association and the authorization of the Board. The Vice Presidents shall assist the President with his/her work and perform their duties in accordance with relevant authorizations.

**Article 210** The President has the following powers and duties:

- (1) to take charge of the operation and management of the Bank and report work to the Board;
- (2) to implement the resolutions of the Board;
- (3) to prepare plans for the establishment of internal management structure of the Bank;

- (4) to establish the basic management system of the Bank and to formulate the Bank's specific rules and regulations;
- (5) to appoint or remove the persons in charge of the functional departments and branches other than those required to be appointed or removed by the Board;
- (6) to propose to the Board for the appointment or removal of the Vice Presidents and other senior management officers of the Bank;
- (7) to authorize Vice Presidents and other senior management officers and the persons in charge of internal functional departments and branches to engage in operation and management activities;
- (8) to submit annual business plans and investment plans, annual financial budgets, final accounting plans and profit distribution plans of the Bank to the Board on behalf of the senior management, and organize the implementation upon approval;
- (9) to draw up the salary, welfare, reward and punishment and other incentive and restraint plans for the employees of the Bank and implement them upon approval by the Board;
- (10) to decide on the appointment and dismissal of employees of the Bank other than senior management officers;
- (11) to take urgent measures in the event of a major incident in the Bank and to report immediately to the Board, the banking regulatory authorities under the State Council and the local branches of the People's Bank of China;
- (12) in exceptional circumstances, to propose an interim Board meeting;
- (13) other powers and duties which are to be exercised by the president in accordance with the laws, regulations and the provisions of the Articles of Association or as authorized by the Board.

**Article 211** The Vice Presidents shall assist the President in his/her work and if the President is unable to perform his/her powers and duties, the Vice Presidents shall act on behalf of the President by order.

**Article 212** President and Vice Presidents who are not Directors can attend the Board meetings but they do not have voting rights at the Board meetings.

**Article 213** The President shall report to the Board of Directors regularly or as required by the same regarding the operating results, financial position, risk profile, material contracts, major events and business prospects of the Bank.

**Article 214** The President may resign prior to the expiry of his/her term of office. The specific procedures for such resignation shall be governed by the employment contract between the President and the Bank.

- Article 215** The President shall not serve as member of the credit censoring committee, but has a right to veto the credit decisions approved by that committee.
- Article 216** The President and other senior management officers shall solicit the opinions of the Trade Union and employee representatives' meeting before making decisions with respect to issues concerning the personal interests of employees of the Bank, such as salaries, welfare, labor protection and labor insurance, removal (or dismissal) of employees other than senior management officers.
- Article 217** The President shall formulate rules of procedures for the operational management, and implement such rules upon being approved by the Board.
- Article 218** The rules of procedures for the operational management shall include the following:
- (1) conditions and procedures for holding president's meetings, and attendants;
  - (2) specific duties and division of work of the President and other senior management officers;
  - (3) use of funds and assets of the Bank, authority for entering into material contracts and the system of reporting to the Board;
  - (4) other matters which are deemed necessary by the Board.
- Article 219** The operating activities within the scope of powers and duties of the President and other senior management officers according to relevant laws and regulations, the Articles of Association and the authorization of the Board shall not be interfered with.
- Article 220** The President and other senior management officers shall accept the supervision of the Audit Committee under the Board and actively accept the examination and audit carried out by the Audit Committee under the Board in accordance with its powers and duties.
- Article 221** The President and other senior management officers shall observe the principle of honesty, and shall not seek for themselves or others any business opportunities that are due to the Bank, accept interest related to the transactions of the Bank, or concurrently hold offices in other economic organizations. If the President and other senior management officers engage in malpractice for personal gain or other dereliction of duties in violation of the laws, regulations and the Articles of Association, thereby incurring losses to the Bank, they shall be liable for compensation.
- Article 222** If the President and other senior management officers cause losses to the Bank for violation of the laws, regulations and the provisions of the Articles of Association, they shall be pursued for liability by the Board.

**CHAPTER VII QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS  
AND  
SENIOR MANAGEMENT OFFICERS**

**Article 223** The following persons shall not serve as Director, President or other senior management officer of the Bank:

- (1) persons without capacity or with limited capacity of civil conduct;
- (2) persons who were sentenced to criminal punishment for the crime of corruption, bribery, misappropriation of property or diversion of property or for disrupting the order of the socialist market economy, where less than five years have elapsed since the expiration of the sentence, or who have been deprived of the political rights due to a criminal offense, where less than five years have elapsed since the expiration of the period of deprivation, or who have been sentenced to probation, where less than two years have elapsed since the expiration of the probation period;
- (3) persons who were former directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy liquidation of the company or enterprise;
- (4) persons who were legal representatives of a company or enterprise which had its business license revoked or was ordered to close down due to violation of the law and who were personally liable, where less than three years have elapsed since the date of the revocation or being ordered to close down;
- (5) persons who have a substantial amount of debts due and outstanding and have been listed by the people's court as the person subject to enforcement for breach of trust;
- (6) persons who are under investigation by the judiciary authority for violation of the criminal law and the case is not concluded;
- (7) persons who have been removed from office by commercial banks, other financial institutions or organizations for failure to fulfill obligation of good faith;
- (8) an individual or a company employee who have outstanding loans payable to financial institutions;
- (9) a shareholder or a person holding positions in shareholders' entities whose balances of borrowings (excluding borrowings guaranteed by the pledge of bank deposit certificate or government bonds) from the Bank exceed his/her audited net equity value of the previous year of the Bank;
- (10) persons who are not eligible for enterprise leadership according to the laws and administrative regulations;

- (11) persons other than a natural person;
- (12) persons who have been convicted by the relevant competent authority for violation of securities regulations by acting fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction;
- (13) other persons disqualified by the laws, administrative regulations, departmental rules or the Articles of Association.

Any election, designation or appointment of Directors or engagement of senior management officers in violation of this provision shall be invalid. The Bank shall dismiss the Director and senior management officer who are involved in the said circumstances during their respective term of office.

**Article 224** The validity of an act of the Bank's Directors, President or other senior management officers on behalf of the Bank for a bona fide third person is not affected by any incompliance in the appointment, election or qualification thereof.

**Article 225** In addition to the obligations stipulated by laws, administrative regulations, relevant regulatory authorities and the Articles of Association, each of the Bank's Directors, President and other senior management officers shall have the following obligations to each shareholder in the exercise of the functions and powers conferred by the Bank:

- (1) not to cause the Bank to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Bank;
- (3) not to expropriate the Bank's property in any form, including (but not limited to) any opportunities advantageous to the Bank;
- (4) not to deprive of the individual rights and interests of the shareholders, including (but not limited to) the distribution rights and voting rights, but excluding a restructuring of the Bank submitted to the general meeting for approval in accordance with the Articles of Association.

**Article 226** Save for the above, the Directors of the Bank shall assume the following obligations:

- (1) to continuously pay attention to situations related to the Bank's operation and management, be entitled to request the senior management officers to provide relevant information reflecting the operation and management of the Bank in a comprehensive, timely and accurate manner, or give explanation for relevant issues;
- (2) to attend meetings of the Board of Directors on time, fully review the resolutions of the Board of Directors, give independent, professional and objective opinions, and vote independently on the basis of prudential judgment;

- (3) to take responsibilities for the resolutions of the Board of Directors;
- (4) to supervise the implementation of the resolutions of the general meeting and Board meeting by senior management;
- (5) to actively participate in trainings organized by the Bank and regulatory bodies, understand the rights and obligations of Directors, be familiar with relevant laws and regulations and regulatory requirements, and have consistent professional knowledge and capabilities required to perform their duties;
- (6) to be responsible for the Bank and all the shareholders and treat all shareholders equally when performing their duties;
- (7) to implement the code of professional ethics of high standards, and take into consideration the legitimate rights and interests of interested parties;
- (8) to bear duties of loyalty and diligence towards the Bank, perform their duties conscientiously and prudently and ensure sufficient time and energy to perform their duties;
- (9) to comply with laws and regulations, regulatory requirements and the Articles of Association.

**Article 227** Each of the Bank's Directors, President and other senior management officers owes a duty, in the exercise of his/her rights and discharge of his/her obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 228** In fulfilling their duties, the Bank's Directors, President and other senior management officers must observe the principle of honesty and shall not set themselves in a position where their own interests conflict with their obligations. The said principle includes (but not limited to) discharging the following obligations:

- (1) to sincerely act in the best interests of the Bank;
- (2) to exercise their rights within the scope of his/her authorities and not to act beyond those authorities;
- (3) to exercise the discretion vested in them personally and shall not be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent of shareholders given at a general meeting, not to assign the exercise of their discretion to others;
- (4) to be equal towards shareholders of the same class and fair towards shareholders of different classes;



- (5) not to enter into any contract, transaction or arrangement with the Bank, save as otherwise specified in the Articles of Association or with the informed consent of shareholders given at a general meeting;
- (6) not to seek personal gains by using the property of the Bank in any form without the informed consent of shareholders given at a general meeting;
- (7) not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Bank's property in any form, including (but not limited to) opportunities favorable to the Bank;
- (8) not to accept commissions in connection with the Bank's transactions without the informed consent of shareholders given at a general meeting;
- (9) to observe the Articles of Association, fulfill duties honestly, protect the interests of the Bank, and not to seek personal gains by using their positions and powers in the Bank;
- (10) not to compete with the Bank in any form without the informed consent of shareholders given at the general meeting;
- (11) not to misappropriate the Bank's funds or lend the same to others, not to open accounts in his/her own name or others' names for the deposit of the Bank's assets, and not to use the Bank's assets as security for the personal debts of the shareholders of the Bank or others;
- (12) not to disclose any confidential information related to the Bank acquired by them during the term of their office without the informed consent of the shareholders given at the general meeting; not to use the said information save for the interests of the Bank; however, they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:
  1. as required by law;
  2. as required for the interests of the public;
  3. as required for the interests of the said Directors, President and other senior management officers.

**Article 229** Directors, President and any other senior management officers of the Bank shall not cause the following persons or institutions ("associates") to do what they are prohibited from doing:

- (1) the spouse or minor child of such Directors, President and other senior management officers;
- (2) trustees of such Directors, President or other senior management officers or any person specified in item (1) hereinabove;

- (3) partners of such Directors, President or other senior management officers or any person specified in items (1) and (2) hereinabove;
- (4) a company in which that a Director, President or other senior management officers, alone or jointly with persons specified in items (1), (2) and (3) hereinabove or other Directors, President and other senior management officers, have a de facto controlling interest;
- (5) the Directors and other senior management officers of the controlled company referred to in item (4) of this Article.

**Article 230** The fiduciary duties of Directors, President and other senior management officers may not always end with the expiry of their terms of office, and their confidentiality obligation in respect of any commercial secrets of the Bank shall continue after expiry of their terms of office. Other duties may continue for such period as the principle of fairness may require, depending on the time lapse between the termination and the occurrence of the matter and the specific circumstances and conditions under which the relationship between them and the Bank was terminated.

**Article 231** Except as provided in the Article 67 of the Articles of Association, a Director, President and any other senior management officer of the Bank may be relieved of liability for specific breaches of his/her duty by the informed consent of shareholders given at the general meeting.

**Article 232** If the Directors, President and other senior management officers of the Bank have any direct or indirect material interests in any contract, transaction or arrangement already entered into or proposed with the Bank (excluding any employment contracts signed by the Bank with such Directors, President and other senior management officers), they shall disclose the nature and extent of the said interests to the Board as soon as possible regardless whether the relevant matters are subject to approval by the Board in normal circumstances.

Unless the Directors, President and other senior management officers of the Bank having interests have disclosed the said interests to the Board as per the preceding paragraph hereof, and the Board has approved the said matter at a meeting where such persons have neither been counted in the quorum nor participated in the voting, the Bank shall have the right to cancel the said contracts, transactions or arrangements, save for the circumstance in which the counter parties are bona fide parties uninformed of the breach of obligations of the said Directors, President and other senior management officers concerned.

If the associates of the Directors, President and other senior management officers of the Bank have any interests in a given contract, transaction or arrangement, the said Directors, President and other senior management officers shall be deemed as having interests.

**Article 233** Where a Director, President and other senior management officer of the Bank gives to the Board a written notice before the entry into of the contract, transaction or arrangement is first considered by the Bank, stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Bank, such Director, President or other senior management officer of the Bank shall be deemed for the purposes of the preceding Article to have declared his/her interests, to the extent stated in the notice. Where conditions are ripe, the Bank may establish a Professional Liability Insurance System for its Directors, President and other senior management officers upon the approval by the general meeting.

**Article 234** The Bank shall not, by any means, pay taxes for its Directors, President and any other senior management officers.

**Article 235** The Bank shall not, directly or indirectly, provide loans or loan guarantees to the Directors and senior management officers of the Bank or its parent company, or to the associates of the aforesaid persons.

However, the preceding paragraph shall not apply if:

- (1) the provision by the Bank of loans or loan guarantees for subsidiary banks (subsidiary companies) of the Bank;
- (2) the provision by the Bank of loans, loan guarantees or other funds to any of its Directors, President and other senior management officers to meet expenditure incurred by him/her for the purposes of the Bank or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of a service contract approved by the shareholders in the general meeting;
- (3) the provision by the Bank of loans or loan guarantees to relevant Directors, President or other senior management officers of the Bank or to an associate thereof based on normal commercial terms.

**Article 236** If the Bank provides loans in violation of the preceding Article, the recipient of the loans shall return the same immediately regardless of the loan conditions.

The Bank shall not be forced to execute loan guarantee provided in violation of Paragraph 1 of the preceding Article, except in the following circumstances:

- (1) the loan was provided to an associate of any of the Directors and senior management officers of the Bank or of the Bank's parent company and the lender did not know the relevant circumstances at the time the loan was advanced;
- (2) the collateral provided by the Bank has been lawfully disposed of by the lender to a bona fide purchaser.

- Article 237** The guarantee, as referred to in the preceding Articles, includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfills the obligations.
- Article 238** If the Directors, President and other senior management officers of the Bank violate the obligations to the Bank, the Bank shall, in addition to the rights and remedies provided for under the relevant laws and administrative regulations, be entitled to take the following actions:
- (1) requiring the Directors, President or other senior management officers to compensate the Bank for the losses arising from their dereliction of duties;
  - (2) rescinding the contracts or transactions entered into between the Bank and the relevant Directors, President and other senior management officers of the Bank, or between the Bank and a third person (if the third person knows or should have known that the Directors, President and other senior management officers representing the Bank have breached their obligations to the Bank);
  - (3) requiring the relevant Directors, President and other senior management officers to surrender their gains arising from their breach of obligations;
  - (4) recovering monies, including (but not limited to) commissions, received by the relevant Directors, the President and other senior management officers that should have been received by the Bank;
  - (5) requiring the relevant Directors, President and other senior management officers to surrender interests earned or likely to be earned from monies that should have been paid to the Bank.
- Article 239** The Bank shall enter into written contracts with its Directors in relation to their remunerations, subject to prior approval at a general meeting. The aforesaid remunerations shall include:
- (1) the remunerations in respect of his/her service as a Director or senior management officer of the Bank;
  - (2) the remunerations in respect of his/her service as a Director or senior management officer of any subsidiary banks (subsidiary companies) of the Bank;
  - (3) the remunerations in respect of the provision of other services in connection with the management of the affairs of the Bank and any of its subsidiary banks (subsidiary companies);
  - (4) the compensations for the said Directors for losing their positions or for retirement.

Save as specified in the aforesaid contracts, the Directors shall not pursue legal actions against the Bank for the interests that they should have obtained by virtue of the said matters.

**Article 240** The Bank shall specify in the contracts entered into with the Directors of the Bank in relation to remunerations that if the Bank is acquired, the Directors of the Bank have right to seek compensations or other monies for losing their positions or for retirement under the conditions approved at the general meeting. The acquisition in the preceding paragraph refers to any of the following circumstances:

- (1) A take-over offer made by any person to all the shareholders;
- (2) a take-over offer made by any person to become a “controlling shareholder”. The definition of a controlling shareholder is the same as that in Article 313 of the Articles of Association.

Any monies received by the relevant Directors in violation of the provisions herein shall belong to those who sell their shares in response to the aforesaid take-over offer, and the said Directors shall bear the expenses for distributing the said monies in proportion, and the said expenses shall not be deducted from the said monies.

## **CHAPTER VIII FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

### **Section 1 Financial Accounting System**

**Article 241** The Bank shall formulate the financial accounting system and internal audit system according to laws, administrative regulations and relevant provisions of financial department under the State Council, banking regulatory authorities under the State Council and People’s Bank of China.

**Article 242** The financial year of the Bank is Gregorian calendar year, i.e. from January 1 to December 31 on the Gregorian calendar.

**Article 243** The Bank shall prepare financial reports at the end of each financial year according to laws, administrative regulations and provisions of financial department under the State Council, which shall be audited by accounting firms according to law.

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

The Bank shall announce two financial reports in each financial year, i.e. interim financial report to be announced within 60 days after the end of the first six months of the financial year and the annual financial report to be announced within 120 days after the end of the financial year.

If the securities regulatory authority of the place where the Bank’s shares are listed has other provisions, such provisions shall prevail.

- Article 244** The Board shall, at each annual general meeting, submit to the shareholders a financial report which shall be prepared by the Bank under the requirement of the relevant laws, administrative regulations, departmental rules and regulatory documents.
- Article 245** The Board shall place the legally audited financial reports in the Office of the Board for inspection by the shareholders at least 20 days before convening of the annual general meeting. Every Shareholder of the Bank shall have the right to access the aforesaid financial reports.
- Unless otherwise specified in the Articles of Association, the Bank shall, at least 21 days before convening of the annual general meeting, make a notice or announcement of the aforesaid reports or Directors' reports together with the balance sheet and profit & loss statement, in accordance with the relevant requirements in Chapter XII of the Articles of Association.
- Article 246** The Bank shall not establish account books other than the statutory account books. The assets of the Bank shall not be deposited in any personal account.
- Article 247** The financial statements of the Bank shall not only be prepared in accordance with the PRC accounting standards and regulations, but also the international accounting standards or the accounting standards of the overseas listing place. If the financial statements prepared under the two accounting standards are discrepant significantly, such discrepancy shall be explained in the notes to the financial statements. The Bank shall distribute the after-tax profit of the relevant financial year as per the less of the after-tax profits in the aforesaid two financial statements.
- Article 248** The interim results or financial information announced or disclosed by the Bank shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place.
- Article 249** The Bank will not make interim profit distribution.
- Article 250** The Bank shall pay deposits reserve, withdraw general provisions, provision for loan losses and provision for impairment of other assets in accordance with the relevant state regulations, and use them as required by law.
- Article 251** The Bank shall pay taxes in accordance with the national and local tax laws and regulations.
- Article 252** The Bank shall distribute profits after income tax in the following order:
- (1) to recover losses;
  - (2) to withdraw statutory reserve fund. The percentage of withdrawal is 10% of after-tax profit;
  - (3) to withdraw general provision;

- (4) to withdraw discretionary reserve fund;
- (5) to pay dividends to shareholders.

Such withdrawal may be stopped when the statutory reserve fund of the Bank has accumulated to at least 50% of the registered capital of the Bank. If the aggregate balance of the Bank's statutory reserve fund is not enough to recover the losses of the Bank of the previous year, the current year's profits shall first be used for making up the losses before the statutory reserve fund is drawn.

After the Bank has withdrawn statutory reserve fund and general provision, the Bank, subject to the approval of the shareholders' general meeting, may make allocation to the discretionary reserve fund from the after-tax profits. The balance of the after-tax profits of the Bank, after making up for losses and withdrawing statutory reserve fund, general provision and discretionary reserve fund, may be distributed to the shareholders in pro rata to their shareholding.

In general, no dividend shall be paid to shareholders for any year in which the Bank's capital adequacy ratio is lower than the minimum standard required by the regulatory authorities of the PRC. On the premises of ensuring that the capital adequacy ratio meets the regulatory requirements, the Bank may distribute profits if its profits realized in each year, after making up for losses and withdrawing statutory reserve fund and general provision according to law, remain positive and distributable.

Where a general meeting decides to distribute profits to shareholders in violation of the provisions of the preceding paragraph before the Bank has made up for its losses and set aside its statutory reserve fund, shareholders shall return to the Bank the profits distributed in violation of such provisions. Shareholders and the liable Directors and senior executives shall be liable for compensation if their actions cause losses to the Bank.

The shares of the Bank held by the Bank shall not be entitled to any profit distribution.

The specific percentage of withdrawal of general provision and discretionary reserves fund shall be proposed by the Board and decided by the general meeting according to the annual operations of the Bank.

#### **Article 253**

The capital reserve fund of the Bank shall be used to make up for losses of the Bank, expand the operating scale or increase the Bank's capital. However, the capital reserve fund shall not be used to make up for the losses of the Bank.

If the reserve fund is converted into share capital by a resolution of the general meeting, the Bank shall distribute new shares as per the existing equity structure upon the approval by banking regulatory authorities under the State Council.

When the statutory reserve fund is changed to share capital, the remainder of the reserve fund shall not be less than 25% of the registered capital prior to the increase.



- Article 254** The capital reserve fund shall include the following amounts:
- (1) the premium received from issuance of shares at a price above par value;
  - (2) the amount of proceeds from the issuance of non-denomination shares that not included in the registered capital;
  - (3) other income included into the capital reserve fund as stipulated by the financial authorities under the State Council.
- Article 255** The Bank may distribute dividends in cash or by shares. Dividends distributed by shares shall be subject to the resolutions of the general meeting and be submitted to the banking regulatory authorities under the State Council for approval.
- Article 256** After the profit distribution plan is adopted at the general meeting, the Board shall complete dividends (or shares) distribution within two months after the conclusion of the general meeting.
- Article 257** Payment for shares prior to the demand notice shall incur interests thereon, but the holders of such shares shall not be entitled to dividends announced thereafter.
- Subject to the relevant PRC laws, administrative regulations and departmental rules of the PRC, the Bank may exercise the right to forfeit any unclaimed dividends, but such right shall not be exercised before expiry of the applicable validity period.
- The Bank shall have the right to cease sending dividend warrants by post to holders of overseas listed shares when the dividend warrants have been left uncashed for two consecutive times. However, the Bank may exercise such a right when the dividend warrants are returned after they are sent to the recipient for the first time.
- The Bank shall have the right to sell the shares of the holders of overseas listed shares who are untraceable in a manner deemed as appropriate by the Board, but it shall comply with the following conditions:
- (1) the Bank has distributed dividends on such shares for at least three times in 12 years, but none of such dividends are claimed by anybody during the period;
  - (2) upon expiration of the 12-year period, the Bank gives notice of its intention to sell such shares by announcement on one or more newspapers at the listing place of the Bank, and notifies the stock exchange on which the shares of the Bank are listed of such intention.
- Article 258** The Bank shall appoint receiving agents for holders of overseas listed foreign shares. The receiving agents shall, on behalf of such shareholders, receive dividends distributed and other monies payable by the Bank in respect of the overseas listed foreign shares, and keep the said monies for payment to the said shareholders.

The receiving agents appointed by the Bank shall be in compliance with the requirements of the laws of the place or stock exchange where the shares of the Bank are listed. The receiving agents appointed by the Bank for holders of H shares shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 259** The Bank shall implement an internal audit system and establish an independent and vertical internal audit management system with dedicated auditing staff to conduct internal audit and supervision regarding the Bank's financial income and expenses, and operating activities.

**Article 260** The internal audit system of the Bank and the duties of the auditing staff shall be implemented upon the approval of the Board. The principal officer in charge of audit department shall be accountable to the Board and Audit Committee, and report his/her work to the same.

## **Section 3 Appointment of Accounting Firm**

**Article 261** The Bank shall appoint an independent accounting firm which is qualified under the relevant regulations of the state and has obtained relevant business qualifications to audit the annual financial reports and review other financial reports of the Bank; however, the Bank shall not appoint an accounting firm controlled by its related parties to do the audit work. The term of appointment of an accounting firm for the Bank shall be from the conclusion of each annual general meeting to the conclusion of the next annual general meeting.

**Article 262** The accounting firm appointed by the Bank shall have the following rights:

- (1) to inspect the financial statements and vouchers of the Bank at any time, and to require Directors, President or other senior management officers of the Bank to provide relevant documents and explanations;
- (2) to require the Bank to take all reasonable actions to obtain from the Bank's subsidiary banks (subsidiary companies) such information and explanation as are necessary for the purpose of discharging its duties;
- (3) to attend general meetings, to receive all notices of, or other information relating to, the meeting that any shareholder is entitled to receive, and to speak at any general meeting in relation to the matters concerning its capacity as the Bank's accounting firm.

**Article 263** If there is a vacancy in the position of accounting firm of the Bank, the Board may appoint an accounting firm to fill such vacancy before the convening of the general meeting. However, the incumbent accounting firm during the vacancy duration, if any, may continue to act.

- Article 264** Regardless of the terms in the contract concluded between the accounting firm and the Bank, the general meetings of the Bank may, through an ordinary resolution, dismiss such accounting firm before the expiration of the term thereof, without prejudice to the accounting firm's right to claim (if any), for damages in respect of such dismissal.
- Article 265** The remunerations of the accounting firms or the method for determining the same shall be subject to the decision of the general meeting. The remunerations of such accounting firms appointed by the Board shall be determined by the Board.
- Article 266** The Bank's appointment, dismissal and non-reappointment of an accounting firm shall be determined by the general meeting, and shall be filed with the securities regulatory authorities under the State Council.

The general meeting shall comply with the following provisions in passing a resolution to appoint a non-incumbent accounting firm to fill any vacancy in the position of accounting firm or continue appointing an accounting firm appointed by the Board to fill the vacancy or dismiss an incumbent accounting firm before the expiration of the term thereof:

- (1) the proposal for appointment or dismissal shall, before the notice of a general meeting is sent, be served to the accounting firm to be appointed or to terminate service or having terminated service in the relevant financial year.

Termination of service shall include dismissal, resignation and retirement.

- (2) if the accounting firms about to terminate service make a written statement and request the Bank to notify the shareholders of the said statement, the Bank shall take the following actions unless the statement is received too late:
  1. describe in the notice issued for the resolution that the accounting firms about to terminate service have made a statement;
  2. send to the shareholders a copy of the statement as an attachment to the notice in the form specified in the Articles of Association.
- (3) if the Bank fails to send out the statement of the accounting firms as specified in item (2) of this paragraph, the relevant accounting firms may require that the said statement be read at the general meeting and may make further appeals.
- (4) the accounting firms about to terminate service have the right to attend the following meetings:
  1. the general meeting at which their term of appointment expires;
  2. the general meeting for filling vacancy because of their termination of service;

3. the general meeting held because of their resignation.

The accounting firms about to terminate service shall have the right to receive all notices of, or other information relating to the aforesaid meetings, and to speak at the aforesaid meetings in relation to the matters concerning their capacity as the Bank's former accounting firms.

**Article 267** The Bank shall undertake to provide the appointed accounting firms with true and complete accounting vouchers, account books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

**Article 268** Where the accounting firm resigns its office, it shall make clear to the Board whether or not there are irregularities in the Bank.

An accounting firm may resign its office by depositing a written notice of resignation at the Bank's statutory address. The said notice shall take effect on the date of delivery to the Bank's statutory address or on a later date specified in the notice. Such notice shall include the following statements:

1. a statement that its resignation does not involve any information that should be disclosed to the shareholders or creditors of the Bank;
2. a statement on any other circumstances that should be accounted for.

The Bank shall send a copy of the written notice mentioned in the preceding paragraph to the relevant regulation authorities within 14 days after the receipt of the said notice. If the notice contains the statement mentioned in item 2 of the preceding paragraph, the Bank shall keep a copy of the said statement in the Bank for reference by the shareholders. If the notice of resignation of accounting firm contains a statement on any other circumstances that should be accounted for, it may require the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

## **CHAPTER IX INCENTIVE AND RESTRICTION**

**Article 269** The Bank shall establish an incentive and restriction mechanism linking remuneration to the results and individual performance.

**Article 270** The Bank shall establish fair and open standards and procedures for evaluating performance of Directors and senior management officers.

**Article 271** Upon approval of the Board, the Bank shall establish a remuneration and benefit system compatible with its development, and may withdraw a certain percentage of incentive funds from the cost based on its operating results.

## **CHAPTER X LABOR RELATIONS**

**Article 272** The Bank implements an employment contract system for all employees according to the Labor Law of the People's Republic of China and other relevant laws and regulations.

- Article 273** The Bank recruits employees through examinations.
- Article 274** The Bank maintains a personnel file on each employee and insists on employee training and education.
- Article 275** The Bank enters into employment contracts with each employee to specify the rights and obligations of both parties.
- Article 276** The Bank improves the overall remuneration and benefits for employees while improving the efficiency.
- Article 277** The bonuses, benefits and social insurance for employees are specified in relevant provisions.
- Article 278** The Bank establishes a performance-based promotion, reward and punishment system. Employees qualified in assessment shall be recruited and promoted normally, those who have made prominent contributions shall be rewarded; those who violate rules and regulations shall be subject to punishment or termination of employment contracts.
- Article 279** The labor disputes between the Bank and its employees shall be handled in accordance with state provisions concerning labor disputes.

## **CHAPTER XI THE PARTY BUILDING**

### **Section 1 Organization Setup**

- Article 280** The Bank has established the Party Committee in accordance with the provisions of the Constitution of the Communist Party of China and the Working Regulations of the Communist Party of China on the Grassroots Organization of State-owned Enterprises (Trial). The Bank has set positions of the secretary of the Party Committee, deputy secretary and members thereof in the number as approved by higher-level Party organizations, and such positions shall be elected or appointed in accordance with relevant provisions. In the principle of high quality, efficiency and coordination, Party Committee of the Bank establishes Party affairs departments such as the Office, the Organization Department and the Publicity Department. Relevant organizations may work together with the management departments of the Bank with similar functions.

Members of the Party Committee and members of the Board of Directors are applicable to “two-way entry and cross-appointment”. Eligible members of the Party Committee may join the Board of Directors and the senior management through legal procedures. Eligible members of the Board of Directors and the senior management may join the Party Committee in accordance with relevant provisions and procedures.

## **Section 2 Terms of Reference**

- Article 281** The Party organization of the Bank shall abide by the following basic principles:
- (1) to consolidate the enhancement of leadership of the Party and improvement of the corporate governance, and integrate the leadership of the Party into each aspect of the corporate governance;
  - (2) to adhere to the deep integration of Party work and production and operation, and examine the effectiveness of the Party organization's endeavors with the Bank's reform and development achievements;
  - (3) to insist on the Party's management of cadres and talents, and cultivate a high-quality and professional corporate leader team and talent team;
  - (4) to lay a solid foundation at the grassroots level, highlight the construction of the Party branch, and enhance the vitality of the grassroots Party organizations;
  - (5) to rely on the working class wholeheartedly, to highlight the master role of the Bank's mass employees and to consolidate the Party's class foundation for governing.
- Article 282** The Party Committee shall play a leading role in guiding the direction, managing the overall situation and ensuring the implementation, and discuss and decide on major issues of the Bank in accordance with regulations. Its main duties include:
- (1) to strengthen the political construction of the Party of the Bank, adhere to and implement the fundamental systems, basic systems and important systems of socialism with Chinese characteristics, and educate and guide all Party members to always maintain a high degree of consistency in political stance, political direction, political principle and political path with the Central Committee of the CPC with Xi Jinping as the core;
  - (2) thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, study and promote theories of the Party, implement the Party's route, guidelines and policies, supervise and ensure the implementation of major decisions and arrangements of the Central Committee of the CPC and resolutions of higher Party organizations in the Bank;
  - (3) to study and discuss major operational and management issues of the Bank, and support the shareholders' (general) meeting, the Board and the senior management to exercise their powers according to law;
  - (4) to strengthen the Party Committee's gatekeeper role in the Bank's selection and utilization of talents; and to focus on the construction of leadership team, cadre team and talent team of the Bank;

- (5) to perform the main responsibility in the building of party style and honest administration, lead and support the internal discipline inspection committee to perform the duties of supervision, discipline and accountability, strictly specify political discipline and political rules, and promote the comprehensive extension of strict Party governance to the grassroots level;
- (6) to strengthen the construction of grassroots Party organizations and the team building of Party members, and to unite and lead the mass employees to actively participate in the reform and development of the Bank;
- (7) to lead the Bank's ideological and political work, the construction of spiritual civilization, the unified frontline work, and lead the trade union, the Communist Youth League, the women's organizations and other mass organizations of the Bank.

**Article 283** Major operational and management issues of the Bank shall be presented to the Party Committees for study and discussion before being submitted to the Board or the senior management for decision making. Matters subject to study and discussion mainly include:

- (1) following through the decisions and arrangements of the Central Committee of CPC, the State Council and the provincial Party Committee and government, and implementation of major moves under the national and provincial development strategies;
- (2) the Bank's development strategies, medium and long-term development plans and significant reform plans;
- (3) the fundamental and directional issues in the Bank's asset restructuring, property transfer, capital operation and large investment;
- (4) the establishment and adjustment of the Bank's organizational structure, and the formulation and modification of important rules and regulations;
- (5) major issues concerning the Bank's production safety, maintenance of stability, employee rights and interests, social responsibility, etc.;
- (6) other significant matters which shall be studied and discussed by the Party.

### **Section 3 Working Mechanism**

**Article 284** Study and discussion by the Party Committee is a pre-requisite procedure for the Board of Directors and senior management to make decisions on major issues. Major operational and management matters must be studied and discussed by the Party Committee before being decided by the Board of Directors or senior management to ensure the statutory role of the Party Committee in the corporate governance structure.

**Article 285** Major procedures for the Party Committee to participate in the decision-making process:



- (1) prior consideration by the Party Committee. Party organizations shall convene Party Committee meetings to deliberate on material matters proposed to the Board of Directors and the senior management for decisions, and provide opinions and advice. If the Party organization finds that the matters to be decided by the Board and senior management are not in compliance with the Party's route, policies and national laws and regulations, or may harm the interests of the State and the public, as well as the legitimate rights and interests of enterprises and employees, it has the right to provide opinions. If the Party organization considers that there are other material matters that need to be decided by the Board of Directors and the senior management of the Bank, it may propose such matters to the Board of Directors and the senior management of the Bank;
- (2) communication before the meeting. Members of the Party Committee who serve as members of the Board of Directors and the senior management of the Bank, in particular the chairman of the Board of Directors or the President of the Bank, shall communicate with other members of the Board of Directors and senior management of the Bank on the relevant opinions and suggestions of the Party Committee before the proposals are formally submitted to the Board of Directors or presented at the president office meeting;
- (3) expression during the meeting. Members of the Party Committee who serve as members of the Board of Directors and the senior management of the Bank shall fully express the opinions and suggestions studied by the Party Committee in the decision – making process of the Board of Directors and senior management of the Bank;
- (4) report after the meeting. Members of the Party Committee who serve as members of the Board of Directors and the senior management of the Bank shall report to the Party organization in a timely manner on the decisions made by the Board of Directors and senior management of the Bank.

**Article 286** Organize the implementation of the Bank's major decisions and arrangements. The Party organizations takes the lead in complying with various rules and regulations of the Bank, do well in the promotion, motivation and explanation during the implementation of major decisions of the Bank, and solidify and lead all Party members and employees to align their thoughts and actions to the development strategic objectives and major decisions and arrangements of the Bank, so as to promote the reform and development of the Bank.

**Article 287** The Party Committee shall establish a supervision system for the implementation of major decisions of the Bank, carry out supervision and inspection on a regular basis, and put forward rectification suggestions in a timely manner on acts of the Bank that fall short of the Party's route, guidelines and policy, the state laws and regulations, as well as the requirements of the Party Committee of the CPC and the provincial Party Committee and report those going uncorrected to the Party organization at a higher level in a timely manner.

## **Section 4 Basic Guarantee**

**Article 288** The Bank shall allocate a certain proportion of full-time and part – time employees based on the number of employees and actual needs. The Bank regards the positions involving Party affairs as an important platform to cultivate the Bank’s compound talents. The Bank strictly implements the policy of same treatment for the same rank, and promotes the two-way communication between Party staff and other management personnel.

The Bank shall guarantee the working funds of the Party organizations of the Bank by inclusion of such funds into administrative expenses and retention of Party expenses, and give priority to those used for the frontline of production and operation. The portion included in the administrative expenses is generally appropriated at a ratio of 1% of the payroll of the Bank in the previous year, and will be included in the annual budget of the Bank.

## **CHAPTER XII NOTICE AND ANNOUNCEMENT**

**Article 289** Notices described in the Articles of Association shall be served by one or a combination of the following methods, subject to laws, administrative regulations and relevant requirements of the stock exchanges where the shares of the Company are listed:

- (1) by hand;
- (2) by post or fax or e-mail;
- (3) by announcement on the newspaper and other designated media;
- (4) by announcement on the websites of the stock exchanges where the shares of the Company are listed and of the Company;
- (5) by other means approved by the securities regulatory authorities in the place where the Bank’s shares are listed or specified in the Articles of Association.

Regarding the despatch or provision of corporate communications to holders of H shares (within the meaning ascribed to it under the Hong Kong Listing Rules, the same hereinafter), the Bank may, subject to the listing rules and the requirements of securities regulatory authorities in the place where the Bank’s shares are listed, opt for the form as prescribed in subparagraph (4) of this article or other means as prescribed by the listing rules of the place where the shares of the Bank are listed and the securities regulatory authority when disseminating corporate communications, in lieu of distributing corporate communications to each holder of H shares by delivery by hand or by post.

**Article 290** Should the Bank’s notice be delivered by hand, the recipient shall sign (or affix his/her chop) on the reply slip upon delivery and the receipt date of the recipient shall be the date of delivery. Should the Bank’s notice be delivered by post, the delivery date shall be three working days after the date on which it is deposited at the post office. Should the Bank’s notice be delivered by fax or e-mail, the sending date shall be the date of delivery. Should the Bank’s notice be delivered in the

form of an announcement, the date on which the announcement is first published shall be the date of delivery. Where an announcement is published on regulation-conformant media, the notice shall be deemed as received by all relevant persons once it is published.

If the securities regulatory authorities in the place where the Bank's shares are listed have special provisions, such provision shall prevail.

## **CHAPTER XIII MERGER, DIVISION, DISSOLUTION AND LIQUIDATION**

**Article 291** The Bank may merge or divide pursuant to laws.

A merger of the Bank may take the form of absorption or establishment of a new company. A merger by absorption means one company absorbing another, and the company being absorbed shall be dissolved. Where two companies merge to establish a new company, both parties to the merge shall dissolve.

**Article 292** In respect of a merger or division of the Bank, the Board shall propose a plan and have it adopted following the procedures specified in the Articles of Association, and go through relevant examination and approval formalities pursuant to laws. A shareholder who disagrees with a proposal of merger or division shall have the right to demand the Bank or the consenting shareholders to acquire his/her shares at a fair price. The resolution of merger or division of the Bank shall be made as a special document for inspection by shareholders.

**Article 293** Where the Bank merges with a company in which it holds more than 90% of the shares, the company to be merged is not required to obtain a resolution of its general meeting. However, the Bank shall notify other shareholders of such merger, and such shareholders shall have the right to demand that the Bank purchase their equity interests or shares at a reasonable price.

No resolution of the general meeting shall be required if the total consideration paid by the Bank for the merger does not exceed 10% of the Bank's net assets.

A merger under the preceding two paragraphs that does not require a resolution of the general meeting shall be subject to a resolution of the Board of Directors.

**Article 294** In the event of a merger of the Bank, the parties concerned shall enter into a merger agreement and prepare a balance sheet and an inventory of properties. The Bank shall notify its creditors within ten days from the date of the merger resolution and shall make at least three announcements on the information disclosure media designated by the Bank or the National Enterprise Credit Information Publicity System within thirty days.

A creditor may, within thirty days from the date of receipt of the notice, or for those who do not receive the notice, within forty-five days from the date of the announcement, be entitled to require the Bank to settle its debts with him/her in full or provide commensurate security.

After the Bank is merged, the claims and debts of each party to the merger shall be succeeded by the surviving company or the newly established company subsequent to the merger.

**Article 295** Where there is a division of the Bank, its assets shall be divided accordingly.

In the event of a division of the Bank, the parties concerned shall enter into a division agreement and prepare a balance sheet and an inventory of properties. The Bank shall notify its creditors within ten days from the date of the division resolution and shall make at least three announcements on the information disclosure media designated by the Bank within thirty days.

The debts of the Bank before division shall be undertaken by the companies after division as per the agreements concluded.

**Article 296** Change in registered particulars resulting from a merger or division of the Bank shall be registered with the company registration authority according to laws. Where the Bank is dissolved, it shall apply for deregistration in accordance with the laws. Where a new company is established, such company shall apply for registration of incorporation in accordance with the laws.

**Article 297** The Bank shall be dissolved and liquidated according to the laws in any of the following circumstances:

- (1) the term of business provided in the Articles of Association is expired or other causes of dissolution as specified therein occurs;
- (2) the general meeting resolves to dissolve the Bank;
- (3) merger or division of the Bank entails dissolution;
- (4) the Bank is declared insolvent according to the laws due to its failure to repay debts due;
- (5) the Bank's business license is revoked or the Bank is ordered to close down or dissolved in accordance with the laws;
- (6) where the Bank suffers significant hardships in operation and management, and its continuation may cause substantial loss to shareholders' interests, which cannot be resolved through other means, shareholders representing 10% or more of the total voting rights of the Bank may plead a people's court to dissolve the Bank and the people's court upholds their decision.

The Bank's liquidation and dissolution shall comply with the provisions of the Company Law and Commercial Bank Law.

**Article 298** With regard to the occurrence of the situation described in item (1) of Article 297 in the Articles of Association, the Bank may continue to exist by amending the Articles of Association.

Amendments to the Articles of Association pursuant to the preceding Article shall be approved by votes representing two-thirds or more of the voting rights held by shareholders present at the general meetings.

**Article 299** Where the Bank is dissolved pursuant to items (1) and (2) of Article 297 hereof, a liquidation group shall be established within fifteen days upon occurrence of causes of such dissolution, and relevant members shall be determined by an ordinary resolution passed at a general meeting.

Where the Bank is dissolved pursuant to item (4) of Article 297 hereof, a people's court shall organize shareholders, relevant authorities and professionals to set up a liquidation group in accordance with relevant laws for liquidation.

Where the Bank is dissolved pursuant to item (5) of Article 297 hereof, the relevant competent authorities shall organize shareholders, relevant authorities and professionals to set up a liquidation group for liquidation.

If a liquidation group is not duly set up, the creditors may plead the people's court to designate related persons to form a liquidation committee to carry out the liquidation.

**Article 300** If the Board decides to liquidate the Bank (save for liquidation when the Bank is declared bankrupt), the notice of a general meeting to be held therefor shall contain a statement that the Board has made thorough investigation on the conditions of the Bank and that the Bank may repay all the debts within twelve months after commencement of such liquidation.

After the resolution on liquidation of the Bank is adopted at the general meeting, all functions and powers of the Board shall immediately cease. The liquidation group shall report at least once a year to the general meeting about the group's income and expenses, the business of the Bank and the progress of the liquidation, and shall deliver a final report to the general meeting upon completion of the liquidation in accordance with instructions of the general meeting.

**Article 301** During liquidation, the liquidation group shall perform the following powers and duties:

- (1) notifying the creditors by notice or announcement and confirming the creditor's claims;
- (2) ascertaining the Bank's properties and preparing a balance sheet and an inventory of properties;
- (3) settling the outstanding business relating to liquidation of the Bank;
- (4) settling outstanding taxes as well as taxes arising in the course of liquidation;
- (5) ascertaining claims and debts;
- (6) disposing of any remaining assets of the Bank after the repayment of debts;

(7) representing the Bank in any civil proceedings.

**Article 302** As of the date of its establishment, the liquidation committee shall notify the creditors within 10 days and make at least three announcements on Gansu Ribao within 60 days. The liquidation committee shall register the creditor's rights.

**Article 303** The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice. The liquidation committee shall register the creditor's rights. The liquidation committee shall not pay off any debts to any creditors during period of credit declaration.

**Article 304** After checking the Bank's properties and preparing a balance sheet and an inventory of properties, the liquidation committee shall formulate a liquidation plan for the confirmation by general meeting or relevant competent authorities.

**Article 305** The properties of the Bank shall be liquidated in the following order of priority:

- (1) to pay the cost of liquidation;
- (2) to pay wages, social insurance premiums and statutory compensation of staff;
- (3) to pay the principal of and interest on personal savings deposit;
- (4) to settle outstanding tax payment;
- (5) to settle other debts of the Bank;
- (6) to distribute to the shareholders in proportion to their shareholding ratios.

Before liquidation as specified in items (1) to (5) above, the remaining properties of the Bank shall not be distributed to the shareholders.

The remaining properties of the Bank after repayment as specified in the preceding paragraph shall be distributed to the shareholders as per the types of their shares and their shareholding ratios.

During the liquidation period, the Bank shall not carry out new business operations.

**Article 306** After the liquidation committee has liquidated the Bank's properties and prepared a balance sheet and an inventory of properties, if it believes that the Bank's properties are insufficient to repay its debts, it shall, upon approval of the banking regulatory authorities under the State Council, apply to the people's court for declaration of the bankruptcy of the Bank.

After the Bank is declared bankrupt by the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.



**Article 307** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report and a statement of the income and expenses and the account books in respect of the liquidation period, and after verification by PRC certified public accountants, shall submit the same to the general meeting, a people's court, banking regulatory authorities under the State Council or local branch of the People's Bank of China for confirmation.

The liquidation committee shall, within 30 days after obtaining confirmations from the general meeting, a people's court, banking regulatory authorities under the State Council or local branch of the People's Bank of China on the liquidation report, cancel registration of the Bank with the company registration authority, and announce the termination of the Bank.

**Article 308** Members of the liquidation committee shall perform their duties with due diligence and carry out their liquidating obligations in accordance with the laws.

Members of the liquidation committee shall not exploit their position to accept bribes or other illegal income or misappropriate the property of the Bank.

A member of the liquidation committee who causes loss to the Bank or its creditors due to his/her intentional misconduct or gross negligence shall be liable for damages.

#### **CHAPTER XIV AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**Article 309** The Bank may amend the Articles of Association in accordance with the provisions of laws, administrative regulations and the Articles of Association. The Bank shall amend the Articles of Association in any of the following circumstances:

- (1) after the amendments are made to the Company Law, Banking Supervision and Regulatory Law, Commercial Banking Law, the Hong Kong Listing Rules or other relevant laws and administrative regulations, any term contained in the Articles of Association become inconsistent with the amended laws and administrative regulations;
- (2) if certain changes of the Bank occur resulting in the inconsistency with certain terms specified in the Articles of Association;
- (3) the general meeting has resolved to amend the Articles of Association.

**Article 310** Where the amendments to the Articles of Association require approval of relevant regulatory authorities, the amendments to the Articles of Association passed by resolutions of the general meetings shall take effect upon the approval of the competent regulatory authorities. Where the amendments involve registration matters of the company, the involved change shall be registered in accordance with the laws.



**Article 311** The Board shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

## **CHAPTER XV SETTLEMENT OF DISPUTES**

**Article 312** Save as otherwise provided by the Articles of Association, the Bank shall follow the following rules for settlement of disputes:

- (1) all disputes and claims between holders of overseas listed foreign shares and the Bank, between holders of overseas listed foreign shares and the Bank's Directors, President or other senior management officers, or between holders of overseas listed foreign shares and holders of domestic shares arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other applicable laws and administrative regulations concerning the affairs of the Bank shall be submitted by the relevant parties for arbitration.

The aforesaid dispute or claim shall be submitted for arbitration in their entirety. All parties which have the cause of action due to the same events, or are required to participate in the settlement of the dispute or claim, such parties shall abide by the arbitration result if such parties are the Bank or the shareholders, Directors, President or other senior management officers of the Bank.

Disputes in relation to the identification of the shareholders and register of shareholders may be settled by means other than arbitration.

- (2) A claimant may elect arbitration at either 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 refers a dispute or claim to arbitration, the other party must carry out arbitration in the arbitral body elected by the claimant.

If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may request arbitration to be conducted in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (3) If any disputes or claims of rights are settled by way of arbitration in accordance with item (1) of this article, the laws of the People's Republic of China shall apply, except as otherwise provided in the laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

## CHAPTER XVI MISCELLANEOUS

### Article 313 Definitions:

- (1) the controlling shareholders shall refer to persons who possess one of the following conditions:
  1. when acting alone or acting in concert with other persons, such a person can select more than half of the Bank's Directors;
  2. when acting alone or acting in concert with other parties, such a person can exercise more than 30% (inclusive) of the voting rights of the Bank or control the exercise of more than 30% (inclusive) of the voting rights of the Bank;
  3. when acting alone or acting in concert with other persons, such a person holds more than 30% (inclusive) of the outstanding shares with voting rights of the Bank;
  4. when acting alone or acting in concert with other persons, such a person has de facto control of the Bank through other methods.

The term acting in concert mentioned above 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 (joint proposal of motions, joint nomination of Directors and entrustment of the exercise of voting rights which do not state voting intention, excluding public proxy solicitations) will be made.

- (2) De facto controller means a person who, though not a shareholder of the Bank, is able to get the de facto control of the Bank through investment relationships, agreement or other arrangements.
- (3) Related party relationship means the relation between the controlling shareholder, de facto controller, Directors, members of the senior management of the Bank and the enterprises under their direct or indirect control, and any other relationships that may lead to the transfer of interest of the Bank, provided however that there should be no related party relationship between state-controlled enterprises solely because they are under the common control of the State.
- (4) Substantial shareholders herein refer to the shareholders who can directly, indirectly, or jointly hold or control more than 5% of the shares or voting rights of the Bank and have a significant impact upon the decision-making of the Bank.

- (5) The “major” standards mentioned in the major acquisitions, major external investment and major asset disposals herein shall be determined according to the specific authorization plan of the general meeting to the Board of the Bank.

- Article 314** Where any matter is not covered herein, relevant laws and regulations shall prevail.
- Article 315** The amendments to the Articles of Association adopted by the general meeting shall constitute part of the Articles of Association upon approval by the banking regulatory authorities under the State Council.
- Article 316** The Articles of Association shall be executed in Chinese. Where the articles of association in any other language or version disagree with the Articles of Association, the latest Chinese version of Articles of Association approved and registered at the Administration for Industry and Commerce of Gansu Province shall prevail.
- Article 317** The term “or above”, “within”, “under”, as stated in the Articles of Association shall all include the number or amount itself; the term “less than”, “except”, “over”, “exceeding”, “less” shall all exclude the number or amount itself; the term “day” refers specifically to the workday.
- Article 318** The “certified public accountants” under the Articles of Association is the same as “auditors”.
- Article 319** The Board shall, according to the principles specified by the Articles of Association, formulate rules of procedure for the general meetings and the Board (including special committees thereof). The rules of procedure for the general meeting and the Board shall be subject to the approval of the general meeting of the Bank.
- Article 320** The Board shall be responsible for the interpretation of the Articles of Association.