

# **ARTICLES OF ASSOCIATION OF POSTAL SAVINGS BANK OF CHINA CO., LTD.**

(Adopted at the inauguration meeting and the first shareholders' general meeting of Postal Savings Bank of China Co., Ltd. on December 29, 2011; approved by China Banking Regulatory Commission on January 20, 2012; amended by the third extraordinary general meeting of 2013 of Postal Savings Bank of China Co., Ltd. on December 13, 2013; amended by the third extraordinary general meeting of 2014 of Postal Savings Bank of China Co., Ltd. on December 26, 2014; amended by the third extraordinary general meeting of 2015 of Postal Savings Bank of China Co., Ltd. on November 20, 2015; approved by China Banking Regulatory Commission on March 14, 2016; amended by the annual general meeting of 2015 of Postal Savings Bank of China Co., Ltd. on May 31, 2016; approved by China Banking Regulatory Commission on June 24, 2016; amended by the annual general meeting of 2016 of Postal Savings Bank of China Co., Ltd. on June 8, 2017; approved by China Banking Regulatory Commission on August 2, 2017; amended by the second extraordinary general meeting of 2017 of Postal Savings Bank of China Co., Ltd. on October 27, 2017; approved by China Banking and Insurance Regulatory Commission on June 21, 2018; amended by the first extraordinary general meeting of 2019 of Postal Savings Bank of China Co., Ltd. on April 8, 2019; approved by China Banking and Insurance Regulatory Commission on June 6, 2019; amended by the first extraordinary general meeting of 2020 of Postal Savings Bank of China Co., Ltd. on March 6, 2020; approved by China Banking and Insurance Regulatory Commission on August 19, 2020; amended according to the Approval by China Banking and Insurance Regulatory Commission on the Change of Registered Capital of Postal Savings Bank of China Co., Ltd. (Yin Bao Jian Fu [2020] No. 673) of China Banking and Insurance Regulatory Commission on September 8, 2020; amended according to the first extraordinary general meeting of 2021 of Postal Savings Bank of China Co., Ltd. on April 29, 2021 and the Approval by China Banking and Insurance Regulatory Commission on the Change of Registered Capital of Postal Savings Bank of China Co., Ltd. (Yin Bao Jian Fu [2021] No. 763) of China Banking and Insurance Regulatory Commission on September 29, 2021; amended according to the 2022 annual general meeting of Postal Savings Bank of China Co., Ltd. on June 30, 2023 and the Approval by the National Financial Regulatory Administration on the Change of Registered Capital of Postal Savings Bank of China Co., Ltd. (Jin Fu [2023] No. 288) of the National Financial Regulatory Administration on September 22, 2023; amended by the annual general meeting of 2022 of Postal Savings Bank of China Co., Ltd. on June 30, 2023 and the second extraordinary general meeting of 2025 of Postal Savings Bank of China Co., Ltd. on October 9, 2025; and approved by the National Financial Regulatory Administration on December 11, 2025.)

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## CHAPTER I GENERAL PROVISIONS

**Article 1** The Articles of Association (the “Articles”) are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China, the Commercial Banking Law of the People’s Republic of China (the “Commercial Banking Law”), the Guidelines for Articles of Association of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) as well as other applicable laws, administrative regulations, departmental rules, and relevant provisions of securities regulatory authorities of the places where the Bank’s shares are listed for the purposes of protecting the legitimate rights and interests of Postal Savings Bank of China Co., Ltd. (the “Bank”), its shareholders, employees, and creditors and regulating the organization and activities of the Bank.

**Article 2** Under the consent of the State Council and upon the approval by the Official Reply of the CBRC on the Restructuring of Postal Savings Bank of China into a Joint Stock Limited Liability Company (Yin Jian Fu [2011] No. 634), the Bank was entirely transformed into a joint stock limited company from the former Postal Savings Bank of China Limited (中國郵政儲蓄銀行有限責任公司) (established in 2007) and was established by way of promotion. The promoter was China Post Group Corporation (中國郵政集團公司) (which has been restructured and renamed as China Post Group Corporation Limited). The Bank inherited all assets and liabilities of the former Postal Savings Bank of China Limited, and legally assumed and performed the rights and obligations in relevant legally binding contracts or agreements as well as the corresponding creditor-debtor relationships and legal liabilities of the former Postal Savings Bank of China Limited. The Bank completed the formalities in respect of the change of registration with the State Administration for Industry and Commerce on January 21, 2012, and renewed its business license. The Bank currently holds a Business License with the Unified Social Credit Code of 9111000071093465XC.

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

Full name in Chinese: 中國郵政儲蓄銀行股份有限公司

Chinese abbreviation: 中國郵政儲蓄銀行

Full name in English: POSTAL SAVINGS BANK OF CHINA CO., LTD.

English abbreviation: POSTAL SAVINGS BANK OF CHINA

Acronym: PSBC

**Article 4** Domicile of the Bank: No. 3 Financial Street, Xicheng District, Beijing, Postcode: 100808.

Telephone: 86-10-6885 8872

Fax: 86-10-6885 8859

**Article 5** The registered capital of the Bank is RMB99,161,076,038.

**Article 6** The Bank shall be a perpetually existing joint stock limited company.

**Article 7** The chairman of the board of directors (the “Board”) shall be the legal representative of the Bank. Where the chairman resigns, he/she shall be deemed to have resigned as legal representative at the same time.

**Article 8** The liability of the shareholders of the Bank shall be limited to the extent of their respective shareholdings in the Bank, and the Bank shall assume liability for its debts to the extent of all its assets.

**Article 9** From the date the Articles become effective, the Articles shall become a legally binding document that regulates the organization and activities of the Bank as well as the rights and obligations between the Bank and its shareholders and among the shareholders themselves. The Articles shall be binding on the Bank, its shareholders, directors, and senior management members. The aforesaid persons may assert their rights against the Bank in accordance with the Articles. Pursuant to the Articles, a shareholder may sue other shareholders, directors, senior management members of the Bank, or the Bank, and the Bank may sue a shareholder, a director or a senior management member.

The term “sue” mentioned in the preceding paragraph shall include the initiation of legal proceedings in a court or the application of arbitration to an arbitral institution.

**Article 10** Based on the needs of its business development and subject to the approval of competent government departments, the Bank may establish, change or dissolve entities domestically and overseas, including but not limited to subsidiaries, branches or representative offices, in accordance with the requirements of laws, administrative regulations, departmental rules and the Articles. Except for subsidiaries, the aforesaid entities shall not have the status of independent legal person. They shall legally carry out their business within the scope authorized by the Bank and shall be subject to centralized management by the Bank.

**Article 11** The Bank may invest in other enterprises in accordance with the laws or subject to the approval of the competent authorities authorized by the State Council, and shall assume liabilities of the invested enterprises to the extent of its capital contribution or subscribed shares. The Bank shall not become a capital contributor bearing the joint and several liabilities for the debts of such invested enterprises.

**Article 12** The Bank has adopted the “direct-operation + agency” operating model. Leveraging the advantages of the postal network, the Bank promotes sustainable and healthy development of the Bank’s business through agency operations by postal institutions, to improve the market value of the Bank and achieve a win-win outcome for both the Bank and China Post Group.

**Article 13** As a state-controlled commercial bank, the Bank shall uphold the leadership by the Communist Party of China (the “CPC”), and strengthen Party building. The Bank shall set up Party organizations to carry out Party activities according to the Constitution of the Communist Party of China and the Company Law. The Party committee shall play a leadership role, set the right direction, keep in mind the big picture, and ensure the implementation of Party policies and principles. Meanwhile, Party working bodies shall be established and equipped with sufficient staff to fulfil the responsibilities of Party building. Sufficient funds shall be guaranteed for the operation of Party organizations, and necessary conditions shall be provided for the activities of Party organizations.

## CHAPTER II BUSINESS OBJECTIVES AND SCOPE

**Article 14** The objectives of the Bank are to comply with national laws and regulations, maintain creditworthiness, adhere to the people-centered value orientation, be customer-focused and market-oriented, and adhere to the market positioning of serving “Sannong (agriculture, rural areas, and rural residents)”, urban and rural residents, as well as small and medium-sized enterprises. It will leverage the advantage of the postal network, strengthen internal controls, and operate in a compliant and prudent manner, to provide customers with high-quality financial services, maximize shareholder value, and support the development of the national economy and social progress.

The Bank pursues the philosophy of innovative, coordinated, green, open, and shared development, implements the requirements of sustainable development, attaches great importance to environmental protection, actively fulfills social responsibilities, maintains a good social reputation, and creates harmonious social relations.

The Bank is committed to the high-quality development of the financial sector, and actively fosters and practices the financial culture with Chinese characteristics. It dedicates all efforts to ensure the development of “five priorities” of the financial sector, namely technology finance, green finance, inclusive finance, pension finance, and digital finance. The Bank is dedicated to becoming the main force in serving the real economy and the ballast in safeguarding financial stability, and contributes to boosting China’s strength in finance.

**Article 15** The business scope of the Bank shall be as follows: taking deposits from the public; granting short-term, medium-term, and long-term loans; handling domestic and international settlements; accepting and discounting bills of exchange; issuing financial bonds; acting as an agent in the issuance, redemption, and underwriting of government bonds; trading government bonds and financial bonds; engaging in interbank lending; engaging in foreign exchange trading as a principal or on an agency basis; engaging in bank card business; providing letters of credit services and guarantees; collecting and making payment as well as conducting insurance business on an agency basis; providing safe deposit box services; and engaging in any other business approved by the banking regulatory authority under the State Council and other regulatory authorities.

## CHAPTER III SHARES

### Section 1 Issuance of Shares

**Article 16** The Bank shall issue securities in compliance with the laws, administrative regulations, departmental rules, and relevant provisions of the securities regulatory authorities of the places where the shares of the Bank are listed.

The term “securities” used in this Article include shares, corporate bonds, depositary receipts, and other securities recognized by the State Council according to the law which are issued by the Bank.

The Bank shall have ordinary shares. Based on actual needs, the Bank may have preference shares or other types of shares that meet the requirements of laws and regulations subject to the registration with or fulfillment of relevant procedures of the securities regulatory authority under the State Council or authorities authorized by the State Council. The shares of the Bank shall be evidenced in the form of share certificates.

The term “preference shares” in the Articles refers to the other classes of shares separately regulated under the Company Law, distinct from the ordinary shares regulated by the general provisions. Holders of preference shares shall have priority over ordinary shareholders in the distribution of profits and residual assets of the Bank, but their rights to participate in the decision-making and management of the Bank (such as voting rights) are restricted.

Unless otherwise specified, references to “share(s)” and “share certificate(s)” in Chapters 3 to 18 and Chapter 20 of the Articles shall refer to ordinary share(s) and ordinary share certificate(s), and references to “shareholder(s)” in Chapters 3 to 18 and Chapter 20 of the Articles shall refer to ordinary shareholder(s).

The Bank shall issue shares in accordance with the principles of fairness and impartiality, and each share of the same class shall rank *pari passu* in all respects.

Each share of the same class shall be issued under the same conditions and at the same price in each issuance. The same price shall be paid for each share subscribed for by any entity or individual.

**Article 17** All shares issued by the Bank shall have a par value. Each ordinary share shall bear a par value of RMB1.

**Article 18** Subject to the registration with or fulfillment of relevant procedures of the securities regulatory authority under the State Council or authorities authorized by the State Council, the Bank may issue shares to domestic investors and overseas investors.

The term “overseas investors” mentioned in the preceding paragraph refers to investors from foreign countries, the Hong Kong Special Administrative Region (“Hong Kong”), the Macau Special Administrative Region, or the Taiwan region of the People’s Republic of China (the “PRC”), who subscribe for the Bank’s shares. The term “domestic investors” refers to investors located within the territory of the PRC (excluding the aforesaid regions) who subscribe for the Bank’s shares.

**Article 19** Shares that the Bank issues to domestic investors for subscription in Renminbi are referred to as domestic shares. Shares that the Bank issues to overseas investors for subscription in foreign currencies are known as foreign shares. Foreign shares listed overseas are referred to as overseas listed foreign shares. Shares issued by the Bank upon the registration with or fulfillment of relevant procedures of the securities regulatory authority under the State Council or the authorities authorized by the State Council and listed and traded on a domestic stock exchange with the approval of the domestic securities regulatory authorities shall be referred to as domestic listed shares. Shares issued by the Bank upon the fulfillment of relevant procedures of the securities regulatory authority under the State Council or authorities authorized by the State Council and listed and traded on overseas stock exchanges with approvals from overseas securities regulatory authorities are referred to as overseas listed shares.

The term “foreign currencies” in the preceding paragraph refers to any lawful currency, other than Renminbi, of another country or region, which is recognized by the foreign exchange authority of the PRC and that can be used to make payments for the shares to the Bank.

Shareholders of the domestic listed shares and overseas listed shares of the Bank rank *pari passu* with respect to any distribution, whether in the form of dividends or otherwise.

**Article 20** Upon approval by the competent authorities authorized by the State Council, the Bank may issue a total number of 99,161,076,038 ordinary shares. 45,000,000,000 shares were issued to its promoter, China Post Group Corporation, when the Bank was restructured into a joint stock limited company, representing 100% of the total ordinary shares that the Bank may issue at that time.

**Article 21** Upon the Bank's initial public offering and listing of the overseas listed shares, the Bank issued 12,426,574,000 overseas listed shares, representing approximately 15.34% of the total number of ordinary shares that the Bank may issue at that time.

The ordinary share capital structure of the Bank before its initial public offering and listing of domestic listed shares was as follows: 81,030,574,000 ordinary shares, of which 55,847,933,782 shares in total were held by its promoter, China Post Group Corporation, and 5,326,473,218 shares in aggregate were held by other domestic shareholders, hence a total of 61,174,407,000 shares were held by domestic shareholders, representing approximately 75.50% of the total ordinary shares that the Bank might issue then; 19,856,167,000 shares are overseas listed shares, representing approximately 24.50% of the total ordinary shares that the Bank might issue then.

Upon approval by the securities regulatory authority under the State Council, 5,947,988,200 domestic listed shares were issued upon the initial public offering of the Bank and listed on Shanghai Stock Exchange. After the initial public offering and listing of domestic listed shares, the ordinary share capital of the Bank comprised: 86,978,562,200 ordinary shares, including 67,122,395,200 domestic listed shares, accounting for approximately 77.17% of the total ordinary shares that the Bank may issue at that time; and 19,856,167,000 overseas listed shares, accounting for approximately 22.83% of the total ordinary shares that the Bank may issue at that time.

Upon approval by the securities regulatory authority under the State Council, the Bank issued 5,405,405,405 ordinary A shares through non-public issuance in 2021. After the completion of the non-public issuance, the ordinary share capital of the Bank comprised: 92,383,967,605 ordinary shares, including 72,527,800,605 domestic listed shares, accounting for approximately 78.51% of the total ordinary shares that the Bank may issue at that time; and 19,856,167,000 overseas listed shares, accounting for approximately 21.49% of the total ordinary shares that the Bank may issue at that time.

Upon approval by the securities regulatory authority under the State Council, 6,777,108,433 ordinary A shares were issued through the non-public issuance of A shares by the Bank in 2023. After the completion of the non-public issuance, the ordinary share capital of the Bank comprises: 99,161,076,038 ordinary shares, including 79,304,909,038 domestic listed shares, which account for approximately 79.98% of the total ordinary shares that could be issued by the Bank; and 19,856,167,000 overseas listed shares, which account for approximately 20.02% of the total ordinary shares that could be issued by the Bank.

Domestic listed shares issued by the Bank are centrally deposited with a depository institution that complies with relevant regulations; overseas listed shares issued by the Bank may be held in custody by a custodian company in accordance with the laws and securities registration and depository requirements of the places where the shares of the Bank are listed, or may also be held by shareholders in their own names.

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

**Article 22** Based on its operational and development needs and in accordance with the requirements of laws and administrative regulations, the Bank may adopt the following methods to increase its registered capital, subject to resolutions made at the shareholders' general meeting and approval by the relevant competent authorities:

- (1) issuing shares to non-specific subscribers;
- (2) issuing shares to specific subscribers;
- (3) distributing bonus shares to existing shareholders;
- (4) transferring capital reserves to increase share capital;
- (5) other methods stipulated by laws and administrative regulations and approved by relevant competent authorities.

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

**Article 23** The Bank may reduce its registered capital in accordance with the provisions of the Articles. The Bank must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Bank shall notify its creditors within ten (10) days from the date of passing the resolution to reduce its registered capital and shall publish an announcement in a newspaper or via the National Enterprise Credit Information Publicity System within thirty (30) days from that date. Creditors shall have the right to demand full repayment of the Bank's debts or provision of corresponding security within thirty (30) days of receipt of notification, or within forty-five (45) days from the date of the relevant announcement for those who do not receive such notice.

The registered capital of the Bank after such reduction shall not fall below the statutory minimum amount.

**Article 24** The Bank may repurchase its outstanding shares in the following circumstances in accordance with the procedures as prescribed by the laws, administrative regulations, departmental rules, and the Articles, and subject to the approval of the relevant competent authorities:

- (1) for the purpose of reducing the registered capital of the Bank;
- (2) merging with another company which holds shares of the Bank;

- (3) being requested to repurchase the shares of the Bank from shareholders who vote against resolutions on the Bank's merger or division adopted at the shareholders' general meeting;
- (4) using shares for the conversion into corporate bonds issued by the Bank which are convertible to shares;
- (5) requisite for the Bank to safeguard its value and the shareholders' rights and interests;
- (6) other circumstances permitted by laws and administrative regulations and approved by the relevant competent authorities.

Where the Bank repurchases its shares due to the reasons set forth in items (1) and (2) of the preceding paragraph, it shall obtain the prior approval of the shareholders' general meeting. Where the Bank repurchases its shares due to the reasons set out in items (4) and (5) of preceding paragraphs, approval may be obtained at a Board meeting at which two-thirds or more of the directors are present in accordance with the provisions of the Articles or according to the authorization granted by the shareholders' general meeting. Where the Bank has repurchased its shares in accordance with the preceding paragraph, under the circumstance set out in item (1), the shares shall be cancelled within ten (10) days from the date of repurchase. Under the circumstances set out in items (2) and (3), the shares shall be transferred or cancelled within six (6) months.

The shares repurchased by the Bank in the circumstance set out in items (4) and (5) of the first paragraph of this Article shall not exceed 10% of the total number of issued shares of the Bank and shall be transferred or cancelled within three (3) years.

Where laws, administrative regulations, departmental rules, and relevant provisions of the securities regulatory authorities of the places where the shares of the Bank are listed otherwise provide for the share repurchase and cancellation, such provisions shall prevail.

**Article 25** The Bank may repurchase its shares using one of the following methods after being approved by the relevant competent authorities:

- (1) making a pro rata repurchase offer to all of its shareholders;
- (2) repurchasing through public trading on a stock exchange;
- (3) repurchasing by way of an off-market agreement outside a stock exchange;
- (4) other methods permitted by laws and regulations and approved by relevant competent authorities.

Where the Bank repurchases its shares for reasons set forth in items (4) and (5) referred to in the first paragraph of Article 24 of the Articles, it shall be conducted through an open and centralized trading method.

**Article 26** Where the Bank repurchases its shares by means of an off-market agreement outside a stock exchange, it shall first obtain approval from the shareholders' general meeting in accordance with provisions of the Articles. With the prior approval of the shareholders' general meeting obtained in the same manner, the Bank may rescind or amend any contract it has entered into in the aforesaid manner, or waive any right thereunder.

The contract for the repurchase of shares referred to in the preceding paragraph shall include (but not be limited to) agreements to undertake the obligation to repurchase shares and to acquire the right to repurchase shares.

The Bank shall not assign or transfer any contract for the repurchase of its own shares or any rights stipulated in such contract.

**Article 27** The Bank shall apply to the market regulatory authorities for change of registration of its registered capital when the Bank repurchases shares and cancels such shares. The total par value of the cancelled shares shall be deducted from the Bank's registered capital.

**Article 28** Unless the Bank is in liquidation, any repurchase of its outstanding shares shall comply with the following provisions:

- (1) where the Bank repurchases its shares at par value, the payment shall be deducted from the book balance of distributable profits of the Bank or out of the proceeds of a new share issuance for repurchasing existing shares;
- (2) where the Bank repurchases its shares at a price higher than their par value, the portion equivalent to the par value shall be deducted from either the book balance of distributable profits of the Bank or the proceeds of a new share issuance for repurchasing existing shares. Payment of the portion in excess of the par value shall be effected as follows:
  1. where the shares to be repurchased were issued at par value, payment shall be deducted from the book balance of distributable profits of the Bank;
  2. where the shares to be repurchased were issued at a price higher than their par value, payment shall be deducted from either the book balance of distributable profits of the Bank or the proceeds of a new share issuance for repurchasing existing shares; provided that the amount deducted from the proceeds of the new share issuance shall not exceed the aggregate amount of premiums obtained from the issuance of shares being repurchased, nor shall it exceed the amount standing to the credit of the Bank's share premium account (or capital reserve account), including the premiums from the new issuance, at the time of repurchase;
- (3) payments made by the Bank for the following purposes shall be charged against its distributable profits:
  1. acquiring the right to repurchase its shares;
  2. modifying any contract for the repurchase of its shares;
  3. terminating the Bank's obligations under a share repurchase contract.
- (4) after the total par value of the cancelled shares has been deducted from the Bank's registered capital in accordance with the relevant provisions, the amount corresponding to the par value of the repurchased shares that was charged against distributable profits shall be transferred to the Bank's share premium account (or capital reserve account).

Any other requirements which are otherwise provided by the laws, administrative regulations and the securities regulatory authorities of the places where the shares of the Bank are listed in respect of financial issues related to the aforesaid share repurchase shall be followed.

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

**Article 29** Unless otherwise provided by the laws, administrative regulations, and the securities regulatory authorities of the places where the shares of the Bank are listed, the fully paid-up shares of the Bank shall be freely transferrable and free from all liens.

Transfers of overseas listed shares listed in Hong Kong (for ordinary shares only) shall be registered with the Hong Kong share registrar appointed by the Bank.

**Article 30** All overseas listed shares that are fully paid-up and listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) shall be freely transferrable in accordance with the Articles. However, unless the following conditions are met, the Board may refuse to recognize any instrument of transfer without stating any reasons:

- (1) any instrument of transfer relating to or affecting the ownership of shares, along with any other relevant documents, must be registered, and a fee must be paid to the Bank for such registration at the rate prescribed by the Hong Kong Listing Rules;
- (2) the instrument of transfer relates solely to overseas listed shares listed in Hong Kong;
- (3) stamp duty for the instrument of transfer has been paid;
- (4) the relevant share certificate(s) must be provided, together with the evidence reasonably required by the Board certifying that the transferor has the right to transfer the shares;
- (5) in the event that the shares are to be transferred to joint holders, the number of joint holders shall not exceed four (4);
- (6) shares to be transferred are free from any lien of the Bank.

In the event that the Board refuses to register a share transfer, the Bank shall send a notice concerning the refusal to register such share transfer to both the transferor and transferee within two (2) months from the date on which the transfer application is formally submitted.

All transfers of overseas listed shares listed in Hong Kong shall be effected by written instruments of transfer in general or common form or in any other form approved by the Board (including the standard transfer form or other form of transfer as prescribed by the Hong Kong Stock Exchange from time to time). The instrument of transfer may be signed by hand or (where the transferor or transferee is a corporation) by affixing its common seal. Where the transferor or transferee is a recognized clearing house as defined by the relevant ordinances in force from time to time under Hong Kong law (the “Recognized Clearing House”) or its nominee, the form of transfer may be signed by hand or in a machine-imprinted format.

All instruments of transfer must be lodged at the Bank's domicile or at such other addresses designated by the Board from time to time.

**Article 31** The Bank shall not accept its own shares as collateral for a pledge.

**Article 32** Shares of the Bank held by the promoter shall not be transferred within one (1) year from the date of incorporation of the Bank. Shares issued before the Bank's initial public offering shall not be transferred within one (1) year from the date that the shares of the Bank are listed and traded on a stock exchange. Where laws, administrative regulations and relevant provisions of the securities regulatory authorities of the places where the shares of the Bank are listed otherwise provide, such provisions shall prevail.

Directors and senior management members of the Bank shall declare to the Bank their shareholdings in the Bank and any changes in such shareholdings. They shall not transfer more than 25% of the total shares held in the Bank in any particular year during their tenure as determined when they take office. They shall not transfer the shares of the Bank held by them within one (1) year from the date that the shares of the Bank are listed and traded. Such personnel shall not transfer any of their shares in the Bank within six (6) months after their resignation.

**Article 33** If the directors, senior management members, and shareholders of the Bank holding 5% or more shares of the Bank sell the shares or other equity securities of the Bank within six (6) months after purchasing the same or purchase the shares or other equity securities of the Bank within six (6) months after selling the same, the earnings arising therefrom shall belong to the Bank and the Board of the Bank shall collect such earnings. If the applicable laws and regulations provide otherwise, such provisions shall apply.

Shares or other equity securities held by directors, senior management members and natural person shareholders referred to in the preceding paragraph include shares or other equity securities of the Bank held by their spouse, parents, and children, as well as those held under accounts of any other person.

If the Board of the Bank fails to act in accordance with the provisions of the first paragraph of this Article, the shareholders shall have the right to require the Board to act within thirty (30) days. If the Board fails to act within the aforesaid period, the shareholders have the right to directly institute legal proceedings in the people's court in their own names for the interest of the Bank.

If the Board fails to act in accordance with the provisions in the first paragraph of this Article, the responsible directors shall bear joint liability in accordance with laws.

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

**Article 34** Neither the Bank nor its subsidiaries (including affiliates of the Bank) shall provide financial assistance by way of gifts, advance payments, guarantees, or lending for the purpose of facilitating the acquisition of shares in the Bank or in its parent company by any third party.

Where it is in the interests of the Bank, and by resolution of the shareholders' general meeting, or by resolution of the Board in accordance with the Articles or the authorization of the shareholders' general meeting, the Bank may provide financial assistance for others to acquire shares of the Bank or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed ten percent (10%) of the total issued share capital. Such resolution made by the Board shall be passed by two-thirds or more of all directors.

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

**Article 35** The Bank's share certificates shall be in registered form, which shall state the following key items:

- (1) the name of the Bank;
- (2) the date of incorporation of the Bank;
- (3) the class of the share, its par value, and the number of shares represented by the certificate;
- (4) the serial number of the share certificate;
- (5) other items as stipulated under the requirements of the Company Law and provisions of securities regulatory authorities of the places where the shares of the Bank are listed.

The Bank may issue overseas listed shares in the form of foreign depository receipts or other derivative forms of share certificates in accordance with the laws and the practices for securities registration and deposit of the places where the shares of the Bank are listed.

**Article 36** The share certificates of the Bank shall be signed by the chairman and affixed with the seal of the Bank. Where the securities regulatory authorities of the places where the shares of the Bank are listed require the president or other senior management members of the Bank to sign, the share certificates shall also be signed by the president or such other senior management members. The share certificates shall become valid after the Bank's seal is affixed thereto or imprinted thereon, provided that such affixing of the seal must be authorized by the Board. The signatures of the chairman, the president, or other relevant senior management members of the Bank on the share certificates may also be in printed form.

**Article 37** In the event of paperless issuance and trading of the shares of the Bank, other requirements stipulated by the securities regulatory authorities of the places where the shares of the Bank are listed shall apply.

**Article 38** The Bank shall maintain a register of shareholders based on the certificates provided by the securities registration authority, recording the following particulars:

- (1) the name and domicile of each shareholder;
- (2) the class of shares and number of shares subscribed for by each shareholder;
- (3) the serial numbers of share certificates, if issued in paper form;

(4) the date on which each shareholder acquires shares.

The register of shareholders shall constitute sufficient evidence for a shareholder's holding of the Bank's shares, unless there is evidence to the contrary.

**Article 39** The Bank may deposit its register of shareholders of the overseas listed shares abroad for inspection by shareholders and entrust an overseas agency to manage it in accordance with the memorandums of understanding or agreements reached between the securities regulatory authorities under the State Council and the overseas securities regulatory authorities. The original register of shareholders of the overseas listed shares listed in Hong Kong (for ordinary shares only) shall be maintained in Hong Kong.

The Bank shall keep at its domicile a copy of the register of shareholders of the overseas listed shares. The entrusted overseas agency shall ensure that the original and copies of the register of shareholders of the overseas listed shares are consistent at all times.

In the event of any discrepancy between the original and copies of the register of shareholders of the overseas listed shares, the original shall prevail.

**Article 40** The Bank shall maintain a complete register of shareholders.

The register of shareholders shall include the following parts:

- (1) the register of shareholders, other than those as provided for under items (2) and (3) of this Article, shall be kept at the Bank's domicile;
- (2) the register of shareholders of the overseas listed shares of the Bank (for ordinary shares only) kept at the place(s) of the overseas stock exchange(s) on which the shares are listed;
- (3) the register of shareholders kept at such other places as the Board may deem necessary for the purpose of listing the shares of the Bank.

**Article 41** The parts of the register of shareholders shall be mutually exclusive. The transfer of shares registered in one part of the register of shareholders shall not, for the duration of the registration of such shares, be registered in any other part of the register of shareholders.

Alteration or correction to any part of the register of shareholders shall be conducted in accordance with the laws of the place where such part of the register of shareholders is maintained.

**Article 42** If there is a change in the register of shareholders due to a transfer of shares prior to a shareholders' general meeting or the record date set by the Bank for dividend distribution, such registration must comply with the laws, administrative regulations, departmental rules, and the relevant provisions of the securities regulatory authorities of the places where the shares of the Bank are listed.

**Article 43** Any person who disputes the register of shareholders and requests to have his/her name entered into or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register of shareholders.

**Article 44** Any shareholder registered in the register of shareholders, or any person who requests to have his/her name to be entered into the register of shareholders, may apply to the Bank for the issuance of a replacement share certificate in respect of such share (the “Relevant Share”) if his/her share certificate (the “Original Share Certificate”) is lost.

In the event that a holder of domestic listed shares loses his/her share certificate and applies for a replacement, it shall be handled in accordance with the relevant provisions of the Company Law.

In the event that a holder of overseas listed shares loses his/her share certificate and applies for a replacement, it may be handled in accordance with the laws of the place where the original register of shareholders of overseas listed shares is maintained, the relevant provisions of the securities regulatory authorities of the places where the shares of the Bank are listed, or any other relevant provisions.

Where a holder of overseas listed shares listed in Hong Kong who loses his/her share certificate applies for a replacement of such certificate, the issuance of such replacement share certificate shall comply with the following requirements:

- (1) the applicant shall submit an application in the standard form as prescribed by the Bank, accompanied by a notarial certificate or a statutory declaration. The notarial certificate or statutory declaration shall include the grounds for the application, the circumstances and evidence of the loss of the share certificate, and a declaration that no other person shall be entitled to request to be registered as the shareholder of the Relevant Share.
- (2) the Bank has not received any declaration from any person other than the applicant for having his/her name registered as the shareholder of the Relevant Share before it decides to issue a replacement share certificate.
- (3) if the Bank decides to issue a replacement share certificate to the applicant, it shall publish an announcement of its intention to issue the replacement share certificate in newspapers designated by the Board. The announcement shall be published at least once every thirty (30) days over a period of ninety (90) days.
- (4) before publishing the announcement of its intention to issue a replacement share certificate, the Bank shall submit a copy of the proposed announcement to the stock exchange where its shares are listed and may proceed with publication upon receiving confirmation from such stock exchange that the announcement has been displayed thereon. The announcement shall be displayed in the stock exchange for a period of ninety (90) days.
- (5) in the event that the application for a replacement share certificate is made without the consent of the registered holder of the Relevant Share, the Bank shall send a copy of the proposed announcement to such registered holder by post.
- (6) if, upon the expiry of the ninety (90)-day period for announcement and display as provided for in items (3) and (4) of this Article, the Bank has not received from any person any objection to the issuance of the replacement share certificate, it may issue the replacement share certificate in accordance with the application of the applicant.

- (7) where the Bank issues a replacement share certificate under this Article, it shall forthwith cancel the Original Share Certificate and record such cancellation and issuance of the replacement share certificate on the register of shareholders.
- (8) all expenses incurred by the Bank arising from the cancellation of the Original Share Certificate and the issuance of the replacement share certificate shall be borne by the applicant. The Bank shall have the right to refuse to take any action until a reasonable security is provided by the applicant.

**Article 45** After the Bank issues a replacement share certificate in accordance with the Articles, the name of a bona fide purchaser who obtains the aforesaid new share certificate, or of any shareholder who subsequently registers as the owner of such shares (in the case of a bona fide purchaser), shall not be removed from the register of shareholders.

**Article 46** The Bank shall not be liable to any person for any damage caused by the cancellation of the Original Share Certificate or the issuance of a replacement share certificate, unless such person can prove that the Bank has acted fraudulently.

## **CHAPTER V PARTY ORGANIZATION**

**Article 47** The Bank shall establish a CPC committee, which shall consist of one (1) secretary, one (1) or two (2) deputy secretaries, and several other CPC committee members. The chairman of the Board shall generally serve as the Party secretary concurrently. One (1) deputy Party secretary shall assist the Party secretary in Party building work. Where the actual circumstances necessitate, the Party secretary can be assumed concurrently by a Party member who serves as the president of the Bank, or be established as a separate role. Qualified members of the Party Committee may assume the positions of directors and senior management of the Bank through statutory procedures, and qualified Party members who are directors and senior management members may join the Party Committee in accordance with relevant rules and procedures. Meanwhile, the Bank shall establish the disciplinary inspection bodies in accordance with relevant regulations.

**Article 48** The CPC Committee of the Bank shall perform the following duties in accordance with the Constitution of the Communist Party of China and other regulations of the CPC:

- (1) uphold the centralized, unified leadership of the CPC Central Committee over finance work, thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strengthen the Party's political advancement in the Bank, adhere to and implement the fundamental, basic and important systems of Chinese socialism, ensure and supervise the implementation of the guidelines and policies of the CPC and the country within the Bank, and to implement major strategic decisions of the CPC Central Committee and the State Council, as well as important work arrangements of higher-level Party organizations.

- (2) strengthen the leadership and oversight in personnel selection and appointment, uphold the standards of political commitment, professional competence, and proper conduct, strengthen the development of the leadership team, the cadres and the workforce of the Bank by focusing on standards, procedures, evaluation, recommendation and supervision, uphold the the principle that the Party supervising the performance of officials, which shall be integrated with the function of the Board in the lawful selection of the senior management and with the lawful exercise of personnel authority by the senior management, and forge a team of high-caliber and professional financial cadres and personnel that are loyal, honest, and responsible.
- (3) deliberate on the reform, development, and stability of the Bank, major operational and management issues, and significant matters concerning employees' vital interests, and provide opinions and suggestions in this regard; to support the shareholders' general meeting, the Board, and the senior management in performing their duties in accordance with laws; to support the employees' congress in carrying out its work.
- (4) assume the primary responsibility for advancing the Party's full and strict self-governance, lead the Bank's ideological and political work, United Front work, cultural-ethical progress, corporate culture cultivation, as well as the work of people's organizations, such as trade unions and Chinese Communist Youth League organizations, lead the work to improve Party conduct and build integrity, strengthen the development of a culture of integrity in Postal Savings Bank of China, and support the disciplinary inspection bodies to effectively carry out their supervisory responsibilities.
- (5) strengthen the building of the Bank's grassroots Party organizations and of the ranks of Party members, give full play to the role of Party branches as fighting bastions and Party members' role as vanguard exemplars, and unite and lead cadres and employees bank-wide to devote themselves into the reform and development of the Bank.
- (6) other material matters that fall within the duty of the CPC Committee.

## **CHAPTER VI SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS**

### **Section 1 Shareholders**

**Article 49** A shareholder of the Bank refers to a person who lawfully holds shares in the Bank and whose name is registered in the register of shareholders.

Shareholders shall, in accordance with the Company Law and other laws, administrative regulations, departmental rules, regulatory requirements and the Articles, enjoy rights and assume obligations based on the class and number of shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Where two (2) or more persons are registered as joint shareholders of any share(s), they shall be deemed as joint owners of such share(s), subject to the following provisions:

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

- (2) all the joint shareholders of any share(s) shall be jointly and severally liable for the payment of all amounts payable for the relevant share(s);
- (3) if one of the joint shareholders is deceased, only the other surviving persons among the joint shareholders shall be deemed by the Bank as the owners of the relevant share(s). However, the Board shall have the right to require such evidence of death as it deems fit for the purpose of amending the register of shareholders;
- (4) for joint shareholders of any share(s), only the joint shareholder who ranks first in the register of shareholders shall have the right to receive the share certificate of the relevant share(s) from the Bank, to receive notices from the Bank, to attend the shareholders' general meeting of the Bank or to exercise the entire voting right attached to the relevant share(s); and any notice served on the aforesaid person shall be deemed to have been served on all joint shareholders of the relevant share(s).

Any receipt issued to the Bank by any one of the joint shareholders in relation to any dividend, bonus or capital return paid to such joint shareholders shall be treated as a valid receipt issued by such joint shareholders to the Bank.

**Article 50** When the Bank convenes a shareholders' general meeting, distributes dividends, undergoes liquidation and engages in other acts requiring the identification of shareholders, the Board or the convener of the shareholders' general meeting shall fix a record date. Shareholders who are recorded in the register after market close on the record date shall be the shareholders entitled to relevant rights and interests.

**Article 51** The ordinary shareholders of the Bank shall be entitled to the following rights:

- (1) to receive dividends and other kinds of distributions in proportion to their shareholding;
- (2) to lawfully request, convene, preside over, attend or appoint a proxy to attend a shareholders' general meeting, to speak at such meetings, and to exercise voting rights;
- (3) to supervise the Bank's business operations and to put forward suggestions or raise enquiries;
- (4) to transfer, give as a gift, pledge, or otherwise dispose of their shares in accordance with the laws, administrative regulations, departmental rules, the relevant provisions of the securities regulatory authorities of the places where the shares of the Bank are listed, and provisions of the Articles;
- (5) to inspect and make copy of the Articles, the register of shareholders, the minutes of shareholders' general meetings, the resolutions of Board meetings, and financial accounting reports; furthermore, a shareholder who individually or collectively holds three percent (3%) or more of shares of the Bank for one hundred and eighty (180) consecutive days or more may request to inspect the Bank's accounting books and accounting vouchers;

- (6) to participate in the distribution of the Bank's residual properties in proportion to their shareholding upon the Bank's dissolution or liquidation;
- (7) to require the Bank to repurchase their shares if they dissent from a resolution of the shareholders' general meeting in relation to the merger or division of the Bank;
- (8) to have other rights conferred by laws, administrative regulations, departmental rules, and the Articles.

Where a shareholder seeks to inspect and make copy of the relevant materials as set forth in item (5) of the above paragraph, such shareholder shall comply with the provisions of laws and administrative regulations such as the Company Law and the Securities Law, and provide the Bank with written documents evidencing the class and number of shares they hold in the Bank. The Bank shall provide the materials as requested by such shareholder upon verification of such shareholder's identity.

In particular, where a shareholder who separately or collectively holds three percent (3%) or more of shares of the Bank for one hundred and eighty (180) consecutive days or more requests to inspect the Bank's accounting books and accounting vouchers, he/she shall submit a written request to the Bank stating the purpose thereof. Where the Bank has reasonable grounds to believe that the shareholder's inspection of the accounting books and accounting vouchers is for an improper purpose and may harm the legitimate interests of the Bank, it may refuse to provide access for inspection.

The Bank shall not exercise any power to freeze or otherwise impair any of the rights attached to the shares on the ground that a person directly or indirectly interested in such share has failed to disclose his/her interest to the Bank.

**Article 52** Any shareholder, either individually or collectively with its related parties and persons acting in concert, that intends to hold, or increase its aggregate holding to, 5% or more of the total shares of the Bank for the first time, must obtain approval from the banking regulatory authority under the State Council or its local offices. Any shareholder, together with their related parties and persons acting in concert, that comes to hold, individually or collectively, 1% or more but less than 5% of the total shares of the Bank, shall report to the banking regulatory authority under the State Council or its local offices through the Bank within ten (10) working days after obtaining their equities.

A shareholder that is required to obtain such approval from or make such report to regulatory authorities but fails to do so shall be disqualified from exercising shareholder rights, including the right to request the convening of a shareholders' general meeting, the voting right, the right of nomination, the right to submit proposals, and the right to dispose of its shares, etc.

**Article 53** In the event that a resolution of a shareholders' general meeting or of a Board meeting of the Bank violates the laws or administrative regulations, a shareholder is entitled to apply to a people's court to have it declared invalid.

In the event that the procedure for convening a shareholders' general meeting or a Board meeting, or the voting method at such meeting violates the laws, administrative regulations or the Articles, or if the content of a resolution violates the Articles, a shareholder shall have the right to apply to a people's court to revoke such resolution within sixty (60) days from the date of adopting such resolution. However, this shall not apply if there is only a minor defect in the procedure for convening a shareholders' general meeting or a Board meeting, or in the voting method, which has no substantive impact on the resolution.

Where the Board, shareholders, or other relevant parties dispute the validity of a resolution passed at the shareholders' general meeting, they shall promptly file a lawsuit with a people's court. Prior to a judgment or ruling by the people's court to revoke the resolution, the relevant parties shall implement the resolution of the shareholders' general meeting. The Bank, the directors, and senior management members shall duly perform their duties to ensure the normal operation of the Bank.

If the people's court makes a judgement or ruling on the relevant matters, the Bank shall fulfill its information disclosure obligations in accordance with laws, administrative regulations, departmental rules, and regulatory requirements, fully explain the impact, and actively cooperate with the enforcement after the judgment or ruling comes into effect. Where the correction of prior resolutions is required, the Bank shall promptly address it and fulfill the corresponding information disclosure obligations.

The resolutions of the shareholders' general meeting or the Board meeting shall be deemed null and void under any of the following circumstances:

- (1) the resolution was made without convening a shareholders' general meeting or a Board meeting;
- (2) no vote was taken on the matter stated in the resolution at the shareholders' general meeting or the Board meeting;
- (3) the number of attendees or voting rights held at the meeting did not reach the required number of attendees or voting rights as stipulated in the Company Law or the Articles;
- (4) the number of consenting persons or voting rights in favor of the resolution did not meet the thresholds for attendees or voting rights as stipulated in the Company Law or the Articles.

If a resolution of the shareholders' general meeting or the Board meeting of the Bank is declared invalid, revoked, or confirmed to be null and void by a people's court, the Bank shall apply to the company registration authority to cancel any change of registration that was processed based on such resolution.

**Article 54** In the event that directors or senior management members, other than members of the Audit Committee, violate laws, administrative regulations, or the Articles when performing their duties and thereby causing loss to the Bank, shareholders individually or jointly holding 1% or more of the Bank's shares for one hundred and eighty (180) consecutive days or more may request in writing to the Audit Committee to institute proceedings in a people's court. In the event that members of the Audit Committee violate any laws, administrative regulations, or provisions of the Articles when performing their duties and thereby causing loss to the Bank, the aforementioned shareholders may request in writing to the Board to institute proceedings in a people's court.

The shareholders referred to in the preceding paragraph are entitled to directly institute proceedings in a people's court in their own names for the interest of the Bank in the event that the Audit Committee or the Board refuses to initiate legal proceedings after receiving the written request of shareholders referred to in the preceding paragraph or fails to initiate such legal proceedings within thirty (30) days from the date of receiving such request, or in case of an emergency where any delay in doing so will result in irreparable damages to the interest of the Bank.

Shareholders referred to in the first paragraph of this Article may initiate legal proceedings in a people's court in accordance with provisions of the first two paragraphs in the event that any other person infringes upon the legitimate rights and interests of the Bank and causes damage to the Bank.

**Article 55** Shareholders may institute proceedings in a people's court against any director or senior management members for violation of any laws, administrative regulations or the Articles to the detriment of the interests of shareholders.

**Article 56** The ordinary shareholders of the Bank shall undertake the following obligations:

- (1) to abide by the laws, administrative regulations, regulatory requirements, and the Articles;
- (2) to make capital contributions in respect of the shares subscribed for and the form of contribution;
- (3) not to withdraw the shares unless otherwise provided by laws or administrative regulations;
- (4) substantial shareholders shall make a long-term commitment in writing to the Bank to replenish capital when necessary, except for shareholders to whom exemptions are prescribed or approved by the banking regulatory authority under the State Council, etc.; shareholders shall support the reasonable measures proposed by the Board to improve the capital adequacy ratio of the Bank when such ratio falls below the statutory standard;
- (5) shareholders, their controlling shareholders and de facto controllers shall not abuse their shareholder rights or use related party relations to harm the legitimate rights and interests of the Bank, other shareholders, or stakeholders. They shall not interfere with the decision-making power and management power conferred upon the Board and senior management by the Articles, nor bypass the Board and senior management to directly interfere in the operations and management of the Bank. A shareholder shall be liable for compensation in accordance with the laws in the event that such shareholder abuses his/her shareholder rights and causes losses to the Bank or other shareholders;
- (6) not to abuse the Bank's status as an independent legal entity and shareholders' limited liability to the detriment of the interests of the Bank's creditors; in the event that a shareholder abuses the Bank's status as an independent legal entity and the shareholders' limited liability to evade debts, resulting in material damage to the interests of the Bank's creditors, such shareholder shall be jointly and severally liable for the debts of the Bank;
- (7) to use legally sourced own funds to subscribe for the Bank's shares, and not to use entrusted funds, debt funds, or other non-proprietary funds, save as otherwise provided by laws, regulations, or regulatory policies;

- (8) to ensure that their shareholding percentage and the number of shareholding institutions comply with regulatory provisions, and not to hold the shares of the Bank through entrustment, whether as principal or agent;
- (9) to truthfully disclose to the Bank, in accordance with laws, regulations and regulatory requirements, information including their financial status, shareholding structure, sources of capital contribution funds, controlling shareholders, de facto controllers, related parties, parties acting in concert, ultimate beneficiaries, investment in other financial institutions, etc.;
- (10) in case of any change in their controlling shareholders, de facto controllers, related parties, parties acting in concert or ultimate beneficiaries of the shareholders, the relevant shareholders shall promptly inform the Bank of the change in writing in accordance with laws, regulations and regulatory requirements;
- (11) in the event of their merger or division, being subject to measures such as ordered business suspension, custodianship, receivership, or revocation, or entering dissolution, liquidation, bankruptcy procedures, or any change in their legal representatives, company name, business premises, business scope, and other major matters, the shareholders shall promptly inform the Bank of the relevant information in writing in accordance with laws, regulations and regulatory requirements;
- (12) in the event that the shares of the Bank they hold are involved in litigation, arbitration, subject to legal enforcement measures by judicial authorities, or are pledged or released from pledge, the shareholders shall promptly inform the Bank of the relevant information in writing in accordance with laws, regulations and regulatory requirements;
- (13) shareholders who transfer or pledge their shares of the Bank, or conduct related party transactions with the Bank, shall comply with the laws, regulations and regulatory requirements and shall not harm the interests of other shareholders and the Bank;
- (14) if any risk incident or material violation occurs in the Bank, the shareholders shall cooperate with the regulatory authorities in their investigation and risk disposal;
- (15) to assume other obligations required by the laws, administrative regulations, departmental rules, regulatory requirements, and the Articles.

The Bank shall establish loss absorption and risk resilience mechanisms in the event of material risk incidents.

Unless stipulated otherwise in the Articles, save for the conditions agreed by the subscribers of shares at the time of subscription, shareholders shall not be obliged to make further contributions to the share capital.

**Article 57** Where a shareholder makes any false statement, abuses shareholder rights, or otherwise damages the interests of the Bank, the banking regulatory authority under the State Council or its local offices may restrict or prohibit connected transactions between the Bank and the shareholder, impose restrictions on the maximum shareholding level and equity pledge ratio, etc., and restrict its right to request the convening of a shareholders' general meeting, the voting right, the right of nomination, the right to submit proposals, and the right to dispose of shares, etc.

Substantial shareholders shall make relevant undertakings and earnestly perform such undertakings in accordance with the laws, regulations and regulatory requirements. The Bank shall have the right to take corresponding restrictive measures against any substantial shareholder that breaches its undertakings.

**Article 58** Shareholders shall strictly comply with the laws, administrative regulations, departmental rules and the conditions and procedures required by the Articles when nominating directors of the Bank.

Directors nominated by the shareholders shall have the relevant professional knowledge and decision-making and supervisory competencies.

Shareholders and their related parties who have nominated non-independent directors shall not nominate independent directors.

**Article 59** The controlling shareholder and the de facto controller of the Bank shall exercise its rights and fulfill its obligations in accordance with the following provisions to safeguard the interests of the Bank:

- (1) to exercise shareholder rights in accordance with the laws, and shall not abuse its control or use affiliated relationships to impair the legitimate rights and interests of the Bank or other shareholders;
- (2) to strictly fulfil public statements and undertakings made, and shall not arbitrarily alter or exempt such undertakings;
- (3) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Bank in information disclosure, and to promptly inform the Bank of material events that have occurred or are intended to occur;
- (4) shall not misappropriate the Bank's funds in any manner;
- (5) shall not compel, instruct, or demand that the Bank or its relevant personnel provide guarantees in violation of laws and regulations;
- (6) shall not make use of the undisclosed material information of the Bank for its own gain, disclose in any form undisclosed material information relating to the Bank, or engage in insider trading, short-swing trading, market manipulation, or other illegal or non-compliant acts;
- (7) shall not harm the legitimate rights and interests of the Bank and other shareholders through non-arm's length connected transactions, profit distribution, asset restructuring, external investments, or any other means;
- (8) to ensure the integrity of the Bank's assets, and the independence of its personnel, finance, organization, and business, and shall not affect the independence of the Bank in any means;
- (9) other provisions of laws, administrative regulations, departmental rules, regulatory requirements, and the Articles.

**Article 60** Where the controlling shareholder or de facto controller pledges the shares of the Bank held or effectively controlled by it, it shall ensure the stability of the Bank's control and business operations.

Where the controlling shareholder or de facto controller transfers its shares of the Bank, it shall comply with the restrictive provisions on share transfer as stipulated by laws, administrative regulations, departmental rules, and regulatory requirements, as well as any undertakings it made regarding the restrictions on share transfer.

**Article 61** The Bank shall not offer more favourable conditions of credit facility to shareholders than those offered to other clients of the same type of credit facility.

**Article 62** In case of providing guarantee for themselves or others with their equity interest in the Bank, the shareholders shall strictly comply with laws, regulations and the requirements of regulatory bodies and give a prior notice to the Board of the Bank. The office of the Board is responsible for the routine work such as collection, collation and submission of information relating to equity pledge of the Bank.

Where shareholders serving as directors of the Bank or shareholders directly, indirectly, or jointly holding or controlling 2% or more of the shares or voting rights of the Bank wish to pledge the shares of the Bank, they shall apply to the Board of the Bank for filing in advance, and indicate the reasons for the pledge, number of shares to be pledged, term of pledge, pledgee and other basic information. Where the Board determines that the matter would have a material adverse impact on the Bank's equity stability, corporate governance, risk control and related party transaction control, etc., such filing shall not be approved. When the Board considers relevant filings, the directors appointed by the shareholders proposing such pledge shall abstain from voting.

After providing guarantee and completing the equity pledge registration, shareholders shall assist the Bank in meeting its needs for risk management and information disclosure, and promptly provide the Bank with relevant information relating to the pledged equity.

**Article 63** In the event that any credit granted by the Bank to a shareholder, particularly a substantial shareholder, falls due, the voting rights of such shareholder at the shareholders' general meetings, and the voting rights of the director it appointed at Board meetings, shall be subject to restrictions. The Bank shall have the right to withhold the dividends receivable by such shareholders to be used in priority to repay their borrowings from the Bank, and any assets to be distributed to such shareholders in the Bank's liquidation process shall be used in priority to repay their borrowings from the Bank.

**Article 64** If the balance of loans from the Bank to a shareholder is more than the audited net equity value of its shareholding in the previous year, he/she shall not pledge the Bank's share certificate.

**Article 65** If the number of shares of the Bank pledged by the shareholder is equal to or greater than 50% of the shares held by such shareholder in the Bank, the voting right attached to the pledged shares may not be exercised at the shareholders' general meeting and, the voting right(s) of the director(s) nominated by such shareholder may not be exercised at Board meetings, in which case the director(s) shall not be counted in the number of attendees at the Board meeting.

**Article 66** Written agreements shall be signed for transactions between the Bank and the shareholders and their related parties. Agreements shall be entered into on the basis of equality, voluntariness, equivalence, and valuable consideration, and the content of agreements shall be definite and specific.

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

**Article 67** The shareholders' general meeting is the governing authority of the Bank and shall, within the scope prescribed by laws, administrative regulations, departmental rules, regulatory requirements, and the Articles, exercise the following powers:

- (1) to elect, replace, and remove relevant directors and decide on matters concerning the remuneration of relevant directors;
- (2) to consider and approve the work report of the Board;
- (3) to consider and approve the Bank's proposed annual financial budget and final accounts;
- (4) to consider and approve the Bank's profit distribution plans and loss recovery plans;
- (5) to resolve on any plan to increase or decrease the Bank's registered capital;
- (6) to resolve on any plan for the issuance of corporate bonds or other securities by the Bank and for the listing thereof;
- (7) resolve on any plan concerning the merger, division, spin-off, dissolution, liquidation or change of the corporate form of the Bank;
- (8) to resolve on the acquisition of the shares of the Bank;
- (9) to consider and approve the Articles, the rules of procedure for the shareholders' general meeting, the rules of procedure for the Board, and relevant amendments thereto;
- (10) to consider and approve purchase or sale of major assets, or provision of guarantee, by the Bank within a single year, where the total amount involved exceeds 30% of the Bank's latest audited total assets;
- (11) to consider and approve, or to authorize the Board to consider and approve, matters including the establishment of major legal entities by the Bank, major corporate mergers and acquisitions, major external investments, major asset write-offs, as well as major asset acquisitions, major asset disposals, major asset mortgages, other non-commercial banking business guarantees, and major donations other than those specified in paragraph (10) and other matters;
- (12) to consider and approve proposals submitted by shareholder(s) who individually or collectively hold(s) 1% or more of the total shares of the Bank with voting rights (the "Proposing Shareholder(s)");
- (13) to consider and approve the appointment and dismissal of accounting firms that conduct periodic statutory audits of the Bank's financial accounting reports;

- (14) to consider and approve matters concerning any change in the use of raised proceeds;
- (15) to consider and approve related party transactions required to be approved by the shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules, relevant requirements of the securities regulatory authorities of the places where the shares of the Bank are listed as well as the Articles;
- (16) to determine the issuance of preference shares; to determine, or to authorize the Board to determine, matters relating to preference shares issued by the Bank, including but not limited to redemption, conversion, and dividend distribution;
- (17) to consider other matters that shall be decided by the shareholders' general meeting as required by the laws, administrative regulations, departmental rules, regulatory requirements, and the Articles.

The aforementioned matters, falling within the scope of powers of the shareholders' general meeting, shall be considered and decided by it. However, the shareholders' general meeting may authorize the Board to make such decisions provided that it is necessary, reasonable, lawful, and compliant.

**Article 68** The authorization conferred by the shareholders' general meeting upon the Board shall be definite and specific. If the authorized matters shall be passed by the shareholders' general meeting by way of ordinary resolutions according to the Articles, such resolutions shall be approved by more than half of the voting rights held by the shareholders or the proxies of shareholders attending the shareholders' general meeting. If the authorized matters shall be passed by the shareholders' general meeting by way of special resolutions according to the Articles, such resolutions shall be approved by two-thirds or more of the voting rights held by the shareholders or the proxies of shareholders attending the shareholders' general meeting.

**Article 69** Except in special circumstances such as when the Bank is in a crisis, without the approval by way of special resolution at the shareholders' general meeting, the Bank shall not enter into any contract with any person other than the directors and senior management members under which the management of the whole or any substantial part of the Bank's business is delegated.

**Article 70** Shareholders' general meetings include annual general meetings and extraordinary general meetings. Generally, such meetings shall be convened by the Board.

**Article 71** An annual general meeting shall be held once a year within six (6) months after the end of each fiscal year. Should a deferral be necessary under special circumstances, the Bank shall promptly report to the banking regulatory authority under the State Council, the local office of the securities regulatory authority under the State Council where the Bank is located, and the stock exchanges where the Bank's shares are listed, and explain the reason for the deferral.

**Article 72** An extraordinary general meeting shall be convened within two (2) months from the date of occurrence of any of the following events:

- (1) when the number of directors falls below the statutory minimum or two-thirds of the Board membership prescribed by the Articles;

- (2) when the uncovered losses of the Bank reach one-third of the Bank's total paid-up share capital;
- (3) when the Audit Committee proposes to convene a meeting;
- (4) when shareholder(s) holding, individually or jointly, 10% or more of the voting shares of the Bank (the "Requesting Shareholder(s)") have requested to convene a meeting in writing;
- (5) when the Board deems it necessary;
- (6) any other circumstances stipulated by laws, administrative regulations, departmental rules, and the Articles.

The shareholding as described in the aforementioned item (4) shall be determined as at the date when the written request is submitted by such shareholder(s) or as at the date of the preceding trading day (if the date of such written request falls on a non-trading day).

**Article 73** The Bank shall convene a shareholders' general meeting at its domicile or at any other place specified in the notice of a shareholders' general meeting.

**Article 74** When convening a shareholders' general meeting, the Bank shall engage lawyers to issue a legal opinion. Such legal opinion, which shall be made public, shall address the following matters:

- (1) whether the convening and conduct of the meeting are in compliance with the laws, administrative regulations, and the Articles;
- (2) whether the qualifications of the attendees and the convener are legal and valid;
- (3) whether the voting procedures and voting results of the meeting are lawful and valid;
- (4) any other relevant matters at the request of the Bank.

**Article 75** Minutes shall be kept for every shareholders' general meeting and shall be the responsibility of the secretary to the Board. The minutes shall contain the following:

- (1) the time, venue, agenda of the meeting, and the name of the convener;
- (2) the name of the chairman of the meeting, and the names of the directors, senior management members, and other persons attending or present at the meeting;
- (3) the number of shareholders and proxies attending the meeting, the total number of voting shares held by them, and the proportion thereof to the total voting shares of the Bank;
- (4) the proceedings, a summary of the discussions, and the voting results for each proposal;
- (5) any queries, opinions, or suggestions raised by shareholders and the corresponding responses or explanations;

- (6) the names of the lawyer(s), vote counter(s), and scrutineer(s);
- (7) other matters required to be recorded in the minutes as stipulated by the laws, administrative regulations, departmental rules, and the Articles.

The convener shall ensure that the minutes are true, accurate, and complete. The minutes shall be signed by the directors, the secretary to the Board, the convener or his/her representative attending or present at the meeting, and the chairman of the meeting. The minutes shall be kept at the Bank's domicile for not less than twenty (20) years, together with the signature book of shareholders attending the meeting, the instrument of proxy as well as the valid materials of voting results via internet and other means.

The Bank shall promptly submit documents such as minutes and resolutions of the shareholders' general meeting to the banking regulatory authority under the State Council.

**Article 76** The Bank formulates the rules of procedure for the shareholders' general meeting to specify in detail the procedures for convening and voting at the shareholders' general meeting, including notice, registration, the consideration of proposals, voting, the counting of votes, the announcement of voting results, the formulation of meeting resolutions, the preparation and signing of the minutes, announcements, as well as principles of authorization by the shareholders' general meeting to the Board.

The rules of procedure for the shareholders' general meeting shall be prepared by the Board and implemented after being considered and approved by a shareholders' general meeting.

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

**Article 77** The Board shall convene shareholders' general meetings in compliance with the Articles.

**Article 78** Half or more (at least two (2)) of the independent directors shall have the right to propose to the Board to convene an extraordinary general meeting and such proposal shall be submitted to the Board in writing. In response to such a proposal from independent directors requesting to convene an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations, departmental rules, and the Articles, provide a written response as to whether it agrees or disagrees to convene an extraordinary general meeting within ten (10) days of receiving the proposal.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening such a meeting within five (5) days from the date of such Board resolution. Any change to the original proposal in the notice shall require the unanimous consent of the independent directors who proposed to convene the extraordinary general meeting. If the Board disagrees to convene an extraordinary general meeting, it shall state the reasons in the written response and publish an announcement in respect thereof.

**Article 79** The Audit Committee has the right to propose to the Board to convene an extraordinary general meeting and shall make such proposal to the Board in writing. The Board shall, in accordance with the laws, administrative regulations, departmental rules and provisions of the Articles, provide a written response as to whether it agrees or disagrees to convene an extraordinary general meeting within ten (10) days of receiving the proposal.

In the event that the Board agrees to convene an extraordinary general meeting, a notice convening such a meeting shall be issued within five (5) days from the date of such Board resolution. Any change to the original proposal in the notice shall require the prior consent of the Audit Committee.

In the event that the Board disagrees to convene an extraordinary general meeting or fails to respond within ten (10) days of receiving the proposal, the Board shall be deemed to be unable or to have failed to perform its duty to convene a shareholders' general meeting, and instead the Audit Committee may convene and preside over the shareholders' general meeting itself.

**Article 80** In the event that the Requesting Shareholder(s) propose(s) to convene an extraordinary general meeting or class shareholders' meetings, the following procedures shall apply:

- (1) The Requesting Shareholder(s) shall submit a written proposal to the Board to convene an extraordinary general meeting or class shareholders' meeting by signing one or more copies in the same form and with the same contents. The Board shall reply in writing as to whether it agrees or disagrees to convene such extraordinary general meeting within ten (10) days upon receipt of the proposal in accordance with the laws, administrative regulations, departmental rules, and the Articles.
- (2) If the Board agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within five (5) days from the date of such Board resolution. Any change to the original proposal in the notice requires the prior consent of the Requesting Shareholder(s).
- (3) If the Board disagrees to convene an extraordinary general meeting, or has failed to reply within ten (10) days upon receipt of the proposal, the Requesting Shareholder(s) shall have the right to propose to the Audit Committee to convene an extraordinary general meeting, and shall make such proposal to the Audit Committee in writing.
- (4) If the Audit Committee agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within five (5) days upon receipt of the proposal. Any change to the original proposal in the notice requires the prior consent of the Requesting Shareholder(s).
- (5) If the Audit Committee fails to issue a notice of the shareholders' general meeting within the prescribed period, it shall be deemed to have failed to convene and preside over a shareholders' general meeting. Any shareholder(s) who has/have held individually or collectively 10% or more of the Bank's shares for ninety (90) consecutive days or more (the "Convening Shareholder(s)") may convene and preside over the meeting themselves.

**Article 81** If the Audit Committee or the Convening Shareholder(s) decide(s) to convene a shareholders' general meeting on their own initiative, they shall notify the Board in writing, file a record with the banking regulatory authority under the State Council, the local office of the securities regulatory authority under the State Council where the Bank is located, and, after filing with the stock exchanges in accordance with relevant requirements of the securities regulatory authorities of the places where the shares of the Bank are listed, issue a notice of an extraordinary general meeting. The shares held by the Convening Shareholder(s) prior to the announcement of the resolution of the shareholders' general meeting shall not be less than 10%.

The Convening Shareholder(s) shall, upon issuing a notice of the shareholders' general meeting and the announcement of the resolutions thereof, submit the relevant certifying documents to the local office of the securities regulatory authority under the State Council where the Bank is located and the stock exchange.

**Article 82** With respect to a shareholders' general meeting convened by the Audit Committee or the Convening Shareholder(s) on their own initiative, the Board and the secretary to the Board shall cooperate. The Board shall provide the register of shareholders as of the record date.

**Article 83** Necessary costs arising out of a shareholders' general meeting convened by the Audit Committee or the Convening Shareholder(s) on their own initiative shall be borne by the Bank and shall be deducted from the amounts payable by the Bank to the defaulting directors.

**Article 84** The convener shall ensure that the shareholders' general meeting is conducted continuously until a final resolution is made. If the shareholders' general meeting is interrupted or prevented from reaching a resolution due to force majeure or other special reasons, necessary measures shall be taken to reconvene such shareholders' general meeting as soon as possible or to directly terminate such shareholders' general meeting, and an announcement shall be made promptly. Meanwhile, the convener shall report to the local office of the securities regulatory authority under the State Council where the Bank is located and also report to the stock exchanges according to relevant requirements of the securities regulatory authorities of the places where the shares of the Bank are listed.

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

**Article 85** Contents of the proposals submitted to a shareholders' general meeting shall be in compliance with the laws, administrative regulations, department rules, and the provisions of the Articles, and shall fall within the scope of powers of the shareholders' general meeting and shall have clear subject matter and specific items for resolution. Proposals shall be submitted in writing.

**Article 86** When the Bank convenes a shareholders' general meeting, Proposing Shareholder(s), the Board, the Audit Committee, and half or more of the independent directors (at least two (2)) are entitled to submit proposals to a shareholders' general meeting of the Bank.

The Proposing Shareholder(s) shall have the right to submit an interim proposal in writing to the convener up to ten (10) days before the shareholders' general meeting. The convener shall issue a supplemental notice of the shareholders' general meeting within two (2) days upon receiving such a proposal and announce the contents of the interim proposal.

Except for the circumstances provided in the preceding paragraph, once a notice of a shareholders' general meeting has been issued, the convener shall not modify any proposal set out in the notice of the shareholders' general meeting or add any new proposals.

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

**Article 87** When the Bank is to convene an annual general meeting, it shall send out a notice to all the shareholders who are entitled to attend the shareholders' general meeting twenty (20) days prior to the date of the meeting. When the Bank is to convene an extraordinary general meeting, it shall send out a notice to all the shareholders who are entitled to attend the shareholders' general meeting fifteen (15) days prior to the date of the meeting. If the securities regulatory authorities of the places where the shares of the Bank are listed have otherwise provisions, such provisions shall prevail.

**Article 88** No matters other than that set out in the notice of shareholders' general meeting shall be passed at an extraordinary general meeting.

A shareholders' general meeting shall not be postponed or cancelled, and the proposals set out in the notice of shareholders' general meeting shall not be withdrawn without proper cause once the notice of shareholders' general meeting has been issued. In case of postponement or cancellation, the convener shall, where practicable, notify all shareholders at least two (2) business days prior to the originally scheduled date of the meeting and provide reasons therefor.

**Article 89** The notice of shareholders' general meeting shall include the following contents:

- (1) the date and time, venue, and duration of the meeting;
- (2) the matters and proposals to be considered at the meeting;
- (3) a prominent statement that all ordinary shareholders (including preferred shareholders with restored voting rights) are entitled to attend the shareholders' general meeting, and may entrust proxies, who do not need to be shareholders of the Bank, to attend the meeting and vote on their behalf;
- (4) the record date for determining the shareholders entitled to attend the shareholders' general meeting;
- (5) the name and phone number of the permanent contact person for the meeting;
- (6) the time and procedure of voting on the Internet or by any other means.

**Article 90** Where the elections of directors are intended to be discussed at the shareholders' general meeting, the notice of shareholders' general meeting shall fully disclose the detailed information of the candidates for directors, and shall include at least the following contents:

- (1) personal particulars such as education background, work experience and concurrent positions;
- (2) whether the candidate has any related party relationship with the Bank, its controlling shareholder or de facto controller;
- (3) the number of the Bank's shares held by the candidate;
- (4) whether the candidate has been subject to penalties imposed by financial regulatory authorities such as the banking regulatory authority under the State Council, the securities regulatory authority under the State Council, or other relevant authorities, or disciplinary actions by stock exchanges.

Except where cumulative voting is adopted for the election of directors, each director candidate shall be proposed via a separate proposal.

**Article 91** Unless otherwise required by relevant laws, administrative regulations, relevant requirements of the securities regulatory authorities of the places where the shares of the Bank are listed and the Articles, the notice of shareholders' general meeting shall be served to the shareholders who are entitled to attend the shareholders' general meeting (regardless of whether they are entitled to vote at the shareholders' general meeting) by personal delivery or prepaid mail to their addresses. The address of the recipient shall be the address registered in the register of shareholders. For holders of domestic listed shares, the notice of shareholders' general meeting may be given by way of an announcement.

The announcement referred to in the preceding paragraph shall be published on the website of the stock exchange and the media that meet the requirements prescribed by the securities regulatory authority under the State Council. Upon such publication, all holders of domestic listed shares shall be deemed to have received the relevant notice of shareholders' general meeting.

For holders of overseas listed shares, subject to compliance with laws, administrative regulations, normative documents and relevant requirements of the securities regulatory authorities of the places where the shares of the Bank are listed, the notice of shareholders' general meeting may be published by the Bank on the websites of the Bank and the Hong Kong Stock Exchange instead of delivery by hand or by prepaid mail to the holders of overseas listed shares who are entitled to attend the shareholders' general meeting.

Where, as a result of accidental omission, a notice of meeting is not given to a person who is entitled to receive such notice or where such person has not received the notice, the meeting or any resolutions adopted at the meeting shall not thereby be rendered invalid.

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

**Article 92** A shareholders' general meeting shall be held in the form of on-site meeting and the venue for the meeting shall be arranged.

Subject to ensuring the legality and validity of the shareholders' general meeting and in accordance with laws, administrative regulations, and regulations of the securities regulatory authority under the State Council or the Articles, the Bank shall facilitate shareholders' participation in the shareholders' general meeting through various means and channels, preferentially by using modern information technologies such as online voting platforms. Shareholders participating in the shareholders' general meeting by the aforementioned means shall be deemed to be present.

Each voting right can only be exercised by only one method: onsite, over the Internet, or one of the other methods. Where the same voting right is exercised more than once, the voting exercised for the first time shall prevail.

**Article 93** The Board of the Bank and other conveners shall take necessary measures to ensure the proper order of the shareholders' general meeting. The Board or other conveners shall take measures to stop any act disturbing the shareholders' general meeting, causing trouble or infringing upon the lawful rights and interests of shareholders, and shall report such act to relevant authorities in a timely manner for investigation and enforcement.

**Article 94** All shareholders whose names appear on the register of shareholders on the record date or their proxies are entitled to attend the shareholders' general meeting and exercise their voting rights in accordance with the relevant laws, administrative regulations and the Articles.

A shareholder may attend the shareholders' general meeting in person or may appoint one or more proxies to attend and vote at the meeting on his/her behalf and such proxies need not be shareholders of the Bank.

An individual shareholder attending the shareholders' general meeting in person shall present his/her identity card or other valid identity certificate or proof evidencing his/her identity; a proxy attending the shareholders' general meeting on behalf of an individual shareholder shall present his/her valid identity certificate and instrument of proxy of the shareholder.

A corporate shareholder shall be represented by its legal representative or person authorized by its board of directors or other decision-making bodies to attend the shareholders' general meeting of the Bank. The legal representative of a corporate shareholder may appoint a proxy to attend the meeting. The legal representative attending the meeting shall present his/her identity card and valid certificate evidencing his/her qualifications as the legal representative; a proxy attending the meeting on behalf of the corporate shareholder shall present his/her identity card and written instrument of proxy duly issued (including signed by an authorized person) by the legal representative of the corporate shareholder.

If a shareholder is a Recognized Clearing House (or its nominee), such shareholder may authorize one or more persons it thinks fit to act as its representative(s) at any shareholders' general meeting or any class shareholders' meeting. However, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized, and shall be signed by a person authorized by the Recognized Clearing House. The person(s) so authorized may attend the meeting and exercise the rights on behalf of the Recognized Clearing House (or its nominee) as if he/she or they was or were (an) individual shareholder(s) of the Bank (without providing share certificate, certified instrument of proxy and/or further proof of its due authorization).

Shareholders shall appoint their proxies in writing, and the instrument of proxy shall be signed by the appointer or the proxy of a shareholder duly authorized in writing by the appointer; if the appointer is a legal person or other entities, the instrument of proxy shall be affixed with the seal of the legal person or other entities or be signed by its legal representative, director or proxy of shareholder duly authorized in writing.

**Article 95** The instrument of proxy issued by a shareholder to authorize other person(s) to attend the shareholders' general meeting shall contain the following contents:

- (1) the name of the proxy;
- (2) the number and class of shares represented by the proxy;
- (3) whether the proxy has the right to vote;
- (4) instructions to vote for, against or abstain from voting on each of the items to be considered in the agenda of the shareholders' general meeting;

- (5) the issuing date and the effective period of the instrument of proxy;
- (6) signature (or seal) of the appointer;
- (7) a statement as to whether the proxy of a shareholder may vote at he/she own discretion in the absence of specific instructions from the shareholder. If such statement is not included in the instrument of proxy, the proxy of a shareholder is deemed to have the right to vote at his/her discretion in respect of the matters without specific instructions from the shareholder and the shareholder shall assume the corresponding responsibility for such voting.

Any form of instrument of proxy issued to a shareholder by the Board of the Bank for the shareholder to appoint a proxy shall give the shareholder a choice to instruct his/her proxy to cast an affirmative or negative vote and shall allow the shareholder to give separate instructions on each matter to be voted at the meeting.

**Article 96** The instrument of proxy shall be deposited at the Bank's domicile or at such other place as specified in the notice of the meeting not less than twenty four (24) hours before the commencement of the meeting for considering such matters to be voted by proxy or the designated time for voting. If the instrument of proxy is signed by a person authorized by the appointer, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument of proxy, be deposited at the Bank's domicile or at such other place as specified in the notice of the meeting.

**Article 97** Where the appointer has deceased, lost capacity to act, withdrawn the appointment or the authorization to sign the instrument of proxy, or where the relevant shares have been transferred prior to the voting, a vote cast by the proxy in accordance with the instrument of proxy shall remain valid, provided that no written notice of such facts has been received by the Bank prior to the commencement of the meeting.

**Article 98** A proxy of a shareholder may exercise the following rights according to his/her appointment by the shareholder:

- (1) the shareholder's right to speak at a shareholders' general meeting;
- (2) the right to demand, individually or jointly with others, voting by poll;
- (3) the right to vote by hand or by poll, but when more than one proxy of a shareholder has been appointed, such proxies of a shareholder only have the right to vote by poll.

**Article 99** The Bank shall be responsible for preparing the attendance register for shareholders attending the meeting.

This attendance register shall set out the names of the attendees (or names of the corporations), identification card numbers and the addresses of the attendees, the number of voting shares held or represented, names of the principal (or names of the corporations) and so on.

**Article 100** The convener(s) and lawyers engaged by the Bank shall jointly verify the validity of shareholders' qualifications based on the register of shareholders provided by the securities registration and settlement institution, and shall register the names (or corporate names) of shareholders attending the meeting and the number of voting shares held by them.

**Article 101** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the on-site meeting and the total number of voting shares held by them, but the number of shareholders and proxies attending the on-site meeting and the total number of voting shares held by them as indicated in the attendance register of the meeting shall prevail.

The registration of the meeting shall be closed before the chairman of the meeting announces the number of shareholders and their proxies attending the meeting and the total number of voting shares held by them.

**Article 102** If a shareholders' general meeting requires directors and senior management members to be present at the meeting, such directors and senior management members shall be present at the meeting and receive inquiries from shareholders.

**Article 103** The shareholders' general meeting shall be chaired and presided over by the chairman of the Board. If the chairman of the Board is unable to or fails to perform such duty, the meeting shall be chaired and presided over by the vice chairman of the Board. If there is no vice chairman of the Board or if the vice chairman of the Board is unable to or fails to perform such duty, the meeting shall be chaired and presided over by a director jointly elected by more than half of the directors.

A shareholders' general meeting convened by the Audit Committee on its own initiative shall be chaired and presided over by the chairman of the Audit Committee. If the chairman of the Audit Committee is unable to or fails to perform such duty, the shareholders' general meeting shall be chaired and presided over by a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee.

A shareholders' general meeting convened by the Convening Shareholder(s) on its own initiative shall be chaired and presided over by a representative elected by the Convening Shareholder(s). If the Convening Shareholder(s) fail(s) to elect a chairman of the meeting, the meeting shall be chaired and presided over by the shareholder or his/her proxy who attends the meeting and holds the largest proportion of voting shares.

When a shareholders' general meeting is held and the chairman of the meeting violates the rules of procedure, thereby making it impossible for the meeting to proceed, with the consent of more than half of the shareholders attending the on-site meeting with voting rights, a person may be elected as the chairman of the meeting to continue the meeting.

**Article 104** At the annual general meeting, the Board shall make a report on its work undertaken over the past year to the shareholders' general meeting. Each independent director shall also make his/her report on performance of duties.

**Article 105** The directors and senior management members shall provide answers and explanations in response to queries and recommendations made by shareholders at the shareholders' general meeting.

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

**Article 106** Resolutions of the shareholders' general meeting shall be classified as ordinary resolutions and special resolutions.

Ordinary resolutions shall be approved by more than half of the voting rights held by the shareholders (including their proxies) present at the shareholders' general meeting.

Special resolutions shall be approved by two-thirds or more of voting rights held by the shareholders (including their proxies) present at the shareholders' general meeting.

Except for those matters which shall be adopted by way of special resolution as stipulated by the laws, administrative regulations, departmental rules and the Articles, other matters which need to be approved by the shareholders' general meeting shall be adopted by way of ordinary resolution.

**Article 107** The following matters shall be adopted by way of special resolution at the shareholders' general meeting:

- (1) an increase or reduction of the registered capital of the Bank;
- (2) the merger, division, spin-off, dissolution, liquidation or change of corporate form of the Bank;
- (3) the issuance of corporate bonds or the listing of the Bank;
- (4) the acquisition of the shares of the Bank;
- (5) amendments to the Articles;
- (6) removal of an independent director;
- (7) consideration and approval of purchase or sale of major assets or provision of guarantee by the Bank to others of which the total amount within a year exceeds 30% of the Bank's latest audited total assets;
- (8) any other matters as required by the laws, administrative regulations, departmental rules, regulatory requirements and the Articles, or other matters that, according to the shareholders' general meeting by an ordinary resolution, may have a material impact on the Bank and should therefore be adopted by a special resolution.

**Article 108** At the shareholders' general meeting, voting shall be conducted by a show of hands or by open ballot.

Votes at the shareholders' general meetings shall be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates to procedures of the shareholders' general meeting or administrative matters to be voted on by a show of hands.

**Article 109** The shareholders or their proxies, when voting at the shareholders' general meeting, shall exercise their voting rights according to the number of voting shares held by them, and each share shall have one vote.

When major matters affecting the interests of small and medium investors are considered at the shareholders' general meeting, the votes of small and medium investors of domestic listed shares shall be counted separately and be disclosed publicly in a timely manner.

Shares of the Bank held by the Bank itself carry no voting rights and shall not be included in the total number of voting shares present at the shareholders' general meeting.

When an investor, through securities trading on the stock exchange, individually or jointly with others pursuant to agreements or other arrangements, holds voting shares issued by the Bank that account for 5% or more of the Bank's issued voting shares, the investor shall, within three (3) days from the occurrence of such fact, submit a written report to the securities regulatory authority under the State Council and the domestic stock exchange, notify the Bank, and make an announcement thereof. The investor shall not trade in the Bank's shares within the aforesaid period, except under circumstances prescribed by the securities regulatory authority under the State Council.

After an investor, individually or jointly with others pursuant to agreements or other arrangements, holds voting shares issued by the Bank that account for 5% or more of the Bank's issued voting shares, the investor shall, in accordance with the provisions of the preceding paragraph, make a report and announcement each time the proportion of the Bank's issued voting shares held by the investor increases or decreases by 5%. From the date on which such fact occurs until three (3) days after the announcement is made, the investor shall not trade in the Bank's shares, except under circumstances prescribed by the securities regulatory authority under the State Council.

After an investor, individually or jointly with others pursuant to agreements or other arrangements, holds voting shares issued by the Bank that account for 5% or more of the Bank's issued voting shares, the investor shall, each time the proportion of the Bank's issued voting shares held by the investor increases or decreases by 1%, notify the Bank and make an announcement thereof on the day immediately after the occurrence of such fact.

For violation of paragraphs 4 and 5 of this Article, voting rights involving the shares that are more than the stipulated proportion shall not be exercised within thirty six (36) months upon such acquisition, and the relevant shares shall not be included in the total number of shares carrying voting rights present at the shareholders' general meeting.

If there are other provisions by the securities regulatory authorities or stock exchanges of the places where the shares of the Bank are listed, such provisions shall prevail.

The Board, independent directors, shareholders holding 1% or more of voting shares, or investor protection institutions of the Bank established in accordance with the laws, administrative regulations or provisions of the securities regulatory authority under the State Council may publicly solicit voting rights from shareholders. When soliciting voting rights, information including the specific voting intentions shall be fully disclosed to the solicited shareholders. No consideration or other form of de facto consideration shall be involved in the solicitation of voting rights from shareholders. Save for statutory conditions, the Bank shall not impose a minimum shareholding restriction on the solicitation of voting rights.

**Article 110** Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on a particular resolution or restricted to voting only for (or only against) a particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 111** In the case of voting by poll, shareholders or their proxies with two or more votes need not cast all their votes as affirmative, negative or abstained from voting.

**Article 112** No amendments shall be made to a proposal when it is considered at the shareholders' general meeting; otherwise, any amendment shall be deemed to constitute a new proposal and shall not be voted at the current shareholders' general meeting.

**Article 113** Before voting on a proposal at the shareholders' general meeting, two shareholder representatives shall be elected to participate in vote counting and scrutinizing. If the matter under consideration involves a conflict of interest for certain shareholders, the relevant shareholders and their proxies shall not participate in the counting or scrutinizing of votes.

When voting on proposals at the shareholders' general meeting, the counting of votes and scrutinizing of the vote counting shall be conducted by one or more parties involving lawyers, shareholder representatives, accounting firms of the Bank, share registrar of overseas listed shares listed in Hong Kong or external auditors qualified to serve as the Bank's auditors. The voting results shall be announced on-site at the meeting and recorded in the meeting minutes.

Shareholders of the Bank or their proxies who have cast their votes by online voting or by other means shall have the right to verify their voting results through the corresponding voting systems.

**Article 114** Shareholders attending the shareholders' general meeting shall present one of the following views on the proposals submitted for voting: for, against or abstention, except for the circumstance where the securities registration and settlement institution acting as the nominal holder of shares under the stock connect schemes between the Chinese mainland and Hong Kong reports votes in accordance with the instruction of the de facto holders of relevant shares.

A ballot that is incomplete, wrongly completed, or completed with illegible writing, or an uncast ballot shall all be deemed as a waiver of voting rights by the voter. The votes represented by his/her shares shall be counted as "abstention".

**Article 115** When related party transactions are considered at a shareholders' general meeting, related shareholders shall abstain from voting or acting as proxies of other shareholders in voting. The number of shares with voting rights held by the related shareholders shall not be counted in the total number of voting shares of shareholders attending the shareholders' general meeting in the voting on related party transactions; the announcement of the resolutions of the shareholders' general meeting shall fully disclose the voting of non-related shareholders.

**Article 116** When the shareholders' general meeting elects directors, the list of candidates for directors shall be submitted to the shareholders' general meeting as a proposal for voting.

When electing two or more independent directors at the shareholders' general meeting, cumulative voting shall be implemented.

**Article 117** Except under cumulative voting, all resolutions proposed at the shareholders' general meeting shall be voted on a one by one basis. Where different proposals are submitted on the same matter, the shareholders' general meeting shall vote on the time sequence of such proposals. Other than special reasons such as force majeure, which results in the termination of the shareholders' general meeting or makes it impossible to adopt resolutions, the shareholders' general meeting shall not postpone or refuse to vote on proposals.

**Article 118** The end time of the on-site session of the shareholders' general meeting shall not be earlier than that of online or other forms of the meeting. The chairman of the meeting shall announce the voting status and voting results of each proposal at the conclusion of the shareholders' general meeting.

Prior to the official announcement of the voting results, the relevant parties including the Bank, the vote counter, the scrutineer, the substantial shareholders, and the internet service provider involved in the on-site, online, or other voting method at the shareholders' general meeting, shall have the obligation to keep the voting results confidential.

**Article 119** The chairman of the meeting shall, based on the voting results, determine whether the resolutions of the shareholders' general meeting are passed. The chairman's decision shall be final, and voting results shall be announced at the meeting and recorded in the meeting minutes.

**Article 120** If the chairman of the meeting has any doubt as to the voting result of a resolution put forward for voting at a shareholders' general meeting, he/she may have the votes recounted. If the chairman of the meeting does not order for votes to be recounted, any shareholder or proxy present at the meeting who challenges the voting result announced by the chairman of the meeting shall have the right to request the recounting of votes immediately after the announcement, and the chairman of the meeting shall have the votes recounted immediately.

If votes are recounted at a shareholders' general meeting, the result of the recounting shall be recorded in the meeting minutes.

**Article 121** Resolutions of the shareholders' general meeting shall be in writing and announced in a timely manner. The resolutions of the shareholders' general meeting shall state the number of shareholders and proxies of shareholders attending the meeting, the total number of voting shares held by them and the proportion of such voting shares in relation to the total number of voting shares of the Bank, the method of voting, the voting result of each proposal, and the detailed contents of each resolution passed.

**Article 122** If a proposal is not passed or any resolution adopted at a previous shareholders' general meeting is amended at the current shareholders' general meeting, a special note shall be made in the resolution of the shareholders' general meeting.

**Article 123** Where the shareholders' general meeting adopts resolutions on the distribution of cash dividends, issuance of bonus shares or conversion of capital reserve into share capital, the Board shall implement the specific plans within two (2) months following the conclusion of the shareholders' general meeting.

## **CHAPTER VII SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS**

**Article 124** Shareholders holding different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and provisions of the Articles.

Where the share capital of the Bank includes shares which do not carry voting rights, the designation of such shares must include the words "non-voting".

Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”.

**Article 125** If the Bank intends to change or abrogate the rights of class shareholders, it may do so only after such change or abrogation has been approved by a special resolution of the shareholders’ general meeting and by the shareholders’ general meetings convened separately by the affected class shareholders in accordance with Articles 127 to 131 of the Articles.

**Article 126** The rights of a certain class shareholders shall be deemed to have been changed or abrogated in the following circumstances:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of another class with equal or greater voting rights, distribution rights, or other privileges;
- (2) to convert all or part of the shares of that class into another class, convert all or part of the shares of another class into that class, or grant such conversion rights;
- (3) to cancel or reduce the rights of that class of shares to receive accrued dividends or cumulative dividends;
- (4) to reduce or cancel the priority of that class of shares in dividend distribution or property distribution during liquidation of the Bank;
- (5) to increase, cancel or reduce the share conversion rights, options, voting rights, transfer rights, preemptive rights or rights to acquire securities of the Bank attached to that class of shares;
- (6) to cancel or reduce the rights of that class of shares to receive amounts payable by the Bank in a particular currency;
- (7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of that class of shares;
- (8) to impose or increase restrictions on the transfer or ownership of that class of shares;
- (9) to grant the share subscription options or share conversion options of that class of shares or another class of shares;
- (10) to increase the rights or privileges of another class of shares;
- (11) any restructuring scheme of the Bank that may cause shareholders of different classes to bear liability disproportionately during the restructuring;
- (12) to revise or nullify the provisions in this Chapter.

**Article 127** Class shareholders affected, whether or not originally having the right to vote at the shareholders' general meeting, shall nevertheless have the right to vote at class shareholders' meetings in respect of matters referred to in items (2) to (8) and (11) to (12) of Article 126, but interested shareholders shall not be entitled to vote at such class shareholders' meetings.

For the purpose of the preceding paragraph, the term "interested shareholders" shall have the following meanings:

- (1) if the Bank has made a share repurchase offer to all shareholders equally pro rata or has bought back its own shares through public trading at a stock exchange in accordance with Article 25 of the Articles, "interested shareholders" refer to the controlling shareholders as defined in Article 284 of the Articles;
- (2) if the Bank has bought back its own shares by an agreement outside a stock exchange in accordance with Article 25 of the Articles, "interested shareholders" refer to the shareholders related to the agreement;
- (3) in a restructuring plan of the Bank, "interested shareholders" refer to those shareholders who assume responsibilities at a lower proportion than other shareholders of the same class or those shareholders who have interests different from other shareholders of the same class.

**Article 128** A resolution of the class shareholders' meeting shall be adopted by two-thirds or more of the voting shares represented by shareholders present at such class shareholders' meeting.

**Article 129** When convening a class shareholders' meeting, the Bank shall issue a written notice in accordance with the requirement of notice period for convening the shareholders' general meeting in the Articles, to all shareholders in the relevant class whose names appear on the register of shareholders, informing them of the matters to be considered at such meeting and the time and venue of the meeting.

The notice of a class shareholders' meeting only needs to be delivered to the shareholders entitled to vote at that meeting.

**Article 130** The procedures for convening a class shareholders' meeting shall, to the extent possible, be identical to the procedures for the shareholders' general meeting and the provisions in the Articles relating to the procedure to convene a shareholders' general meeting shall apply to the class shareholders' meeting.

**Article 131** Apart from other classes of shareholders, holders of domestic listed shares and overseas listed shares are deemed to be shareholders of different classes.

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

- (1) the Bank, upon approval by a special resolution of the shareholders' general meeting, issues, either separately or concurrently, domestic listed shares and overseas listed shares every twelve (12) months, provided that the number of the domestic listed shares and overseas listed shares to be issued is not more than 20% of the issued and outstanding shares of the respective class;

- (2) the Bank's plan on issuing domestic listed shares and overseas listed shares at time of its incorporation is completed within fifteen (15) months from the date of approval by the securities regulatory authority under the State Council;
- (3) Shareholders holding unlisted shares of the Bank list and trade their shares overseas upon the approval of the securities regulatory authority under the State Council.

## **CHAPTER VIII DIRECTORS AND BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 132** A director shall be a natural person and is not required to hold shares of the Bank.

Directors of the Bank are comprised of executive directors and non-executive directors, and non-executive directors comprise independent directors.

**Article 133** Directors shall be elected, replaced or removed by the shareholders' general meeting, and may be dismissed by the shareholders' general meeting before the expiry of their term of office. The term of office of a director shall be three (3) years, and a director may be re-elected and re-appointed upon expiry of his/her term of office.

The qualifications of directors shall be approved by the banking regulatory authority under the State Council.

The term of office of a director shall be calculated from the date on which his/her appointment is approved by the banking regulatory authority under the State Council. Where re-election is not carried out promptly upon the expiry of the term of office of a director, the director shall continue to perform the duties of a director pursuant to the laws, administrative regulations, departmental rules and the provisions of the Articles until the re-elected director assumes office.

Subject to compliance with the provisions of relevant laws and administrative regulations, the shareholders' general meeting may, by way of an ordinary resolution, remove any director prior to the expiry of his/her term of office (without prejudice to any claim which may be made under any contract).

**Article 134** The procedures for nomination and election of directors are as follows:

- (1) directors (other than independent directors) shall be nominated by shareholders individually or jointly holding 3% or more of the total number of voting shares of the Bank, or by the Board by way of proposal, and shall be elected by the shareholders' general meeting of the Bank;
- (2) for nomination of candidates for directors by the Board to the shareholders' general meeting, the candidates must be verified by the Nomination and Remuneration Committee of the Board, and the qualified candidates shall be submitted to the Board for consideration. After approval by the Board, written proposals regarding the candidates for directors shall be submitted to the shareholders' general meeting;

- (3) before the announcement of the notice of shareholders' general meeting, the candidates for directors shall provide written undertakings stating their acceptance of the nomination, undertaking that their information disclosed to the public is true and complete, and promising that they shall perform the duties of a director conscientiously if elected;
- (4) the intention to nominate candidates for directors and written undertakings from the nominees expressing their willingness to accept the nomination shall be delivered to the Bank ten (10) days prior to the convening of the shareholders' general meeting. The Board shall timely disclose detailed information of the candidates for directors to shareholders before the shareholders' general meeting is convened to ensure that shareholders have sufficient knowledge of the candidates when casting their votes;
- (5) each director candidate shall be voted at the shareholders' general meeting on a one by one basis.

**Article 135** Directors are entitled to be informed of the operational and financial status of various businesses of the Bank in accordance with the laws, and are entitled to supervise the performance of duties by other directors and senior management members.

The Bank shall take measures to safeguard directors' rights to information, and ensure the truthfulness, accuracy and completeness of the information provided. The Bank shall also safeguard the rights of directors to attend meetings of the Board and provide directors with necessary working conditions for the performance of their duties.

When directors exercise their duties and powers, relevant personnel of the Bank shall cooperate actively and shall not reject, obstruct or conceal any matter, or interfere with the exercise of duties and powers by directors.

**Article 136** Directors shall attend at least two-thirds or more of the on-site Board meetings in person each year.

If a director fails to attend Board meetings in person or by entrusting any other directors as his/her proxy for two (2) consecutive times, he/she shall be deemed as unable to perform his/her duties, and the Board shall make a proposal at the shareholders' general meeting to remove such director.

**Article 137** A director may resign prior to the expiry of his/her term of office. When a director intends to resign, he/she shall submit a written resignation to the Board. The Board will disclose relevant information within two (2) days.

If the normal operation of the Bank is affected or the number of directors falls below the statutory minimum or two-thirds of the number of Board members as stipulated by the Articles due to the resignation of a director, or if the resignation of a member of the Audit Committee results in the number of members of the Audit Committee falling below the statutory minimum or the absence of an accounting professional, his/her resignation shall not take effect until a new director is elected to fill the vacancy due to his/her resignation. If there are major risk disposals occurring in the Bank, the directors of the Bank shall not resign without the approval of the regulatory authorities.

Other than the circumstances set out in the preceding paragraph, the written resignation of a director shall take effect upon delivery to the Board.

Where the number of directors falls below the minimum number required by the Company Law or the minimum number required for voting by the Board as a result of directors being dismissed by the shareholders' general meeting, their death, resignation of independent directors due to loss of their independence, or other circumstances where directors cannot perform their duties, the duties and powers of the Board shall be exercised by the shareholders' general meeting until the number of directors meets the requirements.

**Article 138** A director shall complete all handover procedures with the Board when his/her resignation becomes effective or his/her term of office expires.

**Article 139** A director shall not act on behalf of the Bank or the Board in his/her own name, unless otherwise provided in the provisions of the Articles or legally authorized by the Board.

When a director acts in his/her own name, and in a situation where a third party may reasonably believe that the director is acting on behalf of the Bank or the Board, such director shall declare his/her stance and identity in advance.

**Article 140** Directors shall perform the following duties or obligations:

- (1) to pay continuous attention to the Bank's operation and management, and have the right to require the senior management to provide relevant information reflecting the Bank's operation and management in a comprehensive, timely and accurate manner, or to provide explanations on relevant issues;
- (2) to attend Board meetings on time, thoroughly review matters to be considered by the Board, express opinions independently, professionally and objectively, and vote independently based on prudent judgment;
- (3) to assume responsibility for Board resolutions;
- (4) to supervise implementation of resolutions of the shareholders' general meeting and the Board by the senior management;
- (5) to actively participate in training organized by the Bank and regulatory authorities, among others, understand the rights and obligations of directors, familiarize themselves with relevant laws, regulations and regulatory requirements, and continuously maintain the professional knowledge and capability necessary to perform their duties;
- (6) to be accountable to the Bank and all shareholders in performing their duties and treat all shareholders fairly;
- (7) to uphold high standards of professional ethics and consider the legitimate rights and interests of stakeholders;
- (8) to owe duties of loyalty and diligence to the Bank, perform duties dutifully and prudentially, and ensure that they have sufficient time and energy to perform their duties;
- (9) to ensure the truthfulness, accuracy and completeness of information disclosed by the Bank and sign written confirmations for periodic reports;

- (10) to abide by laws, administrative regulations, departmental rules, regulatory requirements and the provisions of the Articles.

## **Section 2 Independent Directors**

**Article 141** The Bank shall have independent directors. Independent directors refer to directors who do not hold other positions (other than as a director) in the Bank, and who are not related to the Bank and its substantial shareholders, de facto controller, or other institutions or personnel who have an interest in the Bank in a way that may affect their independent and objective judgment. The Bank shall appoint suitable persons as independent directors, including at least one accounting professional.

Unless otherwise provided for in this Section, provisions of Section 1 in this Chapter shall apply to independent directors.

**Article 142** An independent director shall be with high professional expertise and good credibility and reputation, and shall also satisfy the following criteria:

- (1) being qualified to serve as a director of commercial banks and listed companies pursuant to the relevant requirements as stipulated in laws, administrative regulations and departmental rules, relevant provisions of securities regulatory authorities of the places where the Bank's shares are listed, and provisions of the Articles;
- (2) complying with the independence requirements as stipulated in laws, administrative regulations, departmental rules, regulatory provisions, and provisions of the Articles;
- (3) possessing basic knowledge of the operations of a listed company and being familiar with relevant laws, regulations, and rules;
- (4) having a bachelor's degree or a higher degree, or intermediate or higher titles of relevant professions;
- (5) having five (5) years' or more work experience in law, economics, finance, accounting or other fields that are conducive to performing duties and responsibilities of an independent director;
- (6) being familiar with the laws and regulations relevant to the operation and management of commercial banks;
- (7) being able to read, understand and analyze credit statistical reports and financial statements of commercial banks;
- (8) having good moral character, with no adverse records such as major acts of dishonesty;
- (9) having sufficient time and energy to effectively perform the duties and responsibilities and undertaking to duly perform duties of good faith and diligence;
- (10) complying with other criteria set out in laws, administrative regulations, departmental rules, regulatory requirements, and provisions of the Articles.

**Article 143** Independent directors must maintain independence. The following persons shall not serve as independent directors of the Bank:

- (1) shareholders who directly or indirectly hold 1% or more of the Bank's issued shares, or natural person shareholders among the Bank's top ten shareholders, as well as their spouses, parents, and children;
- (2) persons who hold positions in shareholders who directly or indirectly hold 5% or more of the Bank's issued shares or in the Bank's top five shareholders, as well as their spouses, parents, and children;
- (3) persons who hold positions in the Bank or the Bank's subsidiaries, as well as their spouses, parents, children, and key social connections;
- (4) persons who hold positions in the subsidiaries of the Bank's controlling shareholder or de facto controller, as well as their spouses, parents, and children;
- (5) persons who have material business dealings with the Bank, its controlling shareholder, de facto controller, or their respective subsidiaries, or persons who hold positions in the entities that have material business dealings with the Bank as well as the controlling shareholders and de facto controllers of such entities;
- (6) persons providing financial, legal, advisory, sponsorship, or other services to the Bank, its controlling shareholder, de facto controller, or their respective subsidiaries, including but not limited to all members of the project team from the intermediary institutions providing such services, reviewers at all levels, persons signing the reports, partners, directors, senior management members, and principal responsible persons;
- (7) persons who have been involved in any of the circumstances listed in items (1) to (6) within the last twelve (12) months;
- (8) any other persons specified by the laws, administrative regulations, departmental rules, and other relevant regulatory requirements or provisions of the Articles as not permitted to serve as an independent director.

The term "subsidiaries" mentioned in the preceding paragraph refers to enterprises that are directly or indirectly controlled by the relevant entities. The subsidiaries of the controlling shareholder or de facto controller of the Bank as mentioned in items (4) to (6) of the preceding paragraph shall not include enterprises that are controlled by the same state-owned assets regulatory authority as the Bank and do not constitute related party relationship with the Bank under relevant regulations. The term "key social connections" refers to siblings, spouses of siblings, parents of spouses, siblings of spouses, spouses of children, and parents of children's spouses, etc. The term "material business dealings" refers to matters required to be submitted to the shareholders' general meeting for consideration in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange or the Articles, or other material matters as recognized by Shanghai Stock Exchange; the term "hold positions" refers to serving as directors, senior management members, and other staff members.

Independent directors shall conduct an annual self-assessment of their independence and submit the self-assessment results to the Board. The Board shall conduct an annual assessment of the independence of incumbent independent directors and issue a specific opinion, which shall be disclosed together with the annual report.

**Article 144** Independent directors shall be nominated by the Board or shareholders who individually or jointly hold 1% or more of the total number of voting shares of the Bank and elected at the shareholders' general meeting, and shall be appointed or replaced upon approval by the banking regulatory authority under the State Council.

Independent directors shall serve a term of office of three (3) years and may serve consecutive terms if so re-elected after their term of office expires, provided that such term of office shall not be more than six (6) years on an accumulative basis.

A natural person may serve as an independent director in at most five (5) domestic or overseas enterprises concurrently. In principle, such a person shall not serve as an independent director in more than three (3) domestic listed companies and shall ensure sufficient time and effort to effectively fulfill the duties of an independent director. Where the natural person serves as independent directors in banking and insurance institutions concurrently, relevant institutions shall have neither related party relationship nor conflicts of interest. A natural person shall not serve as an independent director in more than two (2) commercial banks concurrently.

**Article 145** An independent director may resign before his/her term of office expires. If the resignation of an independent director would result in the proportion of independent directors on the Bank's Board or its special committees failing to meet the requirements of relevant laws, regulations, or the provisions of the Articles, or would result in a lack of an accounting professional among the independent directors, the resigning independent director shall continue to perform his/her duties until the date a new independent director is appointed. The Bank shall complete the by-election within sixty (60) days from the date the independent director submits his/her resignation.

The resigning independent director shall submit a written resignation report to the Board, stating any circumstances related to the resignation or deemed necessary to bring to the attention of the Bank's shareholders and creditors. The Bank shall disclose the reasons for the independent director's resignation and any matters of concern.

**Article 146** Independent directors shall perform their duties in good faith, independently and diligently, earnestly safeguard the legitimate rights and interests of the Bank, small and medium shareholders and financial consumers, and shall not be influenced by shareholders, de facto controller, senior management, or other entities or individuals with material interests in the Bank.

In the event of any material deficiencies or failures in the corporate governance mechanism of the Bank, the independent directors shall promptly report the relevant circumstances to the regulatory authorities. Independent directors shall keep the Bank's business secrets, except for the purpose of reporting relevant information to the regulatory authorities as required.

**Article 147** In addition to duties and powers granted to directors by the Company Law and other relevant laws, administrative regulations, departmental rules, relevant requirements of the securities regulatory authorities of the places where the shares of the Bank are listed, and the Articles, independent directors shall have the following duties and powers:

- (1) to independently engage intermediary institutions to conduct audits, provide advisory services, or perform investigations on specific matters of the Bank;
- (2) to propose the convening of an extraordinary general meeting to the Board;
- (3) to propose the convening of a Board meeting;
- (4) to publicly solicit shareholder rights from shareholders in accordance with the law;
- (5) to issue independent opinions on matters that may harm the rights and interests of the Bank or small and medium shareholders;
- (6) other duties and powers prescribed by laws, administrative regulations, departmental rules, and the Articles.

Independent directors shall require the consent of more than half of all independent directors to exercise the duties and powers set out in items (1) to (3) above. Where independent directors exercise such duties and powers, the Bank shall make a disclosure in a timely manner. Where the aforementioned duties and powers cannot be properly exercised, the Bank shall disclose the specific circumstances and reasons thereof.

Independent directors shall have the same right to information as other directors. The Bank shall ensure the independent directors' right to information, provide them with complete information required for participation in decision-making in a timely manner, and offer necessary working conditions for them to perform their duties.

The reasonable fees incurred by independent directors for engaging intermediary institutions and the reasonable expenses required for performing their duties shall be borne by the Bank.

**Article 148** Independent directors shall express objective, impartial and independent opinions on the matters discussed at the shareholders' general meeting or Board meeting of the Bank, and shall in particular, express their opinions at the shareholders' general meeting or Board meeting on the following matters:

- (1) major related party transactions;
- (2) profit distribution plans;
- (3) nomination, engagement and removal of directors, and appointment and dismissal of senior management members;
- (4) remuneration of directors and senior management members;

- (5) engagement or dismissal of accounting firms that conduct periodic statutory audits of the financial accounting reports of the Bank;
- (6) other matters that may have a material impact on the legitimate rights and interests of the Bank, small and medium shareholders, and financial consumers;
- (7) other matters stipulated by the laws, administrative regulations, departmental rules, regulatory requirements and the Articles.

**Article 149** An independent director shall work for the Bank for not less than fifteen (15) business days per annum.

An independent director may appoint another independent director to act as his/her proxy to attend a Board meeting, provided that he/she shall attend in person no less than two-thirds of the total number of Board meetings every year.

**Article 150** Independent directors shall be deemed to have committed serious dereliction of duty in any of the following circumstances:

- (1) disclosure of the Bank's trade secrets and harming the legitimate interests of the Bank;
- (2) acceptance of improper gains during the performance of their duties, or seeking private gains by taking advantage of their position as an independent director;
- (3) failure to raise an opposing opinion despite knowing that a Board resolution is in violation of the laws, administrative regulations and the Articles;
- (4) failure to exercise veto power in related party transactions which have caused material losses to the Bank;
- (5) other acts of serious dereliction of duty as stipulated in the laws, administrative regulations, departmental rules and other normative documents or identified by the banking regulatory authority under the State Council.

**Article 151** If an independent director has been disqualified by the banking regulatory authority under the State Council, he/she shall be automatically removed from office on the date he/she is disqualified. The shareholders' general meeting of the Bank shall promptly elect a new independent director for replacement.

**Article 152** The Board shall have the right to propose at the shareholders' general meeting to remove an independent director in any of the following circumstances:

- (1) serious dereliction of duty;
- (2) failure to file resignation when he/she is no longer qualified to be an independent director;

- (3) failure to attend the Board meetings in person for three (3) consecutive times, failure to attend the meetings either in person or by entrusting other independent directors to attend on his/her behalf for two (2) consecutive times, or failure to attend the Board meetings in person for less than two-thirds of the total number of Board meetings within one (1) year;
- (4) other circumstances provided by the laws, administrative regulations, departmental rules and other normative documents rendering an independent director not suitable to continue to serve as an independent director.

The independent director being removed may make a public statement if he/she considers the Bank's reasons for the removal are inappropriate.

**Article 153** If the Board proposes to remove an independent director at the shareholders' general meeting, it shall report to the banking regulatory authority under the State Council and issue a written notice to the independent director one (1) month before the date of convening the shareholders' general meeting. The independent director shall have the right to express his/her opinion orally or in writing before the voting, and shall have the right to submit such opinion to the banking regulatory authority under the State Council five (5) days prior to the convening of the shareholders' general meeting. The shareholders' general meeting shall vote after considering the opinions presented by the independent director.

**Article 154** The Bank shall pay remuneration (or allowances) to independent directors. The payment standard shall be formulated by the Board, considered and passed at the shareholders' general meeting, and disclosed in the annual report of the Bank.

Except for the above remuneration (or allowances), independent directors shall not obtain any extra and undisclosed benefits from the Bank, its substantial shareholders, de facto controller, or any other entities or individuals that have an interest in the Bank.

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

**Article 155** The Bank shall establish a Board of Directors in compliance with laws and the Board shall be accountable to the shareholders' general meeting.

The Board shall be composed of thirteen (13) to nineteen (19) directors. The specific number of members of the Board shall be determined by the shareholders' general meeting, of which the number of independent directors shall be no less than three (3) and shall account for no less than one-third of the total number of Board members.

The Board shall include one employee director, who shall be democratically elected by the Bank's employees through the employee representative meeting, general meeting of employees, or other forms. Senior management members shall not serve concurrently as an employee director. The total number of executive directors and the employee director shall not exceed one-half of the total number of directors of the Bank.

**Article 156** The Board shall have one (1) chairman and may have one (1) vice chairman. The chairman and vice chairman shall be elected or dismissed by more than half of all directors. The chairman and vice chairman shall take office after approval by the banking regulatory authority under the State Council.

The chairman and vice chairman shall serve a term of three (3) years and may serve consecutive terms if so re-elected after his/her term of office expires.

The positions of the chairman of the Board and the president of the Bank shall be held by different persons.

**Article 157** The office of the Board shall be responsible for the preparation of shareholders' general meetings, Board meetings and meetings of each special committee of the Board, the preparation of meeting documents and meeting minutes, information disclosure and other daily matters of the Board and each of the Board committees.

**Article 158** The Board shall perform the following duties and powers:

- (1) to convene the shareholders' general meeting and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of the shareholders' general meeting;
- (3) to make decisions on the Bank's development strategies, business plans and investment plans;
- (4) to formulate the capital planning of the Bank, and to assume ultimate responsibility for capital management;
- (5) to formulate the Bank's annual financial budgets and final accounts; the Bank's profit distribution plans and loss recovery plans; proposals on the increase or reduction of the Bank's registered capital; the Bank's plans for issuance of bonds or other marketable securities and listing plans; plans for merger, division, spin-off, dissolution, liquidation or change of corporate form of the Bank; plans for major acquisitions and acquisition of the Bank's shares; plans for material change in equity interest or financial restructuring; capital replenishment plans;
- (6) to formulate the basic management systems, and risk tolerance, risk management and internal control policies of the Bank and supervise the implementation of such basic management systems and policies; to assume ultimate responsibility for comprehensive risk management;
- (7) to consider the comprehensive risk management report presented by the senior management and evaluate the effectiveness of risk management of the Bank in order to improve the Bank's risk management;
- (8) to formulate amendments to the Articles, rules of procedure for the shareholders' general meeting and rules of procedure for the Board, and to consider and approve the working rules of the special committees of the Board;
- (9) to consider and approve the working rules of the president submitted by the president;
- (10) to decide on matters, including the establishment of major legal entities by the Bank, major corporate mergers and acquisitions, major external investments, major asset acquisitions, major asset disposals, major asset write-offs, major asset mortgages and other non-commercial banking business guarantees, and major donations within the scope of authorization granted by the shareholders' general meeting and in accordance with the laws and regulations, regulatory requirements, and the provisions of the Articles;

- (11) to decide on or authorize the president to decide on matters within the scope of powers of the Board, including other external investments of the Bank, asset acquisitions, asset disposals, asset write-offs, asset mortgages and other non-commercial banking business guarantees, related party transactions, and external donations;
- (12) to appoint and dismiss the presidents and the secretary to the Board according to the nomination of the chairman of the Board;
- (13) to appoint and dismiss the vice presidents and other senior management members according to the nomination of the president;
- (14) to elect the chairman and members of the Nomination and Remuneration Committee based on the proposal of the Requesting Shareholder(s), the chairman of the Board, and one-third or more of directors or half or more (at least two (2)) of independent directors; to elect the chairman and members of other special committees of the Board (excluding the chairman of Strategic Planning Committee) based on the nominations by the Nomination and Remuneration Committee;
- (15) to decide on the basic remuneration system of the Bank and the remuneration, performance appraisal, rewards and punishment of senior management members;
- (16) to decide on the establishment of internal departments at the head office, domestic and overseas tier-one branches, branches and other institutions directly under the head office and overseas institutions;
- (17) to evaluate and improve the Bank's corporate governance regularly;
- (18) to be responsible for the Bank's information disclosure, and assume ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the financial accounting reports;
- (19) to propose the engagement and dismissal of accounting firms that conduct periodic statutory audits of the financial accounting reports of the Bank for approval by the shareholders' general meeting;
- (20) to consider and approve the proposals submitted by the special committees of the Board;
- (21) to consider and approve or to authorize the Related Party Transactions Control Committee of the Board to approve related party transactions (other than those which shall be considered and approved by the shareholders' general meeting as required by laws), and report to the shareholders' general meeting on the overall status of related party transactions;
- (22) to listen to the work reports of the president of the Bank in accordance with the relevant regulatory requirements to ensure that all directors are timely and fully informed of relevant information for the performance of their duties, and to examine the work of the senior management to monitor and ensure the effective performance of their management responsibilities;
- (23) to consider the execution of the regulatory opinions issued by the banking regulatory authority under the State Council on the Bank;

- (24) to consider and approve major data governance matters of the Bank in accordance with the laws and regulations, regulatory requirements and the provisions of the Articles;
- (25) to safeguard the legitimate rights and interests of financial consumers and other stakeholders;
- (26) to establish a mechanism to identify, review and manage conflicts of interest between the Bank and its shareholders, in particular substantial shareholders;
- (27) to assume responsibility for the management of shareholders' affairs;
- (28) to establish and implement an accountability system for the performance of duties by the senior management, and clarify the specific ways for accountability of negligence and improper performance of responsibilities;
- (29) to perform other duties as required by laws, administrative regulations, departmental rules, regulatory requirements and the Articles, and as authorized by the shareholders' general meeting.

**Article 159** The Board's authority to make decisions on the establishment of legal entities, corporate mergers and acquisitions, external investments, asset acquisitions, asset disposals, asset write-offs, asset mortgages and other non-commercial banking business guarantees, and related party transactions shall be determined by the shareholders' general meeting, and the Board shall develop strict review and decision-making procedures in respect of its exercise of the aforementioned authority; the Board shall organize relevant experts and professionals to make assessments on major investment projects and submit matters to the shareholders' general meeting for approval if it is required according to the Articles.

**Article 160** For the disposal of fixed assets by the Board, if the sum of the expected value of the fixed assets proposed to be disposed of and the aggregate value of the fixed assets which had been disposed of within four (4) months immediately preceding such proposed disposal exceeds 33% of the Bank's fixed assets value shown in the most recent balance sheet reviewed at the shareholders' general meeting, the Board shall not dispose of or approve the disposal of such fixed assets without the approval of the shareholders' general meeting.

For the purposes of this Article, the disposal of fixed assets includes the transfer of some rights and interests of assets but does not include the provision of guarantee with fixed assets.

The validity of transactions conducted by the Bank to dispose of fixed assets shall not be affected by the breach of the first paragraph of this Article.

**Article 161** The Board of the Bank shall make explanations to the shareholders' general meeting in relation to the non-standard audit opinions issued by certified public accountants on the financial reports of the Bank.

**Article 162** The Board shall formulate the rules of procedure for the Board, which shall be implemented after being considered and approved at the shareholders' general meeting, so as to ensure the work efficiency and scientific decision-making of the Board.

**Article 163** The Board shall review the development strategy of the Bank regularly to ensure the development strategy and operation of the Bank are in line with changes in the market environment. The Board shall regularly assess the operation of the Bank and conduct comprehensive evaluation on the performance of duties of senior management members based on the results of the assessment.

**Article 164** The Board shall practice high standard of professional ethics, which shall serve the Bank's long-term interests.

**Article 165** The Board shall fully take into account the opinions of external auditors when performing its duties and may engage intermediary institutions or professionals to provide opinions, with the relevant expenses borne by the Bank.

**Article 166** The chairman of the Board shall exercise the following duties and powers:

- (1) to preside over the shareholders' general meeting and report work to the shareholders' general meeting on behalf of the Board;
- (2) to convene and preside over Board meetings;
- (3) to supervise and inspect the implementation of the resolutions of the Board;
- (4) to supervise and inspect the work of each special committee;
- (5) to nominate the president and the secretary to the Board;
- (6) to exercise the duties and powers of the legal representative;
- (7) to sign share certificates, bonds and other marketable securities of the Bank;
- (8) to sign important documents of the Board and other documents which shall be signed by the legal representative of the Bank;
- (9) in any emergent force majeure events such as major natural disasters, to exercise the special right of disposal in relation to the Bank's affairs in compliance with laws and in the interests of the Bank, and to report to the Board and the shareholders' general meeting afterwards in a timely manner;
- (10) other duties and powers as prescribed in the laws, administrative regulations, departmental rules and the Articles, and as authorized by the Board.

If the chairman of the Board is unable or fails to perform his/her duties, the vice chairman shall perform them on behalf of the chairman of the Board. In the event that the Bank has no vice chairman, or if the vice chairman is unable or fails to perform his/her duties, a director shall be elected by more than half of the directors to perform the chairman's duties on his/her behalf.

**Article 167** The Board shall consider matters by way of Board meetings. The Board meetings are divided into regular Board meetings and extraordinary Board meetings.

The president shall be present at Board meetings as a non-voting attendee.

**Article 168** Regular Board meetings shall be convened at least four (4) times a year. In principle, a Board meeting shall be convened once a quarter. Notices of regular Board meetings shall be sent to all directors in writing fourteen (14) days prior to the convening date of the meeting.

**Article 169** The chairman of the Board shall convene and preside over an extraordinary Board meeting within ten (10) days from the date of receiving a request in one of the following circumstances:

- (1) request of the Requesting Shareholder(s);
- (2) joint request of one-third or more of the directors;
- (3) request of the Audit Committee;
- (4) request of half or more (at least two (2)) of the independent directors;
- (5) when the chairman of the Board deems necessary;
- (6) request of the president;
- (7) other circumstances as stipulated in the laws, administrative regulations, departmental rules, normative documents and the Articles.

To convene an extraordinary Board meeting, a written notice shall be sent to all directors five (5) days prior to the convening of the meeting. When an extraordinary Board meeting is required to be convened promptly in emergency situations, the meeting notice can be given by other means at any time but explanations shall be made at the meeting.

**Article 170** Board meetings may be held by a meeting on-site or by circulation of written resolutions.

If a Board meeting is convened on-site, telephone, video or other real-time means of communication can be used to facilitate directors' participation in the Board meeting. Directors participating in a Board meeting by the aforementioned means shall be deemed to have attended such on-site meeting.

If a Board meeting is convened by means of telephone, video or other real-time means of communication, the Bank shall ensure that speeches by other directors can be heard clearly by directors participating in the meeting and directors can communicate with each other. Board meetings convened in such ways shall be audio recorded or videotaped. If any director is not able to sign resolutions immediately at such meetings, a voice vote shall be used and the signing of resolutions shall be performed as soon as possible. The effectiveness of the voice vote by the directors shall be equal to that of the signature provided that the subsequent resolution signed is consistent with the voice vote made at the meeting. If there is any inconsistency between the voice vote and the signed resolution, the voice vote shall prevail.

If a Board meeting is convened by means of circulation of written resolutions, namely by serving the proposals for review individually or by circulating the proposals for review in turn among the directors, the directors or other directors appointed by them as their proxies shall express their opinions for, against or abstain on the resolutions or on the ballot paper clearly in writing. Once the number of directors who sign in favor reaches the quorum for adopting a resolution as required by the Articles, the proposal shall be passed as a Board resolution.

Reasons shall be provided when a Board meeting is convened by means of circulation of written resolutions.

**Article 171** A Board meeting shall not be held unless more than half of the directors are present.

If a director has a material interest in any matters to be discussed at the Board meeting, the director shall abstain from discussion when the Board considers such matters, shall not exercise his/her voting rights on such matters nor be authorized to exercise any voting rights on behalf of other directors, and shall not be counted in the quorum of directors attending the Board meeting. Such Board meeting shall not be held unless more than half of the directors who are not materially interested are present.

The above applies unless otherwise required by the laws, administrative regulations, departmental rules and the securities regulatory authorities of the places where the shares of the Bank are listed.

**Article 172** Directors shall attend the Board meeting in person. If a director cannot attend the meeting in person due to certain reasons, he/she may appoint another director in writing to attend on his/her behalf (an independent director shall appoint another independent director to attend on his/her behalf). The instrument of proxy shall specify the proxy's name, entrusted matters, the scope of authorization and the validity period, as well as the personal opinion and voting intention of the principal on the proposals, and shall be signed by or affixed with the seal of the principal.

The director who attends the meeting on behalf of another director shall exercise the rights of a director within the scope of authorization. If a director fails to attend a Board meeting and does not appoint a proxy to attend on his/her behalf, he/she shall be deemed to have waived his/her voting rights at that meeting.

One (1) director, in principle, can only accept the entrustment of at most two (2) directors who fail to attend the meeting in person. When deliberating on a related party transaction, non-related directors shall not entrust related directors to attend the meeting on their behalf.

**Article 173** Directors shall vote by a show of hands or by open ballot at the Board meeting. Each director shall have one (1) vote.

**Article 174** Resolutions of the Board shall be passed by more than half of all directors. If any director has a material interest in matters to be resolved at the Board meeting, the resolutions shall be passed by more than half of the directors who have no material interest in such matters. Resolutions on major related party transactions shall be approved by two-thirds or more of the non-related directors at the Board meeting. When the number of directors with no material interest in the proposals present at the Board meeting is less than three (3), such proposals shall be submitted to the shareholder's general meeting for consideration.

**Article 175** Resolutions concerning the following matters shall be passed by two-thirds or more of all directors and the Board meeting shall not be convened by circulation of written resolutions:

- (1) development strategies of the Bank;
- (2) capital planning, capital replenishment plans, annual financial budget plans, annual financial accounts, profit distribution plans, remuneration plans, and loss recovery plans of the Bank;
- (3) plans for increase or reduction of registered capital of the Bank;
- (4) the Bank's plans for issuance of bonds or other marketable securities and listing plans;
- (5) plans for merger, division, spin-off, dissolution, liquidation or change of corporate form of the Bank;
- (6) plans to acquire the Bank's shares, plans for material change in equity interest and plans for financial restructuring;
- (7) amendments to the Articles;
- (8) decision on matters including the establishment of major legal entities by the Bank, major corporate mergers and acquisitions, major external investments, major asset acquisitions, major asset disposals, major asset write-offs, major asset mortgages and other non-commercial banking business guarantees within the scope of authorization granted by the shareholders' general meeting and in accordance with the laws and regulations, regulatory requirements and the provisions of the Articles;
- (9) appointment or dismissal of the president, vice presidents and other senior management members of the Bank and decision on matters relating to the remuneration, performance appraisal, and rewards and punishment of senior management members of the Bank;
- (10) election of the chairmen and members of each special committee of the Board (excluding the chairman of the Strategic Planning Committee);
- (11) to propose the engagement and dismissal of accounting firms that conduct periodic statutory audits of the financial accounting reports of the Bank for approval by the shareholders' general meeting;
- (12) other matters that are deemed to have a material impact on the Bank by more than half of all directors and are required to be passed by two-thirds or more of all directors.

**Article 176** The Board shall keep minutes of the decisions on matters considered at the Board meetings. The directors and secretary to the Board attending the meeting and recorder of minutes shall sign the minutes. The minutes of Board meetings shall be complete and true and shall be maintained as important archives of the Bank for a term of not less than twenty (20) years, and serve as an important basis for clarifying the liabilities of directors in the future.

Directors shall undertake responsibility for the Board's resolutions. If any resolution of the Board violates the laws, administrative regulations and the Articles and causes severe losses to the Bank, the directors who participate in adopting the resolution shall be liable for compensation to the Bank. However, if above directors have been proved to have expressed dissenting opinions during voting on such resolution, as recorded in the minutes of the meeting, such directors may be exempted from such liability.

The Bank shall promptly submit the minutes of the meeting, resolutions, and other documents of the Board to the banking regulatory authority under the State Council.

**Article 177** The minutes of Board meetings shall include the following contents:

- (1) the date, venue, and name of the convener of the meeting;
- (2) the names of directors and the names of entrusted directors (proxies) attending the Board meeting;
- (3) agenda of the meeting;
- (4) the key points of the directors' speeches and their voting opinions (for, against or abstention);
- (5) the proposer, voting method, and voting result of each resolution (voting results shall state the numbers of votes for and against the resolution and the numbers of votes having been abstained).

**Article 178** The Board of the Bank shall have Strategic Planning Committee, Related Party Transactions Control Committee, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, and Social Responsibility and Consumer Rights Protection Committee. The Board may set up other special committees or adjust the existing ones based on its needs.

Each special committee of the Board shall be accountable to the Board, report its work to the Board, and provide professional opinions to the Board or make decisions on professional matters in accordance with the Articles and within the scope of authorization by the Board. The Bank shall provide necessary working conditions for each special committee to fulfill its duties and responsibilities.

Each special committee may, when necessary, engage intermediary institutions or professionals to provide professional opinions. The reasonable expenses incurred shall be borne by the Bank.

**Article 179** The working rules and responsibilities of each special committee shall be formulated by the Board in accordance with the laws, administrative regulations, departmental rules, the Articles and the actual situation of the Bank.

Each special committee shall formulate an annual work plan and convene meetings regularly to report to the Board. All members of each special committee shall be directors, and each committee shall consist of no less than three (3) members. The chairman of the Strategic Planning Committee shall be served by the chairman of the Board. Independent directors shall form the majority of the Nomination and Remuneration Committee, Audit Committee and Related Party Transactions Control Committee and act as the chairman in such committees. The chairman of the Audit Committee shall be an accounting professional, and the employee director may serve as a member of the Audit Committee.

**Article 180** The primary duties of the Strategic Planning Committee include:

- (1) reviewing the Bank's business objectives, overall strategic development plan and various specific strategic development plans, and making recommendations to the Board;
- (2) evaluating factors which may affect the Bank's strategic development plans and their implementation, in light of domestic and international economic and financial conditions and market trends, and making recommendations to the Board on adjustment to the Bank's strategic development plans in a timely manner;
- (3) evaluating the overall development conditions of various financial businesses, and making recommendations to the Board on adjustment to the Bank's strategic development plans in a timely manner;
- (4) reviewing the Bank's strategic capital allocation and objectives of asset and liability management, and making recommendations to the Board;
- (5) reviewing the Bank's business development plans and major investment and financing proposals submitted by the senior management, and making recommendations to the Board;
- (6) reviewing plans for establishment or adjustment of the head office's internal departments, domestic and overseas tier-one branches, branches and other institutions directly under the head office, as well as overseas institutions, and making recommendations to the Board;
- (7) supervising and inspecting the implementation of the Bank's business plans and investment plans;
- (8) reviewing proposals for the Bank's annual financial budget and final accounts submitted by the senior management, and making recommendations to the Board;
- (9) reviewing the Bank's plans for establishment of a legal entity and merger and acquisition proposals, and making recommendations to the Board;
- (10) reviewing the Bank's matters on external investments, asset acquisitions, asset disposals, asset write-offs, asset mortgages and other non-commercial banking business guarantees, and making recommendations to the Board;
- (11) evaluating the Bank's corporate governance and making recommendations to the Board;

- (12) implementing the requirements of relevant policies on inclusive finance, reviewing the development plan, major management systems and other major issues of the Bank's inclusive finance business, and making recommendations to the Board;
- (13) other matters as required by laws, administrative regulations and departmental rules, and as authorized by the Board.

**Article 181** The primary duties of the Related Party Transactions Control Committee include:

- (1) being responsible for the management, review and risk control of related party transactions of the Bank, reviewing the basic management systems for related party transactions, supervising their implementation and making recommendations to the Board, focusing on the compliance, fairness and necessity of related party transactions, and bearing corresponding responsibilities for the compliance of the Bank's related party transactions;
- (2) reviewing major related party transactions or other related party transactions that are subject to approval by the Board or shareholders' general meeting, and submitting them to the Board or to the shareholders' general meeting through the Board for approval;
- (3) within the scope authorized by the Board, reviewing and approving the Bank's related party transactions and other matters in relation to such related party transactions, and receiving the record of general related party transactions for filing;
- (4) reviewing matters in relation to the disclosure of information on the Bank's major related party transactions;
- (5) other matters as required by laws, administrative regulations and departmental rules, and as authorized by the Board.

**Article 182** The primary duties of the Audit Committee include:

- (1) examining the Bank's financial affairs, reviewing the Bank's major financial and accounting policies and their implementation, supervising the Bank's financial operations and financial control, and being responsible for examining the Bank's accounting policies, financial conditions and financial reporting procedures;
- (2) supervising the Bank's internal control, and inspecting and evaluating the compliance of the Bank's core business activities, relevant rules and major operating activities;
- (3) reviewing the Bank's basic audit management systems, rules and regulations, medium- and long-term audit planning, and annual work plans and making recommendations to the Board, as well as supervising the implementation of the Bank's basic audit management systems, rules and regulations, and planning and plans;
- (4) reviewing, or in accordance with authorization, approving the annual budget of the Bank's internal audit department, ensuring the independence of audit work, and making recommendations to the Board;

- (5) supervising and evaluating the work of the Bank's internal audit department;
- (6) proposing, and submitting to the Board for review, the engagement or dismissal of accounting firms that conduct periodic statutory audits of the financial accounting reports of the Bank, and supervising and evaluating the work of the accounting firms to ensure the independence and effectiveness of their work;
- (7) reviewing the Bank's annual audit report and other specific opinions issued by accounting firm, the Bank's audited annual financial accounting reports, other financial accounting reports and other financial information to be disclosed, and issuing a report containing its assessment on the truthfulness, completeness and accuracy of the Bank's audited financial accounting reports and financial information for submission to the Board for consideration;
- (8) facilitating communications between the Bank's internal audit department and the accounting firms;
- (9) reviewing the annual audit plans, scope of work and important audit rules of the accounting firms;
- (10) supervising the conduct of directors and senior management members in performing their duties, and making recommendations for the removal of directors or senior management members who violate laws, administrative regulations, the Articles, or resolutions of the shareholders' general meeting;
- (11) requiring directors and senior management members to rectify their actions when such actions harm the interests of the Bank;
- (12) instituting legal proceedings against directors or senior management members in accordance with the relevant provisions of the Company Law;
- (13) other matters as required by laws, administrative regulations, and departmental rules and as authorized by the Board.

**Article 183** The primary duties of the Risk Management Committee include:

- (1) examining and revising the Bank's risk management strategies, basic policies on risk management, risk appetite, comprehensive risk management framework and major procedures and systems for risk management according to the Bank's overall strategic development plan, and supervising and evaluating their implementation and effectiveness, and making recommendations to the Board;
- (2) formulating the Bank's objectives of capital adequacy ratio management to be submitted to the Board for review, and reviewing and supervising the implementation of the Bank's capital planning;
- (3) urging the senior management to take necessary steps to effectively identify, evaluate, monitor and control/mitigate risks; supervising the control exercised by the senior management over the Bank's credit risk, market risk, operational risk, money laundering risk, terrorist financing risk, and other risks as well as their fulfillment of management duties, and making recommendations to the Board;

- (4) considering the comprehensive risk management report presented by the senior management, regularly evaluating the Bank's risk profile, risk management status, risk-bearing capacity and risk tolerance level, understanding the overall conditions, comprehensiveness and effectiveness of the Bank's risk management and making recommendations to the Board;
- (5) evaluating the structure, working procedures and performance of the Bank's risk management department and making recommendations for improvement;
- (6) making recommendations on how to improve the Bank's risk management and internal control from the perspective of the Bank and in light of the overall circumstances;
- (7) reviewing major risk management issues or transactions that are beyond the authority of the president or that are submitted by the president to this committee for review, and making recommendations to the Board;
- (8) supervising the Bank's legal and compliance management; reviewing its legal and compliance policies as well as relevant basic management systems and expressing opinions thereon, and submitting such policies and systems to the Board for review and approval; and listening to and reviewing the implementation of the Bank's legal and compliance policies;
- (9) other matters as required by laws, administrative regulations, departmental rules, and as authorized by the Board.

**Article 184** The primary duties of the Nomination and Remuneration Committee include:

- (1) conducting an annual review on the structure, size and composition of the Board, and making recommendations to the Board regarding its size and composition;
- (2) developing the standards and review procedures for the appointment of relevant directors, chairman and members of the relevant special committees of the Board and senior management members, and submitting to the Board for decision;
- (3) performing an initial review on the qualifications and requirements of candidates for relevant directors and senior management members, making recommendations to the Board regarding the nomination or removal of relevant directors, and the appointment or dismissal of senior management members;
- (4) nominating candidates for the chairman and members of other special committees of the Board (except for the chairman of the Strategic Planning Committee);
- (5) developing the measures of the Board for duty performance evaluation for directors and performance appraisal measures for senior management members, as well as remuneration policies or plans for directors and senior management members to be submitted to the Board for review;
- (6) organizing duty performance evaluation on directors and performance assessment on senior management members by the Board, and making recommendations on the remuneration distribution for directors and senior management members to be submitted to the Board for review;

- (7) reviewing the Bank's major human resources and remuneration policies and basic management systems submitted by the senior management, and submitting the same to the Board for decision, and supervising the implementation of the relevant policies and basic management systems;
- (8) developing training plans for senior management members and key backup talents to be submitted to the Board for review;
- (9) other matters as required by laws, administrative regulations, departmental rules and as authorized by the Board.

**Article 185** The primary duties of the Social Responsibility and Consumer Rights Protection Committee include:

- (1) formulating strategies, policies and basic management systems for social responsibility and sustainable development that are aligned with the Bank's development strategies and actual situation to be implemented upon submission to and approval by the Board;
- (2) formulating the Bank's strategies, policies and objectives for consumer rights protection to be implemented upon submission to and approval by the Board;
- (3) providing guidance and overseeing the establishment and improvement of the management system for consumer rights protection of the Bank to ensure that relevant rules and regulations are in line with the corporate governance, corporate culture cultivation, and business development strategies;
- (4) supervising and evaluating the implementation and effectiveness of the Bank's strategies, policies, basic management systems, etc., for social responsibility and sustainable development, and making recommendations to the Board;
- (5) being accountable to the Board, submitting to the Board work reports and annual reports on consumer rights protection, carrying out any work in relation thereto under the authorization of the Board, discussing and deciding on relevant matters, and studying major issues and major policies on consumer rights protection;
- (6) supervising the comprehensiveness, timeliness and effectiveness of the work of the senior management and the consumer rights protection department in accordance with the regulatory requirements and based on the execution status of strategies, policies and objectives for consumer rights protection, as well as the implementation of the work;
- (7) convening regular work meetings on consumer rights protection, and reviewing the work reports of the senior management and the consumer rights protection department; reviewing annual audit reports, regulatory notices, and internal evaluation results related to the consumer rights protection work; urging the senior management and relevant departments to promptly rectify identified issues; and providing guidance on disclosure of major information on consumer rights protection;
- (8) being responsible for reviewing the Bank's green finance development strategy, reviewing the green finance objectives set by the senior management and the green finance reports submitted by the senior management, supervising and evaluating the implementation of the Bank's green finance development strategy, and making recommendations to the Board;

- (9) other matters as required by laws, administrative regulations, departmental rules and as authorized by the Board.

**Article 186** Prior review and discussion by the Party Committee shall be conducted before the Board or the senior management decides on material operational and management matters of the Bank.

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

**Article 187** The Bank shall have one (1) secretary to the Board, who is a senior management member of the Bank and shall be accountable to the Board.

The secretary to the Board shall be a person who holds an undergraduate degree or above, with six (6) or more years of work experience in the financial industry or ten (10) or more years of work experience in related economic industries (including three (3) or more years of work experience in the financial industry).

The secretary to the Board shall have good character and work ethics to faithfully perform his/her duties and shall have the ability to handle public affairs.

A director or a senior management member of the Bank may concurrently serve as the secretary to the Board, unless otherwise prohibited by laws, administrative regulations, departmental rules and other normative documents. Where a director concurrently serves as the secretary to the Board, and a certain act is required to be conducted by a director and the secretary to the Board separately, the person who concurrently holds the positions of a director and the secretary to the Board may not perform such act in dual capacities.

**Article 188** The principal duties and powers of the secretary to the Board are:

- (1) being responsible for the information disclosure of the Bank; coordinating the information disclosure work of the Bank; organizing the formulation of the Bank's information disclosure management system; and urging the Bank and relevant information disclosure obligors to comply with relevant regulations on information disclosure;
- (2) being responsible for investor relations management, and coordinating the information communication between the Bank and securities regulatory authorities, investors and the de facto controller, intermediaries, media, etc.;
- (3) preparing and organizing the Board meetings and the shareholders' general meetings; attending the shareholders' general meetings, the Board meetings, and relevant meetings of senior management members; and being responsible for taking minutes and signing the minutes of Board meetings;
- (4) being responsible for maintaining confidentiality of the Bank's information disclosure, and promptly reporting to Shanghai Stock Exchange and making a public disclosure in the event of leakage of any material non-public information;

- (5) monitoring media coverage and proactively verifying the true situation, and urging the Bank and other relevant entities to promptly respond to inquiries from Shanghai Stock Exchange;
- (6) organizing training for directors and senior management members of the Bank on relevant laws, regulations, and regulatory requirements, and assisting the aforementioned personnel in understanding their respective duties in information disclosure;
- (7) urging directors and senior management members to abide by laws, regulations, regulatory requirements, and the Articles, and to duly fulfill their commitments; reminding the Bank, directors and senior management members and immediately reporting truthfully to Shanghai Stock Exchange upon being aware that the Bank, directors, or senior management members have made or may make resolutions in violation of relevant regulations;
- (8) dealing with the Bank's equity matters, and being responsible for managing changes in the Bank's shares and derivatives;
- (9) performing other duties stipulated by laws, regulations, and regulatory requirements.

**Article 189** The secretary to the Board shall be appointed by the Board and shall assume office after his/her qualification is approved by the banking regulatory authority under the State Council.

## **CHAPTER IX SENIOR MANAGEMENT MEMBERS**

**Article 190** The Bank shall have one (1) president and several vice presidents, and may have other senior management members upon the approval of the Board. Other senior management members can be concurrently held by vice presidents.

The president and the secretary to the Board shall be nominated by the chairman and appointed or dismissed by the Board. Vice presidents and other senior management members shall be nominated by the president, and appointed or dismissed by the Board. The Bank shall enter into employment contracts with senior management members.

The term "senior management members" refers to the Bank's president, vice presidents, secretary to the Board and other senior management members determined by the Board. All senior management members are referred to as the senior management collectively.

**Article 191** The president of the Bank shall be accountable to the Board and be subject to the supervision of the Board. Vice presidents and other senior management members shall assist the president in his/her work, and shall implement a system of division of responsibilities in accordance with the provisions of the Articles and the authority granted by the president. In the event that the president is unable to perform his/her duties and responsibilities, a vice president or other senior management member designated by the Board shall perform such duties on his/her behalf.

The operation and management activities carried out by senior management members within their scope of duties and powers in accordance with the laws shall not be interfered.

**Article 192** Any person holding an administrative position other than that of a director in the controlling shareholder of the Bank shall not take the position of senior management of the Bank.

The senior management members of the Bank shall only receive remuneration from the Bank, and not be remunerated by the controlling shareholder on behalf of the Bank.

Any senior management member of the Bank who holds a position in the controlling shareholder and de facto controller of the Bank shall not significantly disperse his/her time and effort when performing duties of the Bank.

**Article 193** The president shall exercise the following duties and powers:

- (1) to take charge of the operation and management of the Bank, to implement resolutions of the shareholders' general meeting and the Board, and to report his/her work to the Board;
- (2) to formulate specific rules and regulations of the Bank (other than internal audit rules and regulations);
- (3) to formulate the operational plans and investment plans of the Bank, make arrangements for their implementation upon approval by the Board, and report operation and management information in a timely, accurate and complete manner;
- (4) to formulate the policies and basic management systems of the Bank, and to make recommendations to the Board;
- (5) to formulate annual financial budget plans and annual accounts, capital planning, profit distribution plans, loss recovery plans, plans for increase or reduction of registered capital, plans for issuance of bonds or other marketable securities and listing plans, and share repurchase plans of the Bank, and to make recommendations to the Board;
- (6) to formulate plans for establishing internal departments of the head office, and plans for establishing domestic and overseas tier-one branches, branches and other institutions directly under the head office, or overseas institutions, and make recommendations to the Board;
- (7) to propose to the Board the appointment or dismissal of vice presidents or other senior management members (other than the secretary to the Board);
- (8) to appoint or dismiss the heads of internal departments of the head office (other than the head of the internal audit department) and the heads of the domestic and overseas tier-one branches, branches and other institutions directly under the head office, or overseas institutions of the Bank;
- (9) within the scope of authorization granted by the Board, to authorize vice presidents and other senior management members, and the heads of the internal departments and the heads of domestic and overseas tier-one branches, branches and other institutions directly under the head office, or overseas institutions of the Bank to carry out day-to-day management and operation activities;

- (10) to decide on plans for the remuneration and performance appraisal of the heads of internal departments of the head office (other than the head of the internal audit department) and the heads of domestic and overseas tier-one branches, branches and other institutions directly under the head office, or overseas institutions of the Bank, and to appraise the levels of their remuneration and performance;
- (11) to decide on or authorize lower-level managers to appoint or dismiss the staff of the Bank;
- (12) to decide on plans for the wages, welfare and rewards and punishment of the staff of the Bank;
- (13) to propose to convene an extraordinary Board meeting;
- (14) to take contingency measures in the interests of the Bank where there is a bank-run or any other material emergencies relating to the business operation of the Bank, and to immediately report to the banking regulatory authority under the State Council and the Board;
- (15) other duties and powers to be exercised by the president, as prescribed in laws, administrative regulations, departmental rules, regulatory requirements and the Articles, and the authorization plans of the shareholders' general meeting to the Board and the Board to the president, or as determined by the shareholders' general meeting or the Board.

**Article 194** The president may set up relevant special committees where necessary and formulate the rules of procedure for each special committee.

**Article 195** In respect of any matter submitted by the president for approval by the Board, the Board shall discuss and make decisions in a timely manner.

**Article 196** The senior management shall truthfully report to the Board, on a regular basis or as required by the Board, information such as the Bank's business performance, major contracts, financial positions, risk profiles, business prospects and significant events.

**Article 197** The senior management members of the Bank shall faithfully perform their duties and safeguard the best interests of the Bank and all shareholders. If any senior management member of the Bank causes damage to the interests of the Bank and its public shareholders due to failure in faithfully performing his/her duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with the laws.

The senior management members of the Bank shall ensure the truthfulness, accuracy and completeness of information disclosed by the Bank and shall provide written confirmation on its periodic reports.

**Article 198** Working rules of the president shall be formulated by the president and shall be implemented upon the approval by the Board.

**Article 199** A senior management member may resign before his/her term of office expires. The specific procedures and methods of resignation shall be in accordance with relevant regulations of the Bank and other provisions stipulated in the employment contract between him or her and the Bank. A senior management member may only leave his/her position after a departure audit has been completed.

## **CHAPTER X STAKEHOLDERS, SOCIAL RESPONSIBILITY, AND QUALIFICATIONS, OBLIGATIONS AND INCENTIVE AND RESTRAINT MECHANISMS OF DIRECTORS AND SENIOR MANAGEMENT MEMBERS**

**Article 200** The Bank shall respect the legitimate rights and interests of financial consumers, employees, suppliers, creditors, communities and other stakeholders, improve the protection mechanism for the legitimate rights and interests of financial consumers, and disclose sustainability reports on a regular basis.

**Article 201** The qualifications for the positions of directors and senior management members of the Bank shall comply with requirements of the laws, administrative regulations, departmental rules, other normative documents and the Articles. The qualifications of relevant personnel shall be submitted to the banking regulatory authority under the State Council for approval in accordance with relevant requirements.

**Article 202** Any person who falls under any of the following circumstances shall not serve as a director or a senior management member of the Bank:

- (1) a person without or with limited capacity for civil acts;
- (2) a person who was convicted of and sentenced to penalty for crimes of corruption, bribery, embezzlement, misappropriation of property, or sabotage of the order of socialist market economy; or a person who has been deprived of his/her political rights for commission of a crime and for whom not more than five (5) years have elapsed since the completion of the enforcement; or a person who was sentenced to probation, where less than two (2) years have elapsed since the completion of the probation period;
- (3) a person who served as a director or a factory manager or a manager of a company or enterprise which became bankrupt and was liquidated, and bears personal liability for the bankruptcy of such company or enterprise, where not more than three (3) years have elapsed since the completion day of the bankruptcy liquidation of such company or enterprise;
- (4) a person who served as the legal representative of a company or enterprise the business license of which was revoked for violation of law or which was ordered to be closed down, and bears personal liability for such circumstance, where not more than three (3) years have elapsed since the date when the business license of the company or the enterprise was revoked or which was ordered to be closed;
- (5) a person who is listed as a dishonest person subject to enforcement by the people's court due to failure to repay a relatively large amount of debt due and outstanding;
- (6) a person who was prohibited by the China Securities Regulatory Commission (CSRC) from entering the securities market and the ban has not expired;
- (7) a person publicly recognized by the stock exchange as disqualified to serve as a director or senior management member of a listed company, for which the period has not expired;
- (8) other circumstances specified by the laws, administrative regulations, departmental rules, regulatory requirements, and the Articles.

Any election, designation or appointment of directors in violation of this Article shall be null and void. Where a director or a senior management member falls under any of the circumstances set out in the first paragraph of this Article during his/her tenure, the Bank shall relieve them of their duties and suspend their duty performance.

Any person whose qualification has been lawfully revoked by the banking regulatory authority under the State Council shall not serve as director or senior management member of the Bank.

**Article 203** Directors and senior management members shall comply with the laws, administrative regulations, and the Articles and have a duty of loyalty to the Bank, shall take measures to avoid conflicts between their own interests and the Bank's interests, and shall not use their powers to seek improper benefits.

Directors and senior management members shall faithfully perform their following obligations to the Bank:

- (1) not to encroach upon the Bank's property or misappropriate the Bank's funds;
- (2) not to open accounts or deposit the Bank's funds in any accounts held in their own names or the names of other individuals;
- (3) not to use their official powers to offer bribes or accept other illegal income;
- (4) not to enter into contracts or transactions, directly or indirectly, with the Bank without reporting to the Board or the shareholders' general meeting and being approved by a resolution of the Board or the shareholders' general meeting in accordance with the Articles;
- (5) not to use their positions to obtain business opportunities which should be available to the Bank for themselves or others, except when reported to the Board or the shareholders' general meeting and approved by a resolution of the shareholders' general meeting, or when the Bank, according to laws, administrative regulations or the provisions of the Articles, cannot utilize such business opportunities;
- (6) not to run his/her own or others' business which is similar to the Bank's business without reporting to the Board or the shareholders' general meeting and being approved by a resolution of the shareholders' general meeting;
- (7) not to accept commissions from transactions between other persons and the Bank for their own benefits;
- (8) not to disclose the secrets of the Bank without authorization;
- (9) not to use their affiliated relationship to harm the interests of the Bank;
- (10) to be bound by other duties of loyalty stipulated by the laws, administrative regulations, departmental rules and the provisions of the Articles.

The Bank shall be entitled to the income gained by the directors and senior management members in violation of this Article; the directors and senior management members shall be liable for compensation if any loss is caused to the Bank.

The provisions of the item (4) of the second paragraph of this Article shall apply to the conclusion of contracts or engagement in transactions with the Bank by close relatives of the directors and senior management members or enterprises directly or indirectly controlled by the directors and senior management members or their close relatives, as well as persons who are otherwise related to the directors and senior management members.

**Article 204** Directors and senior management members of the Bank shall follow the laws, administrative regulations and the provisions of the Articles. They owe a duty of care to the Bank and its shareholders, and shall fulfill their obligations with reasonable care generally expected of persons in their positions, acting in the best interests of the Bank.

The duties of care owed by Directors and senior management members to the Bank include:

- (1) to exercise the rights conferred by the Bank in a prudent, earnest and diligent manner to ensure that the commercial activities of the Bank comply with the requirements of the laws, administrative regulations and various national economic policies and that the Bank's business activities do not exceed the business scope stipulated in the business license;
- (2) to treat all shareholders fairly;
- (3) to have an up-to-date understanding of the business operation and management of the Bank;
- (4) to provide written confirmation opinions on the Bank's periodic reports and to ensure the truthfulness, accuracy, and completeness of the information disclosed by the Bank;
- (5) to truthfully provide the relevant information and materials required by the Audit Committee and shall not obstruct the performance of duties by the Audit Committee;
- (6) other duties of care as prescribed by laws, administrative regulations, departmental rules, and the Articles.

**Article 205** The directors and senior management members of the Bank shall apply the same level of care, diligence and skill in exercising their rights or carrying out obligations as would be shown by a reasonably prudent person in similar circumstances.

**Article 206** The duty of loyalty undertaken by the directors and senior management members of the Bank shall not terminate upon the expiry of their terms of office, and their obligation of keeping confidentiality of the trade secrets of the Bank shall remain valid after the end of their terms of office. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time between the occurrence and the time of leaving office, as well as the circumstances and conditions under which the relationship with the Bank is terminated.

**Article 207** If a director or senior management member, in the performance of his/her duties for the Bank, causes damage to others, the Bank shall be liable for compensation; if the director or senior management member acts with intent or gross negligence, he/she shall also bear the liability for compensation.

Any director or senior management member of the Bank who breaches the laws, administrative regulations, departmental rules or the Articles while performing his/her duties for the Bank and causes losses to the Bank shall bear the liability for compensation.

**Article 208** A director, the president, or any other senior management member of the Bank who directly or indirectly has a material interest in any agreements, transactions, or arrangements executed or proposed to be executed by the Bank (except for service contracts between the directors, president and other senior management members and the Bank) shall disclose to the Board the nature and extent of his/her interest as soon as possible, regardless of whether or not such matters require the approval of the Board under normal circumstances.

Unless the interested director, president, or senior management member of the Bank has made such disclosure to the Board as required by the preceding paragraph of this Article, and the relevant matter has been approved by the Board at the Board meeting in which such director, president and other senior management member has not been counted into the quorum and has not voted at the meeting, the Bank shall be entitled to rescind such agreements, transactions or arrangements, except where the counterparty is bona fide without knowledge of the breaches of duties on the part of such director, president and other senior management member.

In the event any Related Person of a director, the president, or a senior management member of the Bank is interested in any agreements, transactions or arrangements, such director, president and other senior management members shall also be deemed to be interested.

**Article 209** If any of the directors, president and other senior management members of the Bank informs the Board by way of written notice before the Bank considers entering into the relevant contracts, transactions or arrangements for the first time, stating that due to the content set out in the notice, he/she is interested in the contracts, transactions or arrangements to be entered into by the Bank in the future, to such extent as set out in the notice, such directors, president and other senior management members concerned shall be deemed to have made the disclosure prescribed in the preceding Article of this Chapter.

**Article 210** The Bank shall not, in any manner, pay the tax liability of its directors or senior management members.

**Article 211** The Bank shall neither directly nor indirectly provide loans or loan guarantee to its directors, the president or other senior management members, nor provide loans or loan guarantee for the Related Persons of the foregoing persons.

Subject to the laws, administrative regulations, and regulatory requirements, the stipulations of the preceding paragraph shall not be applicable in the following situations:

- (1) The Bank grants loans to its subsidiaries or provides loan guarantee for its subsidiaries;

- (2) The Bank provides the directors, the president and other senior management members of the Bank with loans, loan guarantee or other sums for payment of the expenses incurred for the purpose of the Bank or the performance of their duties in accordance with the service contracts approved by the shareholders' general meeting; and
- (3) The Bank may provide the directors, president and other senior management members of the Bank and their Related Persons with loans and loan guarantee on normal commercial terms.

**Article 212** Any person who receives funds from a loan made by the Bank in breach of the preceding Article shall, irrespective of the terms of the loan, repay such funds forthwith.

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

- (1) where a loan is provided to Related Persons of any director(s), the president, or other senior management member of the Bank or of its parent company, and the lender has no knowledge of the relevant circumstances at the time of providing the loan;
- (2) where the collateral provided by the Bank has been lawfully sold by the lender to a bona fide purchaser.

**Article 213** The term "guarantee" referred to in the preceding Articles of this Chapter shall include an act of undertaking liability or any property provided by a guarantor to secure the obligor's performance of his/her obligations.

**Article 214** If a director or a senior management member of the Bank breaches his/her obligations to the Bank, the Bank shall, in addition to any rights and remedies provided by law or administrative regulations, be entitled to take the following measures:

- (1) require such director or senior management member to compensate for any loss sustained by the Bank as a result of his/her breach of duty;
- (2) rescind any contracts or transactions entered into between the Bank and such director or senior management member, and the contracts or transactions entered into between the Bank and a third party (where the third party knew or ought to have known that the director or senior management member representing the Bank was in breach of his/her obligations to the Bank);
- (3) require such director or senior management member to surrender any interests which they have obtained through their breach of obligations;
- (4) recover any amount which otherwise would have been received by the Bank but was received by such director and senior management member instead, including but not limited to commissions;
- (5) demand the return of interest earned or which may be earned by such director or senior management member on any sum which should have been received by the Bank.

**Article 215** The Bank shall adopt fair and transparent standards and procedures for the evaluation of the performance of directors and senior management members, and shall establish an incentive mechanism which links remuneration to the profitability of the Bank and to personal performance.

**Article 216** Where the conditions are met, and subject to the approval of the shareholders' general meeting, the Bank may establish a professional liability insurance system for the directors and senior management members.

Unless the directors and senior management members are proved to have failed to perform their duties and responsibilities honestly and in good faith, the Bank shall bear the civil liability incurred by the directors and senior management members during their terms of office to the greatest extent permitted by the laws and administrative regulations or so far as it is not prohibited by the laws and administrative regulations.

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

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

**Article 217** The Bank shall formulate a prudent financial accounting system in accordance with the laws, administrative regulations and requirements of China Accounting Standards formulated by the financial regulatory authority under the State Council.

**Article 218** The financial year of the Bank shall coincide with the calendar year, from January 1st to December 31st.

**Article 219** The Bank shall prepare an annual financial accounting report at the end of each financial year, which shall be audited by an accounting firm in accordance with the laws.

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

**Article 220** The Board of the Bank shall place before the shareholders at every annual general meeting the financial accounting reports prepared by the Bank as prescribed by the relevant laws, administrative regulations, departmental rules and the securities regulatory authorities at the places where the Bank's shares are listed.

The financial accounting reports of the Bank shall be kept at the Bank for shareholders' inspection twenty (20) days prior to the convening of the annual general meeting. Every shareholder of the Bank is entitled to receive the financial accounting reports mentioned in this Chapter. Unless stipulated otherwise in the Articles, the Bank shall deliver or send by prepaid mail the aforementioned reports or reports of the Board together with balance sheets and profit and loss statements, to each holder of overseas listed shares at the addresses recorded in the register of shareholders at least twenty-one (21) days before the annual general meeting is convened.

**Article 221** The Bank shall not keep any accounting books other than those required by the law. The Bank's assets shall not be deposited into any account held in the name of an individual.

**Article 222** The financial statements of the Bank shall, in addition to being prepared in accordance with China Accounting Standards and regulations of the PRC, be concurrently prepared in accordance with either the international accounting standards or the accounting standards of the place(s) where the shares of the Bank are listed overseas. In the event of any material discrepancies in the financial statements prepared in accordance with the two types of accounting standards, such discrepancies shall be stated in the notes to the financial statements. The after-tax profits of the relevant fiscal year to be distributed by the Bank shall be the lower of the after-tax profits stated in the two types of financial statements mentioned above.

The interim results or financial information published or disclosed by the Bank shall be prepared in accordance with China Accounting Standards and regulations of the PRC and concurrently in accordance with either the international accounting standards or the accounting standards of the place(s) where the shares of the Bank are listed overseas.

**Article 223** The Bank shall submit the annual financial report to the securities regulatory authority under the State Council and the stock exchange within four (4) months from the end of each fiscal year, submit interim financial reports to the local office of the securities regulatory authority under the State Council where the Bank is located and the stock exchange within two (2) months from the end of the first six (6) months of each fiscal year, and submit quarterly financial reports to the local office of the securities regulatory authority under the State Council where the Bank is located and the stock exchange within one (1) month from the end of the first three (3) months and nine (9) months respectively of each fiscal year, and shall make disclosures in accordance with relevant provisions of the places where the Bank's shares are listed.

If the securities regulatory authorities of the places where the Bank's shares are listed have different or additional provisions, such provisions shall apply.

**Article 224** The Bank shall appoint a receiving agent for holders of the overseas listed shares. Such receiving agent shall collect dividends distributed and other amounts payable by the Bank in relation to the overseas listed shares on behalf of such shareholders.

The receiving agent appointed by the Bank shall meet the relevant requirements of the securities regulatory authorities of the places where the Bank's shares are listed.

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

## **Section 2 Profit Distribution**

**Article 225** The after-tax profits of the Bank for the current year shall be distributed in the following order:

- (1) to make up for the losses of the previous years;
- (2) to allocate 10% to the statutory reserve fund;
- (3) to allocate to the general reserve;
- (4) to allocate to the discretionary reserve fund;
- (5) to distribute profits in proportion to shareholders' shareholdings.

Where the accumulated amount of the statutory reserve fund of the Bank amounts to 50% or more of the registered capital of the Bank, allocation is no longer necessary. After allocation to the statutory reserve fund and general reserve, whether allocation shall be made to the discretionary reserve fund shall be determined by the shareholders' general meeting. The Bank shall not distribute its profits to shareholders before making up losses and making allocations to the statutory reserve fund and general reserve.

Where the shareholders' general meeting distributes profits to the shareholders in breach of provisions in the preceding paragraph, the shareholders must refund to the Bank the profits distributed in violation of the provisions.

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

The payment of dividends on preference shares shall be proceeded in accordance with laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authorities of the places where the Bank's shares are listed as well as where the preference shares are issued or listed, and the Articles.

**Article 226** The reserve fund of the Bank shall be used to make up for losses of the Bank, expand its operation, or be converted to increase the Bank's registered capital. When using reserve fund to make up for the Bank's losses, the discretionary reserve and the statutory reserve shall be used first; if the losses still cannot be fully covered, the capital reserve may be used in accordance with regulations.

When the statutory reserve fund is converted into additional registered capital, the retained portion of the fund shall not be less than 25% of the Bank's registered share capital before the conversion.

**Article 227** After the resolution on profit distribution plans has been passed at a shareholders' general meeting of the Bank, the Board of the Bank shall complete the distribution of dividends (or shares) within two (2) months after the end of the shareholders' general meeting.

**Article 228** The capital reserve fund shall include the following funds:

- (1) premium obtained that exceeds the proceeds from issuance of shares at par value;
- (2) other income to be allocated to the capital reserve fund as required by the financial regulatory authority under the State Council.

**Article 229** The Bank may distribute dividends in forms of cash or shares.

The profit distribution policy of the Bank shall be focused on generating reasonable investment returns for investors. The profit distribution policy shall maintain its continuity and stability, while taking into account the long-term interests of the Bank, the overall interests of all shareholders and the sustainable development of the Bank. The Bank shall give priority to cash dividends as the form of dividend distribution. The Bank shall, in principle, make a profit distribution once a year. The Bank may make an interim profit distribution if the situation permits.

Except under special circumstances, the Bank shall distribute dividends in cash to holders of ordinary shares every year with an amount of not less than 10% of the net profit of the Group attributable to the shareholders of the Bank for that financial year. The special circumstances refer to circumstances where:

- (1) the profit distribution is restricted by laws, administrative regulations and regulatory requirements;
- (2) cash dividend distribution may adversely affect the long-term interests of the shareholders;
- (3) The Bank's capital adequacy ratio is lower than the requirements of the banking regulatory authority under the State Council and other regulations on the Bank.

Under circumstances where the Bank has sound operation, but the Board is of the opinion that the share price of the Bank does not match the size of its share capital and share dividend would be in the overall interests of the shareholders of the Bank, a plan on dividend distribution in the form of shares may be proposed and implemented upon review and approval by the shareholders' general meeting, provided that the requirements on cash dividend distribution set out above have been met.

If the Bank does not distribute cash dividend under special circumstances, the profit distribution plan proposed to the shareholders' general meeting for consideration and deliberation shall include the reasons for not distributing dividends and the use of the undistributed fund, and corresponding disclosure shall be made in the periodic reports.

When formulating a specific cash dividend distribution plan, the Board shall carefully study and verify the rationality of the profit distribution scheme, adopt a resolution and submit it to the shareholders' general meeting for consideration and approval by way of an ordinary resolution. The scheme shall be implemented after being approved by the shareholders' general meeting, and the independent directors shall provide explicit opinions. Independent directors may solicit the opinions of minority shareholders to propose dividend scheme, which shall be directly submitted to the Board for consideration. Before the shareholders' general meeting considers the specific cash dividend scheme, the Bank shall communicate with the shareholders, especially the minority shareholders, through multiple ways, listen to and respect the opinions and demands of the minority shareholders, and provide timely response to the concerns of the minority shareholders.

In the case of force majeure events such as wars and natural disasters, changes in the external business environment that have a material impact on the Bank's business performance, or material changes in the Bank's own operation situations, the Bank may adjust the profit distribution policies herein. Where the Bank wishes to make an adjustment to its profit distribution policy, the Board shall elaborate on the proposed change, give a detailed explanation of the reasons behind the change, and prepare a written explanatory report justifying such change, which shall be reviewed by the independent directors before it is submitted to the shareholders' general meeting for approval by way of a special resolution. When considering the adjustment of profit distribution, in accordance with the relevant requirements of the securities regulatory authorities of the places where the shares of the Bank are listed, the Bank shall enable its shareholders to vote online.

**Article 230** Subject to compliance with the relevant laws, administrative regulations and departmental rules, the Bank may claim back any unclaimed dividends, provided that such right shall only be exercised after the expiration of the limitation period applicable to the declaration of dividends.

The Bank shall have the right to cease sending dividend warrants to holders of the overseas listed shares by post; however, it may exercise such right only if such warrants have not been presented for payment for two (2) consecutive times, or if the dividend warrant is returned without reaching the recipient upon its first mailing.

The Bank shall have the right to sell shares of untraceable holders of the overseas listed shares in the manner deemed appropriate by the Board, but the following conditions must be complied with:

- (1) the Bank has distributed dividends for the said shares at least three (3) times within twelve (12) years, and no dividend during such period has been claimed;
- (2) the Bank, after expiry of the twelve (12) years, publishes an announcement of its intention to sell the shares in one or more newspapers in the places where the Bank's shares are listed, and gives notice to the securities regulatory authorities of the place(s) where the Bank's shares are listed.

### **Section 3 Risk Management, Internal Control and Internal Audit**

**Article 231** The Bank shall uphold risk prevention and control as an enduring priority in financial work, establish and improve a comprehensive risk management system and internal control framework. The Board of Directors of the Bank takes ultimate responsibility for comprehensive risk management.

**Article 232** The Bank shall adopt an internal audit system, and have dedicated audit personnel who shall conduct independent and objective supervision, inspection and evaluation over the business activities, risk profile, internal control and the effectiveness of corporate governance of the Bank and may make recommendations to the Board regarding corporate governance issues of the Bank identified during audits.

**Article 233** The Board of the Bank shall be responsible for establishing and maintaining a sound and effective internal audit system; approving the internal audit charters, medium and long-term audit plans, annual work plans and audit budget; determining the appointment and dismissal of the key person-in-charge. The person-in-charge of the internal audit department shall be nominated by the president of the Bank and appointed or dismissed by the Board, and shall be responsible and report his/her work to the Board.

The senior management of the Bank shall ensure and support the implementation of the Bank's internal audit system and the performance of duties by the audit personnel, provide the internal audit department with materials and information concerning the financial position, risk profile and internal control of the Bank that are required for conducting internal audit in a timely manner, and shall not hinder or impede any audit activity conducted by the internal audit department within its mandate.

**Article 234** The internal audit department shall be subject to the supervision and guidance of the Audit Committee when conducting supervision and inspection of the Bank's business activities, risk management, internal control, and financial information. The internal audit department shall report directly to the Audit Committee immediately upon discovering any relevant major issues or clues.

## CHAPTER XII APPOINTMENT OF ACCOUNTING FIRMS

**Article 235** The Bank shall appoint independent accounting firms that meet the relevant state provisions to audit financial statements, verify the net assets and provide other relevant consulting services.

The accounting firms appointed by the Bank shall hold office commencing from the conclusion of the annual general meeting at which they are appointed until the conclusion of the next annual general meeting, and may be re-appointed.

The Bank warrants that it will provide the accounting firms appointed with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and the Bank shall not refuse to provide, conceal or mispresent such documents.

**Article 236** In the event of a vacancy among the accounting firms, the Board may appoint accounting firms to fill the vacancy before the shareholders' general meeting is convened, but the appointment shall be confirmed by the next shareholders' general meeting. During the vacancy period, if the Bank has other incumbent accounting firms, such firms may continue to act.

**Article 237** The remuneration or the basis for determining remuneration of an accounting firm shall be determined by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board to fill a vacancy shall be determined by the Board and submitted to the shareholders' general meeting for approval.

**Article 238** Notwithstanding what was agreed in the contract concluded between an accounting firm and the Bank, the shareholders' general meeting may, before the term of appointment of the accounting firm expires, decide to dismiss the accounting firm by way of an ordinary resolution. However, such decision shall not affect the right of the accounting firm to claim compensation from the Bank in accordance with the engagement contract.

**Article 239** The Bank's appointment and dismissal of an accounting firm shall be determined by the shareholders' general meeting.

**Article 240** The Bank shall give prior notice to the accounting firm before the dismissal or non-reappointment of such accounting firm. The accounting firm shall be allowed to present its views at the shareholders' general meeting at which the dismissal of the accounting firm is considered.

**Article 241** In the event an accounting firm resigns, it shall explain to the shareholders' general meeting whether there has been any impropriety on the part of the Bank.

## CHAPTER XIII INFORMATION DISCLOSURE

**Article 242** The Board of the Bank shall formulate an information disclosure system in accordance with the laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authorities of the places where the Bank's shares are listed, as well as the Articles, and shall oversee the Bank's information disclosure matters.

**Article 243** The Bank shall duly disclose information by following the principles of truthfulness, accuracy, completeness, timeliness, and fairness.

**Article 244** All persons, both inside and outside the Bank, with access to undisclosed information, shall be obliged to keep such undisclosed information confidential.

**Article 245** The Board of the Bank shall ensure the truthfulness, accuracy and completeness of the disclosed information and shall assume corresponding legal liability.

#### **CHAPTER XIV NOTICES AND ANNOUNCEMENTS**

**Article 246** Notices stated in the Articles shall be given in one or more of the following ways:

- (1) by hand;
- (2) by prepaid mail;
- (3) by fax or e-mail;
- (4) by way of an announcement in a newspaper or other designated media;
- (5) by way of publication on the website of the Bank and the websites designated by the securities regulatory authorities of the places where the Bank's shares are listed, subject to compliance with the laws, administrative regulations, departmental rules, other normative documents and the relevant provisions of the securities regulatory authorities of the places where the Bank's shares are listed;
- (6) by other means agreed in advance between the Bank and the notified party or otherwise accepted by the notified party upon receipt of the notice; and
- (7) other means recognized by the securities regulatory authorities of the places where the Bank's shares are listed or as stipulated in the Articles.

Notwithstanding anything otherwise provided in the Articles with respect to the form of issuance or notification of any documents, notices or other communications, subject to compliance with the relevant provisions of the securities regulatory authorities of the places where the Bank's shares are listed, the Bank may elect to issue bank communication in the form of notification stipulated in item (5) of the first paragraph of this Article, as a substitute for a written document delivered by hand or by prepaid mail to each holder of overseas listed shares.

**Article 247** In the case of delivery by a specially assigned person, the recipient shall acknowledge receipt by signing (or affixing a seal to) the delivery receipt, and the date on which the recipient signs the delivery receipt shall be the date of service. In the case where a notice is sent by mail, the date of service shall be the 48th hour from the date of posting. In the case of delivery by fax, or e-mail or publication on the website, the date of service shall be the date of sending the notice. In the case of a public announcement, the date of service shall be the date on which the announcement is first published. Announcements shall be published in newspapers that meet the relevant provisions, and all persons concerned shall be deemed to have received the notice once the announcement is published.

## CHAPTER XV STAFF MANAGEMENT

**Article 248** The Bank shall comply with the provisions of the laws, administrative regulations, departmental rules and other normative documents on various aspects of social security such as labor and employment, labor protection and social insurance, and shall be obliged to respect and protect the legitimate rights and interests of the staff of the Bank.

The Bank shall establish a market-oriented and regulated human resources management system.

**Article 249** The Bank establishes and improves the employee representatives' general meeting system under the leadership of the CPC Committee. The employee representatives' general meeting is the basic form of democratic management of the Bank and the organ through which the employees exercise their democratic management rights. Employee opinions shall be heard on major decisions, and major matters involving the interests of employees shall be considered by the employee representatives' general meeting. The labor union of the Bank is responsible for the daily work of the employee representatives' general meeting.

**Article 250** In accordance with the relevant provisions of the PRC, the Bank shall have the right to decide, on its own, the criteria and, the number of staff to be recruited, the timing of recruitment, forms of recruitment and forms of employment.

**Article 251** The Bank adopts labor contract-based employment as the basic form of employment in accordance with its operation and management needs. For management personnel and professionals, the Bank adopts an appointment system.

The Bank shall establish and improve a scientific and reasonable remuneration management mechanism, performance assessment mechanism, as well as a system for deferred payment, recovery and clawback of performance remuneration, that are in line with the Bank's development strategy, risk management, overall benefits, job responsibilities, social responsibilities and corporate culture, and shall continuously improve the overall levels of remuneration and benefits of the staff while continuously enhancing management and efficiency.

The Bank shall adopt a reasonable and comprehensive training system, integrate training with the career of its staff, and promote the mutual development of both the Bank and its staff.

**Article 252** The Bank shall formulate specific rules and regulations on staff awards and punishment. The Bank shall award staff members who have made outstanding contribution, and punish or dismiss staff members who are in breach of discipline.

**Article 253** Any labor disputes which arise between the Bank and its staff shall be handled in accordance with the provisions of the relevant laws, administrative regulations and the Bank's relevant regulations on handling labor disputes.

**Article 254** The Bank shall strengthen the protection of employees' rights and interests, ensure that employees enjoy an equal promotion and development environment, and provide necessary conditions for the employee representatives' general meeting and the labor union to perform their duties according to the law.

The Bank shall actively encourage and support the employees' participation in corporate governance in an orderly manner according to the law.

## CHAPTER XVI MERGER, DIVISION, DISSOLUTION AND LIQUIDATION

### Section 1 Merger and Division

**Article 255** The Bank may carry out merger or division in accordance with the laws. Any merger or division of the Bank shall be in compliance with the Company Law, the Commercial Banking Law and the requirements of other relevant laws, administrative regulations and departmental rules.

The merger of the Bank may take the form of a merger by absorption or a merger to form a new entity.

**Article 256** In the event the Bank undertakes a merger or division, except as provided in the second paragraph of this article, the Board shall formulate a plan. After the plan is adopted by the shareholders' general meeting through procedures stipulated in the Articles, the Bank shall go through the relevant examination and approval procedures in accordance with the laws. Shareholders who oppose the merger or division plan of the Bank shall have the right to request the Bank or shareholders who agree to the merger or division of the Bank to purchase their shares at a fair price. The content of resolutions regarding merger or division of the Bank shall be prepared as a special document for inspection by shareholders. Unless otherwise required by the securities regulatory authorities of the places where the Bank's shares are listed, the aforementioned documents shall be sent by mail to holders of overseas listed shares.

If the consideration to be paid by the Bank for the merger does not exceed ten percent (10%) of the Bank's net assets, it may not be subject to the resolution of the shareholders' general meeting, but shall be subject to the resolution of the Board.

Where the Bank merges with a company in which the Bank holds ninety percent (90%) or more of its equity interests, the merged company shall not be subject to the resolution of the shareholders' general meeting, but it shall notify the other shareholders, and the other shareholders shall have the right to request the Bank to purchase their equity interests or shares at a reasonable price.

**Article 257** In the event the Bank undertakes a merger, parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and an inventory of assets. The Bank shall notify its creditors within ten (10) days from the date on which a resolution is adopted regarding the merger, and shall publish an announcement in a newspaper or the National Enterprise Credit Information Publicity System within thirty (30) days. The creditors are entitled to request the Bank to repay the debts or provide corresponding guarantees within thirty (30) days after the receipt of such notice, or within forty-five (45) days from the date of announcement in the case where no such notice is received.

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

**Article 258** In the event the Bank is divided, its property shall be divided accordingly.

In the event the Bank is divided, the parties to the division shall enter into a division agreement, and shall prepare a balance sheet and an inventory of assets. The Bank shall notify its creditors within ten (10) days of adopting a resolution regarding the division and publish an announcement in a newspaper or the National Enterprise Credit Information Publicity System within thirty (30) days.

The entities resulting from the division shall assume joint and several liability for the debts incurred by the Bank before the division, unless otherwise agreed in writing on settlement of debts between the Bank and its creditors prior to the division.

**Article 259** The Bank shall, in accordance with the laws, apply for registration of the changes with the registration authority where there is a change in any item in its registration arising as a result of any merger or division. Where a new company is established, the registration of incorporation shall be carried out in accordance with the laws.

## **Section 2 Dissolution and Liquidation**

**Article 260** In any of the following circumstances, the Bank shall be dissolved in accordance with the laws:

- (1) if the shareholders' general meeting resolves to do so;
- (2) if a dissolution is necessary as a result of a merger or division of the Bank;
- (3) if the business license of the Bank is revoked or if it is ordered to cease operation or if its business license is cancelled in accordance with the laws;
- (4) the Bank is declared bankrupt due to its failure to repay debts due;
- (5) the Bank encounters significant difficulties in its operation and management, under the circumstance of which continuing existence will cause material harm to shareholders' interests, and the problems could not be solved by other means.

Where the circumstances set out in item (5) of the preceding Article occur in the Bank, the Requesting Shareholder(s) may request the people's court to dissolve the Bank.

**Article 261** In the event the Bank is dissolved in accordance with item (1) or (5) of the preceding Article, a liquidation team shall be established pursuant to the laws within fifteen (15) days after obtaining approval from the banking regulatory authority under the State Council. The directors shall be the liquidation obligors, and the liquidation team shall be composed of directors or persons determined by way of ordinary resolution at the shareholders' general meeting.

In the event the Bank is dissolved as a result of item (3) of the preceding Article, the banking regulatory authority under the State Council shall form a liquidation team consisting of shareholders, relevant institutions and relevant professionals to carry out the liquidation.

In the event the Bank is dissolved as a result of item (4) of the preceding Article, the people's court shall, according to the provisions of relevant laws, form a liquidation team consisting of shareholders, relevant institutions and relevant professionals to carry out the liquidation.

**Article 262** If the Board decides that the Bank shall be liquidated (except for liquidation resulting from the Bank's declaration of bankruptcy), it shall state in the notice of the shareholders' general meeting convened for such purpose that the Board has conducted a comprehensive investigation into the situation of the Bank and is of the opinion that the Bank will be able to pay its debts in full within twelve (12) months following the commencement of the liquidation.

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

The liquidation team shall follow the instructions of the shareholders' general meetings and shall report to the shareholders' general meeting at least once a year on the receipts and payments of the liquidation team, the business of the Bank and the progress of the liquidation, and shall present final report to the shareholders' general meeting at the end of the liquidation.

**Article 263** The liquidation team shall give notices to the creditors within ten (10) days of its establishment, and publish announcements in a newspaper or on the National Enterprise Credit Information Publicity System within sixty (60) days from its establishment.

The creditors shall report claims to the liquidation team within thirty (30) days after the receipt of such notices, or within forty-five (45) days upon receipt of the announcement if no notice is not received.

When declaring claims, a creditor shall explain the matters relating to their claims and provide supporting materials. The liquidation team shall register the claims.

During the period of declaring claims, the liquidation team shall not settle any debt with creditors.

**Article 264** The liquidation team shall exercise the following functions and powers during the liquidation:

- (1) to sort out the property of the Bank and prepare a balance sheet and an inventory of assets respectively;
- (2) to give notices and publish announcements to the creditors;
- (3) to deal with and liquidate any pending businesses of the Bank;
- (4) to pay outstanding taxes and taxes accrued in the course of liquidation;
- (5) to ascertain claims and debts;
- (6) to allocate the remaining assets of the Bank after the Bank's debts have been repaid;
- (7) to participate in civil litigation on behalf of the Bank.

**Article 265** After the liquidation team has sorted out the property of the Bank and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation scheme and report it to the shareholders' general meeting, the people's court or the relevant competent authorities for confirmation.

The Bank's assets for repayment of the Bank's debts shall be distributed in the following order:

- (1) to pay the liquidation expenses;
- (2) to pay the wages of the Bank's employees, social insurance contributions and statutory compensation;

- (3) to pay the principal and interest of personal savings deposits;
- (4) to pay all outstanding taxes;
- (5) to settle other debts of the Bank.

The Bank's assets shall not be distributed to the shareholders before they are used for settlement in accordance with the foregoing provisions. The remaining assets of the Bank subsequent to the settlement of its debts in accordance with the foregoing provisions shall be distributed to the shareholders in accordance with the class and proportion of shares each shareholder holds. During liquidation, the Bank shall not engage in any business activities unrelated to the liquidation.

**Article 266** Where liquidation is carried out as a result of the dissolution of the Bank, the liquidation team shall apply to the people's court for bankruptcy liquidation upon approval by the relevant competent authorities if it becomes aware, upon the liquidation of the Bank's assets and production of a balance sheet and an inventory of assets, that the Bank's assets are insufficient to repay its debts in full. After the people's court accepts the application for bankruptcy liquidation, the liquidation team shall hand over all matters arising out of the liquidation to the bankruptcy manager designated by the people's court.

**Article 267** Following completion of the Bank's liquidation, the liquidation team shall prepare a liquidation report, which shall be submitted to the shareholders' general meeting, the people's court or the relevant competent authorities for confirmation, and be submitted to the company registration authority to apply for deregistration of the Bank.

**Article 268** Any member of the liquidation team shall perform his/her duties of liquidation with a duty of loyalty and a duty of care.

Members of the liquidation team shall not abuse their official powers to accept bribes or other unlawful income or misappropriate the Bank's property.

Members of the liquidation team who are negligent in performing their liquidation duties and cause losses to the Bank shall be liable for compensation.

Where any member of the liquidation team causes any loss to the Bank or the creditors with will or serious negligence, the said member shall be liable for compensation.

## **CHAPTER XVII AMENDMENTS TO THE ARTICLES**

**Article 269** The Bank shall amend the Articles under any of the following circumstances:

- (1) after amendments to the Company Law, the Commercial Banking Law or other relevant laws and administrative regulations, any matters contained in the Articles are in conflict with the provisions of the amended laws and administrative regulations;
- (2) certain changes of the Bank result in inconsistency with the matters stated in the Articles;
- (3) a resolution is passed by the shareholders' general meeting to amend the Articles.

**Article 270** The Bank may amend the Articles where necessary. The amendments to the Articles shall not be in conflict with the laws, administrative regulations and the relevant provisions of the securities regulatory authorities of the places where the shares of the Bank are listed.

**Article 271** In any amendments to the Articles approved by the shareholders' general meeting in a resolution are subject to the examination and approval of the relevant competent authority, such amendments shall be submitted to the relevant competent authority for examination and approval. If an amendment involves the Bank's registration matters, the Bank shall apply for registration of the changes in accordance with the laws.

**Article 272** The Board shall amend the Articles in accordance with the resolutions and authorization passed by the shareholders' general meeting and the approval opinions of the relevant competent authorities.

## **CHAPTER XVIII DISPUTE RESOLUTION**

**Article 273** The Bank shall observe the following rules for dispute resolution:

- (1) Where any dispute or claim of rights concerning the Bank's matters arises between a holder of overseas listed shares and the Bank; or between a holder of overseas listed shares and a director, president or other senior management members of the Bank; or between a holder of overseas listed shares and a holder of domestic listed shares, over the rights and obligations prescribed by the Articles, the Company Law and other relevant laws and administrative regulations, the parties concerned shall submit such dispute or claim of rights to arbitration.

Where a dispute or claim described above is referred to arbitration, such dispute or claim shall be submitted in its entirety; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are the Bank or its shareholders, directors, president or other senior management members, they shall be subject to the arbitration.

Disputes relating to the identification of shareholders or to the register of shareholders may not be resolved by way of arbitration.

- (2) An arbitration applicant may choose to refer the dispute to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its rules of arbitration, or to the Hong Kong International Arbitration Centre for arbitration in accordance with its Securities Arbitration Rules. After the arbitration applicant submits the dispute or claim of rights for arbitration, the other party must proceed with the arbitration in the arbitration institution selected by the applicant. If the arbitration applicant elects for arbitration at the Hong Kong International Arbitration Centre, any party may apply for the arbitration proceedings to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.
- (3) Where the dispute or claim of rights stated in item (1) is to be resolved by way of arbitration, the laws of the PRC shall apply, unless otherwise stipulated by laws and administrative regulations.
- (4) The award made by the arbitration institution shall be final and binding on the parties.

## CHAPTER XIX SPECIAL PROVISIONS ON PREFERENCE SHARES

**Article 274** Unless otherwise specified in laws, administrative regulations, departmental rules, regulations of the securities regulatory authorities of the places where the shares of the Bank are listed and this Chapter, the rights and obligations of preferred shareholders and the management of preference shares shall be governed by the provisions relating to ordinary shares in the Articles.

**Article 275** The number of preference shares issued by the Bank shall not exceed 50% of the total number of ordinary shares of the Bank, and the capital raised from the issuance of preference shares shall not exceed 50% of the net assets of the Bank preceding the relevant issuance (excluding preference shares that have been redeemed or converted).

**Article 276** In accordance with relevant rules on regulatory capital for commercial banks, the Bank formulates terms governing the mandatory conversion of preference shares into ordinary shares, namely, upon the occurrence of certain trigger events, the Bank shall convert the preference shares into ordinary shares in accordance with the conversion price and conversion amount as determined at the time of issuance of the preference shares. In the circumstances where the preference shares are mandatorily converted into ordinary shares, the Bank shall report to the banking regulatory authority under the State Council for examination and approval.

**Article 277** The preference shares issued by the Bank shall not have any put option. Subject to the approval of the banking regulatory authority under the State Council and upon compliance with relevant requirements, the Bank shall have the right to redeem all or part of the preference shares after the fifth year following the completion date of the relevant issuance of the preference shares. The redemption period of the preference shares commences on such date as agreed upon at the time of issuance of the preference shares and ends on the date of the full redemption or conversion of the preference shares. The total number of outstanding preference shares shall be written down accordingly upon redemption of preference shares.

The exercise by the Bank of its right to redeem the preference shares shall be subject to the fulfilment of the following conditions:

- (1) the Bank shall use capital instruments of equivalent or superior quality to replace the preference shares to be redeemed and such replacement shall only be made when the Bank has a sustainable income generating capacity; or
- (2) the capital position of the Bank immediately after redemption of the preference shares will remain significantly higher than the regulatory capital requirements prescribed by the banking regulatory authority under the State Council.

The redemption price of the preference shares shall be the issue price plus any dividend declared but unpaid for the current period.

**Article 278** Preferred shareholders of the Bank shall be entitled to the following rights:

- (1) to receive distribution of dividends in priority to ordinary shareholders;
- (2) to receive distribution of residual assets of the Bank on liquidation in priority to ordinary shareholders;

- (3) upon the occurrence of the circumstances provided in Article 280, to attend and vote at shareholders' general meetings;
- (4) upon the occurrence of the circumstances provided in Article 281, to have their voting rights restored in accordance with the requirements of that article;
- (5) to make proposals or inquiries in relation to the business operations and activities of the Bank;
- (6) to inspect the Articles, register of members, record of bondholders, minutes of shareholders' general meetings, resolutions of meetings of the Board and financial accounting reports; and
- (7) other rights conferred on preferred shareholders by laws, administrative regulations, departmental rules and the Articles.

**Article 279** Only ordinary shares and preference shares with voting rights restored shall be counted when calculating shareholders' shareholding ratios in respect of the following matters:

- (1) requesting to convene an extraordinary general meeting;
- (2) convening and presiding over a shareholders' general meeting;
- (3) tabling proposals or interim proposals to the shareholders' general meeting;
- (4) nominating directors of the Bank who are not the employee representatives;
- (5) identifying controlling shareholder(s) in accordance with relevant provisions of the Articles;
- (6) identifying the circumstances in which person(s) are restricted from serving as independent directors of the Bank in accordance with relevant provisions of the Articles;
- (7) identifying the top ten largest shareholders of the Bank and their numbers of shares held and the shareholder(s) holding 5% or more of the shares of the Bank, in accordance with relevant provisions including the Securities Law of the People's Republic of China; and
- (8) any other circumstances stipulated by laws, administrative regulations, departmental rules and the Articles.

**Article 280** The preferred shareholders are not entitled to attend any shareholders' general meeting of the Bank nor do the preference shares carry any voting rights in any shareholders' general meeting other than in the following circumstances:

- (1) amendment to the contents of the Articles that relate to preference shares;
- (2) reduction of the registered capital of the Bank by more than 10% either on a single or aggregate basis;
- (3) merger, division, dissolution or change of corporate form of the Bank;

- (4) issuance of preference shares by the Bank; or
- (5) any other circumstances stipulated by laws, administrative regulations, departmental rules and the Articles.

Upon the occurrence of any of the above circumstances, the Bank shall notify the preferred shareholders of the convening of the shareholders' general meeting and follow the procedures for notifying ordinary shareholders as stipulated in the Articles. The preferred shareholders are entitled to vote as a separate class with respect to the above matters and each preference share shall have one vote, however, preference shares held by the Bank do not entitle the Bank to vote.

Resolutions relating to the above matters shall be approved by two-thirds or more of the votes held by ordinary shareholders present at the meeting (including preferred shareholders with restored voting rights) and by two-thirds or more of the votes held by preferred shareholders present at the meeting (excluding preferred shareholders with restored voting rights).

**Article 281** In the event that the Bank fails to pay the prescribed dividend to the preferred shareholders for three financial years in aggregate or two consecutive financial years, the preferred shareholders shall have the right to attend and vote at the shareholders' general meetings together with ordinary shareholders from the day immediately after the shareholders' general meeting approves the plan of not distributing profits in accordance with the agreement for the current year. The voting rights of the preferred shareholders of the Bank will remain restored until the Bank pays the dividend for the current year in full.

The formula for calculating the voting rights of preferred shareholders with restored voting rights is as follows:  $Q = V/P \times \text{conversion exchange rate}$ , with any fractional restored voting right rounded down to the nearest whole number. Where: "Q" denotes the H share voting rights restored from the offshore preference shares held by each offshore preferred shareholder; "V" denotes the aggregate value of the offshore preference shares with restored voting rights held by each offshore preferred shareholder; "P" denotes the conversion price, and the initial conversion price equals the initial mandatory conversion price of the offshore preference shares. The "conversion exchange rate" refers to the rate of Hong Kong dollars and the currency in which the preference shares are denominated, which is based on the RMB Central Parity Rate published by the China Foreign Exchange Trading System on the trading date preceding the date of the announcement of the Board's resolution in respect of the issuance plan for the offshore preference shares.

If there are any other provisions of the Articles concerning the restrictions on the shareholders' voting rights, such provisions shall prevail.

**Article 282** The dividend rate for the issued and outstanding preference shares of the Bank shall be adjusted at different intervals and consists of the benchmark interest rate and the fixed spread. Such dividend rate will remain unchanged as agreed for an adjustment period following the issuance of the preference shares, after which the dividend rate will be reset once every certain period. The dividend rate shall remain the same during each adjusted period.

Preferred shareholders shall rank in priority to the ordinary shareholders in the distribution of the Bank's profits in accordance with the agreed dividend rate and profit distribution terms. The Bank shall pay dividends to preferred shareholders in cash. Before the agreed dividends to preference shares are declared and paid and the discretionary reserves fund is withdrawn as determined by the shareholders' general meeting, no profit may be distributed to the ordinary shareholders in accordance with Article 225 hereof.

Upon distribution of dividends based on the agreed dividend rate, preferred shareholders are not entitled to participate in the distribution of the remaining profits of the Bank together with ordinary shareholders. The Bank is entitled to cancel the dividend payments on such preference shares in whole or in part and this shall not constitute an event of default. The preferred dividends not distributed in full to preferred shareholders will not be carried forward to the next interest-bearing year.

**Article 283** In the event of liquidation due to dissolution, bankruptcy or any other reasons, all preferred shareholders shall be *pari passu* and have priority over the ordinary shareholders in the distribution of the Bank's remaining assets, but shall be inferior to all debtors (including owners of any Tier 2 capital instrument) of the Bank. The liquidation amount payable to the preferred shareholders shall be equal to the total amount of the issued and outstanding preference shares plus the declared but unpaid dividends for the current period. Where insufficiency of repayment occurs, the distribution shall be made on a *pro rata* basis based on the proportion of the total amount of the preference shares held by each preferred shareholder to the aggregate total amount of all preference shares.

## **CHAPTER XX SUPPLEMENTARY PROVISIONS**

**Article 284** Interpretation:

- (1) "Controlling shareholder(s)" shall be any person who meets any of the following conditions:
  1. a person who, when acting alone or in concert with others, may elect half or more of the directors;
  2. a person who, when acting alone or in concert with others, may exercise 30% or more (including 30%) of the voting rights of the Bank or may control the exercise of 30% or more (including 30%) of the voting rights of the Bank;
  3. a person who, when acting alone or in concert with others, holds 30% or more (including 30%) of the outstanding shares of the Bank;
  4. a person who, when acting alone or in concert with others, is in *de facto* control of the Bank in any other manner.
- (2) "De facto controller" means a person who is able to get *de facto* control of the Bank through investment relationships, agreements or other arrangements.

- (3) “Related party relationship” means the relationship between the controlling shareholder, de facto controller, directors, senior management members of the Bank and the enterprises under their direct or indirect control, and any other relationships that may lead to the transfer of interests of the Bank, provided however that there is no related party relationship between state-controlled enterprises solely because they are under the common control of the State.
- (4) A substantial shareholder refers to a shareholder who holds or controls 5% or more of the shares or voting rights of the Bank, or holds less than 5% of the Bank’s total shares but has significant influence on the operation and management of the Bank. The referred “significant influence” includes but is not limited to the dispatching of director(s) or senior executive(s) to the Bank, exerting influence on the Bank’s financial, operational and management decisions by way of agreement or through other means, and other circumstances as identified by the banking regulatory authority under the State Council or its local offices.
- (5) Cumulative voting means that when directors are being elected at a shareholders’ general meeting, each share has as many voting rights as the number of directors to be elected, 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.
- (6) The references and criteria for “major legal entities”, “major mergers and acquisitions”, “major external investments”, “major asset acquisitions”, “major asset disposals”, “major asset write-offs”, “major asset mortgages and other non-commercial banking business guarantees”, “major donations”, and “major related party transactions” in the Articles shall be determined based on specific authorization plans passed by the shareholders’ general meeting of the Bank to the Board and by the Board to the president.

**Article 285** The Articles are written in Chinese. If there is any discrepancy between the articles written in another language or of a version different from that of the Articles, the most recent Chinese version filed for registration with the market regulatory authorities shall prevail.

**Article 286** Unless otherwise requires herein and subject to any discrepancies, for the purpose of the Articles, the terms “or more” and “within” in the Articles shall include the given figure; “over”, “more than”, “less than”, “under” and “below” shall not include the given figure.

**Article 287** Any matters not provided in the Articles shall be settled in accordance with the actual situation of the Bank in accordance with the laws, administrative regulations and the relevant requirements of the securities regulatory authorities of the places where the shares of the Bank are listed. If there is any conflict between the Articles and the laws, administrative regulations or relevant requirements of the securities regulatory authorities of the places where the shares of the Bank are listed that are issued and implemented after the Articles come into effect, the latter shall prevail.

**Article 288** The interpretation of the Articles shall be vested with the Board.

After consideration and approval by the shareholders’ general meeting and approval by the banking regulatory authority under the State Council, the Articles shall become effective. The original articles of the Bank shall automatically expire upon the effective date of the Articles.