

**ARTICLES OF ASSOCIATION**

**OF**

**AGRICULTURAL BANK OF CHINA LIMITED**

(Adopted at the inauguration meeting and the first shareholders' general meeting of Agricultural Bank of China Limited on 9 January 2009; approved by China Banking Regulatory Commission on 13 January 2009; amended by the first extraordinary general meeting of 2010 of Agricultural Bank of China Limited on 15 April 2010; approved by China Banking Regulatory Commission on 23 April 2010; amended by the second extraordinary general meeting of 2010 of Agricultural Bank of China Limited on 21 April 2010; approved by China Banking Regulatory Commission on 26 April 2010; amended on 2 September 2010 in accordance with the authorisation granted by the resolution of the second extraordinary general meeting of 2010 of Agricultural Bank of China Limited and the result of issue of shares; approved by China Banking Regulatory Commission on 13 October 2010; amended by the second extraordinary general meeting of 2012 of Agricultural Bank of China Limited on 29 October 2012; approved by China Banking Regulatory Commission on 31 December 2012; amended by the annual general meeting of 2013 of Agricultural Bank of China Limited on 23 June 2014; approved by China Banking Regulatory Commission on 14 August 2014; amended by the annual general meeting of 2016 of Agricultural Bank of China Limited on 28 June 2017; approved by China Banking Regulatory Commission on 8 November 2017; amended pursuant to the Approval on Change of the Registered Capital of Agricultural Bank of China Limited (Yin Bao Jian Fu [2018] No. 199 issued by China Banking and Insurance Regulatory Commission on 25 September 2018.)

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## CHAPTER I GENERAL PROVISIONS

**Article 1** The Articles of Association 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 “**Securities Law**”), the *Commercial Banking Law of the People's Republic of China* (the “**Commercial Banking Law**”), the *Special Provisions of the State Council on the Offshore Offering of Shares and Listing of Companies Limited By Shares*, the *Mandatory Provisions for the Articles of Association of Companies Listing Overseas*, the *State Council Guiding Opinions on the Experimental Development of Preference Shares*, and the *Guidelines on the Articles of Association of Listed Companies* as well as other relevant laws, administrative regulations and departmental rules for the purposes of protecting the legitimate rights and interests of Agricultural Bank of China Limited (the “**Bank**”) and its shareholders and creditors and regulating the organization and activities of the Bank.

**Article 2** Under the consent of the State Council and upon the approval of China Banking Regulatory Commission by an approval reply (*Yin Jian Fu* [2009] No. 13), the Bank was restructured in its entirety into a joint stock company from the original Agricultural Bank of China (which was established in 1951) and was established by way of promotion. The promoters were the Ministry of Finance and Central Huijin Investment Limited. The Bank completed the formalities in respect of the change of registration with the State Administration for Industry & Commerce on 15 January 2009, and obtained a business licence. The unified social credit code of the Bank is: 911100001000054748.

**Article 3** The registered name of the Bank in Chinese is: 中國農業銀行股份有限公司 and the abbreviated Chinese name shall be: 中國農業銀行. The registered name of the Bank in English is: AGRICULTURAL BANK OF CHINA LIMITED and the abbreviated English name is AGRICULTURAL BANK OF CHINA (ABC).

**Article 4** The place of domicile of the Bank is: No. 69 Jianguomen Nei Avenue, Dongcheng District, Beijing. Postal Code: 100005.

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**Article 5** The Bank shall be a perpetually existing company limited by shares.

**Article 6** The Chairman of the Board of Directors shall be the legal representative of the Bank.

**Article 7** Shareholders of the Bank shall be liable for liabilities of the Bank to the extent of their respective shareholdings and the Bank shall be liable for its debts to the extent of all its assets.

**Article 8** After approval by the banking regulatory authority of the State Council, the Articles of Association shall become effective on the date which the Bank's shares are listed and traded under its initial public offering. The original articles of association of the Bank shall automatically lapse from the effective date of the Articles of Association.

Commencing from the effective date hereof, the Articles of Association 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. The Articles of Association shall be binding upon the Bank and its shareholders, directors, supervisors, and senior management members. The aforementioned persons may institute a claim relating to matters of the Bank in accordance with the Articles of Association.

Pursuant to the Articles of Association, a shareholder may sue any other shareholder, or any director, supervisor, or senior management member of the Bank, or the Bank, and the Bank may sue a shareholder, director, supervisor or any other senior management member.

For the purpose of the preceding paragraph, the term “sue” shall include the initiation of proceedings before a court or the application for arbitration to an arbitration organization.

**Article 9** Based on the needs of its business development and subject to approval by the relevant regulatory authority, including the banking regulatory authority of the State Council, the Bank may, in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association, set up, change or dissolve institutions, including but not limited to branches (branch companies), subsidiary banks (subsidiary companies) and representative offices, within and outside the PRC. Except for subsidiary banks (subsidiary companies), the said institutions shall not have the status of independent legal person and shall legally carry out their business within the scope of powers delegated to them by the Bank and shall be subject to the centralized management of the Bank.

**Article 10** The Bank may invest in other enterprises in accordance with the laws and shall assume liability for such invested enterprises to the extent of its capital contribution or subscribed shares. The Bank shall not act as a capital contributing party assuming joint and several liabilities for the debts of invested enterprises.

**Article 11** The Bank shall adhere to its market positioning approach of catering the needs of Sannong and adopting the commercially-driven operation, continuously optimize the operation and management mode for its County Area Banking Business, establish a self-restraint mechanism by combining the power, duties and interests so as to ensure the continuous development of the County Area Banking Business in a stable manner.

**Article 12** For the purpose hereof, the term “senior management member(s)” shall mean the President, Vice Presidents, executive directors, Secretary to the Board of Directors, Chief Risk Officer and any other senior management members determined by the Board of Directors. All senior management members shall be collectively referred to as the “senior management”.

**Article 13** In accordance with the relevant regulations of the *Constitution of the Communist Party of China* and the *Company Law of China*, organizations of the Communist Party of China (hereinafter the “**Party**”) shall be established; the Party Committee shall play the core leadership role, providing direction, managing the overall situation and ensuring implementation. The working organs of the Party shall be established, equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.

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

**Article 14** The objectives of the Bank to conduct business shall be: on the basis of the market- and customer-oriented approach with the feature of providing services for Sannong, to act in compliance with the laws, to promote a stable and sound operation, to perfect the corporate structure, to strengthen internal control and to continuously improve the innovation capability and market competitiveness of the Bank in order to provide quality services to its customers, to maximize profits for its shareholders and to promote a comprehensive economic and social development in the urban and rural areas.

**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; arranging domestic and overseas settlements; accepting and discounting instruments; issuing financial bonds; acting as agents to issue, honour and underwrite government bonds; trading government bonds and financial bonds; engaging in inter-bank lending; engaging in foreign exchange trading as a principal or on an agency basis; engaging in the settlement and sale of exchange; engaging in bank card business; providing letters of credit and guarantee services; collecting and making payment as well as conducting insurance business on an agency basis; providing safe deposit box services; settling funds on an agency basis; engaging in various exchange businesses; conducting loan business through acting as an agent for policy banks, foreign governments and international financial institutions; undertaking loan commitments; originating or participating in syndicated loans; providing foreign currency deposits; granting loans denominated in foreign currencies; providing foreign exchange remittance; borrowing loans denominated in foreign currencies; issuing and trading, both acting as a principal or on an agency basis, valuable securities denominated in foreign currencies (other than stocks); accepting and discounting foreign exchange notes; conducting foreign exchange trading for its own account or on behalf of the customers; exchanging foreign currencies; providing foreign exchange guarantees; carrying out businesses relating to credit investigation, credit consultation and credit worthiness certification; providing financial advisory services for corporate and personal customers; engaging in the custody business in respect of settled funds from securities companies; engaging in custody business in respect of securities investment funds; engaging in custody business in respect of corporate annuities; engaging in custody business in respect of the industrial investment funds; engaging in custody business in respect of the domestic securities investments made by qualified foreign institutional investors; conducting open-end fund operation on an agency basis; providing telephone banking, mobile banking and Internet banking services; engaging in financial derivative product trading business; and engaging in any other business approved by the banking regulatory authority of the State Council and any other regulatory authorities.

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

### **Section 1 Share Issue**

**Article 16** The Bank shall have ordinary shares at any time. According to its needs, the Bank may also have other classes of shares such as preference shares upon approval by the approval departments authorised by the State Council.

**Article 17** The shares of the Bank shall be in form of stocks. The shares issued by the Bank shall be shares with par value and the par value of each ordinary share shall be RMB1.00, and the par value of each preference share shall be RMB100.



**Article 18** The shares of the Bank shall be issued by following the principles of fairness and justice, and each share in the same class shall have the same rights.

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

**Article 19** After approval by the banking regulatory authority of the State Council, the securities regulatory authority of the State Council, and any other relevant regulatory authority, the Bank may issue shares to investors within and outside the People's Republic of China (the "PRC").

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

**Article 20** Shares issued by the Bank to investors within the PRC and subscribed for in Renminbi shall be referred to as "domestic shares".

Shares issued by the Bank to investors outside the PRC and subscribed for in foreign currency shall be referred to as "foreign investment shares". Shares listed outside the PRC shall be referred to as "overseas-listed foreign investment shares".

Shares in respect of which an approval for issue is granted by a department authorised by the State Council and the permission for listing and trading on a domestic stock exchange is granted, upon examination, by a domestic stock exchange are collectively referred to as the domestic shares. Shares in respect of which an approval for issue is granted by a department authorised by the State Council and the permission for listing and trading on a foreign stock exchange is granted, upon examination, by a foreign securities regulatory authority are collectively referred to as the overseas-listed shares.

**Article 21** After the approval by a department under the State Council, the Bank may issue a total number of 349,983,033,873 ordinary shares and may issue 260,000,000,000 shares to its promoters at the time of restructuring into a joint stock company, representing 74.29% of the total number of ordinary shares which may be issued by the Bank.

**Article 22** After restructuring into a joint stock company and the completion of the initial public offering of overseas-listed shares and domestic-listed shares, the Bank issued 64,794,117,000 ordinary shares, including 29,223,529,000 overseas-listed shares (representing approximately 9% of the then total number of ordinary shares which may be issued by the Bank) and 35,570,588,000 domestic shares issued to domestic investors.

The current share capital of the Bank shall consist of 349,983,033,873 ordinary shares, of which 137,239,094,711 domestic shares are held by the Ministry of Finance (the promoter), 140,087,446,351 domestic shares by Central Huijin Investment Limited (a promoter), 41,917,669,715 shares by other holders of domestic shares and 30,738,823,096 shares by the holders of overseas-listed shares.

**Article 23** Once the plans in respect of the offering of the overseas-listed shares and domestic shares have been verified and approved by the securities regulatory authority of the State Council, the Board of Directors of the Bank may arrange for implementation of such plans by means of a separate offering.

The respective plans of the Bank in respect of the offering of the overseas-listed shares and domestic shares as provided for in the preceding paragraph may be implemented respectively within 15 months from the date of approval by the securities regulatory authority of the State Council.

**Article 24** Where the Bank issues overseas-listed foreign investment shares and domestic shares respectively within the total number of shares specified in the share offering plans, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for on a one-off basis due to special circumstances, the shares may, subject to the approval of the securities regulatory authority of the State Council, be issued in several offerings.

**Article 25** The registered capital of the Bank shall be RMB349,983,033,873.

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

**Article 26** Based on its needs of business operation and development, upon resolution at a shareholders' general meeting and upon submission to, and approval by, a competent authority of the State, the Bank may increase its registered capital by any of the following means in accordance with relevant laws and administrative regulations:

- (1) public offering of shares;
- (2) private placing of shares;
- (3) distribution of bonus shares to existing shareholders (excluding Preference Shares Shareholders);
- (4) capitalization of capital reserves; and
- (5) any other means required by the laws and administrative regulations, and approved by the relevant competent authorities.

Upon approval in accordance with the Articles of Association, any new share issue conducted by the Bank for the purpose of increasing its capital shall be handled in accordance with the procedures as provided for in relevant laws and administrative regulations.

The conversion of the convertible bonds issued by the Bank into shares may result in an increase of the registered capital of the Bank. The conversion of the convertible bonds shall be handled in accordance with the laws, administrative regulations, departmental rules, prospectus of the convertible bonds and other relevant documents.



**Article 27** The Bank may reduce its registered capital in accordance with the Articles of Association. When the Bank reduces its registered capital, it must prepare a balance sheet and a list of properties.

The Bank shall notify its creditors within 10 days from the date of adopting the resolution to reduce its registered capital and shall publish a public announcement of the resolution for at least three times in newspapers within 30 days of the said date. Creditors shall, within 30 days of receiving a written notice, or, in the case of failure to receive a written notice, within 90 days from the date of the first public announcement, be entitled to require the Bank to settle its debts in full or to provide a corresponding guarantee for repayment of its debts.

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

**Article 28** In any of the following circumstances, the Bank may, subject to the laws, administrative regulations, departmental rules and the Articles of Association, repurchase its issued and outstanding shares:

- (1) cancellation of shares for the purposes of reducing the Bank's registered capital;
- (2) merger with another company that holds shares in the Bank;
- (3) granting shares to employees of the Bank as rewards;
- (4) disagreement of any shareholder with any resolution relating to the merger or division of the Bank adopted at a shareholders' general meeting, which results in requiring the Bank to purchase shares held by such shareholder; and
- (5) other circumstances as permitted by the laws, administrative regulations, departmental rules and by the securities regulatory authorities located at the places where the Bank's shares are listed.

Where the Bank repurchases its own shares due to reasons stated in items (1) to (3) above, the share repurchase shall be approved by resolution at a shareholders' general meeting. After the Bank has repurchased its own shares in accordance with the above provisions, the shares so purchased shall be cancelled within 10 days from the date of repurchase (in the case of item (1)), or shall be transferred or cancelled within six months (in the case of items (2) and (4)).

The shares of the Bank repurchased by the Bank pursuant to item (3) of the first paragraph shall not exceed 5% of the total number of the issued shares of the Bank. The funds used for share repurchase shall be paid out of the profit after tax of the Bank. The shares so repurchased shall be transferred to the employees within one year.

**Article 29** After the approval by relevant competent authorities, the Bank may repurchase its shares in any of the following manners:

- (1) by repurchasing shares through open transactions in a stock exchange;
- (2) by making an offer for repurchasing the shares to all shareholders of such class on a pro rata basis;

- (3) by repurchasing shares under an off-market agreement; and
- (4) in any other manner as approved by the laws, administrative regulations, departmental rules as well as the relevant competent authorities.

**Article 30** Where the Bank repurchases its shares under an off-market agreement, prior approval shall be obtained from the shareholders at a general meeting in accordance with the Articles of Association. Upon obtaining the prior approval of the shareholders at a general meeting in the same manner, the Bank may rescind or alter any contract concluded in the manner set forth above or waive any of its rights under such contract.

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

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

**Article 31** If the Bank cancels a portion of its shares due to its repurchase of that portion of shares, and results in the change to its registered capital, the Bank shall apply to an administrative authority for industry and commerce for the registration of a change of its registered capital. The amount of the registered capital of the Bank shall be reduced by the total par value of the aforesaid shares so cancelled.

**Article 32** Unless the Bank has already entered into liquidation, it must comply with the following provisions in repurchasing any of its issued and outstanding shares:

- (1) where the Bank repurchases its shares at par value, the payment shall be made out of the book balance of the distributable profits of the Bank or out of the proceeds from a new issue of shares made for that purpose;
- (2) where the Bank repurchases its shares at a premium over the par value of its shares, the payment equivalent to the par value of such shares shall be made out of the book balance of the distributable profits of the Bank or out of the proceeds from a new share issue made for that purpose. The payment of the portion in excess of the par value shall be handled as follows:
  1. if the shares being repurchased are issued at par value, the payment shall be made out of the book balance of the distributable profits of the Bank; and
  2. if the shares being repurchased are issued at a premium over their par value, the payment shall be made out of the book balance of the distributable profits of the Bank or out of the proceeds from a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new share issue shall not exceed the aggregate amount of premium received by the Bank on the issue of the existing repurchased shares nor shall it exceed the book value of the Bank's capital reserve fund account (including the premiums on the new issue of shares) at the time of the repurchase;

- (3) payments made by the Bank for the purposes set forth below shall be paid out of the Bank's distributable profits:
1. for acquiring a right to repurchase its shares;
  2. for modifying any contract for repurchasing its shares; and
  3. for releasing any of its obligations under any repurchase agreement; and
- (4) after the Bank's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Bank for payment of the par value of shares which have been repurchased shall be included in Company's capital reserve fund account.

If the financial treatment of the above share repurchase is otherwise provided for in the laws, administrative regulations, departmental rules and relevant provisions and by the securities regulatory authorities located at the places where the Bank's shares are listed, such provision(s) shall apply.

### **Section 3 Transfer of Shares**

**Article 33** Except as otherwise provided for in the laws, administrative regulations, departmental rules and by the securities regulatory authorities located at the places where the Bank's shares are listed, the shares of the Bank shall be transferrable in accordance with the laws and shall be free and clear of any lien. The transfer of the shares of the Bank shall be registered with a share registry appointed by the Bank.

**Article 34** All fully-paid overseas-listed shares listed on The Stock Exchange of Hong Kong Limited (the "SEHK") are freely transferrable under the Articles of Association, provided that the Board of Directors may refuse to acknowledge any transfer document without reason unless the following conditions are met:

- (1) The transfer documents and other documents which relate to or may affect the title of any shares shall be registered and fees in connection with such registration shall be paid to the Bank at a standard fee prescribed in the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*;
- (2) The transfers only relate to overseas-listed shares listed on the SEHK;
- (3) the stamp duty which is payable for the transfer documents has been duly paid;
- (4) the relevant share certificate(s) and any other evidence which the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) where the shares are intended to be transferred to joint holders, the number of such joint shareholders shall not be more than four; and
- (6) The shares shall be free and clear of any lien of the Bank.

**Article 35** If the Board of Directors refuses to register any transfer of share, the Bank shall issue a notice to the transferor and the transferee thereof within two months from the date on which the transfer application has been duly submitted notifying the refusal to register such transfer.

Any transfer of the overseas-listed shares listed on the SEHK shall be effected in writing by an instrument of transfer in a general or ordinary form or in any other form acceptable to the Board of Directors. Such instrument of transfer may be signed manually or affixed with a valid company seal (in the case of the transferor or the transferee being a company). If a shareholder is a recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Hong Kong Ordinance) (the “**Recognised Clearing House**”) or its agent, such instrument of transfer may be executed in printed form.

**Article 36** The Bank shall not accept any pledge of its shares.

#### **Section 4 Special Requirements on the Issuance, Repurchase and Conversion of Preference shares**

**Article 37** The Bank may issue preference shares, subject to the approvals of the banking regulatory authority and the securities regulatory authority of the State Council or other regulatory authorities.

The number of issued preference shares of the Bank shall not exceed 50% of the total number of ordinary shares of the Bank, and the proceeds shall not exceed 50% of the net asset of the Bank preceding to the issuance. The preference shares that are converted or redeemed shall not be counted in.

**Article 38** The holders of preference shares of the Bank shall have the priority over ordinary shareholders in receiving distribution of profit at the agreed fixed coupon rate. The Bank shall make dividend payments in cash to the holders of preference shares, and no profit shall be distributed to ordinary shareholders before the agreed dividends have been fully paid to holders of the preference shares.

**Article 39** The holders of the preference shares shall have priority over ordinary shareholders in receiving distribution of the remaining assets of the Bank.

**Article 40** Where the Bank has distributable profit after tax, it may exercise its discretion to not distribute dividend to the holders of preference shares.

**Article 41** The Bank sets up terms of mandatory conversion of the preference shares in accordance with the relevant capital management regulations for commercial banks promulgated by the banking regulatory authorities of the State Council. When the triggering conditions are met, the Bank shall convert the preference shares into ordinary shares in accordance with the conversion price and amount as agreed at the time of the issuance of the preference shares.

**Article 42** The requirements on issuance of preference shares of the Bank:

- (1) The dividend of the preference shares issued by the Bank will be paid at an agreed fixed coupon rate for each coupon rate adjustment interval. The coupon rate shall be determined by a bookbuilding process or by other methods in accordance with relevant laws, administrative regulations and departmental rules at the time of the issuance. The coupon rate of the preference shares shall not exceed the mean of the weighted average return on net assets of the Bank for the two most recent financial years. The coupon rate shall consist of two parts: a base rate and a fixed premium. Among them, the fixed premium shall be the difference between the coupon rate set at the time of issuance and the base rate at the time of issuance. Once the fixed premium is determined, it shall no longer be adjusted.

On the re-pricing date, the new coupon rate applicable to the subsequent dividend period will be determined. The new coupon rate shall be determined by adding the base rate preceding there-pricing date onto the fixed premium determined at the initial pricing.

- (2) Where the Bank resolves to cancel part or all of the dividends to holders of the preference shares, such undistributed dividends shall not be accumulated to the subsequent dividend periods.
- (3) In the event of liquidation, the remaining assets of the Bank following a settlement pursuant to the requirements of applicable laws, administrative regulations and departmental rules shall be first distributed to holders of preference shares for the payment of the sum of the nominal value (i.e. par value) and the dividends resolved to be paid but unpaid of the then-current period. In the event that the remaining assets are not sufficient to satisfy these payments, they will be distributed on a pro rata basis in accordance with the shareholding percentage of holders of the preference shares.
- (4) The holders of the preference shares of the Bank, upon receiving dividends at the agreed coupon rate, shall not participate together with the ordinary shareholders in the distribution of the remaining profit.
- (5) The Bank is entitled to exercise its redemption right in the following circumstances with prior approval from the banking regulatory authorities of the State Council: (i) Replacing the redeemed preference shares with capital instruments of equal or higher quality while maintaining the Bank's sustainable earnings; or (ii) Ensuring a capital level significantly higher than the regulatory capital requirements stipulated by the banking regulatory authorities of the State Council following the redemption.

Following the fifth anniversary of the issuance date, as determined by the board of directors under the authorisation of the general meeting, the Bank is entitled to redeem all or part of the preference shares issued by the Bank on every dividend distribution date, with such redemption right remaining exercisable until all the preference shares have been converted or redeemed in full. Preference shares shall be redeemed in cash. The redemption price shall be the sum of the nominal value and any declared but unpaid dividends in the then-current dividend period.

- (6) In the event of restoration of voting rights to the holders of the preference shares, the number of voting rights to be restored shall be calculated by the following formula:  $Q=V/P$ . The number of voting rights shall be rounded down to the nearest integer. Among which, "V" is the total nominal value of preference shares from which the voting rights shall be restored; "P" is the average trading price of the A Share ordinary shares of the Bank for the 20 trading days preceding the date of the Board resolution on the Issuance Plan.

**Article 43** Where the laws, administrative regulations, departmental rules, and securities regulatory authorities of the listing places of the Bank provide otherwise in terms of the issuance, repurchase, conversion, transfer and other matters of the preference shares of the Bank, such relevant provisions thereof shall prevail.

## **CHAPTER IV FINANCIAL ASSISTANCE FOR PURCHASING THE BANK'S SHARES**

**Article 44** Neither the Bank nor its subsidiary banks (subsidiary companies) shall provide any financial assistance at any time in any form to a person who is purchasing or intends to purchase shares of the Bank for the purpose of the said purchase or proposed purchase. Persons who purchase the Bank's shares as mentioned in the above shall include persons who directly or indirectly undertake any obligation for the purpose of purchasing shares of the Bank.

Neither the Bank nor its subsidiary banks (subsidiary companies) shall provide any financial assistance at any time in any form to the above obligors in order to reduce or discharge their obligations arising out of the purchase or proposed purchase of the shares of the Bank.

This Article shall not apply to the circumstances as described in Article 46 of the Articles of Association.

**Article 45** For the purposes of this Chapter, the term "financial assistance" shall include (but shall not be limited to) the following forms of financial assistance:

- (1) gift;
- (2) guarantee (including the assumption of liability or provisions of property by a guarantor in order to secure the performance of obligations by an obligor), indemnity (excluding, however, the indemnity arising out of the Bank's own fault) and release or waiver of rights;
- (3) provision of a loan or conclusion of a contract under which the obligations of the Bank are to be performed prior to the obligation of another party to the agreement, or a change in parties to, or an assignment of the rights under, such loan or agreement; and
- (4) financial assistance in any other form provided when the Bank becomes insolvent or does not have any net assets or where its net assets would thereby be reduced to a material extent.

For the purposes of this Chapter, the expression "assumption of obligations" includes the assumption of obligations by way of contract or by way of arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation will be borne solely by the obligor individually or jointly with any other person), or by any other means which results in a change of his financial position.

**Article 46** The acts listed below shall not be regarded as acts prohibited under Article 44 of this Chapter:

- (1) the provision of financial assistance by the Bank where the financial assistance is given in good faith for the benefit of the Bank, and the main purpose thereof is not to acquire the shares of the Bank, or the giving of the financial assistance is an incidental part of an overall plan of the Bank;



- (2) the lawful distribution of the Bank's assets in the form of dividends;
- (3) distribution of dividends in the form of shares;
- (4) reduction of registered capital, repurchase of shares, adjustment of the shareholding structure in accordance with the Articles of Association of the Bank;
- (5) provision of a loan by the Bank within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction of the net assets of the Bank or that if the same constitutes a reduction, the financial assistance is paid out of the Bank's distributable profits); and
- (6) contributions made by the Bank to an employee share ownership scheme (provided that the net assets of the Bank are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Bank).

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

**Article 47** Share certificates of the Bank shall be in registered form and shall specify the following major items:

- (1) name of the Bank;
- (2) date of establishment of the Bank;
- (3) the class of the share certificates, the par value and the number of shares represented by each share certificate;
- (4) serial number of share certificate;
- (5) such other matters that must be specified as required by a securities regulatory authority located at the place where the Bank's shares are listed; and
- (6) such other matters that must be specified as provided for in the Company Law and other laws and administrative regulations.

The overseas-listed shares of the Bank may be in the form of foreign depository receipts or in other derivative forms of share certificates in accordance with the laws of, and the securities registration and depository practices prevailing at, the place where the Bank's shares are listed.

**Article 48** The share certificates of the Bank shall be signed by the Chairman of the Board of Directors. Where the securities regulatory authorities located at the place(s) where the Bank's shares are listed require(s) the President or other senior management members of the Bank to sign on the share certificates, the share certificates shall also be signed by the said President or senior management members. The share certificates shall become effective after a seal of the Bank is affixed or imprinted thereon. Affixing or imprinting the Bank's seal on the share certificates shall be subject to the authorisation of the Board of Directors. The signatures of the Chairman of the Board of Directors, President or other senior management members of the Bank can be provided in printed form.

Under the circumstances of the paperless issue and trading of the Bank's shares, specific regulations issued by the securities regulatory authorities located at the places where the Bank's shares are listed shall apply.

**Article 49** The Bank shall keep a register of shareholders, which shall contain the following particulars:

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

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

**Article 50** The Bank may, pursuant to an understanding or agreement reached between the securities regulatory authority of the State Council and an overseas securities regulatory authority, keep its register of shareholders of overseas-listed shares outside the PRC and appoint an overseas agent to manage such register. The original of the register of shareholders of the overseas-listed shares listed on the SEHK shall be maintained in Hong Kong.

The Bank shall keep at its domicile a duplicate of the register of shareholders of overseas-listed shares. The appointed overseas agent shall ensure the consistency between the original and duplicate of such register at all times. In the event of any inconsistency between the original and duplicate of the register of shareholders of overseas-listed shares, the original shall prevail.

**Article 51** The Bank shall keep a complete register of shareholders. The register of shareholders shall comprise the following parts:

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

**Article 52** The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

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

**Article 53** No change may be made to the register of shareholders as a result of a transfer of shares within 30 days prior to the date of a shareholders' general meeting or within five days prior to the base date set by the Bank for the purpose of distribution of dividends.

If separate provisions are stipulated by the laws, administrative regulations, departmental rules, other normative rules and the securities regulatory authorities located at the places where the Bank's shares are listed, such provisions shall apply.

**Article 54** Any person who is dissatisfied with the register of shareholders and requests to have his/its name entered into or removed from the register of shareholders may apply to a court of competent jurisdiction for changing the register.

**Article 55** If a shareholder whose name is appeared on, or who/which requires his/its name to be entered into, the register of shareholders has lost his/its share certificate (hereinafter referred to as the "**Original Share Certificate**"), such shareholder may apply to the Bank for issuance of a replacement certificate representing the underlying shares of the Original Share Certificate.

Application by a holder of the domestic shares, who has lost his certificate, for a replacement of such certificate shall be handled in accordance with the relevant provisions of the Company Law.

Application by a holder of the overseas-listed shares, who has lost his share certificate, for a replacement of such certificate may be handled in accordance with the laws of the place where the original of the register of shareholders of foreign-listed shares is maintained, the relevant provisions and any other provisions prescribed by the securities regulatory authorities located at the places where the Bank's shares are listed.

Where a holder of the overseas-listed shares listed on the SEHK, who has lost his share certificate, applies for a replacement of such certificate, the replacement of the share certificate shall be subject to the following requirements:

- (1) The applicant shall submit the application in the form prescribed by the Bank together with a notarised certificate or a statutory declaration. The notarised certificate or statutory declaration shall include the grounds upon which the applicant has made the application, the circumstances and evidence of the loss of the share certificate and a declaration that no other person may require registration as a shareholder in respect of the shares represented by the Original Share Certificate.
- (2) The Bank has not received any declaration requiring registration as a shareholder in respect of the shares represented by the Original Share Certificate from any person other than the applicant 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 a public announcement of its intention to do so in the newspapers or periodicals designated by the Board of Directors. The period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days.

- (4) Before publishing the public announcement of its intention to issue a replacement share certificate, the Bank shall submit a copy of the announcement to be published on the stock exchange(s) where it is listed and may proceed with publication after having received a reply from such stock exchange(s) confirming that the announcement has been displayed in such stock exchange(s). The Bank shall display the public announcement in the stock exchange(s) for a period of 90 days.

If the application for issuance of a replacement share certificate is made without the consent of the registered holder(s) of the relevant shares, the Bank shall mail to such shareholder(s) a photocopy of the public announcement that it intends to publish.

- (5) Upon expiration of the 90-day period as provided for in items (3) and (4) of this Article, if the Bank has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate in accordance with the application of the applicant.
- (6) When 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.
- (7) All expenses incurred by the Bank arising from the cancellation of the Original Share Certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Bank shall have the right to refuse to take any action until the applicant has provided reasonable guarantee.

**Article 56** After the Bank has issued a replacement share certificate in accordance with the Articles of Association, the name of a bona fide purchaser who/which acquires the said new share certificate or a shareholder who/which subsequently registers as an owner of such shares (in the case of a bona fide purchase) shall not be removed from the register of shareholders.

**Article 57** The Bank shall not be liable for any damages suffered by any person due to the cancellation of the Original Share Certificate or the issuance of a replacement share certificate, unless the claimant can prove the fraud on the part of the Bank.

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

**Article 58** The Committee of the Communist Party of China of Agricultural Bank of China Limited (hereinafter the “**Party Committee**”) shall be established within the Bank. The Party Committee shall consist of one secretary, two deputy secretaries and several other members. The chairman of the Board of Directors of the Bank and the secretary of the Party Committee shall be the same person, and one deputy secretary shall be designated to assist the secretary in carrying out Party building work. Eligible members of the Party Committee can join the Board of Directors, the Board of Supervisors and the senior management through legal procedures, while eligible members of the Board of Directors, the Board of Supervisors and the senior management can also join the Party Committee in accordance with relevant rules and procedures. Meanwhile, commissions for discipline inspection shall be established in accordance with relevant requirements.

**Article 59** The Party Committee shall, in accordance with the *Constitution of the Communist Party of China* and other internal laws and regulations of the Party, perform the following duties:

- (1) ensure and supervise the Bank's implementation of policies and guidelines of the Party and the State and implement major strategic decisions of the Central Committee of the Party and the State Council, as well as important work arrangements of higher-level Party organizations;
- (2) strengthen its leadership and gate keeping role in the management of the process of selection and appointment of personnel, focusing on standards, procedure, evaluation, recommendation and supervision; uphold the integration of the principle that the Party manages the officials with the function of the Board of Directors in the lawful selection of the senior management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the senior management;
- (3) research and discuss the reform, development and stability of the Bank, major operational and management issues and major issues concerning employee interests, and put forth comments and suggestions. Support the shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management of the Bank in performing their duties in accordance with law and support the employee representatives' congress in carrying out its work;
- (4) assume the primary responsibility to run the Party comprehensively with strict discipline, lead the Bank's ideological and political work, the United Front work, the cultural and ethical progress, corporate culture cultivation as well as the work of groups such as the labor union of the Bank and the Communist Youth League; lead the construction of the Party's working style and its clean and honest administration, and support the Party discipline inspection commissions in earnestly performing its supervisory responsibilities;
- (5) strengthen the building of the Bank's grassroots Party organizations and of its contingent of Party members, give full play to the role of Party branches as strongholds and to the role of Party members as pioneers and fine examples, and unite and lead officials and employees bank-wide to devote themselves into the reform and development of the Bank;
- (6) other material matters that fall within the duty of the Party Committee.

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

### **Section 1 Shareholders**

**Article 60** A shareholder of the Bank is a person who lawfully holds shares in the Bank and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by such shareholder. Shareholders who hold shares of the same class shall have the same rights and obligations. The preference shares issued by the Bank shall have the same prioritized sequence in terms of the distribution of dividends and remaining assets, provided however that other terms can be designed differently.

Where two or more persons are registered as the joint holders of any share(s), they shall be deemed as the joint owners of such share(s), provided that they must be subject to the following terms:

- (1) The Bank shall not register more than four persons as the joint holders of any share(s);
- (2) All the joint holders of any share(s) shall be jointly and severally liable for payment of all amounts payable for such share(s);
- (3) if one of the joint shareholders is deceased, only the other surviving persons among the joint shareholders shall be regarded as the owners of relevant shares of the Bank, provided that the Board of Directors shall have the right to require such persons to provide a certificate of death deemed appropriate by the Board of Directors for the purpose of changing the register of shareholders; and
- (4) for joint shareholders of any shares, only the joint shareholder whose name appears first in the register of shareholders has the right to receive the share certificate of the relevant shares from the Bank, to receive notices of the Bank, to attend the shareholders' general meeting convened by the Bank or to exercise all the voting rights attached to the relevant shares; and any notice served on such shareholder shall be treated as having been served on all joint shareholders of the relevant shares.

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

**Article 61** When the Bank convenes a shareholders' general meeting, distributes dividends, goes into liquidation or takes any other action requiring the confirmation of the identity of the shareholders, the Board of Directors or the convener of the shareholders' general meeting shall determine a date as the record date in respect of shareholdings. Shareholders whose names appear on the register at the end of such record date shall be the shareholders entitled to the said interests.

**Article 62** Shareholders of the Bank shall have the following rights:

- (1) to receive dividends and other kinds of distribution of interests based on the number of shares held by them;
- (2) to attend or appoint a proxy to attend the shareholders' general meetings, and to exercise voting rights based on the number of shares held by them;
- (3) to supervise the business operation of the Bank, and to make suggestions and enquiries accordingly;
- (4) to transfer, donate as a gift of, pledge or otherwise dispose shares held by them in accordance with the laws, administrative regulations, departmental rules, relevant provisions stipulated by the securities regulatory authorities located at the places where the Bank's shares are listed and the Articles of Association;



- (5) to obtain relevant information in accordance with the Articles of Association, including:
1. obtaining a copy of the Articles of Association after paying the costs and expenses incurred; and
  2. having the right to inspect free of charge and to photocopy, after paying the reasonable costs incurred, the following documents:
    - (i) all parts of the register of shareholders;
    - (ii) the personal information of the directors, supervisors and other senior management members of the Bank;
    - (iii) status of the share capital of the Bank and counterfoil of the bonds of the Bank;
    - (iv) minutes of the shareholders' general meetings;
    - (v) the published financial and accounting reports, interim reports and annual reports of the Bank; and
    - (vi) reports on the aggregate par value, number of shares, and highest and lowest prices of each class of shares repurchased by the Bank since the last financial year as well as all the expenses paid by the Bank therefor;
- (6) to participate in the distribution of the remaining assets of the Bank based on the number of shares held by them in the event of the termination or liquidation of the Bank;
- (7) for shareholders who disagree with the resolutions in respect of the merger or division of the Bank adopted at a shareholders' general meeting, to require the Bank to acquire their shares; and
- (8) to have any other rights conferred upon them under the laws, administrative regulations, departmental rules and the Articles of Association. Notwithstanding the foregoing provisions, the Bank may refuse to provide any of the above information if the information so inspected or photocopied involves trade secrets and price sensitive information of the Bank.

Shareholders may inspect copies of the minutes of the shareholders' general meeting free of charge during the office hours of the Bank. If any shareholder requests to obtain from the Bank a copy of the relevant minutes, the Bank shall send such copy within seven days after the receipt of the reasonable fees.

**Article 63** Where a shareholder requests to inspect or obtain the relevant information as set forth in item (5) of the above Article, such shareholder shall provide the Bank with written documents evidencing the class and number of shares held by such shareholder in the Bank and the Bank shall provide at the request of such shareholder the above information upon verification of such shareholder.

**Article 64** If a resolution of a shareholders' general meeting or of a Board of Directors' meeting violates the laws and administrative regulations, a shareholder shall have the right to request a people's court to determine the same as invalid.

If the procedure for convening a shareholders' general meeting or a Board of Directors' meeting, or the method of voting thereat, violates the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, a shareholders shall have the right to request within 60 days from the date of adopting such resolution a people's court to rescind such resolution.

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

If the Bank completes the formalities in respect of the change of registration pursuant to a shareholders' resolution or a board resolution, the Bank shall apply to the registration authority for cancelling the change of registration after a people's court has declared that such resolution is invalid or has rescinded such resolution.

**Article 65** Shareholders of the Bank shall have the following obligations:

- (1) to abide by the Articles of Association;
- (2) to contribute to the share capital according to the number of shares subscribed by them and the methods of capital contribution;
- (3) not to withdraw their contributed share capital unless in such circumstances as stipulated by the laws and administrative regulations;
- (4) shareholders of the Bank shall support the reasonable capital plans formulated by the Board of Directors to enable the capital of Bank to meet regulatory requirements constantly;
- (5) where the Bank is likely to face any liquidity difficulty, to immediately repay by any shareholder of the Bank who has borrowed any loan from the Bank any due and payable loans and to make early repayment by such shareholder of any loans that has not been fallen due and payable; for the purposes of this paragraph, the standard relating to "liquidity difficulty" shall be determined in accordance with relevant laws, administrative regulations, departmental rules and the provisions stipulated by the banking regulatory authority of the State Council;
- (6) not to abuse the shareholder's rights to harm the interest of the Bank or any other shareholders, and to be liable for indemnity in accordance with the laws if a shareholder of the Bank abuses his shareholders' rights and causes loss on the Bank or other shareholders;
- (7) not to abuse the Bank's independent status as a legal person and the shareholders' limited liability to harm the interest of the creditors of the Bank, and to be jointly and severally liable for the debts of the Bank if a shareholder abuses the Bank's independent status as a legal person and evades the repayment of debts, resulting in materially damaging the interest of the creditors of the Bank; and
- (8) to assume any other obligation that should be assumed in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

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

**Article 66** Where the laws, administrative regulations, departmental rules, securities regulatory authorities of the listing places of the Bank, banking regulatory authorities of the State Council provide otherwise in terms of the rights and obligations of the holders of the preference shares of the Bank, such relevant provisions thereof shall prevail.

**Article 67** Any unit or individual which or who purchases 5% or more of the total number of the issued and outstanding voting shares of the Bank shall have the prior approval of the banking regulatory authority of the State Council.

If, in the absence of the prior approval of the banking regulatory authority of the State Council, the number of shares held by a shareholder is equal to or in excess of 5% or more of the total number of the issued and outstanding voting shares of the Bank (the “**Excess Shares**”), prior to the approval of the banking regulatory authority of the State Council, such shareholder holding the Excess Shares shall be subject to the necessary restrictions when exercising the shareholders’ rights in respect of the Excess Shares as stipulated in Article 62 of the Articles of Association, including but not limited to:

1. no voting rights shall be attached to the Excess Shares when a vote is taken at the shareholders’ general meeting (including the class shareholders’ general meeting); and
2. the right to nominate directors and supervisors as stipulated in the Articles of Association shall not be attached to the Excess Shares.

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

Notwithstanding the foregoing provisions, shareholders of the Bank holding the Excess Shares shall not be subject to any restriction when exercising other rights stipulated in items (1) and (6) of Article 62 of the Articles of Association.

**Article 68** Shareholders shall nominate candidates for directors and supervisors of the Bank strictly in compliance with the conditions and procedures as provided in relevant provisions of the laws, administrative regulations, departmental rules, and pertinent provisions of the securities regulatory authorities located at the places where the Bank’s shares are listed and the Articles of Association.

The candidates for directors and supervisors nominated by the shareholders shall have the relevant professional knowledge and capability of decision-making and supervision. The resolutions adopted at a shareholders’ general meeting for election of personnel and the resolutions adopted at a Board of Directors’ meeting regarding the appointment of personnel shall not require the approval of any shareholder. The appointment or removal of any senior management member of the Bank by a shareholder who has by-passed a shareholders’ general meeting or a Board of Directors’ meeting shall be null and void.

**Article 69** The conditions upon which the shareholders are extended credit from the Bank shall not be more favourable than those for extending the same type of credit to other customers.

The balance of the loans granted to a single shareholder who has voting rights by the Bank shall not be more than 10% of the net capital of the Bank.

**Article 70** If a shareholder pledges his/its shares of the Bank to provide guarantee for himself/itself or others, he/it shall strictly abide by the requirements of applicable laws, regulations and supervisory authorities, and inform the Board of Directors of the Bank in advance.

When a shareholder who nominated Director or Supervisor of the Bank, or directly, indirectly or jointly holds or controls 2% or more of the shares or voting rights of the Bank pledges his/its shares of the Bank, he/it shall make filing to the Board of Directors in advance, which shall state the basic information of the pledge, including the reasons for the pledge, the number of shares involved, the term of pledge and the particulars of the pledge. Where the Board of Directors considers the pledge to have material adverse impact on the stability of the control of the Bank over its shareholdings, corporate governance, risks and related party transactions, no filing shall be accepted. Directors nominated by a shareholder who proposes to pledge his/its shares of the Bank shall abstain from voting at the Board of Directors meeting at which such proposal is considered.

Shareholders of the Bank shall, upon completion of the pledge registration of the shares, provide the Bank with relevant information on the pledged shares in a timely manner in accordance with the Bank's risk management and information disclosure requirements.

**Article 71** During the period when the credit extended by the Bank to a shareholder, especially a substantial shareholder, of the Bank is overdue, such shareholder cannot exercise any voting right and the number of shares held by such shareholder shall not be counted into the total number of voting shares present at a shareholders' general meeting; director(s) nominated by such shareholders shall not exercise voting rights at the Board of Directors meetings. The Bank shall have the right to take priority to apply the dividend received by such shareholder, and the property distributed to him/it at the time of liquidation of the Bank, to repay his/its loans from the Bank.

**Article 72** If the balance of loans from the Bank by a shareholder of the Bank exceeds the audited net value of equity held by him/it for the previous year, he/it shall not create pledge over his/its shares in the Bank.

**Article 73** The Bank shall not provide any financing guarantee for any shareholder holding 5% or more of the total number of voting shares in the Bank and his affiliate, except that the shareholder provides a counter-guarantee based on his deposit receipts or treasury bonds.

**Article 74** Any transaction between the Bank and any of its shareholders shall be conducted by following the principles of equity, voluntariness and compensation of equal value.

**Article 75** Neither the controlling shareholder nor the de facto controller may damage the interest of the Bank by taking the advantage of its affiliate relationship, and shall be liable for indemnity if such shareholder or controller is in breach of the above provision and causes loss on the Bank. The controlling shareholder and the de facto controller of the Bank shall not directly or indirectly interfere the decisions made by the Bank and the business and management activities carried out by the Bank in accordance with the laws to damage the interests of the Bank and other shareholders.

A controlling shareholder of the Bank shall owe the fiduciary duty to the Bank and other shareholders. Such controlling shareholder shall exercise his rights arising out of being a capital contributing party strictly in accordance with the laws, administrative regulations, departmental rules and the Articles of Association and shall neither take the advantage of their controlling position to gain improper benefit nor cause harm to the interest of the Bank and other shareholders.

In addition to the obligations as required under the laws, administrative regulations or the provisions stipulated by the securities regulatory authorities located at the places where the Bank's shares are listed, when exercising his rights as a shareholder, a controlling shareholder shall not make decision on the following issues that are detrimental to the interest of all or some of the shareholders by exercising their voting rights:

- (1) relieving a director or supervisor of the responsibility to act in good faith and in the best interest of the Bank;
- (2) approving the action of a director or a supervisor (for his own or for the benefit of a third party) to deprive the Bank of its property in any form, including but not limited to any opportunities that are favorable to the Bank; and
- (3) approving the action of a director or a supervisor (for his own or for the benefit of a third party) to deprive other shareholders of their personal interest, including but not limited to any distribution right and voting right, unless pursuant to a restructuring of the Bank submitted to and adopted at the shareholders' general meeting in accordance with the Articles of Association.

**Article 76** Excluding the circumstances outlined below, holders of preference shares shall not attend shareholders' general meetings and shall not have voting rights:

- (1) any amendments to the provisions regarding preference shares in the Articles of Association;
- (2) any decrease or series of decreases representing in aggregate more than 10% of the registered capital of the Bank;
- (3) any merger, division, dissolution or change in corporate form of the Bank;
- (4) any issuance of preference shares by the Bank;
- (5) any other circumstances specified by laws, regulations, departmental rules, or any securities regulatory authorities of the listing places of the Bank or this Articles of Association.

In the event of any of the foregoing circumstances, holders of preference shares shall have the right to attend shareholders' general meetings, and the notice of such meetings shall be delivered to holders of preference shares prior to convention of the meeting. The Bank shall also comply with the required notice procedure for ordinary shareholders set forth herein. Any resolutions relating to the foregoing matters must be adopted by two thirds (2/3) or more of the ordinary shareholders present at the meeting (including the holders of preference shares who have had their voting rights restored) as well as two thirds (2/3) or more of the holders of preference shares present at the meeting (excluding the holders of preference shares who have had their voting rights restored). Each preference share (excluding preference shares with restored voting rights) shall have one voting right, while each of the preference shares held by holders who had their voting rights restored shall possess voting rights calculated in accordance with conversion ratio determined at the issuance of such preference shares. However, the preference shares held by the Bank shall have no voting rights.

**Article 77** When the Bank fails to pay dividends on preference shares for a total of three financial years or for two consecutive financial years, holders of preference shares shall have the right to attend the shareholders' general meetings and jointly vote with ordinary shareholders, starting from the day following the date on which the shareholders' general meeting resolves to not distribute profits as agreed in profit distribution plan and until the dividends that shall be paid by the Bank when voting rights are restored as determined at the issuance of such preference shares are paid in full.

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

**Article 78** The shareholders' general meeting shall be the authoritative body of the Bank and has the following powers in accordance with the laws:

- (1) to decide on the business policies and investment plans of the Bank;
- (2) to elect, replace and dismiss directors and decide on matters concerning the remuneration of the relevant directors;
- (3) to elect, replace and dismiss external supervisors and supervisors representing shareholders, and decide on matters concerning the remuneration of the relevant supervisors;
- (4) to examine and approve the report of the Board of Directors;
- (5) to examine and approve the report of the Board of Supervisors;
- (6) to examine and approve the Bank's annual financial budgets and final accounts;
- (7) to examine and approve the Bank's profit distribution and loss appropriation plans;
- (8) to adopt resolutions concerning the increase or decrease of the Bank's registered capital;
- (9) to adopt resolutions regarding the issue and listing of corporate bonds and other securities;
- (10) to adopt resolutions on the merger, division, dissolution, liquidation or change of the corporate form of the Bank;
- (11) to adopt resolutions on the repurchase of ordinary shares of the Bank;
- (12) to amend the Articles of Association, to consider and adopt the Rules of Procedures of the Shareholders' General Meeting, the Rules of Procedures of the Board of Directors' and the Rules of Procedures of the Board of Supervisors;
- (13) to decide on the engagement, dismissal or discontinuance of appointment of an accounting firm of the Bank;
- (14) to examine and approve matters regarding purchase or disposal of major assets or the provision of guarantees which amount to more than 30% of the total assets of the Bank within one year;



- (15) to examine and approve or authorise the Board of Directors to review and approve matters regarding the Bank's establishment of important legal entities, major merger and acquisition, major external investments, major asset write-off, as well as major asset purchases, major asset disposals and provision of major external guarantees etc., other than those provided for under Item (14);
- (16) to examine and approve the matters concerning the change of use of proceeds;
- (17) to adopt resolutions on the stock incentive schemes of the Bank;
- (18) to examine and approve proposals raised by shareholders who individually or jointly hold 3% or more of the total voting shares of the Bank (the "**Proposing Shareholders**");
- (19) to examine the related party transactions which require approval by the shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules, relevant regulations of the securities regulatory authorities of the places where the Bank's shares are listed as well as the Articles of Association;
- (20) to determine or authorise the Board of Directors to determine the matters in relation to the issued preference shares of the Bank, including but not limited to whether to repurchase, convert or distribute the dividends of such preference shares; and
- (21) to examine other issues which should be decided by the shareholders' general meeting as stipulated by the laws, administrative regulations, departmental rules, relevant regulations of the securities regulatory authorities of the places where the Bank's shares are listed as well as the Articles of Association.

The above issues within the power of the shareholders' general meeting shall be examined and decided by the shareholders' general meetings and be delegated to the Board of Directors for making decision thereon provided that it is necessary, reasonable and legal.

**Article 79** The authorisation conferred by the shareholders' general meeting upon the Board of Directors shall be clear and specific. If the authorised matters should be adopted by the shareholders' general meeting by way of ordinary resolution according to the Articles of Association, such resolutions shall be approved by more than half of the voting rights of the shareholders who have voting rights (including the proxies of shareholders) attending the shareholders' general meeting. If the authorised matters should be adopted by the shareholders' general meeting by way of special resolutions according to the Articles of Association, such resolution shall be approved by two-thirds or more of the voting rights of the shareholders who have voting rights (including the proxies of shareholders) attending the shareholders' general meeting.

**Article 80** Unless the Bank is under special circumstances such as at crisis, without prior approval by a shareholders' general meeting or any party authorised by the shareholders' general meeting, the Bank shall not enter into any contract with any person other than the directors, supervisors and senior management members of the Bank, pursuant to which the management of all or any important business of the Bank will be entrusted to such person.

**Article 81** There are two types of shareholders' general meetings: annual general meetings and extraordinary general meetings.

**Article 82** The annual general meeting shall be held once a year within six months after the end of each financial year. If the meeting is deferred under special circumstances, the Bank shall report to the banking regulatory authority of the State Council in a timely manner and state the reason for deferring such meeting.

**Article 83** An extraordinary general meeting shall be convened within two months from the date of occurrence of any of the following events:

- (1) the number of directors is less than the quorum or the minimum number stipulated in the Articles of Association or is less than two-thirds of the members of Board of Directors as determined by the shareholders' general meeting;
- (2) the outstanding loss of the Bank reaches one-third of the Bank's total paid-in share capital;
- (3) shareholders who individually or jointly hold more than 10% of the voting shares of the Bank ("**Requesting Shareholders**") request to convene the meeting in writing; the shareholding of the Requesting Shareholders shall be calculated as of the date on which such shareholders request to convene the meeting in writing;
- (4) the Board of Directors deems it necessary to convene the meeting;
- (5) the Board of Supervisors proposes to convene the meeting; and
- (6) any other circumstances as stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

**Article 84** The Bank shall convene a shareholders' general meeting at its place of domicile or at any other place specified in the notice of a shareholders' general meeting.

**Article 85** When holding a shareholders' general meeting, the Bank shall engage lawyers to give legal opinion and make announcement on the following issues:

- (1) Whether the procedures for convening and holding a shareholders' general meeting is in compliance with the laws, administrative rules and the Articles of Association;
- (2) Whether the qualifications of the attendees and convener are legal and valid;
- (3) Whether the voting procedures and results of the shareholders' general meeting are legal and valid; and
- (4) Legal opinions on other relevant issues as requested by the Bank.

**Article 86** The shareholders' general meeting of the Bank shall maintain the minutes of meeting, which shall be prepared by the Secretary to the Board of Directors and shall include the following particulars:

- (1) date, venue, agenda and name of the convener of the meeting;
- (2) names of the chairman of the meeting and the director(s), supervisor(s), and senior management member(s) who attend or observe the meeting;
- (3) number of shareholders or their proxies present at the meeting, number of voting shares held by them and its proportion to the total number of voting shares of the Bank;
- (4) discussion, key points of speeches and voting result of each proposal;
- (5) enquiries, advice or suggestions of the shareholders and the corresponding answers or explanations;
- (6) names of the lawyer(s), vote counting officer(s) and scrutineer; and
- (7) any other contents required to be recorded in the meeting minutes as stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

The convener shall ensure the truthfulness, accuracy and completeness of the minutes. The chairman of the meeting, the directors, the Secretary to the Board of Directors, the convener or their representatives attending the meeting shall sign on the meeting minutes. The minutes shall be kept together with the signature book of shareholders attending the meeting, instruments of proxy as well as all valid materials in respect of voting through the Internet or other ways, as important files of the Bank in accordance with the Bank's archives management system.

**Article 87** The rules of procedure of a shareholders' general meeting shall be formulated by the Board of Directors and shall be implemented after consideration and adoption at a shareholders' general meeting.

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

**Article 88** A shareholders' general meeting shall normally be convened by the Board of Directors.

**Article 89** Not less than one-half of the independent directors (at least two independent directors) may jointly propose to the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall make a response in writing as to whether or not it agrees to convene such extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice convening such meeting shall be issued within five days from the date on which a resolution of the Board of Directors is passed. Unanimous approval of the independent directors, who propose to convene an extraordinary general meeting, shall be sought if the original proposal contained in the notice is changed. If the Board of Directors refuses to convene the extraordinary general meeting, it shall give an explanation and issue an announcement in accordance with relevant provisions.

**Article 90** The Board of Supervisors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall propose its motions to the Board of Directors in writing. The Board of Directors shall make a response in writing as to whether or not it agrees to convene such extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, administrative regulations, departmental rules and the Articles of Association. When all the external supervisors agree unanimously, they have the right to propose in writing that the Board of Supervisors should propose to the Board of Directors the convening of the extraordinary general meetings. The Board of Supervisors shall, after receiving the proposal, make a response to agree or disagree in writing.

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

If the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give its response within 10 days upon receipt of the proposal, the Board of Directors shall be deemed to be unable, or to have failed, to perform its duty to convene a shareholders' general meeting, and the Board of Supervisors may convene and preside over the shareholders' general meeting.

**Article 91** Requesting Shareholders shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall submit their proposals to the Board of Directors in writing. The Board of Directors shall make a response in writing as to whether or not it agrees to convene such extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within five days after the resolution of the Board of Directors is passed. Approval of Proposing Shareholders must be sought if the original proposal contained in the notice is changed.

If the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give its response within 10 days upon receipt of the proposal, the Requesting Shareholders shall have the right to propose to the Board of Supervisors to convene an extraordinary shareholders' general meeting and such proposal shall be proposed to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within five days upon receipt of the proposal. Approval of the Requesting Shareholders must be sought if the original proposal contained in the notice is changed.

If the Board of Supervisors fails to give the notice of such meeting within the prescribed period, it shall be deemed to have failed to convene and preside over the meeting and shareholders who individually or jointly hold 10% or more of the Bank's total number of voting shares for not less than 90 consecutive days (the "**Convening Shareholders**") shall be entitled to convene and preside over the meeting.

**Article 92** If the Board of Supervisors or Convening Shareholders propose to convene a shareholders' general meeting on their own, the Board of Directors shall be informed in writing and the relevant documents shall be filed with the local office of securities regulatory authority of the State Council and the stock exchanges located at the places where the Bank's shares are listed. Shareholding proportion of the Convening Shareholders prior to announcement of the resolution of the shareholders' general meeting shall not be less than 10% of the Bank's total number of voting shares.

The convener shall send the notice for the convening of an extraordinary general meeting in time. Unless otherwise approved by the majority of the Board of Directors, the scope and the content of proposals set forth in the notice shall not be amended. If new contents have to be added to the proposals, a separate proposal to convene an extraordinary general meeting shall be submitted to the Board of Directors in accordance with the aforesaid procedures.

**Article 93** Necessary costs arising out of a shareholders' general meetings convened by the Board of Supervisors or Convening Shareholders on their own shall be borne by the Bank and shall be deducted from the amount due from the Bank to directors who have not fulfilled their duties.

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

**Article 94** Proposals of shareholders' general meeting shall be in compliance with the laws, administrative regulations, department rules and the Articles of Association, shall be within the scope of power of the shareholders' general meeting, shall have definite topics for consideration and specific items for resolution. Proposals shall be submitted to the Board of Directors in writing.

**Article 95** Proposing Shareholders, the Board of Directors, the Board of Supervisors and more than half of the independent directors (at least two independent directors) shall be entitled to submit their proposals to a shareholders' general meeting of the Bank.

The Board of Directors shall review the proposals to the shareholders' general meeting. The Board of Directors shall provide explanation for its decision to exclude any proposal of any shareholder from the agenda at the relevant shareholders' general meeting.

Proposing Shareholders may submit provisional proposals to the Board of Directors in writing 10 days prior to the date of the general meeting. The Board of Directors shall issue a supplemental notice of the general meeting setting out the content of the provisional proposals within two days upon the receipt of the proposals.

Except in the circumstances provided in the above paragraph, the convener shall not amend any proposal set out in the notice of general meeting or add any new proposal subsequent to the publication of such notice.

Proposals which are not set out in the notice of shareholders' general meeting or the supplemental notice of the general meeting, or not in compliance with the above paragraph, shall not be put forward for voting as resolutions at a shareholders' general meeting.

**Article 96** When the Bank is to convene a shareholders' general meeting, a written notice shall be sent 45 days prior to the general meeting. Shareholders who intend to attend the shareholders' general meeting shall send a written reply of attendance to the Bank 20 days before the meeting is convened.

**Article 97** The Bank shall calculate the number of voting shares held by shareholders to be present at the meeting based upon the written replies received 20 days prior to the shareholders' general meeting. Where the total number of voting shares held by shareholders who intend to attend the meeting is less than half of the total voting shares of the Bank, the Bank shall inform the shareholders again within five days in the form of an announcement containing the matters to be considered and the venue, date and time of the meeting to be held. Once the announcement is made, the Bank may convene the shareholders' general meeting.

**Article 98** Notice of shareholders' general meeting shall meet the following requirements:

- (1) It is made in writing;
- (2) It shall indicate the venue, date and time of the meeting and determine the record date;
- (3) It shall state the matter and proposals to be considered at the meeting;
- (4) It shall contain a prominent statement stating that a shareholder entitled to attend and vote at the meeting is entitled to attend the meeting and is entitled to appoint one or more proxies to attend and vote on his/her behalf and such proxy needs not be a shareholder;
- (5) It shall contain all necessary information and explanations for the shareholders to make informed decision on the matters to be discussed, which shall include without limitation the terms of the proposed transaction in detail together with copies of the proposed agreement, if any, and the explanation of the reasons and effect of any proposal to merge, to repurchase shares, to reorganize the share capital or to restructure the Bank in any other way;
- (6) If any of the directors, supervisors and senior management has material interest in matters to be discussed, the nature and extent of such interest shall be disclosed; and if the impact of such matter to be discussed on such director, supervisor or senior management member as a shareholder is different from that on other shareholders of the same class, such difference shall also be disclosed;
- (7) It shall contain the full text of any proposed special resolution to be voted at the meeting;
- (8) It shall contain the time and address for lodging the proxy forms of the relevant meeting;
- (9) It shall state the record date for determining the eligibility of shareholders to attend the meeting;
- (10) It shall state the name and phone number of the contact person of the meeting; and
- (11) If shareholders' general meeting is held through the Internet or other channels, the designated time and procedure for voting online or otherwise shall be expressly stated in the notice of meeting.



**Article 99** Where the election of director and supervisor is proposed to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall fully disclose the details of the candidates for directors and supervisors respectively in accordance with the laws, administrative regulations and departmental rules.

Save for electing directors and supervisors by cumulative polling, the election of each director and supervisor shall be voted on a separate basis respectively.

**Article 100** Unless otherwise required by the Articles of Association, the notice of the shareholders' general meeting shall be delivered by hand or prepaid mail to all shareholders entitled to attend such meetings (regardless of their voting right at the shareholders' general meeting). The address of the recipients shall be the address registered in the register of shareholders. For holders of the domestic shares, the notice of a shareholders' general meeting may be in form of announcement.

The aforesaid announcement shall be published in one or more newspapers designated by the securities regulatory authorities of the places where the Bank's shares are listed 45 to 50 days prior to the meeting. All holders of domestic shares shall be deemed as having received the notice of shareholders' general meeting upon the publication of the announcement.

## **Section 5 Holding of Shareholders' General Meeting**

**Article 101** Shareholders' general meetings may be convened in form of physical or non-physical meetings.

**Article 102** The Board of Directors or other conveners may take necessary measures to maintain the order of the shareholders' general meeting. Behaviours that disrupt a shareholders' general meeting, make trouble and violate the legitimate rights and interests of shareholders shall be stopped and reported promptly to relevant authorities for investigation.

**Article 103** All registered shareholders who have voting rights (including their proxies) whose names appear on the register of shareholders as at the record date are entitled to attend a shareholders' general meeting and exercise their voting rights in accordance with the applicable laws, administrative rules and the Articles of Association.

A shareholder entitled to attend and vote at the meeting is entitled to attend the meeting in person or by appointing one or more proxies to attend and vote on his behalf thereat and such proxy needs not be a shareholder.

If the shareholder is an authorised clearing house or its agent, such shareholder is entitled to appoint one or more persons as it deems appropriate as its proxy to attend and vote at the meeting or as his representative at any class shareholders' meeting. If two or more persons are appointed as proxies, the proxy form shall state clearly the number of shares and the class of shares represented by each of the proxies. The proxies so appointed may represent the authorised clearing house or its agent to exercise its rights as if such person is a natural person shareholder of the Bank.

**Article 104** The format of any blank proxy form issued by the Board of Directors to the shareholders for the appointment of proxies shall give a shareholder free choice to instruct his proxy to cast an affirmative, negative or abstain vote, and to give separate instructions for each resolution to be voted on at the meeting. The proxy form shall state that the proxy may vote at his discretion if the shareholder does not give any instruction.

**Article 105** Shareholders shall appoint their proxies in writing. The appointer or his authorised representative who has been authorised in writing shall sign the proxy form. If the appointer is a legal person, the document shall be affixed with a legal person's seal or signed by its legal representative or director or an agent duly authorised in writing.

If the proxy form is signed by a person authorised by the appointer, the proxy form or other authorization document shall be notarized.

**Article 106** Proxy form used by shareholders to appoint others to attend the shareholders' general meeting shall contain the following contents:

- (1) name of the proxy;
- (2) the number and class of shares represented by the proxy;
- (3) whether or not having the right to vote;
- (4) instruction of voting for or against, or abstaining from voting on, each of the resolutions on the agenda of the shareholders' general meeting;
- (5) date of issue and term of validity;
- (6) signature (or seal) of the appointer or its agent duly authorised in writing; if the appointer is a legal person, the document shall be affixed with the legal person's seal or signed by its legal representative or director or duly authorised representative in writing; and
- (7) a statement stating whether the proxy may vote at his discretion if no specific instruction has been given by the shareholder; if the said statement is not specified in the proxy form, the proxy is deemed to be entitled to vote at his discretion for any resolution lack of specific instruction by the shareholder, and the shareholder shall assume the corresponding responsibility for such vote.

**Article 107** The proxy form for voting shall be placed at the place of domicile of the Bank, or at any other place designated in the notice of meeting, at least 24 hours prior to the convening of the meeting in which the relevant resolutions are to be voted on, or 24 hours prior to the designated voting time. The proxy form or other authorisation document shall be notarized and placed together with the proxy form authorising the proxy to vote at the place of domicile of the Bank or other place designated in the notice of meeting.

**Article 108** A proxy acting for a shareholder may exercise the following powers at a shareholders' general meeting as entrusted by such shareholder:

- (1) right of audience; and
- (2) right to vote.

**Article 109** If the appointer has passed away, lost his ability to act, withdrawn the appointment, withdrawn the authorisation of the signed proxy form, or transferred all his shares, the vote cast by the proxy in accordance with the proxy form shall remain valid so long as the Bank has not received any written notice regarding such matters before the commencement of the relevant meeting.

**Article 110** The attendance records of the meeting shall be prepared by the Bank. The records shall contain the names (or corporate name), the identity card numbers and the residential addresses of the participants and number and class of voting shares held or represented by such participants, and the names (or corporate name) of appointers.

**Article 111** The convener and the lawyer appointed by the Bank shall verify the legitimacy of shareholders' qualification based on the register of shareholders provided by the securities registration and clearing authority and shall register the names (or corporate names) of shareholders as well as the number of voting shares held by them.

**Article 112** The chairman of the meeting shall announce, prior to voting, the number of shareholders and proxies attending the meeting at the scene as well as the total number of voting shares represented by them, which shall be subject to the numbers recorded during the course of the registration for meeting.

The registration for meeting shall be terminated before the chairman of the meeting declares the number of shareholders and proxies attending the meeting as well as the total number of voting shares held by them.

**Article 113** Where a shareholders' general meeting is convened by the Board of Directors, it shall be chaired and presided over by the Chairman of the Board of Directors, or the Vice Chairman of the Board of Directors if the Chairman of the Board of Directors is unable or fails to perform his duties, or the director elected by not less than half of the directors if both the Chairman and Vice Chairman of the Board of Directors are unable or fail to perform their duties.

A shareholders' general meeting convened by the Board of Supervisors shall be chaired and presided over by the Chairman of the Board of Supervisors, or the supervisor elected by not less than half of the supervisors if the Chairman of the Board of Supervisors is unable or fails to perform his duties.

A shareholders' general meeting convened by the Convening Shareholders shall be chaired and presided over by a representative proposed by the Convening Shareholders, or by the attending shareholder (including his proxy) who holds the largest proportion of voting right if the Convening Shareholders are unable or fail to propose a representative.

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

**Article 114** The resolutions of shareholders' general meeting shall be classified as ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed and adopted by a simple majority of voting rights held by shareholders who have voting rights (including their proxies) attending the meeting.

Special resolutions shall be passed and adopted by not less than two-thirds of voting rights held by shareholders who have voting rights (including their proxies) attending the meeting.

**Article 115** The following matters shall be adopted as special resolutions at a shareholders' general meeting:

- (1) increase or decrease of the registered capital of the Bank;
- (2) issue and listing of corporate bonds or other securities of the Bank;
- (3) merger, division, dissolution, liquidation or change of the corporate form of the Bank;
- (4) repurchase of ordinary shares by the Bank;
- (5) amendment to the Articles of Association;
- (6) share incentive schemes;
- (7) review and approval of matters regarding purchase or disposal of major assets or the provision of guarantees which amount to more than 30% of the total assets of the Bank within one year;
- (8) review and approval of or authorizing the Board of Directors to review and approve matters regarding the Bank's establishment of important legal entities, major acquisition and merger, major investments, major asset write-off, as well as major asset acquisitions and disposals and major external guarantees etc., other than those provided for under Item (7);
- (9) modification of profit distribution policy;
- (10) to determine or authorise the Board of Directors to determine the matters in respect of the issued preference shares of the Bank, including but not limited to whether to repurchase, convert or distribute dividend of such preference shares;
- (11) other matters which have been approved by ordinary resolutions of shareholders' general meeting as having significant impact on the Bank and requiring adoption by way of special resolution; and
- (12) other matters which shall be adopted by way of special resolutions as required by the laws, administrative regulations, departmental rules and the Articles of Association.

Save for matters described above requiring approval by way of special resolutions, other matters requiring approval by the shareholders' general meeting shall be adopted as ordinary resolutions.

**Article 116** Except for proposals relating to procedural or administrative matters of the shareholders' general meeting and, where resolutions may be decided on by a show of hands in accordance with the decision of the chairman of the meeting, all other matters shall be decided on by open ballot.

Where the profit distribution policy is modified, the Bank shall provide eligible online voting method, if the securities regulatory authorities at the places where the Bank's shares are listed so require.

**Article 117** On a poll taken at a meeting, a shareholder or a proxy who is entitled to have two or more votes need not cast his votes all for or all against a resolution, or cast all his votes as abstention votes.

**Article 118** When voting at the shareholders' general meeting, the shareholders (including their proxies) shall exercise their voting rights according to the number of voting shares, with each ordinary share representing one vote, while provision of Article 76 herein shall apply in relation to preference shares.

Where material issues affecting the interests of small-and-medium investors are being considered at the shareholders' general meeting, the votes by small-and-medium investors shall be counted separately. The separate counting results shall be publicly disclosed in a timely manner.

The shares held by the Bank shall bear no voting right, and such shares shall not be included in the total number of voting shares of shareholders present at the meeting.

**Article 119** Shareholders attending a shareholders' general meeting shall give their opinions on every resolution put forward at the meeting for resolution in the form of any one of the following: "for", "against" or "abstention".

Any voter with a vote that is not filled in, incorrectly filled in or in unrecognisable writing or not cast shall be deemed as having waived the voting right and the corresponding voting shall be counted as "abstention".

**Article 120** Related shareholders shall abstain from voting when matters concerning related party transactions are considered at a shareholders' general meeting. In respect of the voting of matters concerning a related party transaction, the voting shares represented by the related shareholders shall be excluded from the total number of voting shares of shareholders present at the shareholders' general meeting. The announcement of the resolutions of the shareholders' general meeting shall disclose the voting results of non-related shareholders in full details.

Where any shareholder who is required to abstain from voting on any particular resolution or is restricted to vote only for or against any particular resolution according to the *Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited* or based on any agreement which has been published or entrusted to the Bank to assist in its performance, any vote cast by such shareholder or his proxy in contravention of such requirements or restrictions shall not be counted in the poll results.

**Article 121** The nomination of directors and supervisors shall be proposed to the shareholders' general meeting for voting by resolutions.

Voting for the election of directors and supervisors may be carried out by cumulative polling according to the provisions of the Articles of Association or the resolution of a shareholder's general meeting.

**Article 122** Except for cumulative polling, each of the proposals of the shareholders' general meeting shall be voted in sequence. Except in the event of force majeure or other special reason resulting in the adjournment of the shareholders' general meeting or the failure to conduct voting on the proposals, any proposal in the shareholders' general meeting shall not be set aside or skipped.

**Article 123** The closing time of a physical shareholders' general meeting shall not be earlier than that of a meeting held via the Internet or through other channels. The chairman of the meeting shall announce whether the proposal is passed according to the voting result at the conclusion of the meeting.

Prior to the formal public announcement of the voting results, any entity and staff who are informed with the voting results shall have the obligation to keep the voting results confidential.

**Article 124** If the chairman of the meeting has any doubt as to the voting result of any resolution being put forward, he may have the votes counted. If the chairman does not count the votes, any shareholder who is present at the meeting in person or by proxy and disputes the result announced by the chairman may request to have the votes counted immediately after the announcement of result, and the chairman shall have the votes counted immediately.

At any shareholders' general meeting, if the votes are counted, the counting result shall be recorded in the minutes of the meeting.

**Article 125** Resolutions in shareholders' general meeting shall be in form of writing.

**Article 126** Public announcement of the voting results of a shareholders' general meeting shall be issued in a timely manner. The public announcement shall contain the number of the holders of each class of shares and proxies attending the meeting, the total number of voting shares held by them and its proportion to the total number of voting shares of the Bank, the form of voting, the voting result of each resolution and the content of each adopted resolution.

**Article 127** The Board of Directors of the Bank shall implement plans of profit distribution or increase of share capital by capitalization of capital reserve as soon as possible within two months after the conclusion of shareholders' general meeting on which relevant resolution has been adopted.

## **CHAPTER VIII SPECIAL PROVISIONS ON VOTING OF CLASS SHAREHOLDERS**

**Article 128** Shareholders who hold different classes of shares shall be class shareholders. Class shareholders shall have rights and obligations in accordance with the laws, administrative regulations and the Articles of Association.

Except for the holders of other classes of shares, the holders of the domestic shares and holders of overseas-listed foreign investment shares shall be treated as holders of different classes of shares.

Shares of the Bank under the possession of the promoters and any other shares of the Bank already issued prior to the initial public offering shall be the domestic shares. After the initial overseas offering and listing of the Bank, and upon the approval of the State Council, the securities regulatory authority of the State Council or the securities approval authority authorised by the State Council, such shares may be converted into overseas-listed shares and the conversion thereof shall not be subject to the approval of other shareholders.



**Article 129** If the Bank proposes to change or abrogate the rights of class shareholders, it may do so only after such change or abrogation has been approved by special resolution in a shareholders' general meeting and by the affected class shareholders at shareholders' meetings respectively convened in accordance with Articles 131 to 135 of the Articles of Association.

**Article 130** In the following circumstances, the rights of a certain class of shareholders shall be deemed to be changed or abrogated:

- (1) increase or decrease in the number of shares of such class, or increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of shares of that class;
- (2) conversion of all or part of the shares of such class into shares of another class, or conversion of all or part of the shares of another class into shares of such class, or the granting of the right of such conversion;
- (3) cancellation or reduction of the rights to receive dividends payable or accrued in respect of the shares of such class;
- (4) reduction or cancellation of the priority of such class in dividend distribution or property distribution upon liquidation of the Bank;
- (5) increase, cancellation or reduction of the conversion rights, options, voting rights, transfer rights or preemptive rights, or rights to acquire securities of the Bank attached to shares of such class;
- (6) cancellation or reduction of the rights to receive payment by the Bank in a particular currency attached to shares of that class;
- (7) creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) imposition or increase of restrictions on the transfer or ownership of shares of such class;
- (9) offer of a right to subscribe for or convert into such class or another class of shares;
- (10) increase in the rights or privileges of shares of another class;
- (11) capital restructuring of the Bank causing shareholders of different classes to assume disproportional liability; and
- (12) amendment or cancellation of the provisions of this Chapter.

**Article 131** Class shareholders affected, whether or not originally entitled to vote at the shareholders' general meetings, shall be entitled to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of the preceding Article, except for the interested shareholders.

For the purposes of the preceding paragraph, the term “interested shareholders” shall have the following meanings:

- (1) if the Bank has made a repurchase offer to all shareholders in the same proportion or has repurchased its own shares through open transactions on a stock exchange in accordance with Article 29 of the Articles of Association, the controlling shareholders as defined in the supplementary provisions of the Articles of Association shall be the “interested shareholders”;
- (2) if the Bank has repurchased its own shares under an off-market agreement in accordance with Article 29 of the Articles of Association, shareholders who are connected with such agreement shall be the “interested shareholders”; and
- (3) under a restructuring proposal of the Bank, shareholders who will assume responsibility for a proportion lower than that assumed by other shareholders of the same class, or shareholders who have an interest in a restructuring proposal of the Bank that is different from that of other shareholders of the same class, shall be the “interested shareholders”.

**Article 132** A resolution of class shareholders’ meeting shall be adopted by not less than two-thirds of all voting shares held by the shareholders present at the meeting of shareholders in accordance with the preceding Article.

**Article 133** When convening a class shareholders’ meeting, the Bank shall issue a written notice to all class shareholders whose names appear on the register of shareholders 45 days before the class shareholders’ meeting is convened, and notify them of the matters to be considered at such meeting and the date and place of the meeting. Shareholders who intend to attend the meeting shall deliver a written reply to the Bank 20 days before the meeting is convened.

If the number of shares carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting is at least one-half of the total number of shares of that class carrying the right to vote at the meeting, the Bank may convene a class shareholders’ meeting; or failing which the Bank shall once again inform the shareholders within five days in the form of an announcement containing the matters to be considered and the venue, date and time of the meeting to be held. Once the announcement is made, the Bank may convene the class shareholders’ general meeting.

**Article 134** The notice of the class shareholders’ general meeting shall be sent only to the shareholders entitled to vote at the meeting.

Unless otherwise required by the Articles of Association, the class shareholders’ general meeting shall be held in accordance with the same procedures as those of the shareholders’ general meeting as far as possible, and the provisions hereof relating to the procedures for holding the relevant shareholders’ general meetings shall apply to class shareholders’ general meetings.

**Article 135** The specific procedures of voting by class shareholders shall not apply to the following circumstances:

- (1) the issuance by the Bank, separately or simultaneously, every 12 months, of domestic shares and/or overseas-listed shares provided that the amount of each class of shares shall not exceed 20% of the total number of such class of shares in issue, as approved by a special resolution of a general meeting of shareholders;

- (2) the plan on issuing domestic shares and overseas-listed shares, adopted upon the incorporation of the Bank and to be completed within 15 months from the date of approval from the securities regulatory authority of the State Council; and
- (3) the promoters' shares in the Bank are converted into overseas-listed shares with approval of the State Council, securities regulatory authority of the State Council or securities approval authority authorised by the State Council.

## **CHAPTER IX DIRECTORS AND BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 136** Directors shall be natural persons and shall not be required to hold shares of the Bank. The directors of the Bank include executive directors and non-executive directors. Executive directors refer to those who serve as senior management members and take on other managerial positions in the Bank. Non-executive directors refer to those who neither serve as senior management members nor take on other managerial positions in the Bank. Non-executive directors include independent directors. Independent directors shall be persons who comply with Article 145 of the Articles of Association. The qualifications for an eligible non-executive director (other than an independent director) shall be referred to items (2) to (7) of Article 146 of the Articles of Association.

**Article 137** A director shall be elected, replaced or removed by a shareholder's general meeting. A director shall serve a term of three years commencing from the date on which such director is approved by the banking regulatory authority of the State Council, and may serve consecutive terms if so re-elected. The re-elected term of office shall be commenced from the date on which the re-election is approved upon consideration at a shareholders' general meeting.

**Article 138** The nomination method and procedure relating to directors (other than independent directors) shall be as below:

- (1) Director's candidates may be nominated by way of a proposal which attaches with the general information, resume and other written materials related thereto by the Board of Directors or a shareholder who individually or jointly holds more than 3% or more of the total voting shares of the Bank;
- (2) The Nomination and Remuneration Committee of the Board of Directors shall conduct preliminary review on the qualifications and eligibility of the candidates for directors, and the names of qualified candidates shall be submitted to the Board of Directors for deliberation. After deliberation and approval by the Board of Directors, written proposals regarding the candidates for directors shall be submitted to the shareholders' general meeting;
- (3) A director's candidate shall, prior to the convening of the shareholders' general meeting, make written undertakings that he agrees to accept the nomination, undertakes that the information as publicly disclosed is true and complete, and warrants that he will effectively perform his duties and functions as a director after he is elected;
- (4) a nominator shall submit his proposal of nominating a director's candidate and the written undertakings given by such candidate on his willingness to accept the nomination to the Bank 10 days prior to the convening of a shareholders' general meeting;

- (5) The Board of Directors shall disclose to shareholders, in accordance with the laws, regulations and the Articles of Association of the Bank, detailed information of the candidates for directors before the shareholders' general meeting is convened, so that the shareholders can have sufficient understanding of the candidates before voting;
- (6) Each candidate for director shall be voted for on a separate basis at the shareholders' general meeting; and
- (7) If it is necessary to fill a vacant position for a director temporarily, the Nomination and Remuneration Committee of the Board of Directors or shareholders eligible to make nominations shall submit proposals to the Board of Directors for deliberation, and the position shall be elected or replaced at the shareholders' general meeting.

**Article 139** A director shall have the right to have access to all operational and financial information of the Bank and to supervise the performance of other directors and senior management members.

The Bank shall take measures to protect the directors' right to know, and ensure the truthfulness and completeness of the information provided. The Bank shall also safeguard the directors' right to attend meetings of the Board of Directors and provide directors with necessary support for the performance of their duties.

The relevant personnel of the Bank shall actively cooperate with the directors in performing their duties and shall not reject, obstruct or conceal such cooperation or interfere with the exercise of powers by such director.

Directors shall exercise their powers to the extent as permitted by the laws, administrative regulations, departmental rules and the Articles of Association and shall not act in an ultra vires manner by interfering with the management and operation activities of senior management out of their scope of powers in violation of the rules of procedure and decision-making procedure of the Bank.

**Article 140** A director shall work in the Bank for not less than 15 working days each year. A director who is the responsible person(s) of the Audit and Compliance Committee, Risk Management Committee and the Related Party Transactions Management Committee shall work in the Bank for no less than 25 working days each year.

A director shall attend not less than two-thirds of the meetings of the Board of Director in person each year.

A director who does not attend for two consecutive meetings in person without justification and does not appoint another director as his proxy to attend the meeting, or attends less than two-thirds of meetings of the Board of Director in person within a year, shall be deemed to be unable to perform his duties. The Board of Directors shall propose his dismissal to the shareholders' general meeting.

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

**Article 141** Prior to the expiration of the term of office of a director, he shall not be removed without cause at a shareholders' general meeting, provided, however, that subject to the relevant laws and administrative regulations, a director whose term of office has not been expired may be removed by an ordinary resolution, but any claim which may be instituted under any contract shall not be affected thereby.

**Article 142** A director may resign prior to the expiration of his term of office. In the event of resignation, a director shall submit a resignation report in writing to the Board of Directors. The Board of Directors shall disclose the relevant information within two days.

If the number of directors falls below the minimum number of directors as provided for in the Articles of Association due to the resignation of a director or re-election is not conducted promptly upon expiration of the term of office of a director, before a new director is elected to take up the office, the existing director shall continue to perform the duties owed by a director. The resignation report of such director shall become effective only after a new director is elected to fill the vacancy of directorship caused by such resignation.

Except for the circumstances as set out in the preceding paragraph, the resignation of a director shall take effect from the time when the resignation report is served on the Board of Directors.

**Article 143** If the resignation of a director becomes effective or his term of office expires, such director shall complete all handover formalities with the Board of Directors.

**Article 144** Without the legal authorisation granted under the Articles of Association or conferred by a shareholders' general meeting or Board of Directors, no director may act in his own name for the Bank or the Board of Directors. When a director acts in his own name, such director shall declare in advance his own position and identity in the event that a third party reasonably thinks that such director acts for the Bank or the Board of Directors.

## **Section 2 Independent Directors**

**Article 145** The Bank shall have independent directors. Independent directors refer to directors who do not take up any position in the Bank other than serving as directors and do not have any connection with the Bank and its substantial shareholders that is likely to affect their independent and objective judgment. Among the independent directors of the Bank, one or two of them shall be experts of the urban and rural economy and financial markets.

Except as otherwise provided for in this section, the provisions on directors in the Articles of Association shall apply to independent directors.

**Article 146** An independent director shall attain high professional level and have good reputation and shall meet the following criteria at the same time:

- (1) having the independence as provided for in the laws, administrative regulations, departmental rules and the Articles of Association, being capable to fulfil his duties independently and not being affected by the Bank's substantial shareholder, de facto controller or any other unit or individual who or which have a material interest in the Bank;
- (2) being qualified to serve as a director of a listed commercial bank pursuant to the laws, administrative regulations and departmental rules;

- (3) having a bachelor's degree or above, or a higher title of the relevant profession;
- (4) having the basic knowledge in respect of the operation of a listed company and a thorough understanding towards the relevant laws and regulations;
- (5) having at least eight years of working experience in the practice of law, economy, finance or any other experiences conducive for discharging the duties owed by an independent director;
- (6) being familiar with the operation and management of commercial banks and being able to read, understand and analyse the credit statistical and financial statements prepared for a commercial bank; and
- (7) being ensured to have sufficient time and energy to effectively perform the duties and undertaking to duly perform the duty of good faith and diligence.

**Article 147** In addition to persons who are prohibited from serving as directors of the Bank, the following persons also may not serve as independent directors of the Bank:

- (1) a shareholder who has held, directly or indirectly, 1% or more of the total number of voting shares of the Bank during the most recent year, or a person who is employed by such shareholder as well as the close relatives of the said persons;
- (2) a person who has held a position in the Bank or in an enterprise in or over which the Bank holds a controlling interests or has de facto control power (excluding acting as an independent director) three years before taking up the office, together with his close relatives and major social relationship;
- (3) a person who holds a position in an entity which has a connection in legal, accounting, audit, management consultation and other businesses with, or has an interest in, the Bank, together with the close relatives of such person;
- (4) any other person who may be controlled or materially influenced by the Bank by all means, together with the close relatives of such person;
- (5) a relevant staff member from the government authority; and
- (6) any other person who is not allowed to serve as an independent director as required by the banking regulatory authority of the State Council, the securities regulatory authorities and any other relevant regulatory authority located at the place where the Bank's shares are listed.

The term "close relatives" mean spouses, parents, grand-parents and siblings. Major social relationship means the parents of the spouses, spouses of the children, spouses of the siblings and siblings of the spouses.

**Article 148** Independent directors shall be nominated by the Board of Directors, the Board of Supervisors or shareholders who individually or jointly hold 1% or more of the total number of voting shares of the Bank and shall be elected at a shareholders' general meeting.

Independent directors shall serve a term of office of three years and may serve consecutive terms if so re-elected after his term of office is expired, provided that such term of office shall not be more than six years on an accumulative basis.

An independent director shall not hold concurrent posts in more than two commercial banks.



**Article 149** An independent director may resign before the expiration of his term of office. Prior to the approval of his resignation by the Board of Directors, an independent director shall continue to perform his duties.

An independent director who intends to resign shall submit a written resignation report to the Board of Directors and shall submit a written statement at the most recent shareholders' general meeting stating any circumstances related to his resignation or those which he considers to be necessary to draw the attention of the shareholders and creditors.

If the resignation of an independent director results in the number of independent directors in the Board of Directors to fall below the minimum requirement as stipulated in the laws, administrative regulations, department rules and other normative documents and the Articles of Association, the resignation of such independent director shall take effect only after an independent directors is appointed to fill the resultant vacancy.

**Article 150** Except for such functions and powers as conferred upon a director under the Company Law and other relevant laws, administrative regulations, departmental rules and the Articles of Association, an independent director shall also have the following functions and powers:

- (1) approving material related party transactions before being submitted to the Board of Directors for discussion, and, prior to making any judgment, engaging an intermediary to issue a report of independent financial adviser which should form the basis for making his judgment;
- (2) proposing to the Board of Directors to convene an extraordinary general meeting of shareholders;
- (3) proposing to convene an extraordinary meeting of the Board of Directors;
- (4) engaging any external auditor and consulting institution on an independent basis;
- (5) proposing to the Board of Directors to appoint or dismiss an accounting firm;
- (6) soliciting votes from shareholders before a shareholders' general meeting is convened; and
- (7) exercising any other functions and powers as stipulated in the laws, administrative regulations, department rules and the Articles of Association.

Independent directors shall obtain the consent of no less than one-half of all (at least two) independent directors before exercising the said functions and powers. If any of the above proposals is not adopted or the above functions and powers cannot be exercised in a normal manner, the Bank shall disclose the relevant circumstances.

The reasonable costs incurred by an independent director due to the engagement of an intermediary or professional as well as the reasonable costs required by such director for performing his duties shall be borne by the Bank.

**Article 151** Independent directors shall provide objective, fair and independent opinions on the matters discussed at shareholder's general meetings and board meetings, in particular the following matters:

- (1) material related party transactions;
- (2) profit distribution plans and modification of profit distribution policy;
- (3) nomination, appointment and removal of directors;
- (4) appointment and removal of senior management;
- (5) remuneration of directors and senior management;
- (6) engagement of external auditors;
- (7) matters that may jeopardize the interests of depositors and minority shareholders in the opinion of independent directors;
- (8) matters that may cause significant losses of the Bank in the opinion of independent directors;
- (9) the impact of issuance of preference shares on the interest of holders of each class of shares of the bank; and
- (10) any other matters as required by the laws, administrative regulations, departmental rules and the Articles of Association.

Independent directors who are experts of the urban and rural economy and financial markets shall express their opinions regarding the County Area Banking Business of the Bank.

**Article 152** An independent director shall work in the Bank at least 15 working days each year.

An independent director may appoint another independent director to act as his proxy to attend a Board of Directors' meeting, provided that he shall personally attend not less than two-thirds of the total number of the Board of Directors' meetings every year.

**Article 153** An independent director shall be deemed to have committed gross neglect of duty under any of the following circumstances:

- (1) he has disclosed the trade secret and impaired the legal interest of the Bank;
- (2) he has accepted undue benefit during the course of performing his duties, or has sought private interests by taking advantage of his status of acting as an independent director;
- (3) he has failed to raise an objection despite being fully aware that the resolution of the Board of Directors violated the laws, administrative regulations or the Articles of Association;
- (4) he has failed to exercise his veto power in connection with a connected transaction which caused heavy loss to the Bank; and

- (5) he has engaged in any other gross neglect of duty within the meaning of the laws, administrative regulations, department rules or as prescribed by the banking regulatory authority of the State Council.

If an independent director is disqualified by the banking regulatory authority of the State Council on the ground that he has committed the gross neglect of duty, he shall be automatically removed from his duty since the date of disqualification.

**Article 154** The Board of Directors and the Board of Supervisors shall have the right to propose the dismissal of an independent director at a shareholders' general meeting if such director:

- (1) has committed gross neglect of duty;
- (2) does not resign from his position when he is no longer qualified to act as an independent director;
- (3) fails to attend in person three consecutive board meetings, fails to attend in person or to appoint another independent director to attend on his behalf two consecutive board meetings, or attends in person less than two-thirds of the total number of the board meetings within one year; or
- (4) falls under other circumstances as provided for in the laws, administrative regulations and departmental rules that an independent director is no longer suitable for holding such a position.

If a dismissed independent director is of the opinion that the reason relating to his dismissal by the Bank is not justifiable, he may make a public declaration.

**Article 155** If the Board of Directors or the Board of Supervisors proposes the dismissal of an independent director at a shareholders' general meeting, it shall send a written notice to the independent director concerned one month prior to the convening of the shareholders' general meeting. The independent director shall have the right to give his representations orally or in writing before voting, and shall have the right to submit his representations to the banking regulatory authority of the State Council five days prior to convening of the shareholders' general meeting. Shareholders shall vote at the general meeting after considering the representations of the independent director.

The proposal submitted by the Board of Supervisors in connection with the dismissal of an independent director shall only be submitted to a shareholders' general meeting for consideration after such proposal has been adopted by two-thirds or more of the total number of supervisors.

**Article 156** The Bank shall pay remuneration and allowance to independent directors. The standard for such payment shall be set by the Board of Directors, considered and adopted at a shareholders' general meeting, and disclosed in the annual report of the Bank.

Except for the above remuneration and allowance, an independent director shall not obtain any other extra and undisclosed benefit from the Bank or any of its substantial shareholder, de facto controller or any other entity or individual which or whom has an interest in the Bank.

### Section 3 Board of Directors

**Article 157** The Bank shall have a Board of Directors which shall be accountable to the shareholders' general meeting. The Board of Directors shall be composed of 7 to 17 directors. The specific number of the Board of Directors shall be determined by the shareholders' general meeting, in which the number of independent directors shall not be less than three and the number of executive directors shall not exceed one-third of the total number of directors.

**Article 158** The Board of Directors shall have one Chairman and may have one Vice Chairman to assist the Chairman in performing his duties. The Chairman and Vice Chairman shall be served by directors and shall be elected or dismissed by a simple majority of all directors. The Chairman and Vice Chairman shall serve a term of three years and may serve consecutive terms if so re-elected after his term of office is expired.

The Chairman of the Board of Directors and the President of the Bank shall be served by different persons. The legal representative or key responsible person of a controlling shareholder of the Bank shall not concurrently serve as the Chairman of the Bank.

**Article 159** The Board of Directors shall have its office which shall be responsible for the preparation of shareholders' general meetings, Board of Director's meetings and meetings of the committees of the Board of Directors, the preparation of meeting documents and minutes, assisting the Board of Directors to perfect the corporate governance and ensuring that the Bank operates in compliance with the relevant provisions, better handles the information disclosure, investor relationship management and other day-to-day affairs of the Board of Directors and board committees.

**Article 160** The Board of Directors shall perform the following duties:

- (1) to convene shareholders' general meetings and to report to the shareholders' general meeting;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on development strategies of the Bank (including the development strategy of the County Area Banking Business and green credit strategy);
- (4) to decide on the business plans and investment plans;
- (5) to formulate the annual financial budgets and final accounts of the Bank;
- (6) to formulate the proposals on profit distribution and the proposals on loss appropriation of the Bank;
- (7) to formulate the proposals on the increase or reduction of registered capital and financial restructuring;
- (8) to formulate the capital replenishment plans of the Bank including, among others, the issue and listing of corporate bonds and other securities;
- (9) to formulate proposal on the merger, division, dissolution or change of the corporate form of the Bank;

- (10) to formulate proposal on the ordinary share repurchase;
- (11) to establish and supervise the implementation of the basic management system and policies of the Bank;
- (12) to establish and improve basic management systems for risk management and internal control; to consider and approve the general risk management report and the plan on allocation of risk-based capital; and to evaluate the effectiveness of the risk management of the Bank, so as to improve the risk management work of the Bank;
- (13) to formulate amendments to the Articles of Association, the rules of procedures for a shareholders' general meeting and the rules of procedures for the Board of Directors and to establish the relevant corporate governance system;
- (14) to review and approve the terms of reference proposed by the President;
- (15) to review and approve, within the scope of authorisation by the shareholders' general meeting, matters including the establishment of important legal entities, major acquisitions and mergers, major external investments, major asset purchases, material asset disposals and major asset write-off and major external guarantees;
- (16) to appoint or dismiss the President and the Secretary to the Board of Directors;
- (17) to appoint and dismiss the Vice President and other senior management members (excluding the Secretary to the Board of Directors) nominated by the President;
- (18) to elect the Chairman and members of the Nomination and Remuneration Committee nominated by shareholders, the Chairman of the Board of Directors, one-third or more of the directors or one-half or more (at least two) of the independent directors; to elect the chairmen and members of other board committees (other than the Chairman of the Strategic Planning Committee) nominated by the Nomination and Remuneration Committee;
- (19) to formulate the remuneration packages for directors and to submit the same to the shareholders' general meeting for approval;
- (20) to decide on matters relating the remuneration, performance appraisals and awards and punishment of the senior management members of the Bank;
- (21) to decide on or grant authority to the President for deciding on the setup of the internal functional departments of the Bank, and the establishment of first-tier branches, branches directly under the head office and other institutions directly under the head office and overseas institutions of the Bank;
- (22) to assess and improve the corporate governance of the Bank;
- (23) to formulate share incentive plan;
- (24) to manage the affairs relating to the information disclosure of the Bank;
- (25) to propose to the shareholders' general meeting the engagement, dismissal or discontinuance of the engagement of an accounting firm;

- (26) to review and approve or grant authority to the Related Party Transactions Management Committee of the Board of Directors for approving related party transactions; and to make special reports to the shareholders' general meeting on the implementation of the administrative system of related party transactions and on the status of related party transactions;
- (27) to review and approve the resolutions submitted by any special committees of the Board of Directors;
- (28) to review the work reports of the senior management to ensure that all directors are timely and fully informed of relevant information for the performance of their duties, and to review the performance of the senior management to ensure the proper performance of their duties;
- (29) to determine the matters related to the issued preference shares of the Bank, including but not limited to whether to repurchase, convert or distribute dividend of the preference shares, to the extent of authorization by the shareholders' general meeting; and
- (30) to perform other duties as required by applicable laws, administrative regulations, departmental rules and the Articles of Association or authorised by the shareholders' general meeting.

**Article 161** The opinions of the Party Committee shall be heard before the Board of Directors decides on material issues of the Bank.

**Article 162** The powers of the Board of Directors to establish legal entities and to deal with merger and acquisition, investment, disposal and write-off of assets, provision of guarantees to third parties and related party transactions shall be approved by the shareholders' general meeting. The Board of Directors shall establish strict examination and approval procedures for the exercise of the powers. Advice of experts and professionals shall be sought for major investment. Particulars of major investment shall be submitted to the shareholders' general meeting for approval in accordance with the Articles of Association and relevant corporate governance rules of the Bank, if necessary.

**Article 163** If the estimated value of the fixed assets to be disposed of and the total value of the fixed assets disposed of within four months before such disposal in aggregate exceed 33% of the fixed assets value as shown on the latest balance sheet reviewed by the shareholders' general meeting, the Board of Directors shall not dispose of or allow the disposal of such fixed assets without the approval by the shareholders' general meeting.

Disposal of fixed assets hereof includes the transfer of rights and interests attached to assets but excludes the creation of security on fixed assets.

The effectiveness of the disposal of fixed assets by the Bank shall not be influenced by virtue of violating the first paragraph of this article.

**Article 164** The Board of Directors shall formulate the rules of procedures of the Board of Directors, which shall be considered and approved by the Board of Directors for implementation, so as to ensure that the Board of Directors works efficiently and makes decisions scientifically.



**Article 165** The Board of Directors shall review the development strategy of the Bank regularly to ensure that they are appropriate in respect of the prevailing operational results and market conditions.

The Board of Directors shall regularly listen to reports from internal audit department on internal audit and inspection, and evaluate the operation of the Bank and the performance of the senior management.

**Article 166** The Board of Directors shall carefully consider the opinions of external auditors in performing its duties and may seek advice from external firms or professionals at the cost of the Bank

**Article 167** Where the Board of Directors dismisses the President during his term of office, the Board of Directors shall promptly notify the Board of Supervisors and give a written explanation to the Board of Supervisors.

**Article 168** The Board of Directors shall submit itself to the supervision of the Board of Supervisors, and shall not obstruct or hinder any inspection or audit carried out by the Board of Supervisors within its scope of functions and authority.

**Article 169** The Chairman of the Board of Directors shall perform the following duties:

- (1) to preside over the shareholders' general meeting and to report to the shareholders' general meeting on behalf of the Board of Directors;
- (2) to convene and preside over the Board of Directors' meeting;
- (3) to supervise and examine the implementation of resolutions of the Board of Directors;
- (4) to sign certificates of shares, bonds and others securities of the Bank;
- (5) to sign other documents which shall be signed by the legal representative of the Bank;
- (6) to use discretion in dealing with matters of the Bank for the interest of the Bank in accordance with the applicable laws in the case of emergency such as major natural disaster or other force majeure events, and to promptly submit a relevant report to the Board of Directors and shareholders' general meeting thereafter; and
- (7) to perform other duties as required by the relevant laws, administrative regulations, departmental rules and the Articles of Association or authorised by the Board of Directors.

When the Chairman of the Board of Directors is unable or fails to perform his duties, the Vice Chairman shall act on his behalf; when the Vice Chairman is unable or fails to perform his/her duties, a director elected by more than half of all the directors shall act on his/her behalf.

**Article 170** The Board of Directors shall consider matters by way of Board of Directors' meetings. Board of Directors' meetings are divided into regular Board of Directors' meetings and extraordinary Board of Directors' meetings. To convene a Board of Directors' meeting, the Board of Supervisors shall be notified.

**Article 171** Regular Board of Directors' meetings shall be convened at least quarterly. The Board of Directors shall notify all directors and supervisors in writing 14 days before the meeting is convened.

**Article 172** The Chairman of the Board of Supervisors shall convene an extraordinary meeting within 10 days from the date of receipt of the following requests:

- (1) request of the Requesting Shareholders;
- (2) request of more than one-third of the directors;
- (3) request of the Board of Supervisors;
- (4) request of more than half of the independent directors (at least two); and
- (5) request of the President of the Bank.

The Chairman may convene an extraordinary Board of Directors' meeting if necessary.

To convene an extraordinary Board of Directors' meeting, a notice of reasonable time should be given.

**Article 173** A Board of Directors' meeting can be attended in person, or conducted via telephone, video and by circulation of written resolutions.

If a Board of Directors' meeting is conducted in a form of telephone or video conferencing, the directors attending meeting shall be ensured that they can clearly hear and communicate with each other. Audio or video recording is required for Board of Directors' meetings held in such a manner. Directors unable to sign the minutes at the meeting shall vote verbally and sign the written resolutions thereafter as soon as practicable.

Verbal votes cast by directors shall have the equal effect with written signatures. Signatures made after the meeting must be identical with verbal votes at the meeting. In case of discrepancy, verbal votes shall prevail.

If a Board of Directors' meeting is conducted by signing of written resolutions circulated among directors, i.e. by delivering or circulating documents for consideration and for resolutions to be made on that basis, each director or its proxy shall express their opinions as affirmative, negative or abstained in writing. Once the number of directors who sign in favour of a resolution reaches the quorum as required by the Articles of Association, the resolution shall have been adopted.

**Article 174** A Board of Directors' meeting shall not be conducted unless more than half of the directors are present.

If some of the directors have significant interest in any matters to be discussed, the director shall not exercise its voting right on the matter or exercise any voting right on behalf of any other directors, and shall not be counted towards the quorum of the meeting. The Board of Directors' meeting shall only be held if a simple majority of the directors who do not have any material interest are present.

**Article 175** Directors shall attend the meetings of the Board of Directors in person. If a director is unable to attend the meeting for any reason, he may appoint another director of the same class in writing to attend the meeting on his behalf. A proxy form shall state the name of the proxy, the scope of the authorization, the authority of the proxy and the period of validity, and also be signed or affixed by the principal.

The director attending the meeting on behalf of another director shall exercise his power within the scope of authorization. A director does not attend a Board of Directors' meeting either in person or by proxy shall be deemed to have waived his voting right at the meeting.

**Article 176** At a Board of Directors' meeting, vote shall be taken by poll or show of hands. Each director shall have one vote.

**Article 177** Resolution of the Board of Directors shall be approved and adopted by simple majority of all directors. If any director has significant interest in any matters to be discussed by the Board of Directors, resolution shall be adopted by more than half of the directors having no significant interest in such matter. If the directors present at Board of Directors' meeting who have no significant interest in matters to be discussed are less than three, the matters shall be submitted to the shareholders' general meeting for consideration.

The following matters shall be approved and adopted by two thirds or more of all directors and shall not be approved by written resolutions:

- (1) annual financial budgets and final accounts of the Bank;
- (2) plans for allocation of risk-based capital, profit distribution and loss appropriation of the Bank;
- (3) increase or reduction of registered capital of the Bank and financial restructuring plans;
- (4) capital replenishment plans of the Bank including, among others, issue and listing of corporate bonds or other securities;
- (5) merger, division, dissolution, liquidation or restructuring of the Bank;
- (6) repurchase of ordinary shares by the Bank;
- (7) amendments to the Articles of Association;
- (8) establishment of legal entities, major mergers and acquisitions, major external investments, major asset acquisitions, disposal and write-off, major external guarantees to third party etc., subject to approval of shareholders' general meeting;
- (9) appointment and dismissal of the President, Vice President, Secretary to the Board of Directors and other senior management members and decision on the compensation, performance evaluation and punishment of them;

- (10) election of the chairmen (excluding the Chairman of Strategic Planning Committee) and members of board committees;
- (11) proposal on the engagement, dismissal or discontinuance of engagement of accountant firm for approval at the shareholders' general meeting;
- (12) to determine the matters related to the issued preference shares of the Bank, including but not limited to whether to repurchase, convert or distribute dividend of the preference shares, to the extent of authorization by the shareholders' general meeting; and
- (13) other matters required by the relevant laws, administrative regulations, departmental rules or the Articles of Association, or considered significant to the Bank by more than half of all directors that shall be approved and adopted by more than two thirds of all directors.

**Article 178** The Board of Directors shall prepare minutes to record its decisions on the matters it has considered. The directors and minutes-taker shall sign the minutes. The minutes of Board of Directors' meetings shall be complete and true and shall be retained as important files of the Bank in accordance with the Bank's archives management rules, and will be served as an important basis for determining the responsibilities of directors in the future.

The directors shall be responsible for the resolutions adopted by the Board of Directors. Where a resolution of the Board of Directors violates the laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' general meetings and results in severe losses to the Bank, the directors who participate in the resolution shall be liable to the Bank for compensation, provided that a director who can prove that he has raised an opposition and has it recorded at the meeting minutes may be absolved from such liability.

**Article 179** The minutes of Board of Directors' meetings shall include the following details:

- (1) the date/time and place of the meeting, and the name of the convener;
- (2) names of directors present at the meeting in person, and names of directors present at the meeting as proxy (proxies);
- (3) agenda of the meeting and proposing parties of all proposals;
- (4) summary of the speech of directors and the votes cast by them (in favour of, against, or abstention); and
- (5) method and results of voting on each resolution (number of votes in favour of, against and abstention).

**Article 180** The Board of Directors shall assume the ultimate responsibility for consolidated management, shall be responsible for formulating the overall strategic direction of the Bank, examine and approve the fundamental rules and measures of consolidated management, and set up a mechanism for regular examination and assessment of consolidated management.

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

**Article 181** The Bank has one Secretary to the Board of Directors, who is a member of the senior management of the Bank and responsible to the Board of Directors.

The Secretary to the Board of Directors shall have education of university graduate level or above and at least six years' experience in financial work or at least 10 years' experience in audit, business management or law (of which three years shall be in financial work). The qualifications of the Secretary to the Board of Directors shall be submitted and approved by the banking supervision and administration authority under the State Council.

Except for those who shall not work concurrently as Secretary to the Board of Directors under the provisions of the laws, administrative regulations, departmental rules or other normative documents, a director and a senior management member of the Bank may act concurrently as Secretary to the Board of Directors, but he must ensure that he has sufficient energy and time to assume the duties and responsibilities as Secretary to the Board of Directors. The supervisors, President, chief financial controller of the Bank and the accountants of the accounting firm engaged by the Bank shall not work concurrently as Secretary to the Board of Directors of the Bank.

Where a director works concurrently as Secretary to the Board of Directors, and a certain act shall be performed by a director and a board secretary respectively, the person who acts concurrently as director and Secretary to the Board of Directors shall not do the act in dual capacity.

**Article 182** The main duties and responsibilities of the Secretary to the Board of Directors shall include:

- (1) to assist the directors in handling the day-to-day work of the Board of Directors; to provide to, and remind the directors of the rules, policies and requirements of regulatory authorities in relation to the operation of the Bank and ensure that the directors understand them; to assist the directors and President in complying with the relevant provisions of the laws, regulations, rules and other normative documents and the Articles of Association when exercising their functions and powers;
- (2) to communicate with directors and the relevant personnel of the Bank to ensure that the directors obtain the information necessary for their performance of duties;
- (3) to organize and prepare for the shareholders' general meeting and Board of Directors' meetings, to prepare and sign the board minutes, to maintain resolutions and minutes of shareholders' general meetings and Board of Directors' meetings and other important documents, and to follow up with and report to the Board of Directors the implementation of such resolutions; to report and provide recommendations to the Board of Directors on any material issues identified in the implementation;
- (4) to ensure that material matters resolved at the Board of Directors' meetings are implemented in strict accordance with stipulated procedures; to take part, as required by the Board of Directors, in making arrangements for consultation and analysis of matters subject to decision by the Board of Directors, and to give corresponding opinions and suggestions; to handle the day-to-day work assigned by the Board of Directors and the special committees under it;

- (5) to assist the Board of Directors in formulating and improving the relevant corporate governance documents; to enhance the corporate governance operation mechanism of the Bank; and to establish a scientific decision-making and governance procedure;
- (6) where a resolution which the Board of Directors intends to adopt is in breach of the provisions of the laws, regulations and the Articles of Association, to draw the attention of the Board of Directors to the same accordingly, and to invite the supervisors who attend the meeting as non-voting attendees to give their opinions; where the Board of Directors insists on adopting the resolution mentioned above, the Secretary to the Board of Directors shall record the opinion of the supervisors concerned and of his own in the minutes;
- (7) to maintain the register of shareholders of the Bank, the register of directors, supervisors and senior management members of the Bank, information regarding the shares held in the Bank by the controlling shareholder and directors, supervisors and senior management members, and to disclose any change in shareholding of the directors, supervisors and senior management members of the Bank in accordance with the requirements of the relevant regulatory authorities;
- (8) to keep the chops of the Board of Directors;
- (9) to arrange preparation and submit the reports and documents requested by the regulatory authority concerned in time;
- (10) to organize and coordinate information disclosure of the Bank; to assist the Board of Directors in formulating and improving systems for information disclosure and internal report of material information, and to oversee the implementation of such systems. In order to ensure the work efficiency of the Board of Directors, the Secretary to the Board of Directors may set up systems for submission of resolutions;
- (11) to handle and coordinate the public relations between the Bank and regulatory authorities, investors, intermediary institutions and other relevant bodies; and
- (12) other matters as authorised by the Board of Directors and other duties provided for by the securities regulatory authorities at the places where the Bank's shares are listed.

## **Section 5 Board Committees**

**Article 183** The Board of Directors of the Bank comprises the Strategic Planning Committee, the County Area Banking/Inclusive Finance Business Development Committee, the Nomination and Remuneration Committee, the Audit and Compliance Committee, the Risk Management Committee (with the Related Party Transactions Management Committee under it) and the Risk Management Committee of Institutions in the United States Regions. The Board of Directors may establish other committees and restructure any existing committees when necessary.

**Article 184** The board committees shall be accountable to the Board of Directors and report its work to the Board of Directors, and, with authority granted expressly by the Board of Directors, shall give professional opinions to the Board of Directors or make decisions on professional matters. All board committees may engage intermediary institutions or professionals to give professional opinions where necessary, and the expenses reasonably incurred shall be borne by the Bank.



The members of the board committees shall be directors, and the number of members of each committee shall not be less than three. The Chairman of the Strategic Planning Committee shall be taken up by the Chairman of the Board of Directors. Independent directors shall form the majority of members of the Nomination and Remuneration Committee, the Audit and Compliance Committee and the Related Party Transactions Management Committee, and act as chairmen of these committees.

**Article 185** The Strategic Planning Committee shall perform the following duties:

- (1) to consider overall and specific plans for strategic development of the Bank and make suggestions in that respect to the Board of Directors;
- (2) to evaluate factors having an impact on the strategic development plan and its implementation, and overall development of the Bank in light of international and domestic financial conditions and market changes, and make suggestions for the adjustment of strategic development plan to the Board of Directors accordingly in time;
- (3) to review the operation, investment and financing plans of the Bank and make suggestions in that respect to the Board of Directors; to supervise and inspect the implementation of operation and investment plans of the Bank;
- (4) to review annual financial budgets and final accounts of the Bank submitted by the senior management and make suggestions in that respect to the Board of Directors;
- (5) to review plans for establishment of legal entities and the plan of merger and acquisition and make suggestions in that respect to the Board of Directors;
- (6) to review matters regarding major external investment, major acquisitions and disposal of assets, major write-off of assets and provision of major guarantee to third parties and make suggestions in that respect to the Board of Directors;
- (7) to review strategic capital deployment and targets for assets and liabilities management and make suggestions in that respect to the Board of Directors;
- (8) to review establishment and restructuring of internal departments, domestic and overseas tier-1 branches, branches and other entities directly managed by the head office and overseas entities and make suggestions in that respect to the Board of Directors;
- (9) to review and evaluate effectiveness of corporate governance, so as to ensure that the financial report, risk management, internal control and other systems comply with the corporate governance standards of the Bank; and
- (10) to perform other duties as required by the laws, administrative regulations, departmental rules and the securities regulatory authorities at the places where the Bank's shares are listed, or as authorised by the Board of Directors.

**Article 186** The County Area Banking Business/Inclusive Finance Development Committee shall perform the following duties:

- (1) to review the strategic development plan of County Area Banking Business and make suggestions in that respect to the Board of Directors in accordance with the overall strategic development plan of the Bank;
- (2) to evaluate the factors that might have significant impact on the development of County Area Banking Business, and accordingly make suggestions for adjustment to strategic development plan of County Area Banking Business to the Board of Directors with regard to the Sannong policy of the State and prevailing county area economic and financial market trend;
- (3) to review the policy and basic management systems of County Area Banking Business of the Bank and make suggestions in that respect to the Board of Directors;
- (4) to review risk management plan for County Area Banking Business, to evaluate the risk management and internal controls of County Area Banking Business and to make suggestions in that respect to the Board of Directors in accordance with the risk management plan of the Bank;
- (5) to monitor the implementation of strategic development plan, policy and basic management systems of County Area Banking Business of the Bank, to evaluate the effect of services for Sannong and to make suggestions in that respect to the Board of Directors;
- (6) to review the operation plan for County Area Banking Business and make suggestions in that respect to the Board of Directors in accordance with the operation plan of the Bank;
- (7) to formulate the business development plan of Inclusive Finance and to review the policy, basic management policies, annual operation plan and risk and strategy plan of Inclusive Finance of the Bank;
- (8) to monitor the implementation of the strategies, policies and procedures of Inclusive Finance of the Bank and to make suggestions in that respect to the Board of Directors after assessment; and
- (9) to review matters in relation to County Area Banking Business and Inclusive Finance or to perform other duties as authorised by the Board of Directors.

**Article 187** The Nomination and Remuneration Committee shall perform the following duties:

- (1) to formulate standards and procedures for the election of directors, chairmen and members of board committees and senior management members and submit the proposed procedures and standards to the Board of Directors for approval;
- (2) to preliminarily examine the eligibility of the candidates for directors, President, Secretary to the Board of Directors, Vice Presidents and other senior management members nominated by the President and make proposal to the Board of Directors accordingly;
- (3) to provide advice on candidates for directors, President and Secretary to the Board of Directors;

- (4) to nominate the candidates for chairmen and members of other committees (other than the Chairman of the Strategic Planning Committee);
- (5) to formulate the training programs for senior management and key personnel;
- (6) to formulate the compensation packages for directors and senior management members, and submit the same to the Board of Directors for approval; to present relevant remuneration allocation proposals and submit the same to the board of directors for approval based on the performance assessment of directors and senior management members;
- (7) to review the human resources and compensation policies and the relevant management systems submitted by the senior management and propose to the Board of Directors for approval; and to monitor the implementation thereof; and
- (8) to perform other duties as required by the laws, administrative regulations, departmental rules and the securities regulatory authorities at the place where the Bank's shares are listed, or as authorised by the Board of Directors.

**Article 188** The Audit and Compliance Committee shall perform the following duties:

- (1) to review the internal control management system of the Bank and to oversee effective implementation and self-assessment of the Bank's internal control; to review and evaluate the core business and relevant rules of the Bank; and to conduct compliance inspections in respect of major operations of the Bank;
- (2) to review significant financial policies of the Bank and their implementation, and supervise financial activities of the Bank;
- (3) to examine internal audit rules, regulations, medium and long term audit plans and annual audit plan of the Bank, and make suggestions in that respect to the Board of Directors; to supervise the implementation of internal audit policies, regulations, rules and plans of the Bank;
- (4) to review internal audit scheme of the Bank and make suggestions in that respect to the Board of Directors;
- (5) to review, on its own or under the authorisation of the Board of Directors, and approve the annual budget of the internal audit department to ensure the independence of internal audit;
- (6) to supervise and evaluate the performance of internal audit work of the Bank, and oversee the Bank's internal audit system and its implementation;
- (7) to propose the appointment or dismissal of accounting firm for approval by the Board of Directors; to supervise and evaluate the annual audit plan, scope of work and important audit policies proposed by accounting firm; and to evaluate the truthfulness, completeness and accuracy of the audited financial information of the Bank and submit it to the Board of Directors for approval;
- (8) to facilitate communications between internal audit department of the Bank and accounting firm;

- (9) to review and approve the Bank's general policy on case prevention and control, identify the senior management's relevant duties and mandate;
- (10) scrutinize and oversee the Bank's case prevention and control, review the relevant work report, assess and evaluate the effectiveness of case prevention and control and promote the establishment of the management system for case prevention and control; and
- (11) to perform other duties as required by the laws, administrative regulations, departmental rules and the securities regulatory authorities at the places where the Bank's shares are listed, or as authorised by the Board of Directors.

**Article 189** The Risk Management Committee shall perform the following duties:

- (1) to examine risk management strategy, risk appetite and major risk management policies of the Bank according to overall development strategic plan, to supervise and assess the implementation and effectiveness of them and make suggestions to the Board of Directors;
- (2) to review overall risk management reports of the Bank and proposals on deployment of risk-based capital and submit the same to the Board of Directors for approval;
- (3) to supervise the risk control of the senior management in respect of credit, market and operation risks and make suggestions on the improvement of the Bank's risk management;
- (4) to continuously oversee the risk management system of the Bank, assess the structure, working procedures and effectiveness of risk management departments and make suggestions for improvement;
- (5) to review and discuss the Bank's strategies, policies and objectives of consumer protection in accordance with the overall development strategic plan of the Bank, and make recommendations to the Board of Directors; to supervise and assess the Bank's consumer protection; and to hear the regular reports on the implementation of the Bank's consumer protection; and
- (6) to perform other duties as required by the laws, administrative regulations, departmental rules and the securities regulatory authorities at the places where the Bank's shares are listed, or as authorised by the Board of Directors.

**Article 190** The Related Party Transactions Management Committees shall perform the following duties:

- (1) to review management rules for related party transactions, oversee its implementation and make suggestions to the Board of Directors;
- (2) to identify related party of the Bank and report to the Board of Directors and the Board of Supervisors and inform the relevant parties;
- (3) to conduct preliminary review on related party transactions to be approved by the Board of Directors or general meeting and propose to the Board of Directors or general meeting via the Board of Directors for approval;

- (4) to approve related party transactions and other matters thereof under authorization by the Board of Directors; and to maintain records of related party transactions and report to the Board of Directors; and
- (5) to perform other duties as required by the laws, administrative regulations, departmental rules and the securities regulatory authorities at the places where the Bank's shares are listed, or as authorised by the Board of Directors.

**Article 191** The Risk Management Committee of Institutions in the United States Regions shall perform the following duties: to review and approve the risk management policies for businesses in the United States, and supervise the implementation of the policies; to review the report of the institutions in the United States on internal and external inspection results and their rectifications; and to perform other duties as authorised by the Board of Directors. The Risk Management Committee of the Board of Directors will assume the responsibilities of the Risk Management Committee of Institutions in the United States Regions.

**Article 192** The terms of reference of each committee shall be otherwise formulated by the Board of Directors.

## **CHAPTER X SENIOR MANAGEMENT**

**Article 193** The Bank shall have one President and several Vice Presidents, and may have other senior management members. Other senior management members may work concurrently as Vice Presidents.

The President and the Secretary to the Board of Directors shall be engaged or dismissed by the Board of Directors. Vice Presidents and other senior management members shall be nominated by the President and engaged or dismissed by the Board of Directors. The Bank shall enter into employment contracts with senior management members.

**Article 194** The President of the Bank shall be accountable to the Board of Directors and subject to the supervision of the Board of Directors. Vice President and other senior management members shall assist the President in his work, and shall implement a system of division of responsibility in accordance with the provisions of the Articles of Association and the authority granted by the President. Where the President does not perform his functions and duties, a Vice President or a senior management member designated by the Board of Directors shall perform his functions and duties in his place.

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

**Article 195** Any person who has taken up a position other than a director in an entity of the controlling shareholder or a de facto controller of the Bank shall not act as senior management member of the Bank.

**Article 196** The President of the Bank shall exercise the following functions and powers:

- (1) to take charge of the operation and management of the Bank, and to make arrangements to implement board resolutions;
- (2) within the scope of authority granted by the Board of Directors, to carry out, or authorise other senior management members, or the officers-in-charge of the internal functional departments or branches of the Bank to carry out the day-to-day management and operation activities;
- (3) to formulate basic management systems and policies of the Bank, and to establish the specific rules and regulations of the Bank (other than internal audit rules and regulations);
- (4) to formulate the operation plans and investment plans of the Bank, and to make arrangements for their implementation after they are approved by the Board of Directors;
- (5) to formulate the annual financial budget plans and final accounts, risk capital allocation plans, profit distribution plans, loss appropriation plans, plans for increase or reduction of registered capital, plans for issuance of corporate bonds or other negotiable securities of the Bank and listing plans, and shares repurchase plans of the Bank, and to make proposals to the Board of Directors;
- (6) to formulate plans for setting up the internal functional departments of the Bank, and plans for setting up the domestic and overseas tire-one branches and branches directly under the head office, and other institutions directly under the head office and overseas institutions, of the Bank, and to make proposals to the Board of Directors;
- (7) to propose appointment or dismissal of Vice Presidents or other senior management members (other than Secretary to the Board of Directors) to the Board of Directors;
- (8) to appoint or dismiss the officers-in-charge of the internal functional departments of the Bank (other than the officer-in-charge of the internal audit department) and the officers-in-charge of branches and sub-branches of the Bank;
- (9) to decide on plans for the remuneration and performance appraisal of the officers-in-charge of the internal functional departments of the Bank (other than the officer-in-charge of the internal audit department) and the officers-in-charge of branches and sub-branches of the Bank, and to appraise the levels of their remuneration and their performance;
- (10) to decide on plans for the wages, benefits and awards and punishment of the staff of the Bank; to decide on or authorise lower-level managers to appoint or dismiss the staff of the Bank;
- (11) 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, the Board of Directors and the Board of Supervisors immediately; and
- (12) other functions and powers to be exercised by the President, as prescribed in the laws, administrative regulations, departmental rules and the Articles of Association or determined by the shareholders' general meeting or Board of Directors' meetings.



**Article 197** The senior management shall set up a system under which the senior management shall report regularly to the Board of Directors, to report promptly, accurately and completely on the operation results, material contracts, financial position, risk profile, operation prospects and other particulars of the Bank. When exercising its functions and powers, the senior management shall fulfil its duty of good faith and due diligence and care.

**Article 198** The senior management shall submit themselves to the supervision of the Board of Supervisors, regularly submit to the Board of Supervisors information regarding the operation results, material contracts, financial position, risk profile, operation prospects and other particulars of the Bank, and shall not obstruct or hinder the inspection, audit or other activities carried out by the Board of Supervisors.

**Article 199** The President shall formulate the working rules of the President, and after submission of the rules to, and approval by, the Board of Directors, implement the rules.

**Article 200** The President may set up special committees as necessary, and establish the terms of reference of the special committees respectively.

**Article 201** The Board of Directors shall promptly discuss and decide on matters submitted by the President to the Board of Directors for its approval.

**Article 202** A senior management member may resign before his term of office expires. The specific procedures and methods of resignation shall be specifically stipulated in the employment contract between him and the Bank.

## **CHAPTER XI SUPERVISORS AND BOARD OF SUPERVISORS**

### **Section 1 Supervisors**

**Article 203** The supervisors shall be natural persons. The supervisors of the Bank shall include supervisors representing shareholders, external supervisors and supervisors representing employees.

Neither the directors nor the senior management members shall act concurrently as supervisors.

**Article 204** The supervisors representing shareholders and external supervisors shall be elected, replaced or dismissed by the shareholders' general meeting.

Supervisors representing employees shall be nominated by the Board of Supervisors and the labor union, and be elected, replaced or dismissed at the employee representative meeting by the employees of the Bank.

**Article 205** A supervisor shall serve a term of office of three years and may serve consecutive terms if so re-elected after his term of office is expired. Before the term expires, a supervisor shall not be dismissed from his position without reason.

The term of office of a supervisor shall be calculated from the date on which the relevant resolution is adopted by the shareholders' general meeting or the date on which he is elected by the employee representatives' congress or other democratic procedures.

**Article 206** The form and procedure to nominate a supervisor representing shareholders shall be:

- (1) A candidate for the position of supervisor representing shareholders shall be nominated by way of a proposal made by the Board of Supervisors or shareholders individually or jointly holding 3% or more of the voting rights in the Bank, with basic particulars, a profile and other written materials to be attached thereto. The supervisors representing shareholders shall be elected at the shareholders' general meeting of the Bank.
- (2) A candidate for the position of supervisor representing shareholders shall, prior to the convening of the shareholders' general meeting, undertake in writing that he is willing to be nominated and that the personal particulars disclosed are true and complete, and shall warrant that he shall earnestly perform his duties as supervisors after being elected.
- (3) The nominating party shall submit to the Bank the written undertaking made by the nominee that he is willing to be nominated, and the basic particulars, profile and other written materials of the nominee, 10 days prior to the convening of the shareholders' general meeting.

**Article 207** Supervisors shall attend the meetings of the Board of Supervisors in person. If for any reason a supervisor is unable to attend the meeting, he shall by written authorization appoint another supervisor to act as his proxy to attend the meeting. An external supervisor shall appoint another external supervisor to act as his/her proxy to attend the meeting. A proxy form shall state the name of the proxy, the scope of the authorization, the authority of the proxy and the period of validity, and also be signed or affixed by the principal.

Supervisors shall attend at least two-third meetings of the Board of Supervisors in person in one year. In the event that a supervisor fails to attend two consecutive meetings of the Board of Supervisors in person without appointing a proxy to attend on his behalf, he shall be deemed to be unable to perform his/her duties. The Board of Supervisors shall propose to the shareholders' general meeting that the supervisor be removed, or propose that the supervisor be removed through the employee representatives' congress or other democratic procedures.

**Article 208** A supervisor may resign before his term of office expires. A supervisor who resigns shall submit a written resignation report to the Board of Supervisors. Where the term of a supervisor expires and a by-election is not held in time or where a supervisor resigns, the handling procedure shall follow the provisions of the Articles of Association on the cases of directors, mutatis mutandis.

**Article 209** The supervisors shall perform their duties as supervisors faithfully in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

**Article 210** The supervisors shall ensure that the information disclosed by the Bank is true, accurate and complete.

**Article 211** The supervisors may attend the Board of Directors' meetings as non-voting attendees. The supervisors who attend the Board of Directors' meetings as non-voting attendees may query or make proposals on the matters to be resolved by the Board of Directors but shall have no voting right.

The supervisors who attend the Board of Directors' meetings as non-voting attendees shall report the particulars of the meeting to Board of Supervisors.

**Article 212** Where the Board of Supervisors considers it necessary, it may assign supervisors to attend meeting of the senior management as non-voting attendees.

## Section 2 External Supervisors

**Article 213** The “external supervisors of the Bank” refers to supervisors who have taken up no position in the Bank other than that of supervisor, and who do not have any relationship with the Bank and its substantial shareholders which may hinder him from forming independent and objective judgments.

The external supervisors shall be nominated by the Board of Supervisors or by shareholders individually or jointly holding not less than 1% of the voting shares in the Bank, and shall be elected by the shareholders’ general meeting.

The qualifications, terms of office, election, replacement and resignation of the external supervisors shall follow the provisions on the cases of independent directors, mutatis mutandis.

Unless otherwise stipulated in this Section, the provisions in Section 1 of this Chapter shall apply to external supervisors.

**Article 214** Each external supervisor shall work not less than 15 working days for the Bank each year.

An external supervisor may appoint another external supervisor to attend an Board of Supervisors’ meeting on his behalf, but the number of times he attends the Board of Supervisors’ meeting in person shall not be less than two-thirds of the total number of the Board of Supervisors’ meetings.

**Article 215** An external supervisor who falls in any of the following circumstances shall be in serious dereliction of duties:

- (1) divulging any trade secret of the Bank, hence harming the legal interests of the Bank;
- (2) accepting improper gains in the course of duty performance;
- (3) taking advantage of his position of external supervisor to seek personal gains;
- (4) failing to find out a problem which should have been found out in the course of supervisory inspection, or concealing a problem which has been found out, hence causing material losses to the Bank; and
- (5) other acts identified to be serious dereliction of duty under the laws, administrative regulations, departmental rules or by the banking regulatory authority under the State Council.

**Article 216** The Board of Supervisors is empowered to propose to the shareholders’ general meeting the removal of an external supervisor who falls in any of the following circumstances:

- (1) serious dereliction of duty;
- (2) failing to meet the qualifications required for the position of external supervisor and failing to resign on his own;

- (3) having failed to attend the Board of Supervisors' meetings in person for three consecutive times, or having failed to attend the Board of Supervisors' meetings in person for two consecutive times or to appoint another external supervisor to attend on his behalf, or the number of Board of Supervisors' meetings attended in a year being less than two-thirds of the total number of the Board of Supervisors' meetings held in the year; and
- (4) other circumstances in which one is not suitable to act as external supervisor under the laws, administrative regulations or departmental rules.

A dismissed external supervisor who considers the reasons for his dismissal to be improper may make a public statement.

**Article 217** The Bank pays remunerations and allowances to external supervisors. The pay standards shall be formulated by the Due Diligence Supervision Committee of the Board of Supervisors by reference to the remuneration and allowances of the independent directors, and, after approval by the Board of Supervisors, shall be submitted to the shareholders' general meeting for approval and disclosed in the annual report of the Bank.

Except for the remunerations and allowances mentioned above, the external directors shall not obtain any other additional or undisclosed benefits from the Bank or the substantial shareholders, de facto controller or other institutions or persons who have an interest in the Bank.

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

**Article 218** The Bank shall have a Board of Supervisors. The Board of Supervisors is a supervisory entity of the Bank and shall be responsible to the shareholders' general meeting. The Board of Supervisors shall be composed of five to nine supervisors as determined by the shareholder's general meeting, wherein the percentage of supervisors representing employees and external supervisors shall be no less than one-third.

Where the number of supervisors representing employees is less than one-third of members of the Board of Supervisors, a by-election shall promptly be held through an employee representative congress or other democratic procedures.

**Article 219** The Board of Supervisors shall have a Chairman. The Chairman shall be a full-time officer with professional knowledge and working experiences in one or more of the fields of accounting, auditing, finance or law. The Chairman of the Board of Supervisors shall be elected or dismissed by two-thirds or more members of the Board of Supervisors. The Chairman of the Board of Supervisor shall serve a term of three years and may serve consecutive terms if so re-elected after his term of office is expired.

**Article 220** The Board of Supervisors shall have its office which shall be responsible for the preparation of meetings, preparation of meeting documents and minutes and other routine affairs of the Board of Supervisors, and carry out daily supervision and inspection work in accordance with the requirements of the Board of Supervisors. The staff appointed to the office of the Board of Supervisors shall possess relevant professional knowledge so as to ensure the performance of supervisory duties of the Board of Supervisors.

**Article 221** The Board of Supervisors shall perform the following duties:

- (1) to supervise the performance of the Board of Directors and senior management, to supervise and question the duty of performance of directors and senior management members, and to urge directors and senior management members to correct their acts which impair the benefits of the Bank;
- (2) to propose the dismissal of or initiate litigation against the directors and senior management members who breach the laws, administrative rules, the Articles of Association or the resolution of the shareholders' general meeting;
- (3) to conduct audit on resigning directors and senior management members as necessary;
- (4) to formulate the compensation and allowance distribution plan for supervisors and submit the plan to the shareholders' general meeting for approval;
- (5) to supervise the financial activities, business decisions, risk management and internal control of the Bank, and to advise on the internal auditing work of the Bank;
- (6) to review financial and accounting reports, operation reports and profit distribution proposals submitted by the Board of Directors to the shareholders' general meeting, and to engage, on behalf of the Bank, certified accountants and auditors to review such reports if any problems are identified;
- (7) to supervise the implementation of development strategic plan, policies and general management system of County Area Banking Business;
- (8) to submit proposals to the shareholders' general meeting;
- (9) to nominate supervisors representing shareholders, external supervisors and independent directors;
- (10) to formulate amendment to the rules of procedures of the Board of Supervisors;
- (11) to supervise the compliance of the appointment, dismissal and reappointment of external auditing firms and the fairness of the terms of engagement and remunerations, as well as the independence and effectiveness of external audit;
- (12) to perform other duties as required by applicable laws, administrative regulations, departmental rules and the Articles of Association or authorised by the shareholders' general meeting.

**Article 222** The Due Diligence Supervision Committee and the Finance and Internal Control Committee were set up under the Board of Supervisors. The Board of Supervisors may establish other specialized committees or restructure any existing committees when necessary.

**Article 223** The Due Diligence Supervision Committee under the Board of Supervisors shall perform the following duties:

- (1) to formulate and carry out the implementation plans for supervising the duty of due diligence performance of the Board of Directors, senior management and their members upon approval of the Board of Supervisors;
- (2) to submit a review report on the duty of due diligence performance of the Board of Directors, senior management and their members and to provide advices in respect thereof to the Board of Supervisors;
- (3) to formulate the audit report of any resigning director and senior management member, if so required, and make suggestions to the Board of Supervisors;
- (4) to provide recommendations on the candidates of supervisors representing shareholders, external supervisors, independent directors and members of each specialized committee to the Board of Supervisors;
- (5) to formulate the assessment policy and assess the performance of supervisors, and provide recommendations in respect thereof to the Board of Supervisors;
- (6) to make proposals on the compensation and allowance distribution plan for supervisors and submit the plan to the Board of Supervisors for approval;
- (7) to review and handle the relevant matters or documents or information reported or provided by the Board of Directors, senior management or any of their members; and
- (8) to perform other duties as required by the laws, administrative regulations and departmental rules, or as authorised by the Board of Supervisors.

**Article 224** The Finance and Internal Control Supervision Committee shall perform the following duties:

- (1) to formulate and carry out the working and implementation plans of the Finance and Internal Control Supervision Committee upon approval of the Board of Supervisors;
- (2) to supervise the implementation of the development strategy plan, policy and basic management system of the County Area Banking Business of the Bank and evaluate the effectiveness and provide recommendation in respect thereof to the Board of Supervisors;
- (3) to oversee and review the financial and accounting reports, operation reports and profit distribution proposals formulated by the Board of Directors and provide recommendations in respect thereof to the Board of Supervisors;
- (4) to formulate and implement the plans of the Board of Supervisors to monitor the financial activities, business decisions, risk management and internal control of the Bank upon the approval of the Board of Supervisors, and recommend to the Board of Supervisors for engagement of an external auditing firm to perform audit on the Bank when necessary;
- (5) to monitor the performance of internal audit department;



- (6) to review and handle the relevant matters or documents or information reported or provided by the Board of Directors, senior management or any of their members; and
- (7) to supervise the compliance of the appointment, dismissal and reappointment of external auditing firms and the fairness of the terms of engagement and remunerations, as well as the independence and effectiveness of external audit, and make suggestions to the Board of Supervisors ;
- (8) to perform other duties as required by the laws, administrative regulations and departmental rules, or as authorised by the Board of Supervisors.

**Article 225** The Board of Supervisors shall formulate the rules of procedures of the Board of Supervisors, which shall be implemented after consideration and approval by the shareholders' general meeting, in order to ensure that the Board of Supervisors works efficiently and makes decisions scientifically.

**Article 226** Comprehensive auditing results regarding other internal departments and branches of the Bank prepared by the internal audit department shall be submitted to the Board of Supervisors in a timely manner. The Board of Supervisors shall be entitled to request the Board of Directors or internal audit department to make explanations in case of any doubt on the auditing results.

The profit distribution proposal formulated by the Board of Directors shall be submitted to the Board of Supervisors in advance and the Board of Supervisors shall provide feedbacks within five working days upon receipt. If the Board of Supervisors fails to provide any feedback within the specific period, such proposal shall be deemed to be approved thereby.

**Article 227** The Board of Supervisors shall have the rights of information, suggestion and report as conferred by the laws, administrative regulations, departmental rules and the Articles of Association. The Bank shall take measures to safeguard the rights of information of the supervisors.

Directors, senior management members and other internal departments shall provide relevant materials and explanations to the Board of Supervisors at its request in performing its duties. The Board of Supervisors shall be entitled to access the accounts, records and documents of the Bank as well as the relevant officers, departments and authorities, which shall provide necessary assistance in respect thereof from time to time and it may engage intermediaries and professionals to provide services at reasonable costs to be borne by the Bank.

The Board of Supervisors may make advices to the Board of Directors and senior management and submit reports to the shareholders' general meeting as necessary.

**Article 228** The Chairman of the Board of Supervisors shall perform the following duties:

- (1) to convene and preside over the meetings of the Board of Supervisors;
- (2) to monitor the performance of the Board of Supervisors;
- (3) to sign reports, resolutions and other material documents of the Board of Supervisors;
- (4) to report to the shareholders' general meeting on behalf of the Board of Supervisors; and
- (5) to perform other duties as required by the laws, administrative regulations, departmental rules and the Articles of Association or authorised by the Board of Supervisors.

**Article 229** The Board of Supervisors shall consider matters by way of Board of Supervisors' meetings. The Board of Supervisors' meetings shall be divided into regular Board of Supervisors' meeting and extraordinary Board of Supervisors' meeting.

The form of convening a Board of Supervisors' meeting shall be formulated by reference to the provisions of the Articles of Association on convening Board of Directors' meetings.

**Article 230** The Board of Supervisors' meeting shall hold at least four regular meetings in one year. The Board of Supervisors shall inform all supervisors in writing 10 days prior to the holding of the meeting.

**Article 231** The Chairman of the Board of Supervisors shall convene an extraordinary meeting within 10 days from the date of receipt of the following requests:

- (1) request by one-third or more of the supervisors; or
- (2) request by all external supervisors.

The Chairman of the Board of Supervisors may convene an extraordinary meeting if necessary.

To convene an extraordinary meeting of the Board of Supervisors, notice shall be given within a reasonable time.

**Article 232** Meetings of the Board of Supervisors shall be convened and chaired by the Chairman of the Board of Supervisors. When the Chairman of the Board of Supervisors is unable or fails to perform his duties, a supervisor elected by half or more of all the supervisors shall act on his behalf.

**Article 233** A Board of Supervisors' meeting shall be attended by not less than two-thirds of the supervisors to be effective.

**Article 234** All supervisors shall have the right to speak at the Board of Supervisors' meeting. Each supervisor and each specialized committee under the Board of Supervisors are entitled to submit proposals to the Board of Supervisors and the Board of Supervisors shall review such proposals.

Where discussing proposals and reports at the meeting of the Board of Supervisors, directors, senior management members, chief of the internal audit department and the external auditors shall observe the meeting and provide necessary explanation and answer to enquiries at the request of the Board of Supervisors.

**Article 235** At a Board of Supervisors' meeting, the vote may be taken by poll or show of hands. Each supervisor shall have one vote.

**Article 236** A resolution at the Board of Supervisors' meeting shall require the affirmative votes of two-thirds of all directors to be adopted.

Different opinions held by a supervisor in voting for any resolution of the meeting of the Board of Supervisor shall be stated in the resolution.

Supervisors shall be responsible for the resolutions of the Board of Supervisors and may only be exempt from responsibility provided that he is verified to have stated different opinions and such opinions have been recorded in the minutes.

**Article 237** The Board of Supervisors shall prepare minutes for matters which are discussed at its meeting. The supervisors and minutes-taker present at the meeting shall sign the meeting minutes.

A supervisor shall have the right to request to have his speech at the meeting to be recorded in the minutes to express his/her dissenting opinions towards the minutes. The minutes of the meetings of the Board of Supervisors shall be kept as important records of the Bank in accordance with the Bank's archives management rules.

## **CHAPTER XII QUALIFICATIONS, OBLIGATIONS AND INCENTIVES FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS**

**Article 238** The qualifications for the positions of directors, supervisors and senior management members of the Bank shall meet the requirements of the laws, administrative regulations, departmental rules and the Articles of Association. The qualifications of the directors and senior management members are required to be examined by the banking regulatory authority under the State Council in accordance with the provisions mentioned above.

**Article 239** Any person who falls in any of the following circumstances shall not act as director, supervisor or senior management member of the Bank,

- (1) a person without or with limited capacity for civil acts;
- (2) a person who has been convicted of and sentenced to punishment for crimes of corruption, bribery, encroachment of property and misappropriation of property or sabotage of the order of socialist market economy; or a person who has been deprived of his political rights for commission of a crime;
- (3) a person who has acted as director or factory manager or manager of a company or enterprise which has become bankrupt and is liquidated, and who bears personal responsibility for the bankruptcy of such company and enterprise;
- (4) a person who has acted as legal representative of a company or enterprise the business licence of which has been revoked for violation of law or which has been ordered to be closed, and who bears personal responsibility for such revocation;
- (5) a person with a relatively large amount of debt due and outstanding;
- (6) a person under investigation by a judicial organ for suspected violation of criminal law;
- (7) a person who is removed from his position by another commercial bank or institution because of failure to fulfil his fiduciary duty;
- (8) a shareholder or a person working in an entity of a shareholder whose borrowings from the Bank (not including borrowings with bank deposit certificates or government bonds pledged as security) exceeds the audited net equity held by him in the preceding year;

- (9) a person who is imposed with a securities market exclusion penalty by the securities regulatory authority under the State Council and the exclusion period has not expired;
- (10) a non-natural person;
- (11) a person who under a ruling by a competent department is in breach of the provisions of securities laws and regulations, and is involved in fraudulent or dishonest acts, and less than five years have passed since then; and
- (12) any other person who is prohibited from acting as an enterprise leader under the laws, administrative regulations, departmental rules and the Articles of Association.

Where a director, supervisor or senior management member falls in any of the circumstances set out in item (1) of this Article during his tenure, the Bank shall remove or dismiss him in accordance with the procedures stipulated in the Articles of Association.

**Article 240** The validity of any act done by a senior management member of the Bank on behalf of the Bank towards a third party who acts in good faith shall not be affected by any irregularity of such person in the performance of his duty, election or qualifications.

**Article 241** In addition to the obligations required by the laws, administrative regulations, departmental rules or the relevant provisions of the securities regulatory authorities of the places where the Bank's shares are listed, the directors, supervisors, and senior management members of the Bank shall also bear the following obligations to each shareholder in the exercise of their duties and functions:

- (1) not to make the Bank operate beyond the scope of business stipulated in its business licence;
- (2) to act in good faith and in the best interests of the Bank;
- (3) not to deprive the property of the Bank in any way, including but not limited to depriving the Bank of any opportunity advantageous to the Bank; and
- (4) not to deprive the personal rights and interests of shareholders, including but not limited to the right to distribution and the right to vote, but not including submitting company restructuring proposal to the shareholders' general meeting in accordance with the Articles of Association.

**Article 242** The directors, supervisors, and senior management members of the Bank have a responsibility to apply such care, diligence and skills to exercise their rights or perform their obligations as should be shown by a reasonably prudent person in similar circumstances.

**Article 243** The directors, supervisors, and senior management members of the Bank must adhere to the principle of integrity in exercising their duties and responsibilities, and shall not put himself in any situation where his personal interests may conflict with the obligations he has undertaken. This principle shall include but not be limited to the following obligations:

- (1) to act in good faith and in the best interests of the Bank;
- (2) to exercise his rights within the scope of his functions and powers and shall not act ultra vires;

- (3) to exercise in person and free from manipulation by others the discretion conferred on him; and, without the permission of the laws and administrative regulations or the informed consent of the shareholders' general meeting, not to transfer his discretion to others for exercising;
- (4) to deal with shareholders of the same class in the same way, and to deal with shareholders of different classes fairly;
- (5) not to enter into any contract, transaction or arrangement with the Bank except as otherwise prescribed by the Articles of Association or under the informed approval of the shareholders' general meeting;
- (6) not to use any property of the Bank in any way to seek personal benefits without the informed consent of the shareholders' general meeting;
- (7) not to accept bribes or other illegal income by taking advantage of his position or powers, not to encroach on the property of the Bank in any way, such property including, without limitation, any opportunities advantageous to the Bank;
- (8) not to accept any commission related to transactions of the Bank without the informed consent of the shareholders' general meeting;
- (9) to comply with the Articles of Association, perform duties and responsibilities faithfully and safeguard the interests of the Bank, not to take advantage of his position and powers in the Bank to seek personal interests;
- (10) not to engage in any form of competition with the Bank without the informed consent of the shareholders' general meeting;
- (11) not to misappropriate the funds of the Bank or lend the funds of the Bank to others, not to put any assets of the Bank under any account opened in his own name or in the name of others, not to pledge the Bank's assets as security for the debts of the shareholders of the Bank or other individuals; and
- (12) without the informed consent of the shareholders' general meeting, not to divulge any confidential information involving the Bank and obtained by him during his tenure; and not to use such information except for the interests of the Bank; provided that such information may be disclosed to the court or other competent government authorities in the following circumstances:
  1. in accordance with the laws;
  2. in public interests; and
  3. in the interests of directors, supervisors, and senior management members.

**Article 244** The directors, supervisors, and senior management members of the Bank shall not direct the following persons or institutions (“**Relevant Persons**”) to do any acts which the directors, supervisors, and senior management members shall not do:

- (1) the spouse or minor of any of the directors, supervisors, and senior management members of the Bank;
- (2) a trustee of any of the directors, supervisors, and senior management members of the Bank or a trustee of the persons referred to in item (1) of this Article;
- (3) a partner of any of the directors, supervisors, and senior management members of the Bank or a partner of the persons referred to in items (1) and (2) of this Article;
- (4) a company which is under the de facto control of any of the directors, supervisors, and senior management members of the Bank, or a company which is under the de facto joint control of the persons referred to in items (1), (2) and (3) of this Article or any other directors, supervisors, and senior management members of the Bank; and
- (5) any of the directors, supervisors, and senior management members of the companies referred to in item (4) of this Article.

**Article 245** The fiduciary duty owed by the directors, supervisors, and senior management members of the Bank shall not necessarily be terminated by the end 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 an occurrence and the time of leaving office, and the circumstances and conditions under which the relationship with the Bank is terminated.

**Article 246** Any director, supervisor or senior management members of the Bank who is in breach of the laws, administrative regulations, departmental rules and the Articles of Association and causes losses to the Bank shall bear the liability for compensation.

The liability to be borne by the directors, supervisors, and senior management members of the Bank for breach of a certain specific duty may be discharged by the informed consent of the shareholders, except for circumstances where the controlling shareholders or de facto controllers take advantage of their position to prejudice the interests of other shareholders.

**Article 247** The directors, supervisors, and senior management members of the Bank who directly or indirectly have material interests in any contracts, transactions, arrangements which are made or planned by the Bank (except for employment contracts between the Bank and the directors, supervisors, and senior management members), whether such interests are subject to the approval or consent of the Board of Directors in normal circumstances, shall disclose the nature and extent of such interests to the Board of Directors as soon as possible.

Unless the directors, supervisors, and senior management members of the Bank who have an interest disclose their interest to the Board of Directors in accordance with the requirements of the preceding paragraph of this Article, and the Board of Directors approves such matter without counting the persons mentioned above into the quorum and without their participating in the vote, the Bank shall have the right to rescind such contracts, transactions or arrangements, except for circumstances in which the counterparty is a party acting in good faith and without knowing that the acts of the directors, supervisors, and senior management members are in breach of their obligations.



If any person relating to any of the directors, supervisors, and senior management members of the Bank has an interest in a certain contract, transaction or arrangement, such director, supervisor, President, Vice President and senior management member of the Bank shall be deemed to be interested.

**Article 248** If any of the directors, supervisors, and senior management members of the Bank informs the Bank in writing 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 has an interest in the contracts, transactions or arrangements to be entered into by the Bank in the future, then, to such extent as set out in the notice, such director, supervisor, and senior management members concerned shall be deemed to have made the disclosure prescribed in the preceding article of this chapter.

**Article 249** The Bank shall not in any way pay any tax on behalf of the directors, supervisors, and senior management members of the Bank which should be paid by them.

**Article 250** The Bank shall not, directly or indirectly, provide any loan or loan guarantee to the directors, supervisors, and senior management members of the Bank and of its holding company, nor shall the Bank provide any loan or loan guarantee to the foregoing persons or their related parties.

The preceding paragraph shall not apply to the following circumstances:

- (1) loans provided by the Bank to its subsidiary banks (subsidiary companies), or loan guarantees provided by the Bank for its subsidiary banks (subsidiary companies);
- (2) the Bank provides loans, loan guarantees or other monies to the directors, supervisors, President, or senior management members of the Bank in accordance with the employment contracts adopted by the shareholders' general meeting so that the foregoing persons may pay the expenses incurred for the purposes of the Bank or for performing the respective duties and responsibilities of their positions in the Bank; and
- (3) the Bank may provide loans and loan guarantees to the directors, supervisors, and senior management members of the Bank and their related persons, provided that the loans and loan guarantees shall be provided on normal commercial conditions.

**Article 251** If the Bank provides a loan in breach of the provisions of the preceding article, regardless of the conditions of the loan, the person who has received the loan shall repay it immediately.

**Article 252** The Bank shall not be compelled to fulfil any loan guarantee provided by the Bank in violation of item (1) of Article 250, except for the following circumstances:

- (1) where a loan is provided to the directors, supervisors, and senior management members of the Bank or of its parent company and the loan provider is not aware of the facts; and
- (2) the security provided by the Bank has been sold legally by the loan provider to a purchaser of good faith.

**Article 253** The “guarantee” referred to in the preceding articles of this chapter includes acts whereby the guarantor undertakes responsibilities or provides property to guarantee that the obligor will perform its obligations.

**Article 254** When the directors, supervisors, and senior management members of the Bank are in breach of the obligations they owe to the Bank, except for various rights and remedial measures stipulated by the laws and administrative regulations, the Bank shall have the right to take the following measures:

- (1) to request the directors, supervisors, and senior management members concerned to compensate for the loss caused to the Bank by their dereliction of duty;
- (2) to rescind any contract or transaction concluded between the Bank and the directors, supervisors, and senior management members concerned, and the contracts or transactions concluded between the Bank and a third party (when the third party is knowingly aware or should be aware that the directors, supervisors, and senior management members representing the Bank are in breach of the obligations they owe to the Bank);
- (3) to require the directors, supervisors, and senior management members concerned to surrender any gains which they have obtained via their breach of obligations;
- (4) to recover from the directors, supervisors, and senior management members concerned the amounts which should have been received by the Bank, including but not limited to commissions; and
- (5) to request the directors, supervisors, and senior management members concerned to repay the interest which is or may be earned from the monies which should have been paid to the Bank.

**Article 255** The Bank shall adopt fair and open standards and procedures for appraising the performance of directors, supervisors, and senior management members, and shall establish an incentive mechanism which links remuneration to the effectiveness contributed to the Bank and to personal performance.

**Article 256** The Bank shall enter into written contracts with the directors and the supervisors in relation to remuneration matters, subject to the approval of the shareholders’ general meeting. The remuneration matters mentioned above include:

- (1) remuneration payable to the directors, supervisors or senior management members of the Bank;
- (2) remuneration payable to the directors, supervisors or senior management members of the subsidiary banks (subsidiary companies) of the Bank;
- (3) remuneration for providing other services for the purpose of the management of the Bank and its subsidiary banks (subsidiary companies); and
- (4) compensation to a director or supervisor for his loss of position or for his retirement.

Except for the contracts mentioned above, the directors and supervisors shall not initiate litigation against the Bank for gains due to them because of the foregoing matters.

**Article 257** The contracts entered into between the Bank and the directors or supervisors of the Bank in relation to remuneration matters shall stipulate that if the Bank is acquired, the directors and supervisors of the Bank, subject to prior approval of the shareholders' general meeting, shall be entitled to compensation or other monies for loss of positions or for retirement.

The "acquisition of the Bank" mentioned in the preceding item refers to one of the following circumstances:

- (1) offer of acquisition made by any person to all shareholders; or
- (2) offer of acquisition made by any person with intent to make the offeror the controlling shareholder.

If the directors and supervisors concerned do not comply with the provisions of this article, any monies they receive shall go to the persons who take the offer mentioned above and sell their shares, and such directors and supervisors shall bear the expenses arising from distributing such monies in proportion, and such expenses shall not be deducted from such monies.

**Article 258** Where the conditions are met, and subject to the approval of the shareholders' general meeting, the Bank may establish a professional liability insurance system of the directors, supervisors and senior management members.

Unless the directors, supervisors, senior management members are proved to have failed to perform their duties and responsibilities honestly and in good faith, the Bank will bear the civil liability incurred by the directors, supervisors 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.

**Article 259** No directors, supervisors, senior management members shall take part in the process of determining their own remuneration or performance appraisal.

**Article 260** The methods of appraising the performance of directors and senior management members shall be formulated by the Due Diligence Supervision Committee of the Board of Supervisors and shall be submitted to the Board of Supervisors for approval.

**Article 261** The remuneration plans of the directors shall be formulated by the Nomination and Remuneration Committee under the Board of Directors, and, after approval by the Board of Directors, shall be submitted to the shareholders' general meeting for approval.

The remuneration and allowance distribution plans for the supervisors shall be formulated by the Due Diligence Supervision Committee of the Board of Supervisors, and, after approval by the Board of Supervisors, shall be submitted to the shareholders' general meeting for approval.

The remuneration plans of the senior management members shall be formulated by the Nomination and Remuneration Committee under the Board of Directors and submitted to the Board of Directors for approval.

## **CHAPTER XIII FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION PLAN AND INTERNAL AUDIT**

**Article 262** The Bank shall formulate a prudent financial accounting system in accordance with the laws, administrative rules and the PRC accounting standards formulated by the finance authority under the State Council.

**Article 263** The financial year of the Bank shall coincide with the calendar year, i.e. from 1 January to 31 December of the Gregorian calendar.

**Article 264** The Bank shall prepare an annual financial accounting report at the end of each financial year, which shall be examined by an audit firm in accordance with the laws.

**Article 265** The Board of Directors of the Bank shall submit to each shareholders' annual general meeting the financial accounting reports which shall be prepared by the Bank as prescribed by the relevant laws, administrative regulations, and departmental rules.

The financial accounting reports of the Bank shall be made available at the Bank 20 days or earlier before the convening of the annual general meeting for shareholders' inspection. Every shareholder of the Bank shall be entitled to receive the financial accounting reports mentioned in this chapter.

Unless stipulated otherwise in the Articles of Association, the Bank shall, at least 21 days before the convening of an annual general meeting, send the financial accounting reports mentioned above to each holder of overseas-listed shares by hand or by prepaid mail, and the addresses of recipients shall follow the addresses set out in the register of shareholders.

**Article 266** The financial accounting statements of the Bank shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with international accounting standards or the accounting standards of the overseas listing place. If there is any material difference between the financial accounting statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial accounting statements. When the Bank is to distribute its after-tax profits for the financial year concerned, the lower of the two after-tax profits as shown in the two financial statements mentioned above shall be adopted.

**Article 267** The Bank shall announce its financial report twice in each financial year, i.e. to announce its interim financial report within 60 days after the end of the first six months of each financial year, and announce the annual financial report within 120 days after the end of each financial year. Where the securities regulatory authorities of the places where the Bank's shares are listed stipulates otherwise, such stipulation shall be followed. The interim results or financial information published or released by the Bank shall be prepared in accordance with the PRC accounting standards and the related laws and regulations, and also in accordance with the international accounting standards or the accounting standards of the overseas listing place.

**Article 268** The Bank shall not maintain any accounting books other than the statutory ones. Any assets of the Bank shall not be kept under any account opened in the name of any individual.

**Article 269** The after-tax profit of the Bank for the year shall be distributed in the following order:

- (1) to make up for the losses of previous years;
- (2) to allocate 10% as statutory reserve fund;
- (3) to allocate for general reserve fund;
- (4) to pay dividends of preference shares;
- (5) to allocate for discretionary reserve fund; and
- (6) to pay dividends of ordinary shares.

Where the cumulative amount of the statutory reserve funds of the Bank amounts to not less than 50% of the registered capital of the Bank, allocation becomes not strictly necessary. After allocation to the statutory reserve fund, general reserve fund and payment of dividends of preference shares, 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 fund.

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

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

**Article 270** The reserve fund of the Bank shall be used for making up for the loss, expansion of the operation or increase of capitalization of the Bank, provided that the capital reserve fund shall not be used for making up for the loss of the Bank;

When the statutory reserve fund is capitalized, the retained portion of the fund shall not be less than 25% of the registered share capital of the Bank before the capitalization.

**Article 271** The capital reserve fund shall include the following funds:

- (1) premium obtained from the issue of share certificates above par value; and
- (2) other incomes to be allocated to the capital reserve fund as stipulated by the finance authority under the State Council.

**Article 272** In distributing the profits of the Bank, importance shall be attached to a reasonable return on the investment made by investors. Continuity and stability shall be maintained with the profit distribution policy. At the same time, the long term benefit of the Bank and overall interests of all the shareholders as well as sustainable development of the Bank shall be considered.

The Bank may distribute dividends by way of cash, shares or the combination of cash and shares. The Bank prefers profit distribution in cash. Where conditions allow, the Bank may make interim profit distribution.

**Article 273** Except in extraordinary circumstance, the Bank shall make its profit distribution by way of cash dividend if the Bank makes profits and its accumulated undistributed profit is a positive figure in the current year.

The profit distributed to ordinary shareholders by way of cash dividend shall not be less than 10% of the net profit attributable to ordinary shareholders of the Bank in the relevant financial year. In case of force majeure such as war and natural disaster, or external changes in the operation circumstances having material effects to the Bank's operation, or material internal changes in the Bank's operation, the Bank may modify its profit distribution policy. When modifying the profit distribution policy, the Board of Directors shall provide specific explanations to the reasons thereof, and such modification shall be submitted to the shareholders' general meeting for approval after being approved by the independent shareholders.

"Extraordinary circumstance" shall mean any circumstance in which profit distribution is forbidden by the state laws and regulations, including but not limited to the situation that the general reserves or capital adequacy ratio fail to reach the regulator's requirements.

Where the Board of Directors opines that the price of the Bank's shares does not match the size of share capital of the Bank, or if the Board of Directors deems necessary, the Board of Directors may, subject to the satisfaction of the above conditions for profit distribution in cash dividend, present a proposal for profit distribution in share dividend and implement the same upon review and approval by the shareholders' general meeting.

Where the Bank recorded profit in the previous financial year but the Board of Directors of the Bank did not present any proposal for profit distribution in cash dividend after the end of such year, details of reasons for not distributing dividend and the usage of such undistributed funds retained by the Bank shall be contained in the regular report, and independent directors shall issue independent opinions thereon.

**Article 274** The Bank shall appoint for holders of overseas-listed foreign investment shares a collection agent. The collection agent shall collect on behalf of the shareholders concerned the dividends distributed by the Bank in respect of the overseas-listed foreign investment shares and other amounts payable.

The collection agent appointed by the Bank shall meet the requirements of the laws at the places where the Bank's shares are listed or the relevant rules of the stock exchanges at the places where the Bank's shares are listed.

The collection agents appointed by the Bank for holders of overseas-listed shares which are listed on the SEHK shall be trust companies registered under the Trustee Ordinance of Hong Kong.

**Article 275** The Bank shall have the right to sell the shares held by uncontactable holders of overseas-listed shares in such ways as the Board of Directors think fit, provided that the following conditions shall be complied with:

- (1) The Bank has distributed dividends for at least three times in twelve years, and nobody claims the dividends during the period; and
- (2) After expiry of the 12-year period, the Bank shall put up an advertisement in one or more newspapers at the place where the Bank's shares are listed, stating the Bank's intention to sell the shares and inform the securities regulatory authorities at the places where the Bank's shares are listed.



**Article 276** In the cases of joint holders of any shares, if the Bank pays to any one of the joint shareholders any dividend, bonus or return on capital which are payable to such joint shareholders, such payment shall be deemed to be a payment of the above allocation or distribution to all joint shareholders of the relevant shares.

**Article 277** Subject to compliance with the relevant laws, administrative regulations and departmental rules of the PRC, the Bank may exercise a right to forfeit unclaimed dividends, provided that such right shall be exercisable only after the applicable limitation period expires.

The Bank shall have the right to cease sending dividend warrants to holders of overseas-listed shares by mail, provided that the Bank shall only exercise such right if such dividend warrants are not cashed for two consecutive times or if such dividend warrant fails to be served on the recipient after it is sent for the first time and is returned.

**Article 278** The Bank shall adopt an internal audit system and employ full-time audit staff to carry out objective and independent supervision, inspection and assessment of the financial income and expenditure, operating activities, risk profile and internal control of the Bank, and to make proposals to the Board of Directors regarding any corporate governance issues identified in the course of audit.

**Article 279** The Board of Directors of the Bank shall be responsible for approving the fundamental systems for internal audit management, mid- and long-term audit plans, annual work plan and audit budgets of the Bank; deciding on the appointment and dismissal of the principal officers in charge of internal audit; and deciding on the establishment of internal audit systems and the remuneration of internal audit staff. The internal audit departments and their officers-in-charge shall be accountable and report its work to the Board of Directors.

The senior management of the Bank shall ensure and support the implementation of the internal audit system and the performance of duties by the internal audit staff of the Bank, and shall, on the basis of internal audit needs, promptly provide the internal audit department with materials and information regarding the financial position, risk profile and internal control of the Bank, and shall not hinder or impede the internal audit department personnel from conducting audit within their scope of duties.

## **CHAPTER XIV ENGAGEMENT OF ACCOUNTING FIRMS**

**Article 280** The Bank shall engage an accounting firm, which shall meet the relevant government provisions and be independent, to audit the annual financial reports of the Bank and other financial reports of the Bank, to conduct capital verification of net assets and to provide other related consultancy services and other services.

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

**Article 281** The term for which the Bank engages an accounting firm shall be from the conclusion of each annual general meeting until the conclusion of the next following annual general meeting. The engagement of an accounting firm may be renewed.

**Article 282** An accounting firm engaged by the Bank shall have the following rights:

- (1) to inspect the financial statements, records and vouchers of the Bank at any time, and to request the directors and senior management members of the Bank to provide relevant information and exposition;
- (2) to request that the Bank adopt reasonable measures to obtain from its subsidiary banks (subsidiary companies) such information and exposition as required by the accounting firm for performing its duties; and
- (3) to attend the shareholders' general meeting as non-voting attendees, and to obtain the notice of the meeting or other information regarding the meeting, and to speak at the shareholders' general meeting on matters involving it as the accounting firm employed by the Bank.

**Article 283** If the position of the accounting firm is vacant, before the convening of the shareholders' general meeting, the Board of Directors may appoint an accounting firm to fill the vacancy, provided that the appointment shall be subject to confirmation by the next shareholders' general meeting. During the duration of the vacancy, if the Bank has any incumbent accounting firm in place, such accounting firm may still carry on their duties and responsibilities.

**Article 284** The remuneration of the accounting firm or the ways to determine the remuneration of the accounting firm shall be determined by the shareholders' general meeting. The remuneration of an accounting firm which is appointed by the Board of Directors to fill a vacancy shall be determined by the Board of Directors.

**Article 285** Notwithstanding anything agreed in any contract between the accounting firm and the Bank, the shareholders' general meeting may, before the term of office of an accounting firm expires, dismiss the accounting firm by way of a general resolution, provided that such decision shall not affect the right of the accounting firm to claim compensation against the Bank in accordance with the engagement contract.

**Article 286** The way in which the Bank engages, dismiss or discontinues the engagement of an accounting firm shall be determined by the shareholders' general meeting, and shall be reported to the regulatory authority under the State Council for the record.

Where the Bank dismisses or discontinues the engagement of any accounting firm, a prior notice shall be issued to the accounting firm, and the accounting firm shall have the right to express its view at the shareholders' general meeting.

Where the shareholders' general meeting intends to adopt a resolution to engage a non-incumbent accounting firm to fill any vacancy for an accounting firm, or renew the term of engagement of an accounting firm which is engaged by the Board of Directors to fill a vacancy, or dismiss an accounting firm the term of office of which has not yet expired, the following conditions shall be met:

- (1) The proposal on engagement or dismissal shall, before the notice of the shareholders' general meeting is issued, be delivered to the accounting firm which is to be engaged, or which is leaving office, or which has left office in the relevant financial year.

“Leaving office” means being dismissed, having resigned or having retired.

- (2) If an accounting firm which is leaving office makes a written statement and requests the Bank to inform the shareholders of the statement, and the Bank shall take the following measures, unless the written statement is received at a time too late:
  1. to state in the notice which is issued for the purpose of adopting a resolution that the accounting firm which is leaving office has made a statement; and
  2. to attach a copy of the statement to the notice as a schedule and dispatch the same to the shareholders in such way as prescribed in the Articles of Association.
- (3) If the Bank has not dispatched the statement of the accounting firm in accordance with item (2) of this Article, the accounting firm may require that the statement be read at the shareholders' general meeting, and may make further complaints.
- (4) The accounting firm leaving office shall have the right to attend the following meetings:
  1. the shareholders' general meeting which shall be held on the expiry of its term of office;
  2. the shareholders' general meeting held to fill the vacancy left as a result of its dismissal; and
  3. the shareholders' general meeting held as a result of its resignation on its own initiative.

The accounting firm leaving office shall have the right to receive all notices of the meetings mentioned above or other information relating to the meetings, and may express its view at the meeting mentioned above on matters which involves it as the former accounting firm of the Bank.

**Article 287** Where an accounting firm resigns, it shall state to the shareholders' general meeting whether or not the Bank has involved in any impropriety.

An accounting firm may resign from its position by leaving a written notice of resignation at the place of domicile of the Bank. The notice shall take effect on the date when it is left at the place of domicile of the Bank or such later date as specified in the notice. The notice shall include the following statement:

1. a statement explaining that its resignation does not involve any circumstances for which an account shall be given to the shareholders or creditors of the Bank; or
2. a statement of any circumstances for which an account shall be given.

Within 14 days upon receipt of the notice specified in the preceding paragraph, the Bank shall dispatch a copy of the notice to the authority concerned. If the notice contains any statement mentioned in item (2) of the preceding Article, the Bank shall make the copy of the statement available at the Bank for the shareholders' inspection. Unless otherwise stipulated by the Articles of Association, the Bank shall send by prepaid mail a copy of the statement mentioned above to each holder of overseas-listed shares, and the address of the recipient shall be that recorded in the register of shareholders.

If the notice of resignation of the accounting firm contains any reference to a situation for which an account shall be given, the accounting firm may request that the Board of Directors convene an extraordinary general meeting so that the shareholders may listen to the explanation to be given by it in connection with its resignation.

## CHAPTER XV INFORMATION DISCLOSURE

**Article 288** The Board of Directors of the Bank shall formulate an information disclosure system in accordance with the laws, administrative regulations, departmental rules, the relevant rules of the securities regulatory authorities of the places where the Bank's shares are listed and the Articles of Association, and shall take charge of the information disclosure affairs of the Bank.

**Article 289** The Bank shall regulate information disclosure under the principle of authenticity, accuracy, completeness and promptness.

**Article 290** The relevant persons in or outside the Bank who are informed of undisclosed information shall be obliged to keep the confidentiality of such information.

## CHAPTER XVI NOTICES AND ANNOUNCEMENTS

**Article 291** The notices stated in the Articles of Association 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 made in the press or other designated media;
- (5) subject to compliance with the laws, administrative regulations, departmental rules and the rules of the securities regulatory authorities of the places where the Bank's shares are listed, by posting on the website of the Bank and a website designated by the SEHK;
- (6) such ways as the Bank and the notified party agreed in advance or any other way which is recognised by the notified party upon receipt of the notice; and
- (7) other ways which are recognised by the securities regulatory authorities of the places where the Bank's shares are listed or stipulated in the Articles of Association.

Notwithstanding anything in the Articles of Association on the form in which any documents, notices or other communications are to be released or given, 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 release corporate communication in the way 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. The "corporate communication" mentioned above refers to any documents sent or to be sent by the Bank for the reference or action of the shareholders, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), Board of Directors' reports (together with balance sheets and income statements), and notices, circulars and other communications of shareholders' general meetings.

**Article 292** Where the securities regulatory authority of the place where the Bank's shares are listed requests that the Bank deliver, mail, distribute, issue, publish or by other means provide a document in an English and a Chinese version, if the Bank has made appropriate arrangements to determine whether its shareholders desire to receive the English version only or the Chinese version only, and to the extent permitted by applicable laws and regulations and in accordance with applicable laws and regulations, the Bank may deliver only English version or only Chinese version to the shareholders according to their choices.

**Article 293** Where a notice is delivered by hand, the recipient shall acknowledge receipt by signing (or sealing) the delivery receipt, and the date on which the recipient signs the delivery receipt shall be the service date. Where a notice is sent by mail, the 48th hour from the day of posting at the post office shall be the service day. Where a notice is given by fax or e-mail or by posting on a website, the date of giving the notice shall be the service day. Where a notice is given by way of announcement, the date on which the announcement is first published shall be the service date. Where an announcement is published in a newspaper which meets the relevant requirements, once the announcement is published, all persons concerned shall be deemed to have received the notice.

**Article 294** Where, as a result of accidental omission, a notice of meeting is not given to a person who is entitled to receive the notice or where such person has not received the notice, the meeting or any resolution adopted at the meeting shall not be invalidated as a result.

**Article 295** The "notice" referred to in the Articles of Association, unless the context otherwise requires, for the purpose of the notices to be issued to holders of domestic shares or notices to be issued in the PRC in accordance with relevant regulations and the Articles of Association, means announcements which are published in the newspapers or periodicals of China, and such newspapers and periodicals shall be those designated under the laws or administrative regulations of the PRC or by the securities regulatory authority under the State Council; for the purpose of notice issued to holders of overseas-listed shares or notices issued in Hong Kong in accordance with the relevant provisions and the Articles of Association, such announcements shall be issued in compliance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

## **CHAPTER XVII STAFF MANAGEMENT**

**Article 296** The Bank shall comply with the provisions of the laws, administrative regulations, departmental laws and other normative documents on labour and employment, labour protection, social insurance and other aspects of social security, 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 297** In accordance with the relevant provisions of the State, the Bank shall have the right to decide, on its own, its staff recruitment terms, the number of recruits, the duration of recruitment, the forms of recruitment, and the forms of employment.

**Article 298** The Bank adopts a labour contract system for all staff.

The Bank shall adopt a staff remuneration system which can strongly motivate the staff, effectively put the staff under bounds of discipline, and continuously improve the overall levels of the remuneration and benefits of the staff in tandem with management and efficiency enhancement.

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

**Article 299** The Bank shall formulate specific rules and regulations on staff awards and punishment, award staff members who have made outstanding contribution, and punish or dismiss staff members who are in breach of discipline.

**Article 300** Any labour disputes which arise between the Bank and the staff shall be handled in accordance with the provisions of the relevant laws, administrative regulations and the provisions of the Bank on labour dispute handling.

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

### **Section 1 Merger and Division**

**Article 301** The Bank may carry out merger or division in accordance with the laws. Any merger or separation of the Bank shall be in compliance with the Company Law, the Commercial Banking Law and other laws, administrative regulations and departmental rules.

The merger of the Bank may take two forms: merger by absorption or merger by new establishment.

**Article 302** For merger or division of the Bank, the Board of Directors shall formulate a plan and, after the plan is adopted through the procedures stipulated in the Articles of Association and upon approval of the shareholders' general meeting, go through the relevant examination and approval procedure in accordance with the laws. Shareholders who oppose to the plan of merger or division of the Bank shall have the right to request that the Bank or shareholders who agree to the merger or division of the Bank to purchase its shares at a fair price. The content of the merger or division of the Bank shall be prepared as a special document for shareholders' inspection. To holders of overseas-listed shares, the documents mentioned above shall be sent by mail.

**Article 303** For a merger of the Bank, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property inventory sheet. The Bank shall inform the creditors within 10 days from the date on which a resolution is adopted in favour of the merger, and shall publish an announcement for at least three times in 30 days in the press. The creditors shall within 30 days of the day on which a notice is received, and, in the case where no notice is received, within 45 days, request that the Bank repay its indebtedness or provide corresponding guarantee.

After the merger of the Bank, the entity surviving the merger or the new entity established after the merger shall succeed to the claims and liabilities of the parties to the merger.



**Article 304** Where the Bank is divided, its property shall be divided correspondingly.

Where the Bank is divided, the parties to the division shall enter into a division agreement, and shall prepare a balance sheet and a property inventory list. The Bank shall within 10 days of adopting a resolution in favour of the division inform the creditors, and shall publish an announcement for at least three times in the press within 30 days.

The entity established after division shall assume joint and several liability for the debts incurred by the Bank before division, unless otherwise stipulated in any agreement on settlement of debts which may be reached between the Bank and its creditors prior to the division.

**Article 305** In any merger or division of the Bank, if there is any change to registered matters, an application for modification of registration shall be made to the registration authority pursuant to the laws. If any new company is established, the procedure for establishing a company shall be gone through in accordance with the laws.

## **Section 2 Dissolution and Liquidation**

**Article 306** In any of the following circumstances, the Bank may be dissolved in accordance with the laws:

- (1) dissolution as resolved by the shareholders' general meeting;
- (2) dissolution as a result of merger or division of the Bank;
- (3) its business licence is revoked or it is ordered to close down its business or its business licence is cancelled in accordance with the laws; and
- (4) where the operation and management of the Bank falls into serious difficulties and its continuing existence will bring heavy losses to shareholders, such difficulties being impossible to be resolved in other ways.

Dissolution of the Bank shall be reported to the banking regulatory authority under the State Council to be effective.

**Article 307** Where the Bank is dissolved in accordance with items (1) or (4) of the preceding Article, a liquidation team shall be established pursuant to laws within 15 days of the date on which the banking regulatory authority under the State Council grants an approval, and the team members shall be determined by the shareholders' general meeting by way of a general resolution.

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

**Article 308** If the Board of Directors decides that the Bank shall be liquidated (other than liquidation as a result of declaration of bankruptcy by the Bank), the Board of Directors shall state in the notice convening a shareholders' general meeting for that purpose that the Board of Directors have made a comprehensive investigation into the situation of the Bank and opines that the Bank can settle the debts of the Bank within 12 months after commencement of the liquidation.

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

The liquidation team shall follow the instructions of the shareholders' general meeting and shall report to the shareholders' general meeting at least once a year on the revenue and expenditure of the liquidation team, the business of the Bank and the progress of the liquidation, and shall make a final report to the shareholders' general meeting upon conclusion of the liquidation.

**Article 309** The liquidation team shall within 10 days of its establishment inform the creditors, and shall publish an announcement for at least three times in 60 days in a newspaper.

The creditors shall, within 30 days of the receipt of the notice, or, within 45 days upon receipt of the announcement if a notice is not received, put forward their claims to the liquidation team.

When putting forward their claims, the creditors shall state the matters relating to the claims and provide evidentiary materials. The liquidation team shall register such claims.

During the period for the submission of claims, the liquidation committee shall not settle any debts owed to creditors.

**Article 310** The settlement team shall exercise the following functions and powers during the period of liquidation:

- (1) to liquidate the property of the Bank and prepare a balance sheet and a property inventory list separately;
- (2) to inform or make an announcement to the creditors;
- (3) to deal with any liquidation-related and outstanding debts of the Bank;
- (4) to settle any taxes owed and any taxes arising in the course of liquidation;
- (5) to liquidate claims and debts;
- (6) to handle the remaining property of the Bank remaining after liquidation; and
- (7) to participate in civil litigation on behalf of the Bank.

**Article 311** After liquidating the property of the Bank and preparing a balance sheet and a property inventory list, the liquidation team shall formulate a liquidation plan and submit it to the shareholders' general meeting or the competent authority for confirmation.

The property of the Bank shall be used for settlement in the following order:

- (1) settlement of costs;
- (2) salaries owed to employees of the Bank; social insurance fees and statutory compensation;
- (3) payments for the principal and interest of personal savings deposits;

- (4) payment of any taxes owed; and
- (5) settlement of other debts of the Bank.

The property of the Bank shall not be distributed to the shareholders before it is used for settlement in accordance with the provisions of the preceding paragraph. The property which remains after settlement is made in accordance with the provisions of the preceding paragraph shall be distributed by the shareholders of the Bank in accordance with the class and proportion of the shares they hold. During liquidation, the Bank shall not carry on any operating activity which does not relate to the liquidation.

**Article 312** Where liquidation is carried out as a result of the dissolution of the Bank, after liquidating the property of the Bank and preparing a balance sheet and a property inventory, if the liquidation team finds the property of the Bank to be insufficient for the settlement of its debts, the liquidation team shall, upon approval by the authority concerned, apply to the people's court for bankruptcy.

After a ruling is made by the people's court that the Bank be declared bankrupt, the liquidation team shall hand over its liquidation work to the people's court, and shall carry out bankruptcy liquidation in accordance with the laws on corporate bankruptcy.

**Article 313** Upon conclusion of the liquidation, the liquidation team shall prepare a liquidation report, a statement of the revenue and expenditure during the liquidation and the financial books, and, upon verification by an external audit institution, submit the same to the shareholders' meeting or the people's court or the authority concerned for confirmation.

The liquidation committee shall, within 30 days of the date of confirmation by the authority concerned, submit the documents mentioned above to the company registration authority, apply for cancellation of the Bank's registration and make an announcement of the closure of the Bank.

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

**Article 314** The Bank shall amend the Articles of Association in any of the following circumstances:

- (1) After amendments to the Company Law or the relevant laws and administrative regulations, any matter prescribed in the Articles of Association becomes in conflict with the provisions of the amended laws and administrative regulations;
- (2) There is such a change to the state of affairs of the Bank that they become inconsistent with the matters set out in the Articles of Association; and
- (3) An amendment is to be made to the Articles of Association pursuant to a resolution adopted by the shareholders' general meeting.

**Article 315** The Bank may amend the Articles of Association where necessary. Amendments to the Articles of Association shall not be in conflict with laws and administrative regulations. The Board of Directors may amend the Articles of Association in accordance with resolutions adopted at the shareholders' general meeting on amending the Articles of Association.

**Article 316** Where the amendments adopted by the shareholders' general meeting to be made to the Articles of Association shall be subject to the examination and approval of the authority concerned, such amendments shall be submitted to the original examination and approving authority for the approval to be effective. Where an amendment involves matters in relation to the registration of the Bank, the procedures for modification of registration shall be completed in accordance with the laws.

## **CHAPTER XX DISPUTE RESOLUTION**

**Article 317** The Bank shall comply with the following rules in relation to the resolution of disputes:

- (1) Where any dispute or claim of rights arises between a holder of overseas-listed shares and the Bank; or between a holder of overseas-listed shares and a director, supervisor, or senior management member of the Bank; or between a holder of overseas-listed shares and a holder of domestic shares, out of the rights and obligations prescribed in connection with the affairs of the Bank by the Articles of Association, the Company Law and the relevant laws and administrative regulations, the parties concerned shall submit such dispute or claim of rights to arbitration.

Where the dispute or claim of rights mentioned in the preceding paragraph is submitted to arbitration, the claim of rights or dispute so submitted shall represent such claim of rights or the rights in its entirety. All persons who have a cause of action or whose participation is needed for the resolution of such dispute or claim of rights, provided that they are the Bank or shareholders, directors, supervisors, or senior management members of the Bank, shall submit to the arbitration.

Disputes relating to definition 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 Committee 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 chooses to have the arbitration conducted in the Hong Kong International Arbitration Centre, either party may request in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre that the arbitration be conducted in Shenzhen.

- (3) Where the dispute or claim of rights stated in item (1) of this Article is to be resolved by way of resolution, the law of the PRC shall apply, unless stipulated otherwise by laws and administrative regulations.
- (4) The awards made by the arbitration institutions shall be final and binding on the parties.

## CHAPTER XXI SUPPLEMENTAL PROVISIONS

### Article 318 Interpretation:

- (1) “Sannong” means agriculture, rural areas and farmers.
- (2) “Controlling shareholders” 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 not less than half of the directors;
  2. a person who when acting alone or in concert with others may exercise not less than 30% of the voting right or may control the exercise of not less than 30% of the voting right;
  3. a person who when acting alone or in concert with others holds not less than 30% of the outstanding voting shares of the Bank; and
  4. a person who when acting alone or in concert with others is in de facto control of the Bank.

The above phrase “acting in concert” means two or more persons who, by way of agreement (whether verbal or in writing), cooperation or related party relationship or other legal ways, enlarge the proportion of the shares in the Bank which are under their control or consolidate their control over the Bank, so that when a vote is taken, the same expression of opinions will be made (including joint proposal of motions, joint nomination of directors, entrustment of the exercise of voting right attached to shares without giving instruction on how to vote, provided that open proxy solicitation is to be excluded).

- (3) “De facto controller” means a person who, though not a shareholder of the Bank, is able to get the de facto control of the Bank through investment relationships, agreement or other arrangements.
- (4) Substantial shareholders means the shareholder who can directly, indirectly, or jointly hold or control 5% or more of the shares or voting rights of a commercial bank and have a significant impact upon the decision-making of the commercial bank.
- (5) In the Articles of Association, the specific criteria for the words “important” and “major” as used in the expressions “important legal entities”, “major mergers and acquisitions”, “major external investments”, “major asset acquisitions”, “major asset disposals”, “major asset write-off” and “major external guarantees”, shall be determined by the specific authority granted by the shareholders’ general meeting to the Board of Directors and by the Board of Directors to the President.
- (6) The “total number of voting shares” herein consists of solely the total number of ordinary shares and the preference shares with restored voting rights.

**Article 319** The Articles of Association shall be 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 of Association, the most recent Chinese version approved for registration by the State Administration for Industry & Commerce of the PRC shall prevail.

**Article 320** For the purposes of the Articles of Association, the terms “not less than” and “within” shall include the given figure; “over”, “more than”, “below”, “under” and “less than” shall not include the given figure.

**Article 321** The power of interpretation of the Articles of Association shall be vested in the Board of Directors of the Bank.

*The Articles of Association are written in Chinese. If there is any discrepancy between the Chinese version and any other translated versions, the Chinese version shall prevail.*