

Articles of Association of Luzhou Bank Co., Ltd.

2025

Contents

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Chapter 1 General Provisions	1
Chapter 2 Business Objective and Scope	3
Chapter 3 Shares and Registered Capital	4
Section 1 Issue of Shares	4
Section 2 Increase, Decrease and Repurchase of Shares	6
Section 3 Transfer and Pledge of Shares	9
Chapter 4 Financial Assistance for the Acquisition of Shares in the Bank	11
Chapter 5 Shares and Register of Shareholders	11
Chapter 6 CPC Organization	15
Chapter 7 Shareholders and Shareholders' Meetings	18
Section 1 Shareholders	18
Section 2 General Provisions for Shareholders' Meetings	26
Section 3 Convening of Shareholders' Meetings	29
Section 4 Proposals and Notices of Shareholders' Meetings	30
Section 5 Holding of Shareholders' Meetings	33
Section 6 Voting and Resolutions of the Shareholders' Meeting	37
Chapter 8 Special Voting Procedures for Class Shareholders	44
Chapter 9 Board of Directors	47
Section 1 Directors	47
Section 2 Independent Directors	50
Section 3 Board of Directors	56
Section 4 Special Committees under the Board	62
Section 5 Chairman	64
Section 6 Secretary of the Board	65
Chapter 10 Senior Management	66
Chapter 11 Qualifications and Obligations of Directors and Senior Managers	69
Chapter 12 Financial Accounting System, Profit Distribution and Audit	78
Section 1 Financial Accounting System	78
Section 2 Internal Audit	81
Section 3 Appointment of Accounting Firms	81
Chapter 13 Labor Personnel	83
Chapter 14 Merger, Division, Dissolution and Liquidation	84
Section 1 Merger or Division	84
Section 2 Dissolution and Liquidation	86
Chapter 15 Amendments to the Articles	88
Chapter 16 Notice and Announcement	89
Chapter 17 Resolution of Disputes	92
Chapter 18 Supplementary Provisions	93

Chapter 1 General Provisions

- Article 1** To establish a modern corporate system, improve corporate governance, protect the legitimate rights and interests of Luzhou Bank Co., Ltd. (hereinafter referred to as “the Bank”), the shareholders, the employees and the creditors and regulate the organization and conduct of the Bank, the Articles of Association (hereinafter referred to as “the Articles”) are formulated pursuant to the Company Law of the People’s Republic of China (hereinafter referred to as “Company Law”), the Securities Law of the People’s Republic of China, Banking Supervision and Regulatory Law of the People’s Republic of China (hereinafter referred to as “Banking Supervision and Regulatory Law”), Law of the People’s Republic of China on Commercial Banks (hereinafter referred to as “Law on Commercial Banks”), Interim Measures for Management of Commercial Bank Equity, the Code of Corporate Governance of Banking and Insurance Institutions, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Listing Rules”) and other relevant regulations and based on the actual conditions of the Bank.
- Article 2** The Bank is a joint stock limited company incorporated under the Company Law, Law on Commercial Banks and other relevant regulations.
- Article 3** The Bank was established by means of promotion upon approval by PBoC in Reply Concerning Establishment of City United Bank by Luzhou City (Yin Fu [1996] No. 473), Reply Concerning Preparation for Establishment of Luzhou City United Bank (Yin Fu [1997] No. 233) and Reply Concerning Commencement of Business of Luzhou City United Bank (Yin Fu [1997] No. 367) and has obtained the financial licence. The Bank was registered with Luzhou City Administration for Industry & Commerce in Sichuan Province and obtained the business licence on September 15, 1997. The unified social credit code of the Bank is: 91510500708926271U.
- Article 4** Registered name of the Bank:
Full name in Chinese: 泸州银行股份有限公司
Abbreviated name in Chinese: 泸州银行
Full name in English: LUZHOU BANK CO., LTD.
Abbreviated name in English: LUZHOU BANK
- Article 5** Address of the Bank: Building 1, No. 18, Section 3 Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province
Postcode: 646000
Tel.: 0830-2362606
Fax: 0830-3100625
- Article 6** The registered capital of the Bank is RMB2,717,752,062.
- Article 7** The Company is a joint stock limited company having perpetual existence.
- Article 8** The chairman of the Bank is the legal representative. Where the chairman resigns, such person shall be deemed to have resigned as the legal representative at the same time. Where the legal representative resigns, the Bank shall appoint a new legal representative within 30 days from the date of the resignation of the legal representative.

- Article 9** The entire capital of the Bank is divided into shares of equal amount. Shares of the same class shall have the same rights and benefits. Shareholders shall bear liability for the Bank to the extent of the shares they subscribe for, and the Bank shall bear liability for the debts of the Bank with all its assets.
- Article 10** From the date on which it becomes effective, the Articles shall become a legally binding document that regulates the organization and acts of the Bank, as well as the rights and obligations between the Bank and its shareholders, and amongst the shareholders themselves.
- Article 11** The Articles of Association are binding on the Bank and its shareholders, directors, president and other senior managers. Pursuant to the Articles, the shareholders may pursue actions against the Bank; the Bank may pursue actions against its shareholders; the shareholders may pursue actions against other shareholders; the shareholders may pursue actions against the directors and senior managers of the Bank.
- The actions, as referred to in the preceding paragraph, include the instituting of legal proceedings with a court or filing with an arbitral authority for arbitration.
- Senior managers mentioned in the Articles refer to president, vice president, assistant to the president, secretary of the Board, chief information officer, chief financial officer, person in charge of audit and other managers of the Bank determined by the Board.
- Article 12** The Bank practices a one-level corporate system. The branches and sub-branches of the Bank do not have legal person qualifications and conduct businesses within the scope of authorization of the Bank. Their civil liability shall be borne by the Bank.
- Article 13** The Bank may, upon approval by the banking regulatory authorities under the State Council, establish, change and cancel its branches and sub-branches including but not limited to branch banks (companies) and representative offices in light of its business needs and according to laws, administrative regulations, rules and the Articles. The Bank may set up and adjust some special committees and internal management bodies according to management needs.
- Article 14** The Bank practices a financial system of unified accounting, unified allocation of funds and multi-level management for branches. The Bank may, upon examination and approval by the banking regulatory authorities under the State Council, establish, change and cancel domestic and overseas agencies including but not limited to branch banks (companies) and subsidiary banks (companies) in light of its business needs and according to laws, administrative regulations and the Articles.
- Article 15** The Bank conducts unified management on the appointment and removal of major personnel, business policies, basic rules and regulations and foreign affairs of its branches and sub-branches.
- Article 16** Upon examination and approval by the banking regulatory authorities under the State Council, the Bank may invest in other limited liability companies and joint stock limited companies according to laws and shall be liable for the invested companies to the extent of the capital contribution.

Chapter 2 Business Objective and Scope

Article 17 The Bank's business objective is: to ensure capital appreciation to the greatest extent, create the best returns to shareholders and promote social and economic prosperity and development of various businesses by conducting operations according to laws and regulations and based on the customer-centered and market-oriented principle and making structural adjustment under the drive of reform and guide of technology with an aim to prevent risks and create benefits.

The Bank's business guidelines are: customer utmost, credit first, striving for efficiency, active exploration and serving society.

The Bank's operation principles are: safety, liquidity and efficiency.

The Bank's operation mechanism is: independent operation, assumption of its own risks, responsibility for its own profits and losses, self-discipline and self-development.

Article 18 Upon approval by the company registration authority and by the banking regulatory authorities under the State Council and the PBoC, the Bank's business scope is:

- (I) taking deposits from the public;
- (II) extending short-term, medium-term and long-term loans;
- (III) effecting domestic and overseas payment settlements;
- (IV) accepting and discounting instruments;
- (V) issuing financial bonds;
- (VI) acting as the issuing agent, payment agent and underwriter of government bonds;
- (VII) trading government bonds and financial bonds;
- (VIII) engaging in interbank lending;
- (IX) trading foreign exchange as principal or agent;
- (X) engaging in bank card business;
- (XI) providing letters of credit and guarantee services;
- (XII) collecting and making payment as agents and acting as insurance agents;
- (XIII) providing safe deposit box service;
- (XIV) other businesses approved by the banking regulatory authorities under the State Council.

A valid licence is required for any of the above items that involves administrative permission.

Chapter 3 Shares and Registered Capital

Section 1 Issue of Shares

Article 19 The Bank's shares are all ordinary shares and are issued in an open, fair and just manner. Each share of the same class shall carry equal rights.

Shares issued at the same time and within the same class shall be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual).

With the approval of the company examination and approval department authorized by the State Council, the Bank may have other classes of shares like preference shares if necessary. The Bank shall ensure the holders of preference shares have sufficient voting right when appropriate.

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

RMB referred to in the preceding paragraph refers to the statutory currency of the People's Republic of China (hereinafter referred to as "PRC").

Article 21 Upon approval by the banking regulatory authorities under the State Council and the securities regulatory authorities under the State Council, the Bank may issue shares to domestic investors and foreign investors.

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

Article 22 Shares that the Bank issues to domestic investors for subscription in Renminbi shall be known as domestic shares. Shares that the Bank issues to foreign investors for subscription in foreign currencies shall be known as foreign shares. Foreign shares listed overseas are called overseas listed foreign shares.

Shares listed on an overseas stock exchange upon approval by the department authorized by the State Council and by the overseas securities regulatory authority shall be collectively known as overseas listed foreign shares.

The overseas listed foreign shares issued by the Bank and listed on the Stock Exchange of Hong Kong Limited (hereinafter referred to as "Hong Kong Stock Exchange") are called H Shares for short. H Shares are shares listed on the Hong Kong Stock Exchange, with nominal values stated in Renminbi, and subscribed and traded in HKD.

Foreign currencies referred to in the preceding paragraph mean the lawful currencies, other than RMB, of other countries or regions, which are recognized by the foreign exchange authority of the State and can be used to pay to the Bank for the shares. If permitted by relevant laws, administrative regulations and departmental rules, the shareholders of the Bank may list overseas the unlisted shares they hold upon approval by the relevant regulatory authorities including the banking regulatory authorities under the State Council and securities regulatory authorities under the State Council. Listing of the aforesaid shares on an overseas stock exchange shall also comply with the regulatory procedures, provisions and requirements of the overseas securities market. It is unnecessary to hold a class meeting to vote on listing of the aforesaid shares on an overseas stock exchange. If the domestic shares held by the shareholders of the Bank are listed overseas upon approval, the said shares shall fall into the category of overseas listed shares.

Article 23 The domestic shares issued by the Bank shall be kept at the qualified institution. The Bank's H Shares are mainly kept in the securities registration and clearing institution in Hong Kong and may be held by the shareholders in their own names.

Article 24 The Bank is promoted by Luzhou Municipal Finance Bureau, the original shareholders of eight former urban credit cooperatives and two rural credit cooperatives in Luzhou and new Shareholders joining us as promoters. Upon approval by the examination and approval department authorized by the State Council, the Bank issued 100,763,700 ordinary shares to the promoters at the time of its establishment, accounting for 100% of the total ordinary shares that the Bank could issue then. The capital contribution was made in September 1997 by way of net assets and currency.

627,600,000 ordinary shares were issued in the Bank's initial public offering upon approval by the securities regulatory authorities including the examination and approval department authorized by the State Council.

The equity structure of the Bank is: 2,717,752,062 ordinary shares, including 1,964,632,062 domestic shares, accounting for 72.29% of the total ordinary shares that the Bank can issue; 753,120,000 H Shares, accounting for 27.71% of the total ordinary shares that the Bank can issue.

Article 25 The Board of the Bank may make arrangements for separate issue of overseas listed foreign shares and domestic shares in accordance with the issue plan approved by the securities regulatory authorities under the State Council. According to the aforesaid plan for separate issue of overseas listed foreign shares and domestic shares, the Bank may issue the shares within 15 months after approval by the securities regulatory authorities under the State Council.

Article 26 If the Bank separately issues overseas listed foreign shares and domestic shares within the total number specified in the issue plan, the said shares shall be issued respectively at one time; if it is impossible for the shares to be issued at one time for special reasons, the shares may be issued by several times upon approval by the securities regulatory authorities under the State Council.

Section 2 Increase, Decrease and Repurchase of Shares

Article 27 The Bank may increase its capital as follows in the light of its business and development needs, in accordance with the relevant laws, administrative regulations, resolutions made at the shareholders' meeting:

- (I) to offer new shares to non-given investors;
- (II) to offer new shares to special entities;
- (III) to distribute new shares to existing shareholders;
- (IV) to transfer reserve funds to increase share capital;
- (V) to place new shares to existing shareholders;
- (VI) by other methods approved by laws, administrative regulations and relevant regulatory authorities.

Issue of new shares by the Bank for capital increase shall be subject to approval as specified in the Articles and follow the procedures specified in the relevant state laws and administrative regulations.

Article 28 The Bank may decrease its registered capital. Decrease of registered capital by the Bank shall be subject to approval of the banking regulatory authorities under the State Council and follow the procedures specified in the Company Law, Law on Commercial Banks and other relevant regulations as well as the Articles.

After decrease of capital, the Bank's registered capital shall not be less than the statutory minimum limit and the minimum amount required by the regulatory departments.

Article 29 The Bank shall prepare a balance sheet and a list of property inventory when decreasing its registered capital.

The Bank shall notify its creditors within 10 days after adoption of the resolution to decrease the registered capital by the shareholders' meeting and shall make announcements in newspapers or the National Enterprise Credit Information Publicity System within 30 days. The creditors shall have the right to require the Bank to repay debts or provide corresponding guarantees for debt repayment within 30 days after receipt of the notice or within 45 days after the date of the first announcement if the creditors haven't received the notice.

Article 30

The Bank may, in accordance with the provisions under laws, administrative regulations, other rules and the Articles and with the approval by the banking regulatory authorities under the State Council, repurchase its issued shares in the following circumstances:

- (I) reduction of the Bank's registered capital;
- (II) merging with another company holding shares in the Bank;
- (III) offering incentives to the employees of the Bank;
- (IV) requests for the Bank to repurchase its own shares from shareholders who have voted against the resolutions passed at a shareholders' meeting on the merger or separation of the Bank;
- (V) use of shares for conversion of convertible corporate bonds issued by the Bank;
- (VI) the share buyback is necessary for the Bank to maintain its value and protect its shareholders' equity;
- (VII) other circumstances permitted by laws and regulations and by the relevant authorities of the state.

Except for the circumstances set out above, the Bank shall not be engaged in any activities of acquiring its shares.

Article 31

Approval shall be obtained at a shareholders' meeting when the Bank is to repurchase its own shares because of the circumstances set out in (I) to (II) above. After the Bank has repurchased its own shares in accordance with Article 30, the shares so repurchased shall be cancelled within 10 days from the date of purchase (under the circumstances set out in (I)), or shall be transferred or cancelled within six months (under the circumstances set out in (II) and (IV)).

The number of shares held in total by the Bank acquired by the Bank under the circumstances set out in (III), (V) and (VI) of Article 30 shall not exceed 10% of the total issued shares of the Bank, and shall be transferred or cancelled within three years. Where the Bank is to repurchase its own shares because of the circumstances set out in (III), (V), (VI) of Article 30 of the Articles of Association, it shall be resolved by the shareholders' meeting and carried out by open and centralized trade.

Where the laws, administrative regulations and the securities regulatory authorities of the place where the securities of the Bank are listed provide otherwise in relation to share repurchase and cancellation, such regulations shall apply.

Article 32

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

- (I) to make an offer of repurchase to all of its shareholders in the same proportion;

- (II) to repurchase shares through public trading on a stock exchange;
- (III) to repurchase through an off-market agreement;
- (IV) by other means as permitted by the laws, administrative regulations and the relevant competent authorities.

After repurchasing its shares according to the laws, the Bank shall cancel or transfer the said shares before the deadline specified by laws and administrative regulations, and register the change of registered capital with the authority where the Bank was originally registered. The aggregate par value of the cancelled shares shall be deducted from the Bank's registered capital.

Article 33

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

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

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

Article 34

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

- (I) for repurchases of shares by the Bank at their par value, payment shall be made from the book balance of its distributable profits or from the proceeds of a new issuance of shares for that purpose;
- (II) where the Bank repurchases its shares at a premium to its par value, payment up to the par value shall be made from the book balance of its distributable profits or from the proceeds of a new issuance of shares for that purpose; payment of the portion which is in excess of the par value shall be made as follows:
 - 1. If the shares being repurchased are issued at par value, payment shall be made from the book balance of its distributable profits;
 - 2. If the shares being repurchased are issued at a premium to its par value, payment shall be made from the book balance of its distributable profits or from the proceeds of the new issuance of shares for that purpose. However, the amount deducted from the proceeds of the new issuance of shares shall not exceed the aggregate amount of the premium received by the Bank from the issuance of the shares so repurchased, nor shall it exceed the amount in the Bank's premium account or capital reserve fund account (including premium on the new issuance) at the time of such repurchase;

- (III) the Bank shall make the following payments from the Bank's distributable profits:
 - 1. acquisition of the rights to repurchase its own shares;
 - 2. variation of any contracts for the repurchase of its shares;
 - 3. release from its obligations under any repurchase contracts.
- (IV) after the aggregate par value of the cancelled shares is deducted from the Bank's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profits used for the repurchase of the shares at par value shall be credited to the Bank's premium account or its capital reserve fund account.

Section 3 Transfer and Pledge of Shares

Article 35 Unless otherwise specified by the relevant laws, administrative regulations and the provisions of the securities regulatory authorities in the locality in which the securities of the Bank are listed, the fully paid shares of the Bank may be transferred legally. All fully paid H shares may be freely transferred in accordance with our Articles without any limitation on transfer right (except for the circumstance permitted by the Hong Kong Stock Exchange) and without any lien attached. However, the Board may refuse to recognize the documents for transfer of H shares without stating any reason unless the conditions stipulated below are met:

- (I) the transfer documents and other documents which relate to or may affect the title of any registered securities have been registered; fee prescribed by the Hong Kong Stock Exchange in the Hong Kong Listing Rules from time to time has been paid to the Bank regarding the registration, and all transfer documents and other documents which relate to or may affect the title of any shares have been registered;
- (II) transfer documents are only in relation to H Shares;
- (III) stamp duty (as stipulated by Hong Kong law) which is payable for the transfer documents has been duly paid;
- (IV) relevant share certificate(s) and any other evidence which the Board may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (V) where the shares are intended to be transferred to joint holders, the number of such joint shareholders is not more than four;
- (VI) shares are free and clear of any lien of the Bank.

Should the Board refuse to register any transfer of shares, the Bank shall, within two months from the date of the formal application for the transfer, provide the transferor and the transferee with a notice stating its refusal of registration of such transfer.

Transfer of shares by shareholders shall be registered with the local stock registration agency entrusted by the Bank. Transfer of shares by the Bank shall be handled in accordance with the relevant regulations of the state.

Article 36

Transfer of all H Shares shall be executed with a written transfer document in a common format or other format accepted by the Board (including the standard transfer format or transfer form specified by the Hong Kong Stock Exchange from time to time); the said transfer document may be signed by hand, or be stamped with the corporate seal (if the transferor or the transferee is a company). If the transferor or the transferee is a recognized clearing house (hereinafter referred to as the “recognized clearing house”) or agent thereof defined in relevant ordinances of Hong Kong laws effective from time to time, the transfer form can be signed by hand or by print.

All transfer documents shall be kept at the legal address of the Bank or other place designated by the Board from time to time.

Article 37

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

Article 38

The shares of the Bank held by the promoters shall not be transferred within one year after incorporation of the Bank. Before public offering of the Bank, the shareholding by natural persons shall not exceed the proportion specified by the regulatory authority. The substantial shareholders of the Bank shall not transfer the equity held by them in the Bank within five years after they obtain the said equity.

The directors and senior managers of the Bank shall notify the Bank of their holding of shares in the Bank and changes of their holdings. The shares transferred in any year during their tenures as determined at the time of their assumption of office shall not exceed 25% of the total number of the shares held by them. These individuals shall not transfer the shares held by them in the Bank within six months upon the completion of their terms of office unless so demanded by a court. During their tenures, they shall not pledge the shares held by them in the Bank. Where the laws, administrative regulations and relevant rules of the securities regulatory authorities in the place where the securities of the Bank are listed provide otherwise, such regulations shall apply.

Shares issued prior to the Bank’s public offering are not transferable within one year from the date on which the Bank’s shares are listed on the stock exchange. Where the relevant regulations of the securities regulatory authorities of the place where the securities of the Bank are listed provide otherwise, such regulations shall apply.

Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within the period of restriction on transfer.

Article 39

A shareholder and his connected parties and persons acting in concert separately or jointly intending to initially or accumulatively hold no less than 5% of total capital or total shares of the Bank shall obtain prior consent of a banking regulatory authority under the State Council. In the event that a shareholder holds no less than 5% of the total outstanding shares of the Bank without prior consent of a banking regulatory authority under the State Council, such shareholder shall make rectification within the prescribed period and no corresponding shareholders’ rights attached thereto shall be exercised before rectification.

Chapter 4 Financial Assistance for the Acquisition of Shares in the Bank

Article 40 The Bank shall not provide gifts, loans, guarantees and other financial assistance for others to obtain shares of the Bank, unless the Bank implements an employee shareholding scheme.

The Bank may, for the benefit of the Bank, provide financial assistance for others to acquire shares of the Bank upon a resolution of the shareholders' meeting or a resolution of the board of directors in accordance with the Articles of Association of the Bank or the authorisation of the shareholders' meeting, provided that the aggregate amount of financial assistance shall not exceed 10 percent of the total issued share capital. Resolutions of the board of directors shall be passed by no less than two-thirds of all the directors.

Chapter 5 Shares and Register of Shareholders

Article 41 The Bank's shares are all registered shares. The Bank's shares shall specify:

- (I) name of the Bank;
- (II) date of incorporation of the Bank;
- (III) type of shares, par value and number of shares represented;
- (IV) stock code;
- (V) other matters that shall be specified pursuant to the Company Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and the regulations of the securities regulatory authorities in the place where the securities of the Bank are listed.

The overseas listed foreign shares issued by the Bank may be in the form of overseas depositary receipt or other derivative forms according to the laws of the place where the securities of the Bank are listed and the practice of securities registration and depositary.

Article 42 Shares of the Bank shall be signed by the chairman of the Board. The president or other relevant senior managers of the Bank shall also sign the shares if required by the stock exchange where the securities of the Bank are listed. The shares shall come into effect after stamping or printing of the Bank's seal on the shares. After the Bank's seal is affixed to the shares, authorization of the Board is required. The signature of the chairman, president or other relevant senior managers of the Bank may also be printed on the shares.

Issue or trading of the shares of the Bank in a non-paper form shall comply with other regulations of the securities regulatory authorities and the stock exchange in the place where the securities of the Bank are listed.

- Article 43** The Bank shall establish a register of shareholders recording the following matters:
- (I) names, addresses (domiciles), occupations or features of the shareholders;
 - (II) type and number of shares held by the shareholders;
 - (III) monies paid or payable for the shares held by the shareholders;
 - (IV) serial numbers of the shares held by the shareholders;
 - (V) date on which the shareholders are registered as shareholders;
 - (VI) date on which the shareholders terminate as shareholders.
- The register of shareholders is a sufficient evidence of the shareholders' shareholdings in the Bank unless there is evidence to the contrary.
- Article 44** The Bank may keep overseas the original of the register of holders of overseas listed foreign shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authorities under the State Council and the overseas securities regulatory authorities. The original of register of holders of H Shares shall be kept in Hong Kong.
- The Bank shall keep at its domicile a copy of the register of holders of overseas listed foreign shares; the entrusted overseas agency shall always ensure that the original and copy of the register of holders of overseas listed foreign shares are consistent.
- Where the original and copy of the register of holders of overseas listed foreign shares are inconsistent, the original shall prevail.
- Article 45** The Bank shall keep a complete register of shareholders.
- The register of shareholders shall include the following parts:
- (I) register of shareholders kept at the domicile of the Bank, save as specified in (II) and (III) herein;
 - (II) register of holders of overseas listed foreign shares of the Bank kept at the stock exchange in the overseas listing place;
 - (III) register of shareholders that the Board decides to keep at other place for the purpose of listing of the Bank's shares.

- Article 46** The respective parts of the register of shareholders shall not overlap each other. In the event of transfer of shares registered in a specific part of the register of shareholders, the said shares shall not be registered in any other part of the register of shareholders in the duration of the registration of the said shares.
- Any change or correction of any part of the register of shareholders shall comply with the law of the location where the said part is kept.
- Article 47** If there are provisions in laws, administrative regulations, departmental rules, regulatory documents or by the securities regulatory authorities in the place where the securities of the Bank are listed for suspending the registration of changes in the register of shareholders arising from share transfer prior to the convening of a shareholders' meeting or prior to the benchmark date on which the Bank decides to distribute dividends, such provisions shall apply.
- Article 48** If the Bank convenes a shareholders' meeting, distributes dividends, conducts liquidation or executes any other act requiring identification of shareholders, the convener of the Board meeting shall determine the shareholding registration date, at the end of which the shareholders in the register shall be shareholders entitled to relevant interests.
- Article 49** If any person objects to the register of shareholders and requests to have his name recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.
- Article 50** If any shareholder in the register of shareholders or any person requesting to have his name recorded in the register of shareholders has lost his shares (i.e. "the Original Shares"), the said shareholder or person may apply to the Bank to reissue new shares for the said shares (i.e. "the Relevant Shares").
- Application for reissue of shares lost by holders of domestic shares shall be processed pursuant to the Company Law.
- Application for reissue of shares lost by holders of overseas listed foreign shares shall be processed pursuant to the law, rules of the stock exchange and other relevant regulations of the place where the original of the register of holders of overseas listed foreign shares is kept.
- Application for reissue of shares lost by holders of H Shares shall meet the following requirements:
- (I) the applicant shall submit an application with the standard format designated by the Bank and attach a notarial deed or statutory statement. The contents of the notarial deed or statutory statement shall include the reason for application, information and evidence about how the shares are lost, and a statement that no other person may request to be registered as shareholder for the related shares.

- (II) before deciding to reissue new shares, the Bank has not received a statement that anybody other than the applicant requests to be registered as shareholder for the said shares.
- (III) after deciding to reissue new shares to the applicant, the Bank shall publish announcements of reissue of new shares on the newspapers designated by the Board; the announcement period is 90 days, with at least one announcement in 30 days.
- (IV) before publishing the announcement of reissue of new shares, the Bank shall submit a copy of the to-be-published announcement to the stock exchange with which the Bank is listed, and may publish the announcement only after receiving a reply from the said stock exchange confirming that the said announcement has been displayed in the stock exchange. The duration of display of the said announcement in the stock exchange is 90 days. If the application for reissuing shares is not approved by the registered holder of the relevant shares, the Bank shall mail a copy of the to-be-published announcement to the said shareholder.
- (V) if, after expiry of the 90-day period of announcement and display specified in (III) and (IV) of this article, the Bank has not received any objection to reissue of shares, the Bank may reissue new shares as requested by the applicant.
- (VI) when the Bank reissues new shares as specified herein, the Bank shall immediately deregister the original shares and record such deregistration and reissue in the register of shareholders.
- (VII) all the expenses for deregistering the original shares and reissuing new shares shall be borne by the applicant. The Bank may refuse to take any action before the applicant provides any reasonable guarantee.

Article 51 After the Bank reissues new shares in accordance with the Articles, the name of the goodwill purchaser of the said new shares or the shareholder (if it is a goodwill purchaser) later registered as owner of the said shares shall not be deleted from the register of shareholders.

Article 52 The Bank shall have no obligation to compensate any person for any loss arising from deregistration of the original shares or reissue of new shares, unless the said person can prove that the Bank has committed any fraud.

Chapter 6 CPC Organization

Article 53

The Party organization established by the Bank has always held high the great banner of socialism with Chinese characteristics, guided by Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the Theory of “Three Represents”, the Scientific Outlook on Development, Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, adhering to the basic theory, the basic line and the basic strategy of the Party, firmly understanding the decisive significance of the “Two Establishments”, enhancing the “Four Consciousness”, persisting with “Four Confidences”, endeavoring to “Upholding in the Two Aspects”, asserting and strengthening the Party’s overall leadership, insisting on the Party’s self-management and strict self-governance in an all-round way, highlighting its political functions, enhancing organizational capabilities, enhancing mission awareness and responsibility, promoting the deep integration of Party building and business operations, enhancing the competitiveness, innovation, influence and risk resistance of the Bank, and providing strong political and organizational guarantees for the Bank to achieve high-quality development.

Article 54

In accordance with the Constitution of the Communist Party of China, and with approval of the CPC organization at a higher level, the Bank has established the Committee of the Communist Party of China of Luzhou Bank Co., Ltd. (hereinafter referred to as the “CPC committee of the Bank”) and the Bank has also established the Commission of Discipline Inspection of the Party (hereinafter referred to as the “discipline inspection commission of the Bank”) according to the relevant requirements. Meanwhile, the Bank has a Discipline Inspection and Supervision Team assigned by the Commission of Discipline Inspection and Supervisory Committee at a higher level.

Article 55

The CPC committee of the Bank shall play a leading role, grasp the direction, control the situation and ensure implementation, and discuss and decide on major matters of the Bank in accordance with the provisions. The principal duties are:

- (I) to strengthen the CPC political construction of the Bank, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics, educate and guide all CPC members to always maintain a high degree of consistency with the CPC Central Committee with Comrade Xi Jinping as the core in political stance, political direction, political principles and political path.
- (II) to thoroughly study and implement Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, study and promote the theory of the CPC, implement the CPC’s routes, guidelines and policies, super vise and ensure the implementation of the major decisions and arrangements of the CPC Central Committee and the resolutions of the CPC organization at a higher level in the Bank.
- (III) to study and discuss the basic system, major operation and management issues of the Bank, and support the shareholders’ meeting, Board of Directors and senior management in performing duties according to the laws.
- (IV) the Bank continues to improve the democratic management system under the Party leadership, with the employee representative meeting as the basis, where major decisions shall be made with reference to the opinions of employees, major issues involving the significant interests of employees must be reviewed by the employee representative meeting or the employee meeting to ensure that employee representatives are entitled to participate in corporate governance in an orderly manner and in accordance with the laws.

- (V) to strengthen the leadership and control over the staff selection and employment of the Bank, and focus on the construction of leadership team, cadre team and talent team of the Bank.
- (VI) to perform the main body responsibility of the construction of a clear and honest party of the Bank, lead and support the internal discipline inspection organization to perform the supervision and account ability duties, strictly regulate political discipline and political rules, and promote the comprehensive and strict governance of the Party to the grass-root level.
- (VII) to enhance construction of the grassroots CPC organization and party forces, unite and lead the employees to actively participate in the reform and development of the Bank.
- (VIII) to provide leadership over the Bank's ideological and political work, efforts for cultural and ethical progress, united front work, lead the Bank's labor union, the Communist Youth League, women's organizations and other mass organizations.

Article 56 Discipline inspection commission's duties:

- (I) the discipline inspection commission of the Bank shall adhere to the principles and strengthen supervision, and assist the CPC committee with the improvement of the Party conduct and establishment of integrity as well as the organization and coordination of anti-corruption combat under the leadership of the CPC committee and the discipline inspection commissions at higher levels, give full play to the role of supervision within the Party, perform the supervision duties assigned by the Constitution of the CPC, and implement discipline inspection and accountability in a stringent manner;
- (II) to strengthen discipline supervision, firmly defend the authority of the Constitution of the Communist Party of China and other internal regulations of the Party, review the Party's routes, guidelines and policies and the implementation of major decisions and arrangements of the Bank, and supervise the performance of duties and exercise of powers by the CPC organization and the Party members and cadres;
- (III) to enhance the education on integrity and warning education, and fortify the ideological standards of the Party members and cadres combating corruption and upholding Party integrity; to tighten the supervision on the Party members and cadres and earnestly discharge the supervision duties for improvement of the Party conduct and establishment of integrity;
- (IV) to reinforce the construction of the style of work, strictly follow the spirit of the eight requirements of the central government of the Party, the ten requirements of the provincial Party committee and the provincial government and the twelve requirements of the municipal Party committee and the municipal government, and exert consistent efforts in rectifying formalism, bureaucracy, hedonism and extravagance;
- (V) to put more efforts on the investigation of illegal cases, insist on punishing corruption cases with zero tolerance, and severely investigate the behaviors in breach of Party disciplines and corruption-related cases in strict compliance with relevant disciplines and laws.

- Article 57** Major operation and management matters of the Bank shall be studied and discussed by the Party Committee before being decided by the shareholders' meeting, Board of Directors or senior management. The matters to be studied and discussed mainly include:
- (I) implementation of major initiatives of the CPC Central Committee in its decision-making and deployment as well as national development strategies;
 - (II) the development strategy, medium and long-term development plan and important reform plan of the Bank;
 - (III) the principle and directional matters in respect of the asset restructuring, property transfer, capital operation and large-amount investment of the Bank;
 - (IV) the establishment and adjustment of the organizational structure of the Bank and the formulation and modification of important rules, regulations and systems;
 - (V) major issues concerning the Bank's safe production, maintenance of stability, rights and interests of employees and social responsibilities;
 - (VI) other important matters that shall be studied and discussed by the CPC committee of the Bank.

Article 58 The CPC committee of the Bank shall be elected by the CPC members' general meeting or the CPC members' representatives' general meeting, and each term of office is generally five years. Re-election shall be conducted on schedule upon the expiration of the term of office. Each term of office of the Bank's discipline inspection commission should be the same as the CPC committee.

Article 59 The CPC committee of the Bank should consist of 9 members, including one secretary, two deputy secretaries, and six committee members. Members of the Party committee should generally have at least three years of party standing.

The Discipline Inspection Commission of the Bank should consist of seven members, including one secretary, and six other committee members.

Where the number of Party members in a subsidiary branch of the Bank exceeds 100, a sub-Party committee may be established. Such sub-Party committee shall typically be composed of five to nine members, including one secretary.

Where a Party branch of the Bank has seven or more full Party members, a Party branch committee shall be established. The branch committee shall be elected by the CPC members' general meeting, and each term of office is generally three years.

Article 60 The Bank shall insist on and improve the leadership system of "two – way entry and cross appointment", and qualified members of the CPC committee may enter the Board of Directors and senior management according to legal procedures, and qualified Party members in the Board of Directors and senior management may enter the CPC committee according to relevant provisions and procedures.

The posts of the secretary of the CPC committee and the chairman of the Bank shall be held by the same person, and Party member who is the president of the Bank shall also serve as the deputy secretary of the CPC committee. At the same time, one deputy secretary of the CPC committee shall be appointed to assist the secretary of the CPC committee in the construction of the CPC.

The CPC committee of the Bank implements the system of combining collective leadership with individual division of responsibilities, and members of the CPC committee leading group who are members of the Board of Directors and senior management shall implement the decisions of the CPC organization.

Article 61 The Bank shall enhance the guarantees for work. On the principle of facilitating the work of the CPC as well as strengthening its capability and efficiency, the CPC committee of the Bank shall establish a working body of the CPC, assign sufficient staff for CPC's affairs and ensure the premises for and work funds of the CPC organization, to provide necessary conditions for CPC's activities. The work funds of the CPC organization of the Bank shall be charged to the management fee, and the part included in the management fee is generally equivalent to 1% of the total staff salary of the Bank in the previous year and included in the annual budget of the Bank.

Chapter 7 Shareholders and Shareholders' Meetings

Section 1 Shareholders

Article 62 Shareholders of the Bank are persons lawfully holding shares of the Bank, with names recorded in the register of shareholders. The Board of the Bank shall have a register of shareholders for registering the shareholders. The shareholders enjoy rights and fulfil obligations as per the shares they hold; the same shares represent the same rights and the same obligations.

Article 63 The shareholders of ordinary shares of the Bank shall enjoy the following rights:

- (I) to receive dividends and other kinds of distributions as determined by the number of shares held by them;
- (II) to request, convene, preside over, attend or appoint a proxy to shareholders' meetings according to laws, and to exercise corresponding voting rights;
- (III) to have the right to inspect or make copies of the Articles of Association, register of shareholders, meeting minutes of the shareholders' meeting, resolution of the meeting of the Board of Directors, and financial or accounting reports;
- (IV) to supervise and manage the business operation activities of the Bank, and to make suggestions and enquiries accordingly;
- (V) to transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations, and the Articles;

- (VI) to participate in the distribution of the remaining assets of the Bank based on the number of shares held in the event of the Bank's dissolution or liquidation;
- (VII) to demand the Bank to acquire their shares (for shareholders who disagree with the resolutions adopted at a shareholders' meeting in relation to the merger or division of the Bank); and
- (VIII) to have other rights conferred in accordance with the laws, administrative regulations, other rules and the Articles.

Article 64

If a shareholder who separately or collectively holds above 3% of the shares of the Bank for above 180 consecutive days requests to inspect the accounting books and certificates of the Bank, he/she shall submit a written request to the Bank stating the purpose. If the Bank has reasonable grounds to believe that the shareholder's inspection of the accounting books and certificates for an improper purpose that may harm the lawful interests of the Bank, it may refuse to provide access for inspection, and shall reply to the shareholder in writing within 15 days from the date of the shareholder's written request, stating the reasons therefor. If the Bank refuses to provide access for inspection, the shareholder may file a lawsuit with the people's court.

Shareholders may entrust intermediary organizations such as an accounting firm, a law firm or other intermediaries to inspect the materials specified in the preceding paragraph.

The shareholder and the engaged accounting firm, law firm or other intermediaries shall comply with the provisions of laws and administrative regulations relating to the protection of state secrets, commercial secrets, personal privacy and personal information when they inspect the materials and make copy thereof.

Article 65

If any resolution of the shareholders' meeting or the Board of the Bank runs counter to the laws and administrative regulations, the shareholders shall have the right to request the people's court to invalidate the said resolution. If the meeting convening procedure and voting method of the shareholders' meeting or Board meeting run counter to the laws and administrative regulations or the Articles or if the content of any resolution runs counter to the Articles, the shareholders shall have the right to request the people's court to cancel the said procedure, method or resolution within 60 days after adoption of the resolution. However, this does not apply in the event that the convening of a shareholders' meeting or Board meeting or any voting procedure in such meetings has minor flaws only which have no substantial impact on any resolution.

Shareholders who have not been notified to attend the shareholders' meeting may apply to the people's court for revocation within sixty days from the date they knew or should have known of the passing of the resolution of the shareholders' meeting; if the right to revoke is not exercised within one year from the date the resolution is made, the right to revoke shall be extinguished.

- Article 66** If any director or senior manager violates the laws, administrative regulations or the Articles in fulfilling their duties, thereby causing any loss to the Bank, the shareholders individually or jointly holding no less than 1% of the shares in the Bank for no less than 180 consecutive days may request in writing the audit committee to initiate proceedings in the people's court. If the audit committee violates the laws, administrative regulations or the Articles in fulfilling its duties, thereby causing any loss to the Bank, the aforesaid shareholders may send written request to the Board to initiate proceedings in the people's court. Upon receipt of such written request from the aforesaid shareholders, if the audit committee or the Board refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the Bank, the aforesaid shareholders may, for the Bank's interests, initiate proceedings directly to the people's court in their own name.
- If any other person infringes upon the legitimate rights and interests of the Bank, thereby causing any loss to the Bank, the aforesaid shareholders in this article may institute legal proceedings to the people's court pursuant to the preceding provisions.
- Article 67** If any director or senior manager violates laws, administrative regulations or the Articles, thereby damaging the interests of the shareholders, the shareholders may institute legal proceedings to the people's court.
- Article 68** Shareholders of ordinary shares of the Bank shall have the following obligations:
- (I) to abide by the laws, administrative regulations, regulatory provisions, relevant regulations of securities regulatory authorities (including securities regulatory authorities in the place where the securities of the Bank are listed) and the Articles;
 - (II) to contribute to the share capital as determined by the number of shares subscribed by them and the prescribed method of capital contribution and to make capital contribution to the Bank with self-owned funds from legal sources, and not to make capital contribution with entrusted funds, debt funds and other funds not owned by themselves, unless otherwise provided by laws, regulations or regulatory requirements;
 - (III) to comply with regulatory requirements in relation to the shareholding ratio and number of shareholding institutions, and not to entrust or be entrusted by others to hold the Bank's shares;
 - (IV) not to withdraw their contributed share capital except in circumstances allowed by the laws and administrative regulations;

- (V) not to abuse their rights to harm the interests of the Bank or any other shareholders; not to abuse the Bank's status as an independent and separate legal person and the limited liability of shareholders to harm the interests of the Bank's creditors. If a shareholder of the Bank abuses his/her rights and causes loss to the Bank or other shareholders, it will be held liable for compensation in accordance with the law. If a shareholder abuses the Bank's status as an independent and separate legal person and the limited liability of shareholders to evade the repayment of debts, resulting in material damage to the interests of the Bank's creditors, that shareholder shall be jointly and severally liable for the debts of the Bank. Where a shareholder utilizes two or more companies under its control to conduct the acts specified in this paragraph, each such company shall bear joint liability for the debts of any one of the companies;
- (VI) in accordance with laws, regulations and regulatory requirements, to honestly report to the Board on information such as financial information, shareholding structure, source of capital contribution, controlling shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries, investment in other financial institutions and other information;
- (VII) in case of any changes in the controlling shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries of the shareholders, the relevant shareholders shall promptly notify the Bank of any changes in writing in accordance with laws, regulations and regulatory requirements;
- (VIII) to promptly notify the Bank in writing of relevant circumstances in accordance with laws, regulations and regulatory requirements in the event of merger or division of shareholders, being ordered to suspend business for rectification, designated custody, takeover, revocation or other measures, or are in the process of dissolution, liquidation or bankruptcy procedures, or changes in their legal representative, company name, business premises, business scope and other material events;
- (IX) to promptly notify the Bank in writing of the relevant circumstances in accordance with laws, regulations and regulatory requirements in the event of the shares of the Bank held by the shareholders are involved in litigation, arbitration, being subject to enforcement action by judicial authorities, pledged or released from a pledge;
- (X) to comply with the laws, regulations and regulatory requirements and not to prejudice the interests of other shareholders and the Bank when the shareholders transfer or pledge their shares of the Bank or conduct related party transactions with the Bank;

- (XI) shareholders, their controlling shareholders and de facto controllers shall not abuse shareholders' rights or use connected relationships to harm the legitimate rights and interests of the Bank, other shareholders and stakeholders, or intervene in the right to make decisions and right of management that the Board and senior management have in accordance with the Articles, or directly intervene in the Bank's operation and management not through the Board and senior management;
- (XII) to cooperate with the regulatory authorities in investigation and risk disposal in the event of major risk events or major violations of the Bank;
- (XIII) if any of the top ten shareholders undergoes any changes in legal representatives, names, registered addresses, business scope and other major events, he/she shall timely report to the Bank which will report to the competent national examination and approval authorities for filing;
- (XIV) to protect the Bank's interests and reputation and support the Bank's lawful operation;
- (XV) to support the plans and measures proposed by the Board for improving capital adequacy ratio when the Bank's capital adequacy ratio is lower than the standard as stipulated by laws and regulations of the banking industry;

Shareholders, particularly substantial shareholders, shall support the reasonable capital plans formulated by the Board to keep the Bank's capital in compliance with regulatory requirements; substantial shareholders shall make a long-term commitment to the Bank in writing regarding capital replenishment as a part of the Bank's capital plans. When the Bank's capital fails to comply with the regulatory requirements, a capital replenishment plan shall be made to enable the capital adequacy ratio to satisfy the regulatory requirements within the time framework, and other measures to replenish capital such as increase of core capital shall be taken. The substantial shareholders who do not participate in capital replenishment shall not hinder other shareholders from replenishing the capital of the Bank or new eligible shareholders from participating; substantial shareholders shall replenish the capital of the Bank if necessary;

- (XVI) Shareholders who shall seek approval from but fail to report to regulatory authorities shall not exercise such rights as the right to request convening the shareholders' meeting, voting right, right of nomination, right of making motions and right of disposition;
- (XVII) for any shareholder who has made any false statement, abuses shareholder's rights or has other acts that harm the interests of the Bank, the banking regulatory authorities under the State Council or its local offices may restrict or prohibit any related party transactions between the Bank and him/her and restrict the quota of the Bank's equity held by him/her and equity pledge ratio as well as his/her rights including the right to request convening the shareholders' meeting, voting right, right of nomination, right of making motions and right of disposition;

- (XVIII) any shareholder and his/her related parties and persons acting in concert that separately or jointly hold no less than 1% but less than 5% of the Bank's total capital or total shares shall report via the Bank to the banking regulatory authorities under the State Council or their local offices within 10 workdays after obtaining corresponding equities. The shareholder shall report via the Bank to the banking regulatory authorities under the State Council or their local offices within 10 workdays after he/she knows or shall know that they separately or jointly hold no less than 1% but less than 5% of the Bank's total shares;
- (XIX) to assume other obligations required by laws, administrative regulations and the Articles.

In the event of any major risk events, the Bank will adopt appropriate loss absorption and risk mitigation mechanisms in accordance with relevant laws and regulations and the recovery and disposal plan formulated by the Bank.

Article 69

If any shareholder of the Bank pledges his shares of the Bank or uses the shares of the Bank to provide guarantee for himself or others, the said shareholder shall strictly comply with laws, regulations and requirements of regulatory departments and shall notify the Board of the Bank in writing in advance:

- (I) the office of the Board of Directors shall be responsible for collection, sort-out and submission of equity pledge information and other routine work of the Bank;
- (II) where shareholders serving as directors of the Bank or shareholders directly, indirectly, or jointly holding or controlling no less than 2% of the shares or voting rights of the Bank wish to pledge the shares of the Bank, they shall report to the Board of the Bank in advance about the reason of pledge, amount of equity pledged, term of pledge, profile of the pledgee, etc. The Board, if believing that such pledge may have a material adverse impact on the equity status, corporate governance, risk and related party transaction control, etc. of the Bank, should disapprove such pledge. When the Board are deliberating relevant reported issue, directors appointed by the shareholders who wish to pledge the shares shall abstain from the voting;
- (III) upon completion of the equity pledge registration, the shareholder shall provide the Bank with relevant information about the pledged equity in time in accordance with the Bank's risk management and information disclosure requirements;
- (IV) A shareholder with outstanding loans from the Bank exceeding the audited net book value of equity held by him in the previous year shall not pledge his shares in the Bank; if a shareholder pledges 50% or more of his shares in the Bank, the voting rights exercisable by the said shareholder at the shareholders' meeting shall be the number of his unpledged shares and the director appointed by him shall have no voting rights at Board meetings. Shareholders, particularly substantial shareholders with their equity of

the Bank pledged less than 50%, shall not be subject to restrictions on voting rights at shareholders' meetings; however, if the major shareholders pledge more than 50% of their equity in the Bank, the major shareholders and their nominated directors shall not exercise their voting rights at the shareholders' meetings and Board meetings.

Article 70

Credit terms offered by the Bank to shareholders thereof shall not be more favourable than similar credit terms to other borrowers.

Related party transactions of the Bank shall be based on commercial principles and on terms no more favourable than similar transactions with non-related parties. The Bank shall not grant unsecured loans to related parties or accept the Bank's equity as pledge for credit extension. The Bank shall not provide guarantee for financing behaviours of shareholders and their related parties unless they provide counter-guarantee for the Bank by bank deposits or treasury bonds. If credit extension to related parties causes losses to the Bank, the Bank shall not extend credit to such related parties within two years, unless otherwise approved by the Board for reducing losses from such credit extension.

The balance of credit extended to a related party or to such single entities as substantial shareholders and their controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries shall not be more than 10% of the Bank's net capital at the end of the previous quarter. Also, the total balance of credit extended to group customers, to which a related legal person or other organization is subordinated, or to each substantial shareholder and his controlling shareholder, de facto controller, related party, person acting in concert and ultimate beneficiary shall not be more than 15% of the Bank's net capital at the end of the previous quarter. Besides, the balance of credit extended to all related parties shall not be more than 50% of the Bank's net capital at the end of the previous quarter. The amount of security deposits provided and the bank deposits and treasury bonds pledged by related parties in credit extension can be deducted during the calculation of the balance of credit.

In the case of non-public issuance of bonds by major shareholders of the Bank, the Bank shall not provide guarantee for them nor purchase bonds directly or through financial products.

Article 71

Shareholders, who owe overdue credit to the Bank shall not exercise the voting rights during the credit overdue period and shall not be counted in the total number of voting shares represented in the shareholders' meeting, and the directors appointed by such shareholders shall not exercise their voting rights at the meeting of the Board of Directors. The Bank shall have the right to withhold the dividends of such shareholders as the repayment of their overdue credit during the credit overdue period. Any assets to be distributed to such shareholders in the Bank's liquidation process shall be used in priority for the repayment of the Bank's credit.

Article 72

Substantial shareholders of the Bank shall, via the Bank or the Board, undertake formally in writing:

- (I) not to seek related party transaction with terms more favourable than those of other shareholders, and to issue presentation of conditions of bank loans and loan quality (confirmed by the Bank);
- (II) not to intervene in the daily business affairs of the Bank;
- (III) not to transfer their shares of the Bank within 5 years from the settlement date of the shares, which shall be specified in the Articles or agreements; and, to seek the consent of regulatory departments on transfer of shares upon expiry of the said period and the qualifications of the transferee as a shareholder;
- (IV) if necessary, to replenish the capital of the Bank and to report, via the Bank, their ability to replenish capital to the banking regulatory authorities under the State Council or their local offices;
- (V) not to impose undue pressure on the Bank by setting indicators;
- (VI) to comply with laws and regulations, regulatory provisions and the Articles, and to make explanations on the purposes of making contributions to the Bank.

Article 73

The controlling shareholders and de facto controllers of the Bank shall not use the related party relationship to damage the interests of the Bank. Otherwise, they shall make compensation for the loss incurred to the Bank. The controlling shareholders and de facto controllers of the Bank shall be honest to the Bank and the minority shareholders of the Bank. The controlling shareholders shall duly exercise contributors' rights according to laws, and shall not abuse their controlling status or damage the legitimate rights and interests of the Bank and the minority shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee. Shareholders of the Bank, particularly substantial shareholders, shall exercise their rights as contributors in strict compliance with laws, regulations and the Articles. They shall not seek illegal gains, or intervene in the right to make decisions and right of management that the Board and senior management have in accordance with the Articles, or directly intervene in the Bank's operation and management not through the Board and senior management, or damage the Bank's interests and legitimate rights and interests of other stakeholders.

The senior management in the preceding paragraph consists of the Bank's president, vice president, assistant to the president, chief financial officer, chief information officer and other senior managers recognized by the Board.

Article 74

In addition to the obligations required under the laws, administrative regulations or the listing rules of a stock exchange where the securities of the Bank are listed, controlling shareholders, when exercising their rights as a shareholder, shall not exercise their voting rights to make decisions that would impair the interests of all or part of the shareholders on the following issues:

- (I) releasing a director of the responsibility to sincerely act in the best interests of the Bank;
- (II) approving that a director (for his own or another person's benefit) seizes from the Bank any asset, including but not limited to opportunity favorable to the Bank;
- (III) approving that a director (for his own or another person's benefit) seizes from any shareholder any personal interests, including but not limited to the right to profit distribution and right to vote, but excluding corporate reorganization submitted for adoption at the shareholders' meeting pursuant to the Articles.

Section 2 General Provisions for Shareholders' Meetings**Article 75**

The shareholders' meeting shall be the authority of the Bank and shall exercise the following functions and powers according to laws:

- (I) determining the business guidelines and investment plans of the Bank;
- (II) electing and replacing non-employee representative directors and determining the emoluments of directors;
- (III) reviewing and approving the reports of the Board of Directors;
- (IV) reviewing and approving the annual report, annual financial budgets and financial accounts of the Bank;
- (V) reviewing and approving profit distribution plans and loss recovery plans of the Bank;
- (VI) resolving on the increase or decrease in the registered capital of the Bank;
- (VII) resolving on the issuance of bonds or other securities or the listing of the Bank;
- (VIII) resolving on the merger, division, dissolution and liquidation or change in the corporate form of the Bank;
- (IX) amending the Articles;

- (X) reviewing and approving the audit committee's evaluation on directors and the mutual evaluation reports of independent directors;
- (XI) reviewing and approving the plans for the equity incentive scheme;
- (XII) reviewing and approving the proposals by the shareholders individually or jointly holding no less than 1% of the total shares of the Bank;
- (XIII) reviewing and approving the Rules of Procedure of the Shareholders' Meeting and the Rules of Procedure of the Board of Directors;
- (XIV) reviewing and approving the Bank's equity investment business;
- (XV) reviewing and approving the purchase or sale of major assets or guarantees by the Bank within one year;
- (XVI) reviewing and approving the Bank's guarantee businesses, such as external guarantee and letter of guarantee;
- (XVII) reviewing and approving the Bank's fixed asset purchase business;
- (XVIII) reviewing and approving the non-performing asset disposal and write-off of the Bank;
- (XIX) reviewing and approving the Bank's asset mortgage business;
- (XX) reviewing and approving the persons who should be recommended by our Bank and other matters (excluding equity investment) of controlled companies and associates of the Bank;
- (XXI) reviewing and approving matters relating to the changes in the use of proceeds from share offerings;
- (XXII) resolving on the appointment or dismissal of accounting firms of the Bank that conduct regular statutory audit on the Bank's financial reports;
- (XXIII) reviewing and approving the purchase of the Bank's shares by the Bank;
- (XXIV) reviewing other issues which should be decided on by the shareholders' meeting as stipulated by the relevant laws, administrative regulations, other rules, Hong Kong Listing Rules, provisions of the securities regulatory authorities in the place where the securities of the Bank are listed or the Articles and other internal rules.

Article 76 Shareholders' meetings shall be convened by the Board of Directors. Shareholders' meetings are classified into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be held once a year within six months after the last fiscal year ends. If the annual shareholders' meeting needs to be postponed for special reasons, a report shall be made to the banking regulatory authorities under the State Council in the place where the securities of the Bank are listed and reasons for postponement shall be given.

Article 77 The Board shall convene an extraordinary shareholders' meeting within two months from the date of occurrence of any of the following events:

- (I) the number of directors falls short of number required by the Company Law or less than two thirds of the number of members of the Board elected by the shareholders' meeting;
- (II) the outstanding loss of the Bank is at least one third of the Bank's total share capital;
- (III) shareholders who individually or jointly hold above 10% of the shares of the Bank have requested to convene the meeting;
- (IV) the Board deems it necessary to convene the meeting;
- (V) the audit committee proposes to convene the meeting;
- (VI) above half and no less than two of the independent directors propose to convene the meeting;
- (VII) the chairman of the Board or the president proposes to convene the meeting in special circumstances;
- (VIII) any other circumstances as stipulated by the laws, administrative regulations, other rules or the Articles.

Regarding the circumstance in sub-paragraph (II) above, the time limit for convening an extraordinary shareholders' meeting shall start from the date when the Bank knows about the occurrence of the circumstance.

The amount of shareholding mentioned in sub-paragraph (III) above is calculated as on the day when the shareholders raise a request in written.

Article 78 The venue of shareholders' meetings of the Bank shall be the address of the Bank or other place specified in the notice of shareholders' meeting. A venue shall be set for shareholders' meetings of the Bank which shall be held onsite and in other ways permitted by other regulatory authorities. According to relevant regulatory requirements, the Bank may also provide network or any other means for its shareholders to conveniently participate in shareholders' meetings. Where the Bank holds meetings via the Internet or other means, it shall ensure that participating shareholders are able to communicate and discuss in real time and vote through modern information technology means such as online voting platforms. Shareholders participating in the shareholders' meetings by any aforesaid means shall be deemed as having attended the meetings.

- Article 79** In convening a shareholders' meeting, the Bank shall engage a lawyer to witness, provide legal opinions and publish an announcement on the following issues:
- (I) whether the convening of the meeting and procedure for holding the meeting comply with the laws, administrative regulations and the Articles;
 - (II) whether the attendees and convener of the meeting are eligible;
 - (III) whether the contents of resolutions, voting procedures and results of the meeting are valid;
 - (IV) legal opinions on other issues upon request by the Bank.

Section 3 Convening of Shareholders' Meetings

Article 80 The Board shall convene shareholders' meetings in compliance with laws, regulations, the Articles and the Rules of Procedure of the Shareholders' Meeting. If the Board is unable or fails to fulfil the obligation of convening shareholders' meetings, the audit committee shall convene and preside over such meetings. If the audit committee does not convene such meetings, the shareholders separately or aggregately holding no less than 10% of the shares of the Bank for consecutively 90 days or above may convene and preside over such meetings on their own initiative.

Article 81 The audit committee shall have the right to propose to the Board to convene an extraordinary shareholders' meeting, and shall put forward its proposal to the Board in writing. The Board shall, pursuant to relevant laws, administrative regulations and the Articles, convene the extraordinary shareholders' meeting within 2 months after receipt of the proposal.

Article 82 If shareholders require convening an extraordinary shareholders' meeting or class meeting, the following procedure shall be followed:

If a proposing shareholder requests the Board to convene an extraordinary shareholders' meeting or class meeting, he shall put forward such request to the Board in writing; where shareholders individually or jointly holding no less than 10% of shares with voting rights request the Board to convene an extraordinary shareholders' meeting, the Board shall make a decision as to whether or not to convene an extraordinary shareholders' meeting within ten days from the date of receipt of such request and shall reply to the shareholders in writing.

If the Board disagrees to convene an extraordinary shareholders' meeting or fails to reply to the shareholders in writing within 10 days after receipt of the aforesaid written request, the shareholders tendering the said request shall be entitled to propose to the audit committee to convene an extraordinary shareholders' meeting, and shall submit the request to the audit committee in writing. The audit committee shall make a decision as to whether or not to convene an extraordinary shareholders' meeting within ten days from the date of receipt of such request and shall reply to the shareholders in writing.

If the audit committee disagrees to convene an extraordinary shareholders' meeting or fails to reply to the shareholders in writing within 10 days after receipt of the aforesaid written request, the shareholders tendering the said request may by themselves convene a meeting within 4 months after the audit committee receives the said request, and the convening procedure shall to the extent possible be the same as the procedure by which the Board convenes shareholders' meetings.

Prior to the resolutions of shareholders' meeting, the shareholding ratio of the convening shareholders shall not be lower than 10%. Where the shareholders convene a shareholders' meeting because the Board and the audit committee fail to convene the meeting pursuant to the aforesaid provisions, the reasonable fees incurred shall be borne by the Bank and shall be deducted from the monies payable by the Bank to the defaulting directors.

Article 83 Where the audit committee or shareholders decide to convene a shareholders' meeting on its/their own initiative, it/they shall notify the Board in writing.

Article 84 With regard to the shareholders' meeting convened by the audit committee or shareholders on its/their own initiative, the Board and its secretary shall offer cooperation and provide the register of shareholders as of the shareholding registration date.

Article 85 The Bank shall bear the expenses in relation to the shareholders' meeting convened by the audit committee or shareholders on its/their own initiative.

Shareholders convening a shareholders' meeting on their own initiative shall make resolutions according to laws. If the resolution they pass violates laws, administrative regulations, other rules and the Articles or causes losses to the Bank, they shall bear corresponding liabilities.

Section 4 Proposals and Notices of Shareholders' Meetings

Article 86 The content of a proposal shall be within the functions and powers of the shareholders' meeting, shall have definite issues for discussion and specific resolutions, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles.

Article 87 Where the Bank convenes a shareholders' meeting, the Board, the audit committee, and shareholders individually or jointly holding no less than 1% of the Bank's shares shall have the right to put forward proposals to the Bank in writing, and the Bank shall place the said proposals on the agenda of the said shareholders' meeting if the said proposal falls within the functions and powers of shareholders' meetings.

Shareholder individually or jointly holding no less than 1% of the Bank's shares may submit written provisional proposals to the Board 10 days before the shareholders' meeting. The Board shall serve a supplementary notice of shareholders' meeting within 2 days after receipt of the provisional proposals, announce the contents of the said provisional proposals, and submit the provisional proposals to the shareholders' meeting for consideration, except for the cases where provisional proposal violates the provisions of laws, administrative regulations or the Articles, or does not fall within the scope of the authority of the shareholders' meeting. Other provisions under the listing rules of the stock exchange where the securities of the Bank are listed shall also be followed.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of shareholders' meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of shareholders' meeting or not complying with Article 86 of the Articles shall not be voted on or resolved at the shareholders' meeting.

- Article 88** The Bank shall issue a written notice, 20 days prior to the date of the annual shareholders' meeting and 15 days prior to the date of the extraordinary shareholders' meeting to notify all the shareholders in the register of shareholders of the issues to be considered at the meeting, and the date and venue of the meeting. Any shareholder intending to attend the shareholders' meeting shall serve to the Bank a written reply 10 days before the shareholders' meeting.
- Article 89** The Bank shall calculate the number of voting shares represented by shareholders intending to attend the meeting based on the written replies received 10 days before the shareholders' meeting. Where the number of voting shares represented by shareholders intending to attend the meeting reaches amounts to no less than a half of the total number of voting shares of the Bank, the Bank may convene the shareholders' meeting; if not, the Bank shall, within 5 days, notify shareholders again of the issues to be considered, date and venue of the meeting in the form of announcements. The Bank may then convene the shareholders' meeting after such announcements.
- An extraordinary shareholders' meeting shall not resolve on matters not specified in the notice.
- Article 90** The notice of a shareholders' meeting shall meet the following requirements:
- (I) be made in writing;
 - (II) specify the date, venue and duration of the meeting and deadline for voting on proposals;
 - (III) state matters to be discussed at the meeting;
 - (IV) provide all necessary information and explanation to enable shareholders to make informed decisions on the matters to be discussed. This means that when the following matters, which shall include but shall not be limited to: any merger, repurchase of shares, share capital reorganization or any proposals relating to change in the structure of the Bank are involved, the detailed terms and agreements (if any) of the proposed transaction and detailed explanation as to the cause and effect of such a proposed transaction shall be provided;
 - (V) if any of the directors, president or other senior managers have material conflict of interests in the matters to be discussed, they shall disclose the nature and extent of such conflict of interests; and if the matters to be discussed have a different effect on a director, president or other senior manager as shareholders compared to other shareholders of that same class, they shall explain this difference;
 - (VI) specify the full text of any proposed special resolution to be adopted at the meeting;
 - (VII) state clearly that a shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf and such proxies need not be a shareholder, and be attached with a power of attorney for authorizing the proxies;

- (VIII) specify the time and address for serving the power of attorney for voting at the meeting;
- (IX) specify the shareholding registration date of the shareholders who are entitled to attend the meeting;
- (X) specify the name and phone number of the contact person of the meeting;
- (XI) other requirements specified by laws, regulations, relevant regulatory authorities, Hong Kong Listing Rules and the Articles.

The intervals between shareholding registration date and the date of the meeting shall comply with the provisions of relevant competent authorities in the place where the securities of the Bank are listed. The shareholding registration date shall not be changed once confirmed.

The notices and supplementary notices of shareholders' meetings shall adequately and completely disclose the specific contents of all proposals. Where the opinions of an independent director are required on the issues to be discussed, such opinions and reasons thereof shall be disclosed when the notices or supplementary notices of shareholders' meetings are served.

Article 91

Unless otherwise stipulated by the laws, regulations, the provisions of the relevant regulatory authorities as well as the Articles, the notice of a shareholders' meeting shall be delivered to all shareholders (whether or not they are entitled to vote at the shareholders' meeting) by means of an announcement, by mail, or by such means as permitted by the relevant stock exchanges or regulatory authorities in the place where the securities of the Bank are listed.

For holders of domestic shares, the announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities under the State Council between the 20 to 25 days interval prior to the date when the meeting is convened. All holders of domestic shares shall be deemed as having been notified of the forthcoming shareholders' meeting once the announcement is published.

Article 92

Notices of shareholders' meetings, materials or written statements issued to holders of overseas listed foreign shares shall be served as required by Article 88 of the Articles in respect of the time to issue notice in any of the following ways:

- (I) delivered to each holder of overseas listed foreign shares by hand or prepaid mail according to the registered address thereof;
- (II) published on websites designated by the securities regulatory authorities or stock exchanges in the place where the securities of the Bank are listed in compliance with applicable laws, administrative regulations and relevant listing rules;
- (III) issued according to other requirements of stock exchanges and listing rules in the place where the securities of the Bank are listed.

Article 93 The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice, shall not invalidate the meeting or the resolutions adopted thereat.

Article 94 If the election of directors is proposed to be discussed at a shareholders' meeting, the notice of meeting shall adequately disclose the detailed information of the director candidates, which information shall at least include:

- (I) personal particulars, including educational background, work experiences, and concurrent positions;
- (II) whether one has any related party relationship with the Bank or its controlling shareholders and de facto controllers;
- (III) the number of shares of the Bank one holds;
- (IV) whether one has been punished by the financial regulatory authority of the state and any other relevant authorities or the reprimand of the stock exchange;
- (V) information that shall be disclosed according to Hong Kong Listing Rules.

Subject to relevant laws, regulations and the Hong Kong Listing Rules, the Board shall disclose the particulars of director candidates to shareholders a month prior to the shareholders' meeting to ensure that the shareholders are adequately informed of the candidates in voting.

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

Article 95 After issuing a notice of shareholders' meeting, the shareholders' meeting shall not be delayed or cancelled without justified reasons, and proposals listed in the notice shall not be called off. Once delay or cancellation occurs, the convener shall make announcement and explanation at least 2 workdays before the original convening date.

Section 5 Holding of Shareholders' Meetings

Article 96 Where the Board of the Bank decides not to include any of proposals proposed to the shareholders' meeting in the agenda thereof, the Board shall give an explanation at the meeting and notify the contents of such proposal and explanation of the Board, together with the resolutions of the shareholders' meeting after the conclusion of the meeting.

Any shareholder proposing a proposal who disagrees with the exclusion by the Board of his proposal from the agenda of the shareholders' meeting may, according to the Articles and the procedure stipulated in the Rules of Procedure of the Shareholders' Meeting in the appendix, request the convening of an extraordinary shareholders' meeting.

The Board or any other convener shall take necessary measures to ensure the proper order of the shareholders' meeting. The Board or any other convener shall take measures to stop any act disturbing the shareholders' meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall report such act to relevant authorities for investigation and treatment.

Article 97 All shareholders in the register of shareholders or proxies thereof shall be entitled to attend shareholders' meetings and exercise their voting rights pursuant to relevant laws, administrative regulations and the Articles.

The shareholders may either attend the shareholders' meetings in person or appoint their proxies to attend and vote on his/her behalf. A shareholder that appoints a proxy to attend a shareholders' meeting shall specify the matters in which the proxy will act, the authority, and the period. The proxy shall present a shareholder's proxy form to the Bank, and exercise the voting rights within the scope of the proxy form.

Article 98 Any shareholder entitled to attend and having voting rights at a shareholders' meeting shall be entitled to appoint one or more persons (these persons need not be shareholders) as proxies to attend and vote on his behalf. A proxy may exercise the following rights pursuant to the authorization by that shareholder:

- (I) shareholder's right to speak at the shareholders' meeting;
- (II) the right to individually or jointly request to vote by ballot;
- (III) the right to vote by show of hands or ballot, but when more than one proxy has been appointed, the proxies only have the right to vote by ballot.

Article 99 An individual shareholder attending a shareholders' meeting in person shall present his identity card or other identity certificate or share certificate; a proxy attending a shareholders' meeting on behalf of an individual shareholder shall, other than the aforesaid materials, present his identity card and power of attorney of the shareholder.

For a corporate shareholder, his legal representative or a proxy appointed thereby shall attend the meeting. The legal representative attending the meeting shall present his identity card, valid certificate bearing evidence of his qualifications as legal representative and share certificate; a proxy attending the meeting on behalf of the legal representative shall, other than the aforesaid materials, present his identity card and power of attorney issued by the legal representative of the corporate shareholder.

If the shareholder is a recognized clearing house or agent thereof as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the said shareholder may authorize one or more persons as he deems appropriate to act on his behalf at any shareholders' meeting or class meeting; however, where several persons are thus authorized, the power of attorney shall specify the numbers and classes of shares involved by the said persons. The persons thus authorized may exercise rights on behalf of the recognized clearing house (or agent thereof) at the meeting (without presenting his/her share certificate, notarized authorization and/or further evidence to prove that he/she is duly authorized) as if the said persons were the personal shareholders of the Bank.

- Article 100** The power of attorney shall be in writing under the hand of the principal or his agent duly authorized in writing or, if the principal is a legal person, it shall be under seal or under the hand of a director or agent duly authorized. The power of attorney issued by a shareholder to appoint a proxy to attend a shareholders' meeting shall specify:
- (I) the name and number of shares of the proxy;
 - (II) whether or not voting rights are attached;
 - (III) directive to vote for or against or abstain from voting on each and every issue included in the agenda of the shareholders' meeting;
 - (IV) the date of issue and validity period of the power of attorney; and
 - (V) signature (or seal) of the principal.
- Any format issued to a shareholder by the Board of the Bank for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against, and give directives on each of the resolutions to be decided at the meeting.
- Article 101** The power of attorney shall specify whether, in default of directives, the proxy may vote as he thinks fit.
- Article 102** The power of attorney shall be placed at the address of the Bank or at any other place designated in the notice of shareholders' meeting, and at least 24 hours prior to either the convening of the relevant meeting at which the resolutions are to be voted on or the designated voting time. Where such a power of attorney is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the power of attorney, be placed at the address of the Bank or any other place designated in the notice of shareholders' meeting.
- Where the principal is a legal person, his legal representative or a person authorized by the Board or other decision making body shall attend the shareholders' meeting of the Bank.
- Article 103** If the principal has passed away, lost his ability to act, withdrawn the appointment, withdrawn the authorization to sign the power of attorney or has transferred relevant shares prior to voting, as long as the Bank has not received any written notice regarding these matters before the commencement of the relevant meeting, the vote cast by the proxy in accordance with the power of attorney shall remain valid.
- Article 104** The Bank shall be responsible for preparing an attendance register, which shall state the names (or names of the entities), ID card number and the address of the attendee, the number of voting shares held or represented, names of the principal (or names of the entities) and so on.

- Article 105** The convener and the lawyer appointed by the Bank shall verify the validity of the shareholders' qualifications based on the register of shareholders provided by the securities registration and clearing institutions, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for a meeting shall be completed before the presider announces the number of attending shareholders and proxies and the total number of their voting shares.
- Article 106** All directors and secretary of the Board shall attend shareholders' meetings of the Bank, and the president and other senior managers shall be present at the meetings.
- Article 107** Shareholders' meetings shall be convened by the Board and presided over by the chairman of the Board. Where the chairman cannot attend the meeting for any reason, the chairman may appoint one of the directors of the Bank to preside over the meeting on his/her behalf or a director shall be jointly elected by more than half of the directors to preside over the meeting. If no presider is appointed, more than half of the attending shareholders may jointly elect a person to preside over the meeting. If for any reason, the shareholders fail to elect a presider, the shareholder (including proxy thereof) holding the most voting shares thereat shall preside over the meeting.
- A shareholders' meeting convened by the audit committee itself shall be presided over by the chairman of the audit committee. Where the chairman of the audit committee is unable or fails to perform his/her duties, more than half of the members of audit committee shall jointly elect a member of audit committee to perform relevant duties.
- At a shareholders' meeting convened by the shareholders themselves, the convener shall organize more than half of the attending shareholders to jointly elect one representative presider.
- When a shareholders' meeting is held and the presider violates the Rules of Procedure of the Shareholders' Meeting which makes it difficult for the shareholders' meeting to continue, a person may be elected at the shareholders' meeting to act as the presider, subject to the approval of more than half of the attending shareholders having the voting rights.
- Article 108** The Bank shall formulate the Rules of Procedure of the Shareholders' Meeting defining the convening and voting procedure of shareholders' meetings, covering notification, registration, consideration of proposal, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, etc. The Rules of Procedure of the Shareholders' Meeting shall be appendix to the Articles and shall be formulated by the Board and approved at the shareholders' meeting.
- Article 109** The Board of Directors shall report their work in the previous year at the annual shareholders' meeting. Every independent director shall also make his work reports.
- Article 110** Directors and senior managers shall make explanations in relation to the inquiries and suggestions made by shareholders at shareholders' meetings. The time for shareholders making inquiries shall be determined by the presider.

Article 111 The presider shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

Article 112 The shareholders' meetings shall have meeting minutes, which shall be recorded by the office of the Board of Directors. The meeting minutes shall record the following information:

- (I) the date, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the presider, and the directors, president and other senior managers attending or present at the meeting;
- (III) the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of shares of the Bank;
- (IV) the consideration process of each proposal, summaries of the speeches and the voting result;
- (V) details of the inquiries or recommendations of the shareholders, and the corresponding response or explanations;
- (VI) the name and identity of the witnessing lawyer, counting officer and monitoring officer; and
- (VII) other contents that shall be recorded in the minutes in accordance with the Articles.

Article 113 The convener shall ensure the meeting minutes are true, accurate and complete. Directors attending the meeting, the convener or representative thereof, the presider and the secretary of the Board shall sign the meeting minutes. The meeting minutes shall be kept as archives by the Bank permanently together with the book of signatures of the attending shareholders, the power of attorney of the attending proxies and votes.

Article 114 The convener shall ensure that a shareholders' meeting is held continuously until final resolutions are arrived at. If the shareholders' meeting is adjourned or no resolution can be made for special reasons such as force majeure, immediate actions shall be taken to resume the shareholders' meeting as soon as possible or directly terminate the shareholders' meeting.

Section 6 Voting and Resolutions of the Shareholders' Meeting

Article 115 Resolutions of the shareholders' meeting shall be divided into ordinary resolutions and special resolutions.

If an ordinary resolution is made at a shareholders' meeting, shareholders holding no less than half of the total shares of the Bank shall attend the meeting and the resolution shall be approved by no less than two thirds of voting rights held by the shareholders (including their proxies) attending the meeting.

If a special resolution is made at a shareholders' meeting, shareholders holding no less than two thirds of the total shares of the Bank shall attend the meeting and the resolution shall be approved by no less than two thirds of voting rights held by the shareholders (including their proxies) attending the meeting.

Article 116 The following issues shall be approved by ordinary resolutions at a shareholders' meeting:

- (I) the business guidelines of the Bank;
- (II) work reports of the Board of Directors;
- (III) profit distribution plans and loss recovery plans formulated by the Board;
- (IV) annual reports, annual budgets, final accounting reports of the Bank;
- (V) report of evaluation by the audit committee on the directors and by the independent Directors on each other;
- (VI) the Bank's purchase or sale of major assets or provision of guarantee within one year with the transaction amount not exceeding 10% of the latest audited net assets of the Bank;
- (VII) the Bank's equity investment business;
- (VIII) the persons who should be recommended by the Bank and other issues (excluding equity investment) of controlled companies and associates of the Bank;
- (IX) issues relating to the changes in the use of raised funds;
- (X) resolutions on the appointment or dismissal of the accounting firm providing regular and statutory audits on the financial reports of the Bank;
- (XI) other issues than those that should be passed by special resolutions pursuant to laws, administrative regulations or the Articles.

- Article 117** The following issues shall be approved by special resolutions at a shareholders' meeting:
- (I) an increase or reduction in the registered capital of the Bank, and the issuance of bonds or other securities or listing of the Bank;
 - (II) the investment plans of the Bank;
 - (III) the division, merger, dissolution and liquidation or change in the corporate form of the Bank;
 - (IV) amendments to the Articles, the Rules of Procedure of the Shareholders' Meeting and the Rules of Procedure of the Board of Directors;
 - (V) the Bank's purchase or sale of major assets or provision of guarantee within one year with the transaction amount exceeding 10% of the latest audited net assets of the Bank;
 - (VI) reviewing and approving the Bank's guarantee businesses, such as external guarantee and letter of guarantee;
 - (VII) reviewing and approving the Bank's fixed asset purchase business;
 - (VIII) reviewing and approving the non-performing asset disposal and write-off of the Bank;
 - (IX) reviewing and approving the Bank's asset mortgage business;
 - (X) the Bank's buyback of its shares;
 - (XI) the plans for the equity incentive scheme;
 - (XII) appointment and removal of the members of the Board of Directors (save as otherwise stipulated in Article 154 of the Articles), and their remuneration matters;
 - (XIII) any other matters as required by the laws, regulations, regulatory documents, Hong Kong Listing Rules, provisions of the securities regulatory authorities in the place where the securities of the Bank are listed or the Articles, and confirmed by the shareholders' meeting by an ordinary resolution that they may have a material effect on the Bank and should be adopted by a special resolution.

Article 118 A shareholder (including his proxy) shall exercise his voting rights based on the number of shares held. Each share shall have one vote.

Shares held by the Bank have no voting rights.

Article 119 When the related – party transactions control committee, the Board of Directors and the shareholders’ meeting votes or makes decisions on any related party transaction, the interested person of such related party transaction shall abstain from voting or making decisions on such transaction.

When a related party transaction is considered at a shareholders’ meeting, the related shareholders and their associates (as defined in the Hong Kong Listing Rules) shall not vote, and the voting shares represented by them shall not be counted in the total number of valid votes; the notice or announcement of any resolution made at the shareholders’ meeting shall adequately disclose information relating to voting by non-related shareholders.

Specifically, related shareholders may voluntarily avoid voting or other shareholders or shareholder representatives attending the shareholders’ meeting may request related shareholders to avoid voting; if other shareholders or shareholder representatives request a shareholder to avoid voting but the said shareholder does not think so, the shareholder shall give reasons. If the said shareholder fails to convince the shareholders requesting him to avoid voting with the said reasons, the shareholders’ meeting may respectively record the voting results when the shareholder with a disputed related relation identity avoids or does not avoid voting. After the shareholders’ meeting, the Board shall finalize the voting results after applying to relevant authority for determining the related relation identity of relevant shareholder and notify all shareholders of the results.

Where the Bank is unable to convene the shareholders’ meeting due to principle of avoidance, the Board of Directors shall be responsible for deliberation and it shall not be applicable to provisions on avoidance in the first paragraph hereof. However, the related directors shall issue a statement on non-transferring of benefits.

Article 120 The Bank shall provide convenience for shareholders to attend shareholders’ meetings, provided that the shareholders’ meeting is held legally and validly.

Article 121 Unless the Bank is in a crisis or any special circumstance, the Bank may not enter into any contract with anyone other than a director, president or other senior managers to have all or significant part of the Bank’s business in the care of such person, unless otherwise approved by the shareholders at a shareholders’ meeting with a special resolution.

Article 122 List of director candidates shall be submitted by way of proposal to the shareholders’ meetings for voting.

Resolutions in respect of the directors at a shareholders’ meeting may be passed by way of cumulative voting. After approval by the shareholders’ meeting, the said resolutions are submitted to the banking regulatory authorities under the State Council for qualification review.

Article 123 The method and procedure for nominating directors of the Bank are:

- (I) Shareholders individually or jointly holding above 3% of the Bank's total shares in issue with voting rights and the nomination and remuneration committee under the Board shall have the right to nominate candidates for non-independent directors; and shareholders individually or jointly holding above 1% of the Bank's total shares in issue with voting rights, the nomination and remuneration committee under the Board and audit committee under the Board shall have the right to nominate candidates for independent directors.

Candidates for employee directors shall be elected through democratic election at the employee representatives' meeting of the Bank.

The shareholder that has nominated non-independent directors and his/her related parties shall not nominate independent directors; where a candidate for director nominated by a shareholder or his/her related party is approved to sit on the Board, the shareholder shall not nominate any candidate for director until the term of office of the director expires or the director is replaced; and, generally, the number of candidates for directors nominated by a shareholder and his/her related party shall not exceed one third of the number of members of the Board; the nomination and remuneration committee of the Board shall avoid being affected by shareholders and exercise the right to nominate directors independently and prudently. Except as otherwise prescribed by laws, administrative regulations, departmental rules, and listing rules of the stock exchange where the securities of the Bank are listed.

- (II) The nomination and remuneration committee of the Board shall make preliminary examination on the qualifications and conditions of the director candidates, and submit the qualified candidates to the Board for consideration. Upon approval by the Board, the resume and basic information of the director candidates shall be submitted as a written proposal to the shareholders' meetings.
- (III) The director candidates shall prior to the shareholders' meetings provide written undertakings that they accept the nominations, that the information announced about them is true and adequate, and that they will diligently fulfill the duties as director if elected.
- (IV) In the event of a temporary vacancy of director, the Board shall propose a list of director candidates for the shareholders' meetings to elect or replace.

- Article 124** Save under the cumulative voting system, the shareholders' meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted.
- Article 125** Unless the shareholders' meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the shareholders' meeting.
- Article 126** No amendment shall be made to a proposal when it is considered at a shareholders' meeting, otherwise, the relevant amendment shall be deemed as a new proposal which shall not be voted on at this shareholders' meeting.
- Article 127** Voting at a shareholders' meeting shall be taken by way of registered poll, save for resolutions on procedures for the shareholders' meeting or administrative matters which can be resolved on by the presider of the meeting based on the principle of honesty and voted on by a show of hands.
- Article 128** The same voting right can only be exercised in only one form: onsite, over the network, or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.
- Article 129** For proposals on the procedures for the shareholders' meeting or administrative matters, voting at a shareholders' meeting shall be conducted by a show of hands save as otherwise specified in the listing rules of the place where the securities of the Bank are listed or the following persons require voting by ballot before or after voting by a show of hands:
- (I) presider of the meeting;
 - (II) at least two shareholders with voting rights or proxies thereof;
 - (III) shareholder(s) (including proxies thereof) individually or jointly holding no less than 10% of shares with voting rights at the meeting.

Save as otherwise specified in the Hong Kong Listing Rules or anybody requires voting by ballot, the presider shall announce the result of voting by a show of hands on proposals, which result shall be recorded in the minutes as final evidence, without specifying the number or percentage of pros for or cons against the resolutions adopted at the meeting. The request for voting by ballot may be revoked by the person tendering the request.

Resolutions at a shareholders' meeting shall be voted on by registered poll save as otherwise specified in laws, regulations and Hong Kong Listing Rules; procedural or administrative matters may be voted on by a show of hands.

- Article 130** If the issue required to be voted on by ballot relates to election of presider or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted on by ballot, the presider may decide the time of voting by ballot, and the meeting may proceed to consider other issues, and the voting results shall be deemed as resolutions passed at the said meeting.
- Article 131** Before proposals are voted on at a shareholders' meeting, two shareholder representatives shall be appointed to count, and monitor counting of, the votes. Where any shareholder has interests in any issue considered, the said shareholder or proxy thereof shall not participate in counting and monitoring of ballots.
- Article 132** When proposals are voted on at a shareholders' meeting, a lawyer, at least two shareholder representatives and other relevant persons appointed according to the Hong Kong Listing Rules shall be jointly responsible for the counting and monitoring of the ballots in accordance with relevant provisions of the Hong Kong Listing Rules, announce the voting results on the spot, and determine whether a resolution has been passed pursuant to the voting result. The voting result shall be recorded in the minutes of the meeting.
- Article 133** A shareholder attending a shareholders' meeting shall express one of the following opinions on any proposal to be voted on: pro, con or abstention. Except for securities registration and clearing institutions, as the nominal holder of part of shares, vote according to the intention expressed by the actual holders. Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions". In voting, shareholders (including proxies thereof) entitled to two or more votes need not cast all his votes in the same way of pros or cons.
- Article 134** Where any shareholder is required to waive his voting rights or is restricted to cast only affirmative or dissenting vote on a certain issue in accordance with the Hong Kong Listing Rules, any vote cast by the said shareholder or proxy thereof in violation of the relevant provisions or restrictions shall not be counted into the voting results.
- Article 135** When a shareholders' meeting is concluded at the venue, the presider shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.
- Article 136** If the presider has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the voting result, demand that the ballots be counted and the presider shall have the ballots counted immediately.
- Article 137** If ballots are counted at a shareholders' meeting, the counting result shall be recorded in the meeting minutes.
- The minutes together with the attendance record of attending shareholders and the powers of attorney of the proxies shall be kept at the domicile of the Bank.

Shareholders may have access to copies of the minutes free of charge during the office hours of the Bank. If any shareholder asks for copies of relevant meeting minutes, the Bank shall send out the said copies within 7 days after receipt of reasonable fees.

- Article 138** Where a proposal on election of directors is passed at the shareholders' meeting, the directors elected shall take office on the date of obtaining the approval from the banking regulatory authorities under the State Council.
- Article 139** Resolutions of the shareholders' meeting shall be notified or announced in due time. The notice or announcement shall specify the number of attending shareholders and their proxies, the total number of shares and the proportion of these shares to the total number of shares of the Bank, the voting method, and the voting results for every proposal.
- Article 140** Where a proposal has not been passed or the resolutions of the preceding shareholders' meeting have been changed at the current shareholders' meeting, special mention shall be made in the notice or announcement of the resolutions of the shareholders' meeting.
- Article 141** The Bank shall submit the minutes, resolutions, etc. of a shareholders' meeting to the banking regulatory authorities under the State Council for filing.
- Article 142** The shareholders' meetings of the Bank shall be witnessed by lawyers, who shall produce legal opinions. The legal opinions shall contain opinions on the legality of the procedure for convening the shareholders' meeting, qualification of the shareholders attending the shareholders' meeting, contents of resolutions of the shareholders' meeting, etc..

Chapter 8 Special Voting Procedures for Class Shareholders

- Article 143** Holders of different classes of shares are class shareholders. Class shareholders shall enjoy rights and assume obligations according to the laws, administrative regulations and the Articles. The class shareholders of the Bank shall enjoy the same rights in distribution of dividends or any other forms of distributions.
- Article 144** Any proposed change or cancellation by the Bank of the rights of class shareholders shall not come into effect unless approved by special resolutions at a shareholders' meeting and approved at a separate shareholders' meeting convened by the class shareholders so affected in accordance with Articles 146 to 150.
- Article 145** The following circumstances shall be deemed as change or annulment of the rights of a certain class shareholder:
- (I) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal to or superior to those of the shares of such class;
 - (II) To change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;

- (III) To cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (IV) To reduce or cancel rights attached to the shares of such class to preferentially receive dividends or to preferentially receive distributions of assets in a liquidation of the Bank;
- (V) To add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Bank attached to the shares of such class;
- (VI) To cancel or reduce rights to receive payments made by the Bank in a particular currency attached to the shares of such class;
- (VII) To create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (VIII) To restrict the transfer or ownership of the shares of such class or to impose additional restrictions;
- (IX) To issue rights to subscribe for, or to convert into, shares of such class or another class;
- (X) To increase the rights and privileges of the shares of another class;
- (XI) To restructure the Bank in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring;
- (XII) To amend or cancel provisions of this chapter.

Article 146 Where issues specified in sub-paragraphs (II) to (VIII), (XI) to (XII) of Article 145 are involved, the affected class shareholders, whether or not they are entitled to vote at shareholders' meetings originally, shall have the right to vote at class meetings. However, interested shareholder(s) shall not be entitled to vote at such class meetings.

Interested shareholders as specified in the preceding paragraph refer to:

- (I) in the event of a repurchase of shares by the Bank by way of a repurchase offer to all shareholders of the Bank in the same proportion or by way of public transactions on a stock exchange pursuant to Article 32 of the Articles, an "interested shareholder" is a controlling shareholder as defined in the Articles;
- (II) in the event of a repurchase of shares by the Bank by an off-market agreement pursuant to Article 32 of the Articles, an "interested shareholder" is a shareholder related to the agreement; and
- (III) in the event of a reorganization of the Bank, an "interested shareholder" is a shareholder who assumes a relatively less proportion of obligation than that of other shareholder of that class or who has an interest different from that of other shareholder of that class.

Article 147 Resolutions of a class meeting shall be approved by votes representing no less than two thirds of voting rights of shareholders of that class present at the meeting who, in accordance with Article 146, are entitled to vote at the meeting.

Article 148 Where the Bank convenes a class meeting, a written notice shall be given prior to the date of the meeting to notify all the shareholders of the said class in the register of shareholders of the issues to be considered at the meeting, and the date and venue of the meeting. The time for issuing the aforementioned notice shall be subject to the provisions of Article 88 of the Articles.

Any shareholder intending to attend the meeting shall serve to the Bank a written reply showing his intention to attend at least 10 days before the meeting. Where the number of voting shares represented by shareholders intending to attend the meeting amounts to no less than a half of the total number of voting shares of that class, the Bank may convene the class meeting; if not, the Bank shall, within five days, notify shareholders again of the issues to be considered, date and venue of the meeting in the form of announcements. The Bank may then convene the class meeting after such announcements.

Article 149 Notice of class meetings need only be served to shareholders entitled to vote at the said meetings. Class meetings shall be convened as per as similar a procedure as possible to that of shareholders' meetings. Provisions relating to the procedure of convening shareholders' meetings in the Articles also apply to class meetings.

Article 150 Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed as shareholders of different classes.

Special voting procedures for class shareholders shall not apply in the following circumstances:

- (I) with the approval by special resolutions in a shareholders' meeting, the Bank issues and plans to issue, at one or more occasions, a total number of shares not exceeding 20% of each of its existing issued and outstanding domestic shares and overseas listed foreign shares in every 12 months;
- (II) the Bank's plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is completed within 15 months from the date of approval by China Securities Regulatory Commission;
- (III) with the approval of relevant regulatory authorities such as the banking regulatory authorities under the State Council and the securities regulatory authorities under the State Council, holders of domestic shares of the Bank convert their unlisted shares to overseas listed shares and list the said shares on overseas stock exchanges.

Chapter 9 Board of Directors

Section 1 Directors

Article 151 Directors of the Bank are natural persons and need not hold shares of the Bank.

Article 152 Directors shall be elected or replaced at shareholders' meetings (employee directors shall be elected through democratic election at the employee representatives' meeting of the Bank) and shall serve a term of three years.

The term of a director is renewable by re-election after its expiry. Directors, before their term of office expires, shall not be dismissed by the shareholders' meeting without any reason.

The term of a director shall be from the date of adopting the resolution on his election at the shareholders' meeting and obtaining the approval from the banking regulatory authorities under the State Council to the expiry of the current Board. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as director pursuant to the laws, administrative regulations, other rules and the Articles until a new director is elected.

Article 153 The chairman shall be elected or removed by more than half of all the directors, shall serve a term of three years, and is eligible for re-election after expiry of the said term.

Article 154 A shareholders' meeting may dismiss a director within his term of office by an ordinary resolution provided that the relevant laws, administrative regulations and provisions of the stock exchange where the securities of the Bank are listed are observed (however, the claim of such director for compensation under any contract shall not be affected). Directors shall observe the laws, administrative regulations and the Articles, and fulfill the following obligations of honesty:

- (I) not to abuse his official powers to bribe or accept other unlawful income;
- (II) not to expropriate the Bank's property, and not to embezzle monies of the Bank;
- (III) not to open in their own names or in others' names any bank account for the purpose of depositing any of the Bank's assets or monies;
- (IV) without the consent of the shareholders' meetings, not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Bank, or conduct for themselves or others any businesses similar to those of the Bank;

- (V) not to take as their own any commission for any transaction between others with the Bank;
- (VI) not to disclose any secret of the Bank;
- (VII) not to use their related party relations to damage the interests of the Bank;
- (VIII) to fulfill other obligations of honesty stipulated by laws, administrative regulations, other rules and the Articles.

Earnings obtained by a director counter to the provisions herein shall belong to the Bank, and the said director shall be liable for compensation for any loss incurred to the Bank.

Article 155 Directors shall observe the laws, administrative regulations and the Articles, and fulfill the following obligations of diligence:

- (I) to exercise the rights conferred by the Articles or the shareholders' meetings with due discretion, care and diligence to ensure the business operations of the Bank comply with state laws, administrative regulations and various economic policies of the state, and are within the business scope specified in the business license of the Bank;
- (II) to continuously pay attention to the operation and management status of the Bank, and have the right to require the senior management to provide relevant materials reflecting the operation and management status of the Bank in a comprehensive, timely and accurate manner or to give explanations on relevant issues;
- (III) to participate in meetings of the Board of Directors on time, fully review the matters considered by the Board of Directors, express opinions in an independent, professional and objective manner, and vote independently on the basis of prudent judgments;
- (IV) to take responsibility for the resolutions of the Board of Directors; to supervise the implementation of the resolutions of the shareholders' meetings and the Board of Directors by the senior management;
- (V) to take active participation in trainings organized by the Bank and regulatory authorities, understand the rights and obligations of directors, be familiar with relevant laws, regulations and regulatory requirements, and continue to possess expertise and capabilities required to perform their duties;
- (VI) to be responsible to the Bank and all shareholders and treat all shareholders impartially when performing duties;
- (VII) to honor their public promises and to practice high standards of professional ethics and consider the legitimate rights and interests of stakeholders;

- (VIII) to undertake fiduciary duties with diligence in the Bank, perform their duties conscientiously and prudently, and ensure sufficient time and commitment to perform their duties;
- (IX) to carefully read various business and financial reports of the Bank and to sign written confirmations of the regular reports of the Bank; and to ensure the information disclosed by the Bank is true, accurate and complete;
- (X) to honestly provide the audit committee with relevant information and data, not to prevent the audit committee or its member from exercising their functions and powers, and to accept the lawful supervision and rational suggestions of the audit committee on their performance of duties;
- (XI) to personally exercise the lawfully-authorized disposal right concerning the management of the Bank and not to allow themselves to be controlled by others and, save as permitted by applicable laws or with the informed consent of shareholders given at a shareholders' meeting, not to transfer the exercise of their discretion to others;
- (XII) other obligations of diligence stipulated by laws, administrative regulations, other rules and the Articles.

Article 156 Directors shall not to use their related party relations to damage the interests of the Bank; otherwise, they shall make compensation for the loss incurred to the Bank.

Article 157 Directors shall attend Board meetings in an earnest and responsible manner and provide definite opinions on the matters deliberated. A director shall attend at least two thirds of the on-site Board meetings each year. If a director fails to attend the said meetings consecutively for two times and fails to appoint other directors to attend such meetings on his behalf, he shall be deemed incapable of performing his duties, and the Board shall suggest that the shareholders' meeting remove the said director.

Article 158 A director may resign before his term of office expires. In resigning his duties, a director shall tender a written resignation to the Board.

If the term of office of a director expires but re-election is not made responsively or if any director resigns during his term of office so that the normal operations of the Bank are affected or membership of the Board falls short of the quorum or two-thirds of the number of members of the Board elected by the shareholders' meeting, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, other rules and the Articles until a new director taking his/her office. The remaining directors shall convene an extraordinary shareholders' meeting as soon as possible to elect a director to fill the vacancy caused by the said resignation.

The directors of the Bank shall not resign without the approval of the regulatory authorities if the Bank is conducting a disposal with material risks.

Save as provided in the preceding paragraph, a director's resignation shall be effective when his resignation is served to the Board.

The powers of the Board of Directors shall be exercised by the shareholders' meeting until the number of directors meets the requirements when the number of board members is short of the quorum specified in the Company Law or the quorum required for voting by the Board of Directors due to the dismissal by the shareholders' meeting or death of directors, resignation of independent directors for the loss of independence, or other circumstances where a director cannot perform its duties.

Article 159 If resignation of a director takes effect or if his term of office expires, the said director shall go through all handover formalities with the Board. His confidentiality obligations in respect of the commercial secrets of the Bank shall survive after termination of his term of office until such secrets become publicly known. Other obligations may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances under which the relationship between the director and the Bank is terminated.

Article 160 Save as specified in the Articles or duly authorized by the Board, no director shall act on behalf of the Bank or the Board in his personal name. If a director acts in his own name but a third party may reasonably think the said director is acting on behalf of the Bank or the Board, the said director shall make a prior statement of his standpoint and capacity.

Article 161 If a director violates the laws, administrative regulations, other rules, provisions of the securities regulatory authorities in the place where the securities of the Bank are listed or the Articles in fulfilling his/her duties, thereby incurring any loss of the Bank, the said director shall be liable for compensation, and the shareholders' meetings shall have the right to dismiss the said director. When a director causes harm to others while carrying out his/her duties, the Bank shall assume liability for compensation; if the director has committed intentional acts or gross negligence, he/she shall also bear compensation liability.

Article 162 Independent directors shall follow the laws, administrative regulations, provisions of the securities regulatory authorities in the place where the securities of the Bank are listed, and the independent director system of the Bank.

Section 2 Independent Directors

Article 163 Directors of the Bank include independent directors. Independent directors are directors who do not hold any positions in the Bank other than as independent director and do not maintain with the Bank and its substantial shareholders a connection which may possibly hamper their independent and objective judgments. No less than one third of the Board members shall be independent directors and the number of independent directors shall be at least three. The number of independent directors shall be in line with the laws, administrative regulations, Hong Kong Listing Rules and other rules, and at least one independent director shall have relevant professional qualification or shall have professional specialty in accounting or related financial management.

An independent director should have high professional competence and a good reputation, and should meet the following conditions at the same time:

- (I) is qualified to be director of the Bank pursuant to the laws, administrative regulations, other rules and provisions of the securities regulatory authorities in the place where the securities of the Bank are listed;

- (II) meets the independence requirements as specified in Hong Kong Listing Rules and the Articles;
- (III) has a Bachelor's degree or above or has an intermediate title or above in related professions;
- (IV) has the basic knowledge about the management of commercial banks, and is familiar with the laws, regulations and rules relating to the operation and management of commercial banks;
- (V) has no less than five years' experience in legal, economic, financial, finance or other work beneficial for fulfilling duties as independent director;
- (VI) is able to read, understand and analyze the credit statistics statements and financial statements of commercial banks;
- (VII) possessing good personal character with no record of serious dishonesty or other misconduct;
- (VIII) meets other conditions as specified in the laws, administrative regulations, National Financial Regulatory Administration regulations, CSRC regulations, business rules of stock exchanges and the Articles.

Article 164

In order to secure their independence, the following persons shall not act as independent director of the Bank:

- (I) shareholders holding 1% or more of the Bank's shares or natural persons among the top ten shareholders of the Bank, or persons who hold positions in the shareholders' institutions of the Bank;
- (II) persons who belonged to category (1) within the preceding year;
- (III) persons who hold positions in the Bank or the holding or controlling enterprises of the Bank;
- (IV) persons who hold positions in the Bank or the holding or controlling enterprises of the Bank within the three years before assumption of post;
- (V) persons having outstanding loans payable to the Bank or persons holding positions in an enterprise having outstanding loans payable to the Bank;
- (VI) persons who hold positions in an institution which has business connections with the Bank in law, accounting, audit or management consulting or is interested in the Bank;
- (VII) any other persons who can be controlled or can be significantly influenced by the Bank by various means;
- (VIII) immediate relatives and other closely related family members of the said persons;
- (IX) other persons as recognized by relevant laws, administrative regulations, other rules, the banking regulatory authorities under the State Council, the securities regulatory authorities in the place where the securities of the Bank are listed and other regulatory authorities, or as specified in the Articles.

- Article 165** Any person involved in any of the following circumstances shall not serve as independent director of the Bank:
- (I) is sentenced due to taking graft or committing bribery, infringing upon property, embezzling property or disrupting market economic order, or is deprived of political rights due to offence;
 - (II) was once the director, factory director or manager of any company or enterprise which was bankrupted due to bad operation and was responsible for the bankruptcy of the said company or enterprise;
 - (III) was once the legal representative of any company or enterprise whose business license was revoked due to illegal activities and was responsible for such illegal activities;
 - (IV) has large outstanding personal debts;
 - (V) was dismissed by a former employer due to failure to fulfill the obligation of diligence;
 - (VI) was the person in charge of high-risk financial institutions and cannot prove that he is not responsible for the cancellation or loss of assets of the said financial institutions.
- Article 166** An independent director shall have committed a serious dereliction of duty in any of the following circumstances:
- (I) discloses the business secrets of the Bank and infringe on the legitimate interests of the Bank;
 - (II) accepts illegitimate benefits during performance of duty, or uses the position of independent director to seek personal gains;
 - (III) fails to raise objections to those Board resolutions knowing that are in violation of laws, administrative regulations or the Articles;
 - (IV) fails to veto those related party transactions that have incurred serious losses to the Bank;
 - (V) commits other acts defined as a serious dereliction of duty by the banking regulatory authorities under the State Council.
- Article 167** A person who is a civil servant shall not concurrently serve as independent director of the Bank.

- Article 168** The cumulative term of office for independent directors shall not exceed six years.
- Article 169** An independent director may serve as an independent director in at most five domestic or foreign enterprises concurrently and shall not hold positions in more than two commercial banks at the same time. For banking or insurance institutions with a common independent director, the relevant institutions shall neither be affiliated with each other nor have conflicting interest. Before taking office, independent directors shall promise the Board in writing that they have enough time and energy to perform their duties and will diligently perform their duties.
- Article 170** Save as otherwise specified in the Articles, an independent director shall work in the Bank for not less than 15 workdays each year.
- An independent director may appoint another independent director to attend Board meetings on his behalf but shall attend at least two thirds of the on-site Board meetings in person each year.
- Article 171** The Bank convenes the shareholders' meeting to dismiss an independent director if he:
- (I) is disqualified as independent director due to position changes and does not voluntarily submit resignation;
 - (II) attends less than two thirds of the on-site Board meetings in person in a year;
 - (III) fails to attend the Board meetings in person for three consecutive times;
 - (IV) is disqualified as independent director according to laws, administrative regulations, and other rules.
- Article 172** A proposal made by the audit committee for dismissal of an independent director shall be approved by no less than two thirds of all members of audit committee by voting before it is submitted to shareholders' meetings for consideration. Before the audit committee makes a proposal on the dismissal of an independent director, the affected independent director may give a statement or explanation to the audit committee.
- Where the audit committee makes a proposal for dismissal of an independent director to the shareholders' meeting, it shall report to the banking regulatory authorities under the State Council one month before convening of the shareholders' meetings and gives a notice to the independent director to be dismissed. The independent director to be dismissed may state his opinions orally or in writing before voting, and has the right to submit the opinions to the banking regulatory authorities under the State Council five days before convening of the shareholders' meetings. The shareholders' meetings shall vote after deliberating the opinions of the independent director according to law.

- Article 173** Independent directors shall provide objective, fair and independent opinions for the issues under discussion of the shareholders' meetings or Board. In particular, they should express opinions to the shareholders' meeting or the Board on the following matters:
- (I) nomination, appointment and dismissal of directors;
 - (II) appointment or dismissal of senior managers;
 - (III) remunerations of directors and senior managers;
 - (IV) profit distribution plan;
 - (V) significant related party transactions between the Bank and the Bank's shareholders, effective controllers and affiliated enterprises, and whether the Bank has taken effective measures to collect outstanding receivables;
 - (VI) whether the procedure for considering significant related party transactions of the Bank is legal and whether the transaction price is fair and just;
 - (VII) appointment or dismissal of an accounting firm that conducts regular statutory audit on the financial reports of the Bank; matters involved in the non-standard unqualified audit opinions produced by the accounting firm on the financial accounting report of the Bank;
 - (VIII) a related party's proposal of offsetting debts with assets (if no intermediary qualified for conducting relevant businesses is engaged to issue independent financial and advisory reports);
 - (IX) whether or not equity incentive plans are conducive to the sustained development of the Bank, and cause obvious damage to the interests of the Bank and all shareholders;
 - (X) the Bank's accumulative and current external guarantees and execution of relevant provisions;
 - (XI) other matters which independent directors deem likely to have a significant impact on the lawful rights and interests of the Bank, minority shareholders and financial consumers;
 - (XII) matters that may cause serious losses to the Bank;
 - (XIII) other matters specified in laws, administrative regulations and other rules and the Articles.

- Article 174** To ensure that independent directors can effectively exercise their functions and powers, the Bank shall provide necessary conditions for them:
- (I) the Bank shall ensure that independent directors are entitled to the same right to know as other directors;
 - (II) the Bank shall provide working conditions necessary for independent directors to perform their duties;

- (III) when independent directors exercise their functions and powers, relevant persons of the Bank shall actively provide cooperation and shall not refuse, impede or conceal, or intervene in their independent exercise of their functions and powers;
- (IV) the Bank shall bear reasonable fees for any intermediary engaged by independent directors upon approval by the Board and other reasonable fees necessary for exercise of functions and powers.

The Bank shall pay independent directors allowances. The standards for allowances shall be formulated by the Board and examined and approved at the shareholders' meeting.

Article 175 An independent director shall perform his/her duties in a fiduciary, independent and diligent manner, effectively safeguard the legitimate rights and interests of the Bank, minority shareholders and financial consumers, and shall not be influenced by the shareholders, de facto controller, senior management or other entities or individuals with a material interest in the Bank.

If there are major defects in the corporate governance mechanism or the corporate governance mechanism fails in the Bank, independent directors shall report relevant information to the regulatory authorities in time. Independent directors shall keep the Bank's secrets in addition to reporting relevant information to the regulatory authorities pursuant to the requirements.

Article 176 The evaluation reports of independent directors shall include at least such contents as the number of attendances of independent directors at Board meetings in person in the previous year, major information of their attendance at Board meetings each time, objections of independent directors and responses made by the Board. The evaluation reports of independent directors shall be submitted to the shareholders' meeting for consideration.

Article 177 An independent director may resign upon the expiry of his term of office. The shareholders' meeting may authorize the Board to decide whether to approve the resignation of an independent director. The independent director shall continue to perform his duties before his resignation is approved at the shareholders' meeting or by the Board.

In resigning his duties, an independent director shall tender a written resignation to the Board and a written statement to the latest shareholders' meeting, specifying any matter which is related to his resignation or which he considers necessary to bring to the attention of shareholders and creditors.

If the number of independent directors of the Board falls below the quorum specified in applicable laws, regulations and other rules after the resignation of any independent director, such resignation shall not become effective until the vacancy is filled up by a succeeding independent director.

Article 178 Apart from special provisions on independent directors in this section, independent directors shall observe the general provisions of the Articles concerning directors at the same time. If there is any discrepancy between general provisions and special provisions, the special provisions shall prevail.

Section 3 Board of Directors

Article 179 The Bank shall have a Board of Directors, which shall be accountable to the shareholders' meeting.

Article 180 The Board is composed of executive directors and non-executive directors (including independent directors). Executive directors are directors who hold other senior management position at the Bank in addition to director. Non-executive directors are directors who don't hold any management position at the Bank. The Board of the Bank shall be composed of 9 to 15 directors, including a chairman. In particular, the independent directors shall account for no less than one third of the total number of directors and there shall be one employee director who is elected by the employee representative meeting.

Article 181 The Board shall exercise the following functions and powers:

- (I) to convene a shareholders' meeting and report its work to the shareholders' meeting;
- (II) to implement resolutions of the shareholders' meetings;
- (III) to decide on the Bank's business plans, investment proposals and to formulate development strategies and supervise the implementation of the strategies;
- (IV) to formulate the Bank's annual financial budgets, final accounts, risk capital allocation plans, profit distribution plans and loss recovery plans;
- (V) to formulate proposals for increase or decrease of the registered capital, issuance of bonds or other securities and listing plans of the Bank;
- (VI) to formulate plans for material acquisitions, purchase of shares of the Bank or merger, division, dissolution and transformation of the Bank;
- (VII) to decide on major events of the Bank within the authorization of the shareholders' meeting, such as daily operations, external investments, acquisition, sales and swap of assets, external guarantees, pledge of assets, entrusted wealth management, financial lease, related party transactions and disposal and write-offs of assets;
- (VIII) to appoint or dismiss under regulatory requirements senior managers including the president, vice president and secretary of the Board of the Bank nominated by the chairman; determine remunerations, rewards and punishments for senior managers;
- (IX) to formulate the basic management system of the Bank, and decide on the rights of senior management on the formulation of business procedures and other specific rules;

- (X) to formulate proposals for any amendment to the Articles, formulate the Rules of Procedure of the Shareholders' Meeting and the Rules of Procedure of the Board of Directors, and submit the same to the shareholders' meeting for consideration and approval; and to consider and approve the rules of procedure for the special committees under the Board;
- (XI) to be responsible for the Bank's information disclosure, and undertake the ultimate responsibility for the truthfulness, accuracy, completeness and promptness of the Bank's accounting and financial reports;
- (XII) to formulate a standard scheme for the remuneration and allowances of the directors of the Bank;
- (XIII) to listen to work reports of the Bank's president and examine the work of the president;
- (XIV) to determine the risk tolerance level, risk management and internal control policies of the Bank, and to assume the ultimate responsibility for the overall risk management;
- (XV) to supervise the work performance of the Bank's senior management and deliberate senior management's evaluation on the Bank's president, vice president, chief financial officer and other senior managers and the reports of evaluation by the Bank's senior managers on each other; and to organize the evaluation on directors and evaluation by independent directors on each other and report relevant evaluation results to the of audit committee;
- (XVI) to regularly evaluate and improve the Bank's corporate governance;
- (XVII) to apply for bankruptcy to the People's Court on behalf of the Bank according to the authorization of the shareholders' meeting;
- (XVIII) to decide on the plans for establishment of internal management structure of the Bank and establishment and withdrawal of branches of the Bank;
- (XIX) to establish an identification, investigation and management mechanism for the conflict of interest between the Bank and shareholders, especially substantial shareholders, and assume the management responsibility for shareholders' affairs;
- (XX) to undertake the ultimate responsibility for information technology risks and examination and approval of mid-and-long term information technology strategies, and regularly review the Bank's reports on information technology construction and risk management;

- (XXI) to have the right to determine the pricing and the business investment between the Bank and other financial institutions, including bond investment, entrusted wealth management, purchase of wealth management products, purchase of designated (specialized) asset management plans, trust plans, beneficiary certificates issued by securities companies, right to yields on claims of margin trading and short selling, securities investment funds and other business investment and pricing;
- (XXII) to be in charge of determining green credit development strategies, examine and approve the green credit objectives determined and the green credit reports submitted by senior management, and supervise and appraise the Bank's implementation of green credit development strategies;
- (XXIII) to assume the ultimate responsibility for the protection of consumer rights of the Bank, safeguard the legitimate rights of financial consumers and other stakeholders, regularly listen to the reports on the progress of the protection of consumer rights;
- (XXIV) to formulate the capital planning of the Bank, assume ultimate responsibility for capital or solvency management;
- (XXV) to propose to the shareholders' meetings of the engagement or dismissal of the accounting firm that conducts regular and statutory audit on the financial reports of the Bank;
- (XXVI) to formulate the Bank's data strategy, approve or authorize the approval on major issues in relation to data governance, urge senior management to improve the effectiveness of data governance, and assume ultimate responsibility for data governance;
- (XXVII) to be responsible for the Bank's anti-money laundering and counter terrorist financing policies, supervise the implementation of anti-money laundering and counter terrorist financing policies, and assume ultimate responsibility for the Bank's anti-money laundering and counter terrorist financing work; and
- (XXVIII) to exercise other functions and powers that shall be exercised by the Board according to the laws, regulations, Hong Kong Listing Rules and the Articles.

The following matters shall be approved by more than half of all members of the audit committee before the Board makes a resolution:

- (I) appointment or dismissal of the accounting firm undertaking the audit affairs for the company;
- (II) appointment or dismissal of the financial controller;
- (III) disclosure of financial accounting reports;
- (IV) other matters as stipulated by the securities regulatory authority of the State Council.

- Article 182** The Board of the Bank shall make explanations to the shareholders' meeting in relation to the nonstandard audit opinions produced by the accounting firm on the financial accounting reports of the Bank.
- Article 183** The Board shall formulate the Rules of Procedure of the Board of Directors to ensure execution of resolutions of the shareholders' meeting, enhance the work efficiency and ensure scientific decision making of the Board. The Rules of Procedure of the Board of Directors shall include notice of meeting, form of meeting, document preparation, voting form, proposal mechanism, meeting minutes and signing thereof, authorization rules of the Board, and so on. The contents of the authorization of the Board shall be specific and detailed. The Rules of Procedure of the Board of Directors are appendix to the Articles and shall be formulated by the Board and approved on the shareholders' meeting.
- Article 184** The Board shall determine the right relating to external investment, acquisition and sales of assets, pledge of assets, external guarantees, entrusted wealth management, related party transactions and disposal of non-performing assets, and shall establish strict examination and decision making procedure. The Board shall report any major matter to the shareholders' meeting for approval according to the Articles and Hong Kong Listing Rules and organize relevant experts and professionals to make assessments thereon if necessary.
- For the disposal of any fixed assets by the Board, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within four months immediately preceding such proposal for disposal exceeds 2% of the fixed assets value shown in the most recent balance sheet reviewed at a shareholders' meeting, the Board shall not dispose of or approve the disposal of such fixed assets without the approval of the shareholders at a shareholders' meeting.
- The disposal of fixed assets referred to in this Article includes the transfer of interests of certain assets, but exclude the provision of fixed assets as pledges to any guarantees. Any breach of the paragraph II of this Article shall not affect the validity of any transaction entered into by the Bank in disposing of fixed assets.
- Article 185** Board meetings are divided into regular meetings and provisional meetings, which are convened and presided over by the chairman. Where the chairman cannot attend the meeting for any reason, the chairman may appoint one of the directors of the Bank to convene and preside over the meeting on his behalf or a director shall be jointly elected by more than half of the directors to perform the duties. The Board of Directors shall hold at least four regular meetings annually, about once a quarter. Notices of Board meetings shall be sent to all directors in writing at least 14 days before the date of the meeting. The meeting documents shall be sent to all directors five days before the date of the meeting. The notice may be sent by: mail (including e-mail) or personal delivery.
- Article 186** In the event of emergency, provisional Board meetings may be convened upon proposal by shareholders representing at least one tenth of the total voting rights, by at least one third of the directors, by at least two independent directors or by the audit committee and when the chairman considers it necessary. The chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal.

- Article 187** The notice of provisional Board meeting shall be served to all directors by mail (including e-mail) or personal delivery, at least five days in advance. Where a provisional Board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.
- Article 188** A written notice of Board meeting shall include at least the following details:
- (I) date, time and venue of the meeting;
 - (II) duration of the meeting;
 - (III) reasons and topics for discussion; and
 - (IV) date on which the notice is served.
- Article 189** Board meetings may be convened in the form of teleconference or with the help of similar communications equipment provided that the attending directors are able to hear clearly the directors who speak at the meetings and communicate amongst themselves. All the attending directors shall be deemed as having attended the meeting in person.
- A Board meeting shall only be held if it has a quorum of more than half of the directors. Resolutions made at the Board meeting shall be approved by more than half of the directors.
- The one-person one-vote system shall be practiced for voting on resolutions of the Board.
- Article 190** When the Board of Directors reviews related party transactions, a Board meeting may be held when more than half of the non-related directors attend the meeting. The resolution made at the Board meeting shall be passed by two thirds of the non-related directors. If the number of non-related directors attending the meeting is less than three, the matter shall be submitted to the shareholders' meeting for consideration.
- If any director himself has any direct or indirect related party relationship in any contract, transaction or arrangement already concluded or under planning with the Bank, he shall responsively inform the nature and extent of the related party relationship to the related-party transactions control committee under the Board and necessarily avoid any relevant matter under consideration.
- The avoidance and voting procedures for related directors are that they may choose proactive avoidance or be subject to any request for avoidance made by any other director or representative director attending the Board meeting. If any request for avoidance is made by any other director or representative director but the relevant directors think they are beyond the scope of avoidance, they shall state the reason. If after stating the reason the relevant directors cannot persuade any director who has made the request, the Board may respectively record the voting results when the director with disputed connected relation identity avoids or does not avoid voting. After the Board meeting, the chairman shall confirm the final voting results by applying to relevant authorities for identifying related directors and inform all directors.

Article 191 Voting on Board meetings may be conducted through on-site meeting and circulation of written resolution.

Provisional Board meetings may be held and pass resolutions by means of circulation of written resolution, with the resolutions signed by the voting directors, provided that the directors fully express their opinions. Voting by means of circulation of written resolution shall not be adopted on especially significant matters, including relevant matters set out in sub-paragraphs (V), (VI) and (X) (excluding the formulation of the Rules of Procedure of the Shareholders' Meeting and the Rules of Procedure of the Board of Directors, and consideration and approval of the rules of procedure for the special committees under the Board) of Article 181 and profit distribution plans, remuneration plans, risk capital allocation plans, significant investments, disposal of material assets, appointment or dismissal of senior managers, capital replenishment plan, material equity change, and financial reorganization, and other matters that may have an especially material impact on the Bank and accordingly shall be approved by voting of no less than two thirds of all directors as deemed by more than half of all directors or according to laws, administrative regulations, provisions of relevant regulatory authorities and the Articles. The aforesaid especially major matters shall be subject to approval of no less than two thirds of all directors. For other matters apart from the aforesaid especially significant matters, adoption of or resolution on any proposal by the Board shall be subject to approval of more than half of all directors of the Bank.

Article 192 Directors shall attend Board meetings in person. If any director cannot attend the meeting for any reason, he may issue a written power of attorney to authorize another director to attend the meeting on behalf thereof. In principle, a director may accept entrustment from a maximum of two directors who do not attend the meeting in person. When considering matters of related party transactions, a non-related director may not authorize a related director to attend the meeting on his/her behalf. The power of attorney shall specify the name of the proxy, the matters to be handled in proxy, the scope of authorization and validity period, and shall bear the signature or seal of the principal. The director attending the meeting on behalf of another director shall exercise rights within the scope of authorization. If a director fails to attend a Board meeting and does not appoint a proxy to act on his behalf, the said director shall be deemed as having waived his right to vote at the meeting.

Article 193 The Board shall file resolutions of the on-site meeting as minutes, which shall be signed by the attending directors and the minutes recorder. The Board shall establish duty performance archives for directors, which shall completely record the number of attendances of directors at Board meetings, their independent opinions and suggestions and adoption thereof, as a basis to evaluate the directors.

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

- Article 194** Any attending director shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The directors shall sign and be responsible for the resolutions passed at Board meetings. Any director who votes for a resolution of the Board which runs counter to the laws, administrative regulations, provisions of the securities regulatory authorities in the place where the securities of the Bank are listed or the Articles, thereby causing losses to the Bank, shall be liable for compensation to the Bank. However, a director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting can be exempt from liability.
- Article 195** The minutes of a Board meeting shall specify:
- (I) the date, time, venue, form and name of the convener of the meeting;
 - (II) the names of the attending directors and the directors (proxies) attending the meeting on behalf of others;
 - (III) the agenda of the meeting;
 - (IV) summaries of the speeches of directors; and
 - (V) the voting method and result for each resolution (the voting result shall set out the numbers of pros, cons and abstentions).
- Article 196** The Bank shall submit the minutes, resolutions and other documents of the Board to the banking regulatory authorities under the State Council for archiving.
- Article 197** The Board of the Bank shall establish an office as its administrative body.

Section 4 Special Committees under the Board

- Article 198** The Board of the Bank establishes the development and strategy committee, related-party transactions control committee, risk management committee, audit committee, nomination and remuneration committee, consumer rights protection committee and other special committees. The members of special committees shall be directors and have professional knowledge or work experience catering to the duties of the special committees. The special committees shall be headed by directors and shall each have at least three members. In particular, the majority of the audit committee and nomination and remuneration committee shall be independent directors, and in principle, no less than one-third of the risk management committee and the related-party transactions control committee shall be independent directors. The related-party transactions control committee, nomination and remuneration committee and audit committee shall be headed by independent directors. The audit committee shall comprise non-executive directors only, who shall have professional knowledge and work experience in one aspect of finance, auditing, accounting or law, etc., and have at least one independent director who shall have relevant professional qualifications as specified in Hong Kong Listing Rules, or shall have professional specialty in audit or related financial management. Any director nominated by the controlling shareholders shall not act as member of the related-party transactions control committee and nomination and remuneration committee.

The special committees under the Board shall provide professional advice to the Board or make decisions on professional matters as authorized by the Board.

The Board shall formulate the rules of procedure and working procedures for respective special committees. The respective special committees may formulate annual work plans and hold meetings on a regular basis.

Any director in charge of the audit committee, related-party transactions control committee and risk management committee shall work at the Bank for at least 25 workdays every year.

Article 199 The primary duties of the development and strategy committee are to formulate the Bank's business management objectives and long term development strategies, and supervise and inspect the implementation of annual operational plans and investment plans.

Article 200 The primary duties of the related-party transactions control committee are to manage, review and control risks of related-party transactions.

Article 201 The primary duties of the risk management committee are to supervise the senior management's control over risks including credit risk, liquidity risk, market risk, operation risk, compliance risk and reputation risk, conduct periodic assessment upon the Bank's risk policies, management status and risk tolerance ability, and advise on improvement of the Bank's risk management and internal control.

Article 202 The primary duties of the audit committee are to examine the Bank's risks and compliance status, accounting policies, financial report procedures and financial conditions, undertake the Bank's annual audit work, propose the appointment and replacement of the external audit institution, produce judgement report on the truthfulness, accuracy, completeness and promptness of the audited financial information and submit the report to the Board for consideration. The audit committee exercises the relevant powers and functions of the board of supervisors as stipulated in the Company Law and regulatory regimes.

The audit committee shall convene at least one regular meeting each year. An extraordinary meeting may be convened at the request of the Board or chairman of the Board, when two or more members propose, or when the convener deems it necessary. A meeting of the audit committee shall be convened only when more than half of the members are present.

Any resolution of the audit committee shall be passed by more than half of the members of the audit committee.

Resolutions of the audit committee shall be decided on a one-person, one-vote basis.

Meeting minutes shall be prepared for the resolutions of the audit committee in accordance with the regulations, and the members of the audit committee attending the meeting shall sign on the meeting minutes.

The rules of procedures for the audit committee shall be formulated by the Board.

- Article 203** The primary duties of the nomination and remuneration committee are to formulate procedures and standards of electing directors and senior managers, conduct preliminary examinations of qualifications of directors and senior managers and make recommendations to the Board, review the remuneration management systems and policies throughout the Bank, work out the remuneration plans for directors and senior managers, propose remuneration plans to the Board and supervise the implementation of the plans.
- Article 204** The primary duties of the consumer rights protection committee are to formulate strategies, policies and objectives of the Bank's consumer rights protection work, supervise and urge the senior management to effectively implement the relevant consumer rights protection work, supervise and evaluate the comprehensiveness, promptness and effectiveness of the Bank's consumer rights protection work and the performance of the senior management in this respect, review and provide suggestions on proposals in relation to consumer rights protection to be submitted to the Board for consideration, and implement other matters as required by relevant consumer rights protection related regulations in the banking industry or as required by the Articles or authorized by the Board.
- Article 205** The Bank conducts strict management on related party transactions in accordance with relevant provisions of the banking regulatory authorities under the State Council. Definition of related parties, and definition, types, approval process and disclosure management of related party transactions are subject to the Measures for the Administration of Connected Transactions of Banking and Insurance Institutions.
- Article 206** The special committees may appoint intermediaries to provide professional advice, with relevant reasonable fees to be borne by the Bank upon approval by the Board. The special committees shall be accountable to the Board, and proposals of the committees shall be submitted to the Board for examination and decision.

Section 5 Chairman

- Article 207** The Board shall have one chairman, who shall be elected by more than half of all directors after the local party and government, substantial shareholders and banking regulatory authorities under the State Council reach a consensus on the chairman candidate upon communication and the chairman candidate is elected as a director by resolution of the shareholders' meeting. The positions of the chairman and the president of the Bank shall be separated.
- Article 208** The legal representative or principal person in charge of the controlling shareholders shall not serve concurrently as chairman of the Bank.
- Article 209** The chairman shall exercise the following functions and powers:
- (I) to preside over shareholders' meetings and convene and preside over Board meetings;
 - (II) to supervise and examine the implementation of resolutions of the Board and report the work to the Board;
 - (III) to exercise the functions and powers of the Bank's legal representative to sign the securities certificates issued by the Bank;

- (IV) to nominate or dismiss vice president, secretary of the Board and other senior managers after seeking advice from the president;
- (V) to determine the appointment or dismissal of middle managers and staff;
- (VI) to decide on the salaries, benefits and reward or punishment of the Bank's staff other than the senior managers decided by the Board within the scope of remuneration plans and management systems approved by the Board;
- (VII) in any emergent force majeure event such as extraordinarily serious natural disasters or other emergencies which causes failure to convene a shareholders' meeting or a Board meeting, to exercise the special right of disposal in respect of the business of the Bank in compliance with laws, regulations and in the interests of the Bank, and to report to the Board and the shareholders' meeting of the Bank afterwards;
- (VIII) to exercise other functions and powers conferred by the Board;
- (IX) functions and powers that shall be exercised by the chairman according to relevant laws, regulations and rules.

Article 210 If the chairman cannot or fails to fulfill the duty thereof, more than half of the directors may designate a director to exercise his functions and powers on behalf.

Section 6 Secretary of the Board

Article 211 The Bank shall have a secretary of the Board, who shall be a senior manager of the Bank. The primary duties of the secretary of the Board shall include:

- (I) to ensure that the Bank has complete organization documents and records;
- (II) to ensure that the Bank prepares and submits reports and documents required by relevant authorities of the state;
- (III) to prepare for Board meetings and shareholders' meetings and be responsible for recording minutes of meetings and keeping the meeting documents and records;
- (IV) to prepare documents for Board meetings as well as relevant rules;
- (V) to be responsible for the information disclosure of the Bank and ensure the timely, accurate, lawful, truly and complete disclosure of the Bank's information;
- (VI) to ensure that the register of shareholders of the Bank is properly established, and that people entitled to obtain the Bank's relevant records and documents can receive such records and documents in a timely manner;
- (VII) to be responsible for the keeping of the register of shareholders, the seal of the Board and relevant materials and handle matters related to management of the equity of the Bank;

(VIII) other matters as authorized by the Board.

The secretary of the Board shall observe relevant laws, administrative regulations, other rules and provisions of the Articles in performing the duties.

Article 212 The secretary of the Board shall have adequate expertise and experience, and shall be appointed and dismissed by the Board. The qualification of the secretary of the Board shall be subject to examination by the banking regulatory authorities under the State Council. The circumstances set out in the Articles disqualifying a person as director of the Bank shall also apply to the secretary of the Board. In the event a director serves concurrently as secretary of the Board, where any act requires to be executed by the director and the secretary of the Board separately, the said director serving concurrently as secretary of the Board of the Bank shall not execute the said act in both capacities. A senior manager of the Bank may serve concurrently as secretary of the Board. Any certified public accountant of the accounting firm or any lawyer of the law firm engaged by the Bank shall not serve concurrently as secretary of the Board. The term of office of the secretary of the Board shall be the same as that of directors.

Chapter 10 Senior Management

Article 213 The Bank shall have one president, who shall be elected via public employment, internal competition or external transfer, which shall be decided by the Board of Directors. The chairman of the Board shall communicate with the local party committee and government, substantial shareholders and banking regulatory authorities under the State Council, so as to reach a consensus on the president candidates. The president shall be nominated by the chairman of the Board, and appointed or dismissed by the Board of Directors.

The Bank may set 7 vice presidents, 1 president of the Chengdu Branch (the municipal leading cadre) and a number of senior managers to meet the needs for business development. The officer in charge of audit shall be appointed and dismissed by the Board of Directors; vice presidents and other senior managers shall be nominated by the chairman of the Board upon consultation with the president, and shall be appointed or dismissed by the Board of Directors.

Article 214 The circumstances set out in the Articles disqualifying a person as director shall also apply to senior managers.

The provisions on directors' obligations of honesty and diligence shall also apply to senior managers.

Article 215 Members of controlling shareholders and effective controllers of the Bank who serve positions other than directors shall not serve as senior managers of the Bank.

Article 216 The president, vice president and other senior managers of the Bank shall serve a term of three years, and may seek re-election upon expiry of the said term.

Article 217 The president shall be accountable to the Board, shall have the right to organize and carry out the Bank's operations and management in accordance with laws, administrative regulations and other rules, the Articles and the authorization of the Board, and shall perform the following functions and powers:

- (I) to take charge of the business operation and management of the Bank, to organize the implementation of the resolutions of the Board and to report the work to the chairman and the Board;
- (II) to draft annual business plans and investment proposals;
- (III) to draft the Bank's basic management system;
- (IV) to formulate the Bank's specific regulations;
- (V) to make suggestions on the plans for establishment of internal management structure of the Bank and establishment and withdrawal of branches of the Bank;
- (VI) to make suggestions on the Board's appointment or dismissal of vice president and other senior managers of the Bank;
- (VII) to make suggestions on the management personnel other than those to be engaged or dismissed by the Board;
- (VIII) to make suggestions on the plans authorizing senior managers and persons in charge of internal functional departments and branches to conduct operational activities;
- (IX) to make suggestions on the salaries, benefits and reward or punishment of the Bank's staff other than the senior managers decided by the Board; as well as the appointment and dismissal of the Bank's staff other than the senior managers decided by the Board;
- (X) to propose to convene a provisional Board meeting;
- (XI) to adopt emergency measures when any material emergency (such as a run on the Bank) arises and promptly report them to the competent administrative authorities of the State and the Board of Directors;
- (XII) to report the fulfilment of duties and evaluation of the senior management of the Bank to the Board of Directors, and to organize members of the senior management of the Bank to report their fulfilment of duties to the Board of Directors; and
- (XIII) other powers and rights conferred by the Articles or by the Board.

The president shall attend Board meetings. A non-Director president shall have no voting rights thereat.

Article 218 The president shall report the conclusion and performance of important contracts, use of funds, and losses and profits of the Bank to the Board of Directors at its request and shall undertake that such reports are true to the fact.

- Article 219** The president may resign before his term of office expires. The president, vice presidents and other senior managers can leave their posts only after the departure audit is completed.
- Article 220** Vice presidents shall assist the president in his work. If the president is unable to perform his duties, the Board of Directors may ask vice presidents to exercise his powers on his behalf.
- Article 221** If any senior manager violates the laws, administrative regulations or other rules or the Articles in fulfilling his duties, thereby incurring any loss of the Bank, the said senior manager shall be liable for compensation. If any senior manager causes any damage to others in fulfilling his/her duties, the Bank shall be liable for compensation. If any senior manager is with will or serious negligence, the said senior manager shall also be liable for compensation.
- Article 222** The Bank shall establish an incentive mechanism linking the senior managers' remunerations to the Bank's results and the individual staff member's performance, so as to attract talents and maintain the stability of senior managers. The Bank also establishes a remuneration risk reserve for its senior managers, requiring senior managers to bear the risks and losses arising from their poor performance of duties during their tenure. Meanwhile, senior managers' remunerations are strictly curtailed if the Bank is involved in any of the following circumstances:
- (I) sharp decline in asset quality;
 - (II) marked deterioration of risk profile or profitability; and
 - (III) other circumstances stipulated by the Board of Directors or regulatory authorities.
- The Bank's evaluation on performance of senior managers shall be the basis for determining senior managers' remunerations and other incentives.
- Article 223** The senior managers of the Bank shall, in accordance with the needs of business operations of the Bank, establish and improve internal control mechanisms centering on internal rules and regulations, operational risk management system and credit approval system.
- Senior managers of the Bank can attend Board meeting.
- Senior managers of the Bank shall establish a system for regular reporting to the Board of Directors, to report the Bank's business performance, important contracts, financial position, risk profile and business prospects in a timely, accurate and complete manner.
- Article 224** Senior managers of the Bank shall accept the supervision of the audit committee, provide it with information on the Bank's business performance, important contracts, financial position, risk profile and business prospects on a regular basis, and shall not obstruct or hinder the inspection, audit and other activities conducted by the audit committee.

- Article 225** The senior management of the Bank shall establish and improve various conference systems and formulate corresponding terms of reference. The senior management shall make the minutes of any meetings held by it and report them to the audit committee for archiving.
- Article 226** The operation and management activities of senior managers of the Bank within the scope of their authorities shall not be interfered with. Senior managers of the Bank shall have the right to request the audit committee to stop the directors from interfering with their operation and management, and shall make a report to the banking regulatory authorities under the State Council.
- Article 227** Members of senior management shall remain relatively stable and shall not be arbitrarily adjusted during their term of office. If adjustment is necessary, a report shall be made to the national competent examination and approval authorities for archiving, and a report shall be made in accordance with relevant regulations to the national competent examination and approval authorities for qualification examination of new senior managers.
- Senior managers shall have the right to request the audit committee to raise an objection to the Board's violation of the appointment and removal regulations, and shall make a report to the banking regulatory authorities under the State Council.
- Article 228** The Board shall promptly discuss and make decisions on matters submitted by senior managers that need to be approved by the Board.
- Article 229** The Bank has a chief information officer, who reports directly to the chairman and the president and participates in decision making. The chief information officer (i) directly participates in the Bank's business development decisions related to the application of information technology, to ensure that the information technology strategy is in line with the Bank's overall business strategy and information technology risk management strategy; (ii) promotes the Bank's informationization level and informationization self-help capability; and (iii) performs other information technology risk management-related work.

Chapter 11 Qualifications and Obligations of Directors and Senior Managers

- Article 230** The qualification of directors and senior managers of the Bank shall comply with the requirements under laws, administrative regulations, departmental rules, regulatory documents, requirements of relevant regulatory authorities and the Articles. Directors and senior managers shall be subject to qualification examination and approval by the banking regulatory authorities under the State Council pursuant to foregoing requirements.

Article 231

No person shall hold the position of director and senior manager of the Bank in one of the following circumstances:

- (I) a person without or with limited capacity for civil conduct;
- (II) a person who has been penalized or sentenced due to corruption, bribery, embezzlement, appropriation of property or the disruption of the socialist market economy, and five years have not elapsed from which the punishment or deprivation of political rights for the crimes committed was carried out, or in case of a sentence to probation, less than two years have lapsed from the date of the conclusion of the probation period;
- (III) a director, factory director or manager of companies or enterprises which were bankrupted and liquidated, whereby such person was personally liable for the bankruptcy of such companies or enterprises, and three years have not elapsed from which the liquidation of the company or enterprise was completed;
- (IV) a legal representative of companies or enterprises which have had their business licenses revoked and the business of such companies or enterprises were compulsorily closed down due to a violation of laws in which such person was personally liable, and three years have not elapsed from which the business license of the company or enterprise was revoked or was ordered to close down;
- (V) a person listed as a judgment defaulter by the People's Court due to relatively large amounts of due and outstanding debt or who is engaged in high-risk investments obviously in excess of his family property affordability;
- (VI) a person under a penalty of prohibited access to the securities market imposed by the securities regulatory authorities under the State Council, which penalty is still effective, or under investigation by judicial authorities for suspected violations of criminal law and the investigation is still on-going;
- (VII) a person dismissed by other commercial banks or organizations due to non-performance of fiduciary duties or disciplinary offences;
- (VIII) a shareholder or person in a shareholders' institution whose loans from the Bank (excluding bank deposits or loans pledged with treasury bonds) exceed the audited net book value of the shares held by him in the previous year;
- (IX) a person or enterprise employee with due and outstanding loans at the Bank;
- (X) a person within his term of office or who is disqualified for life from being director and senior managers by the financial regulatory authorities;
- (XI) a person who breaches the honesty principle by providing false documents in fulfilling his duties;

- (XII) a person who has an obvious conflict of interest with duties of director or senior manager to be appointed;
- (XIII) a person whose act is in violation of social morality, causing bad influences;
- (XIV) a non-natural person;
- (XV) a person judged by the relevant competent authorities as having violated the provisions of relevant securities laws and regulations, the violation involves fraudulent or dishonest acts, and less than five years have elapsed since the ruling;
- (XVI) other persons banned from holding the position as stipulated by the law, administrative regulations, departmental rules, regulatory documents, relevant rules of the securities regulatory authorities in the place where the securities of the Bank are listed or other relevant regulatory authorities and the Articles.

Any election, appointment or employment of directors and senior managers in violation of this paragraph shall be invalid. The Bank shall dismiss any director and senior manager if he is involved in the circumstances of this provision during his term of office.

Article 232 The validity of any act by a director, president or other senior managers made on behalf of the Bank towards a third party acting in good faith shall not be affected by any non-compliance in regulations of that persons' position, election procedure or qualifications.

Article 233 In exercising the functions and powers conferred by the Bank, directors, president and other senior managers shall fulfil the following obligations to each shareholder in addition to the obligations as required by laws, administrative regulations or the listing rules of the stock exchange where the securities of the Bank are listed and the Articles:

- (I) not to let the Bank operate beyond the business scope specified in its business license;
- (II) to sincerely act in the best interest of the Bank;
- (III) not to seize from the Bank any asset, including but not limited to opportunity favorable to the Bank; and
- (IV) not to seize from any shareholder any personal interests, including but not limited to the right to profit distribution and right to vote, but excluding corporate reorganization submitted for adoption at the shareholders' meeting pursuant to the Articles.

- Article 234** In exercising their rights or fulfilling their obligations, the directors, president and other senior managers have the duty to act with due discretion, diligence and skill as a reasonable discreet person in similar circumstances.
- Article 235** In fulfilling duties, the directors, president and other senior managers shall observe the principle of honesty and shall not set themselves in a position where their own interests conflict with their obligations. Such principles include but are not limited to performance of the following obligations:
- (I) to sincerely act in the best interest of the Bank;
 - (II) to exercise their rights within the scope of their powers;
 - (III) to exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent of shareholders given at a shareholders' meeting, not to transfer the exercise of their discretion to others;
 - (IV) to be equitable towards shareholders of the same class and fair towards shareholders of different classes;
 - (V) not to conclude any contract, conduct any transaction or make any arrangement with the Bank saved as specified in the Articles or with the informed consent from the shareholders' meeting;
 - (VI) not to seek personal gains by using the property of the Bank in any form without the informed consent of shareholders given at a shareholders' meeting;
 - (VII) not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Bank's property in any form, including but not limited to opportunity favourable to the Bank;
 - (VIII) not to accept commissions in connection with the Bank's transactions without the informed consent of shareholders given at a shareholders' meeting;
 - (IX) to comply with the Articles, to perform his official duties faithfully, to protect the interests of the Bank and not to exploit his position and power in the Bank for his own interests;
 - (X) not to compete with the Bank in any form without the informed consent of shareholders given at a shareholders' meeting;

- (XI) not to appropriate the monies of the Bank or lend the same to others, not to deposit the Bank's assets in the accounts of their own or others, and not to use the Bank's assets as security for the personal debts of the shareholders of the Bank or others; and
- (XII) without the informed consent of the shareholders at a shareholders' meeting, not to disclose any confidential information related to the Bank acquired by them during the term of their office; not to use the said information save for the interest of the Bank; however, they may disclose such information to a court or other government competent authorities in the following circumstances:
 - 1. required by law;
 - 2. required for public interests; and
 - 3. required for the interests of the said directors, president and other senior managers.

Article 236 Directors, president and other senior managers of the Bank shall not direct the following persons or institutions ("connected persons") to do anything that the directors, president and other senior managers cannot do:

- (I) spouses or minor children of directors, president and other senior managers;
- (II) trustees of directors, president and other senior managers or persons set out in sub-paragraph (I) herein;
- (III) partners of directors, president and other senior managers or persons set out in sub-paragraphs (I) and (II) herein;
- (IV) companies under the exclusive control of directors, president and other senior managers of the Bank or under joint control of the persons set out in sub-paragraphs (I), (II) and (III) herein or other directors, president and other senior managers of the Bank; and
- (V) directors, president and other senior managers of the controlled companies as set out in sub-paragraph (IV) herein.

- Article 237** The honesty obligation of the directors, president and other senior managers of the Bank shall not necessarily end with the expiry of their terms of office, and their confidential obligations in respect of any commercial secrets of the Bank shall survive after expiry of their terms of office. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances under which the relationship with the Bank was terminated.
- Article 238** The liability of directors, president and other senior managers of the Bank for breaching a given obligation may be exempted through an informed resolution given by shareholders at a shareholders' meeting, save for the circumstances specified in Article 74 of the Articles.
- Article 239** The directors, president and other senior managers of the Bank having any direct or indirect material conflict of interests in any executed or proposed contracts, transactions or arrangements (except the employment contracts between the Bank and its directors, president and other senior managers), regardless of whether such interests are usually subject to the approval or consent of the Board, such persons shall disclose the nature and extent of the conflict of interests to the Board as soon as possible. Unless the directors, president and other senior managers of the Bank with conflict of interests have disclosed their interests to the Board in accordance with the requirements of the preceding paragraph herein, and the Board has approved the matter at the meeting without counting the interested persons into the quorum and without their participation in the vote, the Bank shall have the right to rescind such contracts, transactions or arrangements, except in circumstances where the counterparty is acting in good faith and unaware that the directors, president and other senior managers are in breach of their obligations.
- If the connected persons of a director, president and other senior manager of the Bank have any conflict of interests with any contracts, transactions or arrangements, the director and senior manager shall be deemed to have a conflict of interests as well.
- Article 240** Before the Bank considers entering into contracts, transactions or arrangements for the first time, and if the interested directors, president and other senior managers of the Bank have provided a written notice to the Board stating that they have a conflict of interests in the contracts, transactions or arrangements which would be entered into by the Bank in the future for the reasons set out in the notice, then the director, president and other senior manager concerned shall be deemed to have made the disclosure as specified in the preceding article of this chapter to the extent as set out in the notice. When the conditions are met, the Bank may, upon approval by the shareholders' meeting, establish a professional liability insurance system for directors, president and other senior managers and make an appropriate insurance arrangement against any possible legal actions.

Article 241 Directors and senior management, who have directly or indirectly entered into contracts or transactions with the Bank, shall report to the board of directors or the shareholders' meeting on matters relating to the entering into of such contracts or transactions and have such matters approved by resolution of the Board of Directors or the shareholders' meetings in accordance with the provisions of the Articles.

The preceding provision shall apply to contracts or transactions entered into with the Bank by close family members of the directors and senior management, enterprises directly or indirectly controlled by the directors, senior management or their close family members, as well as associates with whom the directors and senior management have other affiliations or relationships.

Article 242 Directors and senior management shall not take advantage of their positions to seek business opportunities for themselves or others that are available to the company, unless otherwise under the circumstances:

- (I) reporting to the Board or the shareholders' meeting and obtaining approval through resolutions by the Board or the shareholders' meeting as stipulated in the Articles;
- (II) where the Bank cannot make use of the business opportunity as stipulated by the provisions of laws, administrative regulations or the Articles.

Article 243 The Bank shall not pay taxes in any form for its directors, president and other senior managers.

Article 244 The Bank shall not, directly or indirectly, provide any loan or loan guarantee to the directors, president or other senior managers of the Bank or its parent company, nor shall the Bank provide the same to their connected persons.

The preceding paragraph shall not apply in the following circumstances:

- (I) loans or loan guarantees provided by the Bank to its subsidiary banks (subsidiary companies);

- (II) loans, loan guarantees or other funds provided by the Bank to the directors, president or other senior managers of the Bank pursuant to their employment contracts which were adopted by the shareholders' meeting, so that the foregoing persons can make payments in the interests of the Bank or for the expenses incurred in performing their duties and responsibilities for the Bank; and
- (III) loans and loan guarantees provided by the Bank to the relevant directors, president, senior managers of the Bank and their connected persons, provided that the loans and loan guarantees are provided on normal commercial terms and conditions.

Article 245 If the Bank provides a loan in breach of the provision above, regardless of the terms of the loan, the person who has received the loan shall repay it immediately.

The Bank shall not be forced to perform the loan guarantee it provides in breach of the provision above, except in the following circumstances:

- (I) the loan provider does not know that it has provided the loan to the connected persons of the directors, president and other senior managers of the Bank or its parent company; and
- (II) the collateral provided by the Bank has been legally sold by the loan provider to a goodwill buyer.

Article 246 The guarantee as referred to in the preceding articles of this chapter includes the act of the guarantor to assume the liability or provide assets to secure the performance of obligations by the obligor.

Article 247 If the directors, president or other senior managers fail to fulfil the obligations to the Bank, the Bank shall be entitled to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:

- (I) require relevant directors, president and other senior managers to compensate the Bank for the losses arising from their neglect of duty;
- (II) cancel the contracts or transactions concluded between the Bank and relevant directors, president and other senior managers, and between the Bank and a third person (if the third person knows or is supposed to know that the directors and senior managers representing the Bank have breached their obligations to the Bank);

- (III) require the relevant directors, president and other senior managers to surrender gains arising from breach of obligations;
- (IV) recover monies, including but not limited to commissions, received by the relevant directors, president and other senior managers but receivable by the Bank; and
- (V) require the relevant directors, president and other senior managers to surrender interests earned or likely to be earned from monies payable to the Bank.

Article 248 The Bank shall enter into written contracts with the directors regarding remunerations which are subject to the prior approval from the shareholders' meeting. The aforesaid remunerations include:

- (I) remunerations for the directors or senior managers of the Bank;
- (II) remunerations for the directors or senior managers of the subsidiary companies of the Bank;
- (III) remunerations for those providing other services for managing the Bank and its subsidiary companies; and
- (IV) compensation to directors for loss of their office or upon retirement. Except for the contracts mentioned above, the directors shall not initiate litigation against the Bank and claim benefits due to them for above matters.

Article 249 The remuneration contracts between the Bank and its directors shall stipulate that if the Bank is acquired, the directors of the Bank shall, subject to prior approval from the shareholders' meeting, be entitled to compensation or other funds for loss of their positions or upon retirement. The acquisition of the Bank mentioned in the preceding paragraph refers to one of the following circumstances:

- (I) a takeover offer made by any person to all shareholders; and
- (II) a takeover offer made by any person with the intent of becoming the controlling shareholder.

Article 250 If the directors concerned do not comply with Article 284, any funds received by them shall go to the persons who have accepted the offer mentioned above and sell their shares. The directors shall bear the expenses arising from the distribution of such amounts proportionally, and such expenses shall not be deducted from the amounts.

Chapter 12 Financial Accounting System, Profit Distribution and Audit

Section 1 Financial Accounting System

Article 251 The Bank shall formulate its financial accounting system in accordance with relevant laws, regulations and the provisions of the relevant authorities of the state.

Article 252 At the end of each fiscal year, the Bank shall prepare a financial report which shall be subject to legal examination and verification. The Bank shall publish its financial report twice each fiscal year, i.e. publish the interim financial report within 60 days after the end of the first six months of each fiscal year and publish its annual financial report within 120 days after the end of each fiscal year. If the securities regulatory authorities in the place where the securities of the Bank are listed have special provisions, such provision shall apply.

Article 253 The Board of Directors of the Bank shall, at each annual shareholders' meeting, submit to the shareholders the financial reports prepared by the Bank in accordance with the relevant laws, administrative regulations, and regulatory documents of local governments and competent authorities.

Article 254 The financial accounting reports of the Bank shall be made available at the principal place of business of the Bank 20 days or earlier before the convening of the annual shareholders' meeting for inspection by shareholders. Each shareholder of the Bank shall be entitled to obtain the financial reports mentioned in the Articles.

Except as otherwise provided in the Articles, the Bank shall send the aforesaid report or report of the Board along with the balance sheet (including each document that should be attached to the balance sheet according to laws) and income statement or income and expenditure statement, or report on financial highlights to each holder of overseas listed foreign shares by hand or pre-paid post at least 21 days prior to the convening of the annual shareholders' meeting. The address of the recipients shall be the address registered in the H Share register.

For holders of overseas listed foreign shares who meet the requirements of laws, administrative regulations and the securities regulatory authorities in the place where the securities of the Bank are listed, it may be published on the website of the Bank, website of the Hong Kong Stock Exchange and other websites specified by the Hong Kong Listing Rules from time to time. If the securities regulatory authorities in the place where the securities of the Bank are listed provide otherwise, such provisions shall prevail.

Article 255 The Bank shall not establish account books other than the statutory account books. No assets of the Bank may be kept in any account opened in the name of any individual.

- Article 256** The Bank shall prepare its financial statements in accordance with PRC accounting standards and regulations; as well as in accordance with international accounting standards or the accounting standards of the overseas listing place. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. When distributing the after-tax profits for the relevant fiscal year, the Bank shall adopt the one with the lower after-tax profits out of the aforesaid two financial statements.
- Article 257** The interim results or financial data announced or disclosed by the Bank shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place.
- Article 258** When distributing each year's profits after taxation, the Bank shall set aside 10% of its profits after taxation for statutory common reserve fund until the fund has reached 50% or more of the Bank's registered capital.
- When the Bank's statutory common reserve fund is not sufficient to make up for the Bank's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund according to the preceding paragraph.
- After the Bank has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon resolution at a shareholders' meeting, make further allocations from its profits after taxation to the discretionary common reserve fund.
- After the Bank has made up its losses, made allocations to its common reserve fund, and made general risk preparation and provision in accordance with relevant regulations, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders.
- When the Bank's capital adequacy ratio is insufficient, distribution of dividends shall be suspended or reduced.
- If the shareholders' meeting distributes profits to shareholders before making up losses and making allocation to statutory common reserve fund in violation of the provision of the preceding paragraph or other laws and regulations and other rules and regulatory requirements, the profits thus distributed shall be returned to the Bank.
- The Bank shall not be entitled to any distribution of profits in respect of shares held by it.
- Article 259** The common reserve fund of the Bank shall be applied to make up its losses, expand its business operations or increase its registered capital. When using the common reserve fund to cover the loss of the Bank, the discretionary common reserve fund and statutory common reserve fund shall be used first; if the loss still cannot be covered, the capital reserve fund can be used in accordance with regulations.

- Article 260** Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the Bank before such transfer.
- Article 261** The capital reserve fund shall include:
- (I) the premium resulting from issuance of shares at a price above par value; and
 - (II) other revenues required by the financial authority under the State Council to be stated as capital reserve fund.
- Article 262** After the profit distribution plan is adopted at the shareholders' meeting, the Board of the Bank shall finish distributing dividends (or shares) in due course within 2 months after conclusion of the shareholders' meeting; for profit distribution plan examined and approved at the annual shareholders' meeting, the distribution shall be finished before September 1 of the year in which the annual shareholders' meeting is held.
- Article 263** The Bank may distribute dividends in the form of:
- (I) cash; and
 - (II) shares.
- Article 264** Monies paid for any shares before dunning shall have interests, but the holders of shares are not entitled to dividends announced later for the said monies. Provided that the relevant laws, regulations, departmental rules, regulatory documents and provisions of the securities regulatory authorities in the place where the securities of the Bank are listed are observed, the Bank may exercise the right to seize dividends not claimed, but the said right shall only be exercised after expiry of the applicable validity period.
- Article 265** The Bank shall appoint receiving agents for holders of overseas listed foreign shares. Such receiving agents shall, on behalf of relevant shareholders, receive dividends and other payables in relation to the overseas listed foreign shares of the Bank.
- The receiving agents appointed by the Bank shall meet the requirements of the laws of the listing place or the relevant regulations of the relevant stock exchange. The receiving agents appointed by the Bank for holders of H Shares shall be the trust companies registered under the Trustee Ordinance of Hong Kong.
- Article 266** The profit distribution policy of the Bank shall comprehensively consider industry characteristics, development stage, its own business model, profitability and whether there is a major capital expenditure arrangement and other factors, taking into account the reasonable return of investors and the sustainable development of the Bank. The profits of the Bank may be distributed in the form of bonus share and cash dividend, etc., and the cumulative distribution amount in any three consecutive years shall not be less than 20% of the annual average distributable profits realized in the said three years.

Section 2 Internal Audit

- Article 267** The Bank has established an independent and vertical internal audit system and the internal audit reporting system and line corresponding thereto. Audit committees under the Board of Directors shall perform duties in accordance with relevant provisions of the Articles. The internal audit department is staffed with ad hoc auditors who conduct internal audit and supervision on the financial income and expense and economic activities of the Bank and make comments on the internal control system.
- Article 268** The person in charge of audit and the internal audit department of the Bank are accountable to the Board and the audit committee thereunder.

Section 3 Appointment of Accounting Firms

- Article 269** The Bank shall appoint an independent accounting firm which meets the relevant requirements of the State and has obtained relevant qualification for audit services to audit the Bank's annual financial reports and review the Bank's other financial reports. The accounting firm appointed by the Bank shall hold office for one year commencing from the conclusion of the annual shareholders' meeting at which it is appointed to the conclusion of the next annual shareholders' meeting and may be re-appointed. However, the Bank shall not appoint any accounting firm controlled by any related party to audit the Bank.
- Article 270** The accounting firm appointed by the Bank shall have the following rights:
- (I) to inspect the books, records or vouchers of the Bank at any time, and to request the directors or senior managers of the Bank to provide relevant information and explanation;
 - (II) to request the Bank to take all reasonable measures to obtain from its subsidiaries such information and explanation as are necessary for the accounting firm to perform its duties;
 - (III) to attend the shareholders' meetings, and to obtain the notice of, and other information relating to, any shareholders' meeting which any shareholder is entitled to receive, and to speak at any shareholders' meeting in relation to matters concerning its role as the accounting firm of the Bank.
- Article 271** The Bank shall undertake to provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and shall not reject, conceal or misstate any information.
- Article 272** Notwithstanding what was agreed in the contract concluded between an accounting firm and the Bank, the shareholders' meeting may, before the term of office of the accounting firm expires, decide to dismiss the accounting firm by way of an ordinary resolution. Such decision shall not affect any right of the accounting firm to claim compensation from the Bank, which arises from its dismissal. The remuneration of the accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders' meeting.

Article 273 The appointment, dismissal or non-reappointment of an accounting firm by the Bank shall be determined by the shareholders' meeting.

The shareholders' meeting shall abide by the following provisions when proposing to pass a resolution to appoint an accounting firm which is not currently serving the Bank to fill the vacancy of an accounting firm, or renew the term of office of an accounting firm appointed by the Board to fill the vacancy, or dismiss an accounting firm before the expiry of its term:

- (I) The proposal in relation to the appointment or dismissal shall be delivered prior to the issue of notice of the shareholders' meeting to the accounting firm to be appointed, the accounting firm leaving office, or the accounting firm which has left office in the relevant fiscal year.

Leaving office includes dismissal, resignation and retirement.

- (II) If an accounting firm leaving office makes a written statement and requests the Bank to inform shareholders of such statement, the Bank shall take the following measures, unless the written statement is received 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;
- 2. to send a copy of the statement to each shareholder entitled to receive the notice of shareholders' meeting.

- (III) If the Bank fails to dispatch the statement of the relevant accounting firm in accordance with sub-paragraph (II) of this paragraph, the relevant accounting firm may request such statement to be read at the shareholders' meeting and may make further appeals.

- (IV) The accounting firm leaving office shall have the right to attend the following meetings:

- 1. the shareholders' meeting at which its term of office would have expired;
- 2. the shareholders' meeting held to fill the vacancy as a result of its dismissal;
- 3. the shareholders' meeting held as a result of its voluntary resignation.

The accounting firm leaving office shall have the right to receive all notices of, or other information relating to, the abovementioned meetings, and may express its views at the aforementioned meetings on matters in relation to its previous appointment as the accounting firm of the Bank.

Article 274 The Bank shall notify the accounting firm in advance before the dismissal or non-reappointment of such accounting firm. The accounting firm shall have the right to present its views at the shareholders' meeting. In the event the accounting firm proposes to resign from its position, it shall explain to the shareholders' meeting whether there has been any impropriety on the part of the Bank.

An accounting firm intending to resign from its position may resign by depositing at the registered office of the Bank a written resignation notice which shall become effective on the date of such deposit or on such later date as stipulated in such notice. Such notice shall contain either of the following statements:

1. a statement to the effect that there are no circumstances in connection with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Bank; or
2. a statement of any other circumstances requiring an explanation.

The Bank shall send a copy of the written notice referred to in the preceding paragraph to the relevant competent authorities within 14 days upon receipt of such written notice. If the notice contains a statement mentioned in sub-paragraph (II) of the preceding article, a copy of such statement shall be placed at the Bank for inspection by shareholders. The Bank shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign shares entitled to obtain the Bank's financial condition report at the address recorded in the register of shareholders; or the Bank shall, within the aforesaid period, issue or publish such statement through the website of the stock exchange where the shares of the Bank are listed or on one or more newspapers designated thereby and stipulated in the Articles, subject to compliance with applicable laws, regulations and the Hong Kong Listing Rules.

In the event the accounting firm's notice of resignation contains a statement on any other circumstance requiring an explanation, the accounting firm may require the Board to convene an extraordinary shareholders' meeting to allow the accounting firm to explain the circumstances in connection with its resignation.

Chapter 13 Labor Personnel

Article 275 The Bank has set up a trade union according to the laws to organize its activities and safeguard the legitimate rights and interests of employees. The trade union shall, on behalf of the employees, execute a collective contract with the Bank on matters relating to labor remuneration, working hours, welfares, insurance, and occupational safety and health according to the laws.

The Bank takes multiple measures to enhance employees' vocation education and post training and improve their quality. The Bank shall sign labor contracts with employees according to the laws.

Article 276 The Bank shall engage its employees under contract or adopt other forms of employment permitted by laws and regulations.

- Article 277** The Bank implements centralized management on labor personnel and has established the employee file management system.
- Article 278** The Bank shall determine its employees' posts and duties, and who should be laid off, assigned to job rotation or dismissed or receive administrative or economic rewards or punishments according to the annual test and assessment on employees' morality, ability, diligence and performance as well as the evaluation on their daily duty performance.
- Article 279** The Bank shall legally formulate the salary system in the principle of "distribution according to work while giving priority to efficiency with due consideration to fairness." The Bank shall also establish the remuneration incentive mechanism in the short-term and long-term interest of the Bank and matching the macroeconomic situation, the Bank's operating status and risk status.
- Article 280** The Bank shall implement the PRC's social insurance and guarantee system according to the laws and may increase other guarantees according to its economic strength and status.
- Article 281** Any labor dispute arising between the Bank and its employees shall be handled according to the regulations of the PRC on handling labor disputes.

Chapter 14 Merger, Division, Dissolution and Liquidation

Section 1 Merger or Division

- Article 282** The Bank may carry out merger or division in accordance with the laws. The merger or division shall be proposed by the Board of the Bank and be approved in accordance with the procedures specified in the Articles, and then the examination and approval formalities relating to the merger or division shall be completed in accordance with the laws. A shareholder who disagrees with the proposed merger or division of the Bank shall have the right to demand the Bank or the consenting shareholders to acquire his shares at a fair price. The resolution of merger or division of the Bank shall be contained in a special document for inspection by shareholders.

Save as otherwise specified by the securities regulatory authorities in the place where the securities of the Bank are listed, the aforesaid document shall also be served by mail to holders of overseas listed foreign shares.

- Article 283** The merger of the Bank may take the form of absorption or establishment of a new company.

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

- Article 284** After a merger of the Bank, the claims and debts of the parties to the merger shall be assumed by the company surviving the merger or the new company established after the merger.
- Article 285** In the event the Bank is divided, its property shall be divided accordingly.
- In the event the Bank is divided, the parties to the division shall enter into a division agreement, and shall prepare a balance sheet and an inventory of assets. The Bank shall notify its creditors within 10 days of adopting a resolution regarding the division, and shall publish an announcement in a newspaper or the National Enterprise Credit Information Publicity System within 30 days.
- The debts of the Bank prior to its division shall be jointly assumed by the surviving companies after the division unless a written agreement has been entered into by the Bank and its creditors in relation to the repayment of debts before the division.
- Article 286** Merger or division of the Bank shall follow the procedure below:
- (I) The Board formulates proposals for merger or division;
 - (II) A shareholders' meeting passes a resolution in accordance with the Articles;
 - (III) The parties concerned execute the contract for merger or division;
 - (IV) The parties concerned go through relevant examination and approval formalities according to the laws;
 - (V) The Bank handles matters like claims and debts relating to merger or division; and
 - (VI) The Bank registers its dissolution or change.
- Article 287** In the event the Bank is merged or divided, the Board of the Bank shall take necessary measures to protect the legitimate rights and interests of the shareholders who are opposed to the merger or division of the Bank.
- Article 288** The disposal of assets, claims and debts of the parties to the merger or division of the Bank shall be specified in contracts.
- Article 289** Change in registered particulars arising from merger or division of the Bank shall be registered with the company registration authority according to the laws. If the Bank is dissolved, it shall be deregistered according to the laws. If a new company is established, such establishment shall be registered according to the laws.

Section 2 Dissolution and Liquidation

Article 290 The Bank shall be dissolved and liquidated according to laws in any of the following circumstances:

- (I) if the business term expires;
- (II) if the shareholders' meeting resolves to do so;
- (III) if a dissolution is necessary as a result of a merger or division of the Bank;
- (IV) if the business license has been revoked, the Bank has been ordered to close down or cancel according to laws;
- (V) if the Bank has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters, shareholders holding 10% or more of the total voting rights of the Bank may appeal to the People's Court for dissolution of the Bank.

If the Bank has any grounds for dissolution specified in the preceding paragraph, it shall publicize the grounds for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Article 291 If the Bank is dissolved in the circumstance set out in sub-paragraphs (I), (II), (IV) and (V) of the preceding article in this section, it shall be liquidated. As the liquidation obligors of the Bank, the directors shall set up a liquidation committee within 15 days after the dissolution events occur, and the committee shall comprise directors or such members shall be decided by an ordinary resolution at a shareholders' meeting.

If a liquidation obligor fails to perform his/her liquidation obligations in a timely manner, thereby causing losses to the Bank or the creditors, such liquidation obligor shall be liable for compensation.

The Bank shall be liquidated in accordance with the provisions of the paragraph 1 of this article. If a liquidation group is not established within the prescribed time limit or fails to carry out the liquidation after its establishment, the stakeholders may apply to the People's Court to designate the relevant personnel to form a liquidation group to conduct liquidation.

Article 292 If the Board decides that the Bank shall be liquidated (except for liquidation resulting from the Bank's declaration of bankruptcy), it shall state in the notice of shareholders' meeting convened for such purpose that the Board has conducted a comprehensive investigation into the situation of the Bank and believes that the Bank is able to pay off all its debts within 12 months following the commencement of the liquidation.

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

The liquidation committee shall follow the instructions of the shareholders' meeting and shall report to the shareholders' meeting at least once a year on the income and expenditure of the liquidation committee, the business of the Bank and the progress of the liquidation, and shall make a final report to the shareholders' meeting at the end of the liquidation.

- Article 293** During liquidation, the liquidation committee shall exercise the following functions and powers:
- (I) to inform creditors by notice, announcement;
 - (II) to examine and take possession of the assets of the Bank and prepare a balance sheet and a property inventory;
 - (III) to deal with the outstanding businesses of the Bank relating to liquidation;
 - (IV) to settle outstanding tax payment as well as taxes arising in the course of liquidation;
 - (V) to settle claims and debts;
 - (VI) to distribute the remaining assets of the Bank after repayment of debts; and
 - (VII) to represent the Bank in civil proceedings.
- Article 294** The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements on newspapers or the National Enterprise Credit Information Publicity System within 60 days.
- Article 295** A creditor shall claim his/her creditor's rights from the liquidation committee within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice. During the period of the claim, the creditor shall explain all matters relevant to the creditor's rights he/she has claimed and provide relevant evidential documents. The liquidation committee shall register such creditor's rights. During the period of claiming the creditors' rights, the liquidation committee shall not repay the creditors.
- Article 296** After the liquidation committee has examined and taken possession of the assets of the Bank and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the shareholders' meeting or the People's Court for confirmation.
- Article 297** The assets of the Bank shall be liquidated in the following order of priority:
- (I) to pay liquidation expenses;
 - (II) to pay employees' salaries and labor insurance of the Bank;
 - (III) to pay outstanding taxes;
 - (IV) to pay principal and interest of personal savings deposits;
 - (V) to pay other debts of the Bank;
 - (VI) to distribute to shareholders as per their shares.

Before liquidation as specified in sub-paragraphs (I)-(V) above, the assets of the Bank shall not be distributed to shareholders.

The assets of the Bank remaining after liquidation as specified in the preceding paragraphs shall be distributed to the shareholders as per the types of their shares and their shareholding percentages.

The Bank shall not conduct any new operation activity in the course of liquidation.

Article 298 After the liquidation committee has examined and taken possession of the assets of the Bank and prepared a balance sheet and a property inventory, if it believes that the Bank's assets are insufficient to repay its debts in full, it shall apply to the People's Court to bankruptcy liquidation. After the People's Court accepts the bankruptcy application, the liquidation committee shall transfer to the designated bankruptcy administrator of the People's Court all matters relating to the liquidation.

Article 299 After completion of liquidation, the liquidation committee shall prepare a liquidation report, income and expenditure statement and account books in respect of the liquidation period and, after verification of the Chinese certified public accountants, shall submit the same to the shareholders' meeting or the relevant competent authorities for confirmation.

Article 300 The liquidation committee shall, within thirty days after obtaining confirmation from the shareholders' meeting or the relevant competent authorities, cancel registration of the Bank with the company registration authority and announce termination of the Bank according to laws.

Article 301 Members of the liquidation committee shall perform their liquidation obligation and undertake the obligations of honesty and diligence. If any member of the liquidation committee is negligent in performing liquidation obligation and causes losses to the Bank, he/she shall bear the liability for compensation; where causes any loss to the creditors with will or serious negligence, the said member shall be liable for compensation.

Article 302 Merger, division, termination and dissolution of the Bank shall comply with the Company Law and the Law on Commercial Banks.

Chapter 15 Amendments to the Articles

Article 303 The Bank may amend the Articles of Association in accordance with the laws, administrative regulations and the Articles. In any of the following circumstances, the Bank shall amend the Articles:

- (I) if upon amendments to the Company Law, Law on Commercial Banks, Banking Supervision and Regulatory Law, Hong Kong Listing Rules or relevant laws and administrative regulations, any terms contained in the Articles become inconsistent with the provisions of the amended laws and administrative regulations;

- (II) a change in the Bank causes inconsistency with those contained in the Articles; or
- (III) a resolution being passed by the shareholders' meeting to amend the Articles.

Article 304 Any amendments to be made to the Articles pursuant to a resolution of the shareholders' meeting shall be subject to the approval of the competent authorities, and shall obtain the approval of the competent authorities; if the amendment to the Articles involves any content of the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, the said amendment shall be subject to approval by the company examination and approval authority authorized by the State Council and the securities regulatory authorities of the State Council; if registration matters are involved, the Bank shall apply for registration of the changes in accordance with the law.

Article 305 The Board shall amend the Articles as per the resolution passed at the shareholders' meeting to amend the same and the examination and approval opinions of the relevant competent authorities.

Article 306 Where the amendments to the Articles involve matters requiring disclosure by laws and administrative regulations, the amendments shall be announced in accordance with the regulations.

Article 307 The Bank shall at any time not allow or make any amendment to the Articles, which may have the Articles no longer comply with relevant provisions of the Hong Kong Listing Rules.

Chapter 16 Notice and Announcement

Article 308 Notice of the Articles shall be given in one or more of the following ways:

- (I) by hand;
- (II) by prepaid mail or email;
- (III) by way of an announcement in a newspaper or other designated media;
- (IV) by other means as may be agreed upon in advance by the Bank and the notified party or as may be accepted by the notified party upon receipt of the notice;
- (V) by way of an announcement on the website of the Bank and the websites designated by the Hong Kong Stock Exchange, subject to the compliance with the laws, administrative regulation, relevant provision of the relevant regulatory authorities, Hong Kong Listing Rules and the Articles;
- (VI) by other means recognized by the securities regulatory authorities in the place where the securities of the Bank are listed or as stipulated in the Articles.

Notwithstanding the requirements otherwise provided in the Articles with respect to the form of issuance or notification of any documents, notices and any other corporate communications, subject to the compliance with the relevant provisions of the securities regulatory authorities in the place where the securities of the Bank are listed, the Bank may elect to issue its corporate communications in the form of notification stipulated in sub-paragraph (V) of the first paragraph in this article in lieu of a written document delivered by hand or by prepaid mail to each holder of overseas listed foreign shares. The abovementioned corporate communications shall refer to any documents issued or to be issued by the Bank for the reference or action of the shareholders, including (but not limited to) annual report (annual financial report), interim report (including interim financial report), report of the Board (together with balance sheet and income statement), notice of the shareholders' meeting, circular and other communication documents.

- Article 309** Where a notice of the Bank is served by announcement, the said notice shall be deemed as having been received by the relevant persons once it is announced.
- Article 310** Notice of the shareholders' meeting of the Bank shall be served by way of announcement or direct delivery.
- Article 311** Notice of the Board meeting of the Bank shall be served by hand or mail (including email), telephone, or otherwise as agreed by the Board.
- Article 312** The Articles do not prohibit any issuance of notice to shareholders registered outside Hong Kong. Any requirement in the Hong Kong Listing Rules for the Bank to send, mail, dispatch, issue, publish or otherwise make available any corporate communication may, to the extent permitted under all applicable laws and regulations and the Articles, be satisfied by the Bank sending or otherwise making available the corporate communication to the relevant holders of the Bank's securities using electronic means and any requirement in the Hong Kong Listing Rules that a corporate communication of the Bank must be in printed form may be satisfied by the corporate communication being in electronic format.

Other than as specified in the listing rules of the place where the securities of the Bank are listed, the corporate communication may be sent or otherwise made available by the Bank to holders of H Shares using electronic means (which term includes sending or otherwise making available the corporate communication to holders of H Shares in electronic format) only where the Bank has previously received from the holders of H Shares an express, positive confirmation in writing that the holders wish to receive or otherwise have made available to the holders the corporate communication by the means and in the manner proposed by the Bank.

- Article 313** Any requirement in the listing rules of the place where the securities of the Bank are listed for the Bank to send, mail, dispatch, issue, publish or otherwise make available relevant documents of the Bank in both English and Chinese may, where the Bank has made appropriate arrangements to ascertain whether or not its shareholders wish to receive the English language version only or the Chinese language version only and to the extent permitted under applicable laws and regulations, be satisfied by the Bank sending the English language version only or the Chinese language version only (in accordance with the shareholders' stated wish) to the shareholders concerned.
- Article 314** The Bank shall issue announcements and disclose information to the holders of domestic shares through the newspapers and websites for information disclosure designated by laws and regulations or relevant domestic regulatory authorities. If the Bank is required to issue announcements to the holders of overseas listed foreign shares according to relevant provisions, relevant announcements shall also be published by means specified in the Hong Kong Listing Rules. The Bank shall not publish any information on other public media earlier than it does so on the designated newspapers and websites, or replace its announcement by releasing news or answering questions of journalists. The Board shall have the right to adjust newspapers for disclosure of the Bank's information but shall ensure the designated newspapers for information disclosure comply with relevant laws, regulations, regulatory documents, and qualifications and conditions specified by the securities regulatory authorities and stock exchange in the place where the securities of the Bank are listed.
- Article 315** If the Bank's notice is delivered by hand, the recipient shall acknowledge receipt by signing (or affixing a seal to) the delivery receipt, and the date on which the recipient signs the delivery receipt shall be the date of service; if the Bank's notice is sent by mail, the date of service shall be the 5th workday from the date of posting; if the Bank's notice is sent by email, the date of service shall be the day of the email entering the computer system of the recipient; if the Bank's notice is delivered by making an announcement, the date of service shall be the date on which the announcement is first published. If the regulations of the securities regulatory authorities in the place where the securities of the Bank are listed provide otherwise, such regulations shall apply.
- Article 316** If the notice of a meeting is not given to or received by the person entitled to receive the notice due to force majeure, the validity of meeting and its resolutions shall not be affected.

Chapter 17 Resolution of Disputes

Article 317 The Bank shall abide by the following rules for dispute resolution:

- (I) If any disputes or claims in relation to the Bank's business, with respect to any rights or obligations under the Articles, the Company Law or any other relevant laws and administrative regulations, arise between holders of overseas listed foreign shares and the Bank, between holders of overseas listed foreign shares and the Bank's directors or senior managers, or between holders of overseas listed foreign shares and holders of domestic shares, the parties concerned shall submit such disputes or claims to arbitration. When the aforementioned disputes or claims are submitted to arbitration, such disputes or claims shall be submitted in their entirety, and all persons (being the Bank, the Bank's shareholders, directors or senior managers of the Bank) that have a cause of action based on the same grounds or the persons whose participation is necessary for the resolution of such disputes or claims, shall comply with the arbitration. Disputes with respect to the definition of shareholders and disputes concerning the register of shareholders need not be resolved by arbitration.
- (II) Any applicant may choose for arbitration to be arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant submits a dispute or claim to arbitration, the other party must carry out the arbitration at the arbitration institution selected by the claimant. If an applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.
- (III) Unless otherwise provided by the laws, administrative regulations, departmental rules or regulatory documents, the laws of the PRC shall apply to the settlement of any disputes or claims that are resolved by arbitration described in sub-paragraph (1) above.
- (IV) The award of the arbitration institution shall be final and binding on all parties.

Chapter 18 Supplementary Provisions

Article 318 Definitions

- (I) Cumulative voting system refers to that when a shareholders' meeting elects a director, the number of voting rights attached to each share is the same as the number of directors to be elected, and that the voting rights held by a shareholder may be exercised collectively, i.e. the voting rights held by a shareholder are the product of his/her shares and the number of directors to be elected, and the shareholder may concentrate his/her voting rights on one director candidate or distribute his/her voting rights among several director candidates, and the shareholders' meeting determines which candidate is elected based on the voting result.
- (II) Controlling shareholders refer to, according to Article 265 of the Company Law of the People's Republic of China, those shareholders whose capital contribution accounts for more than 50% of the total capital of a limited liability company or whose shares account for more than 50% of the total shares of a joint stock company, and those shareholders who account for less than 50% of capital contribution and shareholding but whose voting rights represented by their capital contribution or shareholding have a material influence on the resolutions of the shareholders' meetings.

Substantial shareholders refer to the shareholders who hold or control 5% or more shares or voting rights of the Bank or whose total capital or shareholding is less than 5% but have a major impact on the business operations of the Bank. The aforesaid "major impact" includes but is not limited to dispatching directors or senior managers to the Bank, affecting the financial and business management decision-making of the Bank via agreements or by other means, and other circumstances identified by the banking regulatory authorities under the State Council or its local offices.

A major shareholder refers to a shareholder of a banking or insurance institution, meeting one of the following conditions as stipulated in the third article of the Measures for the Supervision of the Behavior of Major Shareholders of Banking and Insurance Institutions (Trial):

1. Holding no less than 15% of the equity interest of an institution such as a large state-owned commercial bank, national joint-stock commercial bank, foreign – funded bank with legal person status, private bank, insurance institution, financial asset management company, financial leasing company, consumer finance company, and auto finance company;
2. Holding no less than 10% of the equity interest of an institution such as a city commercial bank and rural commercial bank;

3. Actually holding the largest portion of the equity interest in a banking or insurance institution, with a shareholding of no less than 5% (including shareholders who hold the same number of shares);
4. Nominating two or more directors;
5. Exerting controlling influence on a banking or insurance institution's operation and management in the view of the board of the banking or insurance institution;
6. Other circumstances identified by the China Banking and Insurance Regulatory Commission (hereinafter referred to as the CBIRC) or its local offices.

The shareholding of a shareholder and its related parties and persons acting in concert shall be calculated on a consolidated basis. If the total shareholding meets the above requirements, the shareholder concerned is managed as a major shareholder.

Concerted action refers to the act or fact that an investor expands the amount of voting right of shares of a company that it can control jointly with other investors by way of agreement or other arrangements. Relevant investors agreeing to act in concert shall be persons acting in concert.

Ultimate beneficiary refers to a person actually entitled to the return on the Bank's equity.

- (III) De facto controller refers to a person who, although is not a shareholder of the Bank, is capable of actually controlling the conduct of the Bank through investment relations, agreements or other arrangements according to Article 265 of the Company Law of the People's Republic of China.
- (IV) Related party relationship refers to the relationship between the controlling shareholders, de facto controller, directors, senior managers of the Bank and the enterprises under their direct or indirect control, and any other relationship that may lead to the transfer of interests of the Bank.
- (V) The close relatives refer to the spouse, parents, adult children and siblings.
- (VI) The other closely related family members refer to parents of the spouse, the spouse of children, the spouse of siblings, siblings of the spouse, and other family members who may be transferred, in addition to the spouse, parents, adult children and siblings.

- (VII) Significant investment refers to any single equity investment business or fixed asset purchase business subject to the approval by the shareholders' meeting or the Board with amount exceeding 10% of the net assets of the Bank at the end of the previous year; significant asset disposal refers to any single non-performing asset disposal and write-off business or any fixed asset disposal with amount exceeding 10% of the net assets of the Bank at the end of the previous year; significant equity change refers to the change of no less than 5% equity of a single shareholder and related parties.
- (VIII) The on-site meeting refers to a meeting held by means of on-site, video, telephone, etc., which ensures immediate communication and discussion among participants.
- (IX) Circulation of written resolution refers to a meeting method in which resolutions are made on proposals through separate delivery for deliberation or circulation for deliberation.

- Article 319** Directors (including independent directors) and senior managers of the Bank shall be appointed after their qualifications have been verified by the banking regulatory authorities under the State Council.
- Article 320** The Board may formulate rules of articles of association in accordance with the Articles. The rules shall not conflict with the Articles.
- Article 321** The Articles shall be executed in Chinese. Where the articles of association in any other language or version disagree with the Articles, the Chinese version of the Articles latest registered and filed by the Luzhou City Administration for Market Regulation shall prevail.
- Article 322** Save as otherwise specified in the Articles, references to “above”, “within” and “below” herein shall include the actual figures, while references to “other than”, “less than” and “more than” shall exclude the actual figures.
- Article 323** The interpretation of the Articles shall be vested with the Board of the Bank.
- Article 324** Appendixes to the Articles include the Rules of Procedure of the Shareholders' Meeting and the Rules of Procedure of the Board of Directors.
- Article 325** The Articles shall come into effect and be implemented from the date of consideration and approval at the shareholders' meeting, and approval by the banking regulatory authorities under the State Council. The original Articles of Association of the Bank shall become null and void on the date the Articles enter into effect.