

Set out below is a summary of the principal provisions of the Articles of the Bank for reference of investors.

As the information contained below is a summary, it may not contain all the information that may be important to potential investors. Copies of the full English and Chinese texts of the Articles are available for inspection as mentioned in “Appendix VIII – Documents Delivered to the Registrar of Companies and Available for Inspection”.

The Articles were adopted by Shareholders at the Shareholders’ general meeting held on April 25, 2019 and were approved by Dongguan branch of CBIRC on June 16, 2020. The Articles shall be effective from the date on which the H Shares are listed on the Hong Kong Stock Exchange.

#### **DIRECTORS AND OTHER SENIOR MANAGEMENT**

##### **Power to Allot and Issue Shares**

There is no provision in the Articles empowering the Directors to allot and issue shares.

The increase in capital of our Bank shall be approved by a special resolution at a Shareholders’ general meeting.

##### **Power to Dispose of the Assets of Our Bank or any Subsidiary**

The Board shall not dispose of or agree to the disposal of fixed assets without prior approval of a Shareholders’ general meeting if the aggregate of the expected value of the fixed assets to be disposed of and the value of the fixed assets which had been disposed of within four (4) months immediately preceding such disposal exceeds 33% of the fixed assets value shown in the latest balance sheet reviewed at a Shareholders’ general meeting. The disposal of fixed assets referred to in this paragraph includes the transfer of interests of assets but excludes the provision of fixed assets as pledges of guarantees.

#### **EMOLUMENTS AND COMPENSATION FOR LOSS OF OFFICE**

Subject to prior approval by a Shareholders’ general meeting, the Bank shall enter into written contracts with the Directors and Supervisors regarding their remuneration, including:

- (a) remuneration for their positions as Directors, Supervisors or senior management of the Bank;
- (b) remuneration for their positions as directors, supervisors or senior management of the subsidiaries of the Bank;
- (c) remuneration for the provision of other services in relation to the management of our Bank and our subsidiaries;
- (d) compensation to Directors or Supervisors for loss of their office or retirement.

No Directors or Supervisors shall initiate litigation against our Bank for benefits that he/she is entitled under the forgoing matters other than in accordance with the aforementioned contract.

The remuneration contracts between the Bank and its Directors or Supervisors shall stipulate that if the Bank is acquired, the Directors and Supervisors of the Bank shall, subject to prior approval by a Shareholders' general meeting, be entitled to compensation or other payments for loss of their positions or retirement. The "acquisition of the Bank" shall refer to one of the following circumstances:

- (a) a takeover offer by any person to all Shareholders;
- (b) a takeover offer by any person, with the intent of the offeror to become a controlling Shareholder.

If any Director or Supervisor fails to comply with this clause, the funds received by him shall be distributed to the persons who have accepted the offer and sold their shares. The Director or Supervisor shall bear the expenses arising from the distribution of such amounts proportionally, and such expenses shall not be deducted from the amounts.

#### **LOANS TO DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

The Bank shall not, directly or indirectly, provide any loan or loan guarantee to the Directors, Supervisors, President and senior management of the Bank and its parent company and their connected persons.

The preceding provision shall not apply in the following circumstances:

- (a) provision of loans or loan guarantees by the Bank to its subsidiaries;
- (b) provision of loans, loan guarantees or other funds by the Bank to Directors, Supervisors, President and senior management of the Bank pursuant to their employment contracts approved by a Shareholders' general meeting for expenses incurred in the interests of the Bank or in performing their duties for the Bank;
- (c) provision of loans and loan guarantees by the Bank to Directors, Supervisors, President and senior management of the Bank and their connected persons in the normal course of business of the Bank, provided that the loans and loan guarantees are provided on normal commercial terms.

If the Bank provides a loan in breach of the provisions above, the person who has received the loan or the borrower shall repay it immediately regardless of the terms of the loan.

The provision of loan guarantee in violation of sub-paragraph (1) shall not be enforced except:

- (a) the lender is not informed when he provides the loan to the connected persons of Directors, Supervisors and senior management;
- (b) the collaterals provided have been legally sold by the lender to a good faith purchaser.

The “guarantees” referred in the Articles shall include liabilities assumed or properties provided by the guarantor to guarantee the performance of obligations by the obligor.

**FINANCIAL ASSISTANCE FOR ACQUISITION OF SHARES IN OUR BANK**

The Bank (including its branches and sub-branches) or its subsidiaries shall never offer any financial assistance by any means to purchasers or prospective purchasers of Shares. Such purchasers include persons who have directly or indirectly assumed obligations as a result of purchasing our Shares.

The Bank (including its branches and sub-branches) or its subsidiaries shall never offer any financial assistance by any means in order to reduce or relieve the obligations of the aforesaid obligators.

The followings are not prohibited by the Articles except for those prohibited by the relevant laws, administrative regulations, rules or the securities rules of the place where the Shares of the Bank are listed:

- (a) the financial assistance provided by the Bank is either genuinely for the interests of the Bank and the main purpose of the financial assistance is not to purchase Shares of the Bank, or the financial assistance is an incidental part of a plan of the Bank;
- (b) the lawful distribution of the assets of the Banks in the form of dividends;
- (c) the distribution of dividends in the form of Shares;
- (d) the reduction of registered capital, repurchase of Shares and adjustment of shareholding structure in accordance with the Articles of Association;
- (e) the provision of loan by the Bank within its scope of business and in the ordinary course of business (provided that this does not lead to a reduction in the net assets of the Bank or that, if the net assets are so reduced, the financial assistance is taken from the distributable profits of the Bank);
- (f) the provision of funds by the Bank to an employee shareholding scheme (provided that this does not lead to a reduction in the net assets of the Bank or that, if the net assets are so reduced, the financial assistance is taken from the distributable profits of the Bank).

The laws, administrative regulations, rules and the securities rules of the place where the Shares of the Bank are listed in respect of financial activities involved in share repurchase shall prevail.

“Financial assistance” referred to in the Articles shall include, without limitation, the following meanings:

- (a) gifts;
- (b) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the neglect or default of the Bank) or the release or waiver of any rights;

- (c) provision of loans or entering into any agreement under which the obligations of the Bank are to be fulfilled before the obligations of another party, and a change in the parties to, or the novation of, or the assignment of rights arising under such loans or agreement;
- (d) any other form of financial assistance given by the Bank such that the Bank will be insolvent, have no net assets, or have its net assets be reduced significantly.

The “obligations” referred to in the Articles shall include the obligations of an obligor arisen by entering into an agreement or arrangement (whether or not the agreement or arrangement is enforceable, or whether or not such obligations are assumed by the obligor individually or jointly with any other person) or any obligations resulting from changes in the financial condition of the obligor.

#### **DISCLOSURE OF INTERESTS IN CONTRACTS WITH OUR BANK**

Our Directors and their connected persons (as defined under the Listing Rules), Supervisors and senior management of the Bank having any direct or indirect material interests in any existing or proposed contracts, transactions or arrangements (except the employment contracts between the Bank and its Directors, Supervisors and senior management), 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 interests to the Board as soon as possible.

Unless the Directors, Supervisors and senior management of the Bank having interests as aforesaid have disclosed their interests to the Board in accordance with the preceding clause, and the Board has approved the matter without counting the interested persons into the quorum and without their participation in the vote, the Bank shall have the right to rescind such contracts, transactions or arrangements, except in circumstances where the counterparty is acting in good faith and unaware that the Directors, Supervisors and senior management are in breach of their obligations.

If the connected persons of a Director, Supervisor and senior management of the Bank has any conflict of interests with any contracts, transactions or arrangements, the Director, Supervisor and senior management shall be deemed to have a conflict of interests as well.

Before the Bank considers entering into contracts, transactions or arrangements for the first time, and if the interested Directors, Supervisors and senior management of the Bank have provided a written notice to the Board stating that they have interests in the contracts, transactions or arrangements proposed to be entered into by the Bank for the reasons set out in the notice, the Director, Supervisor and senior management concerned shall be deemed to have made the disclosure as required to the extent as set out in the notice.

#### **REMUNERATION**

The remuneration of Directors shall be approved by Shareholders’ general meeting. Please see “— Emoluments and Compensation for Loss of Office” above.

#### **APPOINTMENT AND REMOVAL**

The Directors of the Bank shall be natural persons and are not required to hold and shares in the Bank as Directors. The qualifications of Directors shall be verified by the banking regulatory authorities under the State

Council. Directors shall be elected or removed by Shareholders at Shareholders' general meeting. The term of office of a Director shall be three years. A Director may be re-elected and re-appointed upon expiry of his/her term of office. A Director shall not be dismissed without any justified reason by the Shareholders' general meeting before the expiry of his/her term of office.

The Nomination and Remuneration Committee of the Board, Shareholders individually or jointly holding not less than 1% of the total shares of the Bank in issue with voting rights can nominate candidates for independent Directors to the Board. The term of office of an independent Director shall be three years. The term of office of independent Directors shall not be more than six years on an accumulative basis.

The Board shall have 18 Directors, including a chairman of the Board. The Board may have vice chairman. The number of independent Directors shall not be less than one third of the total number of Directors. The chairman and vice chairman of the Board shall be elected and removed by simple majority of all Directors.

The Chairman and President of the Bank shall be acted by different persons. The Chairman and Vice Chairman shall not be acted by the legal representative of controlling shareholders or major officers-in-charge.

No person shall hold the position of Director, Supervisor, President or senior management of the Bank in one of the following circumstances:

- (a) a person without or with limited capacity for civil conduct;
- (b) a person who has been penalized or sentenced due to corruption, bribery, embezzlement, appropriation of property or the disruption of the social economic order, or deprivation of political rights for the crimes committed was carried out;
- (c) a Director, general manager or manager of bankrupt and liquidated companies or enterprises whereby such person was personally liable for the bankruptcy;
- (d) a legal representative of a company or a firm which has had its business license revoked and the business of such company or firm was compulsorily closed down due to a violation of laws in which such person was personally liable;
- (e) a person having large amounts of debts due and outstanding;
- (f) a person under investigation by judicial authorities for suspected violations of criminal law;
- (g) a person banned from holding leadership positions by laws and administrative regulations;
- (h) a non-natural person;
- (i) a person ruled by competent authorities as having violated the provisions of securities laws and regulations involving fraudulent or dishonest acts and less than five (5) years have elapsed since the ruling;

- (j) a person having criminal records of deliberate or material misconduct;
- (k) a person who had served in a leading position in a company or a firm which was involved in illegal activities or had suffered material loss for which such person had personal or direct responsibility;
- (l) a person who acts against public morality resulting in serious consequences;
- (m) a person who had violated professional ethics or conducts or had major default causing serious loss or consequences;
- (n) a person who had instructed or participated in the resistance of a firm being served to regulatory supervision or investigation;
- (o) a person banned from holding the position of director or senior management or had been punished by regulatory authorities or financial management department for more than twice;
- (p) a person who is not qualified for his position or seeking approval for qualification through irregular means;
- (q) a public servant and a person who is prohibited from serving in a company by the laws, regulations, regulatory rules or the rules of the securities regulatory authority in the place where securities of the Bank are listed;
- (r) a person who is prohibited from trading in securities market by China Securities Regulatory Commission; and
- (s) any other persons prohibited from acting as Director, Supervisor, President or senior management of the Bank by the laws, regulations, regulatory rules and the Articles of the Bank.

The election, appointment or employment of a Director, Supervisor or senior management in violation of these clauses shall be invalid and the Bank shall terminate a Director, Supervisor or senior management in circumstances mentioned in this clause.

### **BORROWING POWERS**

The Articles of Association of the Bank do not specifically provide for the manner in which borrowing powers may be exercised or any specific provision in respect of the manner in which such borrowing powers may be amended, except for:

- (a) provision which authorizes the Board of Directors to formulate proposals for the issuance of bonds and other securities and public listing plans;
- (b) provision which provides that the issuance of bonds or other securities by the Bank and listing shall be approved by the Shareholders' general meeting by a special resolution.

**AMENDMENTS TO THE ARTICLES**

The Articles may be amended by special resolution of Shareholders at Shareholders' general meeting. Any amendments to the Articles pursuant to a resolution of Shareholders at Shareholders' general meeting shall be subject to approval of the banking regulatory authority under the State Council and, if the Mandatory Provisions for Companies Listing Overseas are involved, approval of the company approval authority and securities regulatory authority under the State Council. Amendments to the Articles shall be registered, if so required.

**CHANGE OF RIGHTS OF EXISTING SHAREHOLDERS OR CLASSES OF SHAREHOLDERS**

If the Bank proposes to change or nullify the rights of a class of Shareholders, the proposal shall be passed by a special resolution at Shareholders' general meeting and passed at a meeting of that class of Shareholders convened according to the Articles.

The rights of a class of Shareholders shall be deemed to have been changed or nullified in the following circumstances:

- (a) to increase or reduce the shares of that class, or increase or reduce the shares of other class which enjoy the same or more voting rights, distribution rights or other privileges;
- (b) to convert part or whole of the shares of that class into other class(es), convert part or whole of the shares of other class(es) into that class, or grant such conversion rights;
- (c) to nullify or reduce the rights of that class of shares to receive dividends declared or payable;
- (d) to reduce or nullify the privileged rights of that class of shares to receive dividends or distribution of assets during liquidation of the Bank;
- (e) to increase, nullify or reduce the conversion, option, voting, transfer or privileged allotment rights of that class of shares or the rights of such class of shares to receive securities issued by the Bank;
- (f) to nullify or reduce the rights of that class of shares to receive amounts payable by the Bank in a particular currency;
- (g) to create new class(es) of shares which enjoy the same or more voting rights, distribution rights or other privileges as compared with that class of shares;
- (h) to restrict the transfer and ownership of that class of shares, or increase the restrictions;
- (i) to grant rights of subscription or conversion into such class or other class(es) of shares;
- (j) to increase the rights or privileges of other class(es) of shares;
- (k) any restructuring scheme of the Bank that may result in the assumption of disproportionate responsibilities by different classes of Shareholders;
- (l) to revise or nullify the provisions in this clause.

Holders of a class of shares affected shall have voting rights at the Shareholders' general meeting of that class of meeting to decide matters under sub-paragraphs (b) to (h), (k) and (l), even if they do not have voting rights at Shareholders' general meeting and the Shareholders with conflict of interest shall abstain from voting.

A resolution of the meeting of a class of Shareholders shall be adopted by more than two-thirds of the voting shares represented by Shareholders of that class present at the meeting.

When convening a meeting for a class of Shareholders, the Bank shall issue a written notice twenty (20) business days prior to the date of the meeting to all Shareholders of the class whose names appear on the register of Shareholders stating the matters to be considered at the meeting and the date and venue of the meeting.

The notice of a meeting of a class of Shareholders is only required to be given to the Shareholders entitled to vote at that meeting.

The procedures for convening a meeting of a class of Shareholder shall be the same as the procedures for Shareholders' general meeting to the extent practical, and the provisions in the Articles relating to the procedure to convene a Shareholders' general meeting shall apply to the meeting of class Shareholders.

Apart from other classes of Shareholders, the Shareholders of domestic shares and overseas listed foreign shares are deemed to be Shareholders of different classes.

The special voting procedure for class Shareholders shall not apply for the following cases:

- (a) pursuant to approval by special resolution of the Shareholders' general meeting, the Bank separately or simultaneously issues domestic shares and/or overseas listed foreign shares, provided that the amount of each class of shares to be issued in every twelve (12) months shall not be more than 20% of the shares of the respective class in issue;
- (b) the plan of the Bank to issue domestic shares and overseas listed foreign shares at the time of incorporation, which shall be completed within fifteen (15) months from the date of approval of the securities regulatory authorities of the State Council;
- (c) the transfer of domestic shares to overseas investors for listing and trading in overseas stock exchanges pursuant to approval of the banking regulatory authority and securities regulatory authority of the State Council.

The meaning of "the Shareholders with conflict of interests" is as follows:

- (a) if the Bank extends an offer to all Shareholders to purchase shares on a pro rata basis in accordance with the Articles or repurchases its shares through public transaction on a stock exchange, "Shareholders with conflicts of interests" shall mean the "controlling Shareholders" defined in the Articles;
- (b) if the Bank repurchases shares under an off-market agreement in accordance with the Articles, "Shareholders with conflicts of interests" shall mean Shareholders who are parties to the agreement;



- (c) in a restructuring scheme of the Bank, “Shareholders with conflicts of interests” shall mean Shareholders who assume liability in a lower proportion than other Shareholders of the same class, or those who own different interests as compared with other Shareholders of the same class.

**RESOLUTIONS**

The resolutions of a Shareholders’ general meeting shall either be classified as ordinary resolutions or special resolutions.

Ordinary resolutions shall be approved by a simple majority of voting rights held by the Shareholders (including their proxies) attending the meeting.

Special resolutions shall be approved by more than two-thirds of voting rights held by the Shareholders (including their proxies) attending the meeting.

**VOTING RIGHTS**

A Shareholder (including his/her proxy) shall exercise his/her voting rights based on the number of shares with voting rights held. Each share shall have one (1) vote.

A Shareholder (or proxy) who is entitled to two or more votes need not cast all the votes in the same manner.

Voting at a Shareholders’ general meeting shall be taken by poll, save for resolutions on procedures for Shareholders’ general meeting or administrative matters which can be resolved by a show of hands unless a poll is demanded, before or after the show of hands, by:

- (a) the chairman of the meeting;
- (b) not less than two Shareholders (or his/her proxies) having voting rights; and
- (c) Shareholder(s) holding not less than 10% of the voting shares in aggregate presenting at the meeting.

Subject to the Listing Rules and unless a demand of vote by poll is raised, the chairman of a Shareholders’ general meeting may decide to vote by a show of hands and record the voting results in the minutes of meeting as the evidence of decision and no evidence of the number or proportion of votes is required.

The demand of vote by poll may be withdrawn by the one who raise the demand.

**REQUIREMENT FOR ANNUAL GENERAL MEETINGS**

The annual general meeting shall be held once a year within six (6) months after the end of a financial year.

**ACCOUNTS AND AUDIT**

The Bank shall establish its financial accounting system in accordance with the laws, administrative regulations and PRC accounting standards issued by Financial Authority under the State Council.

The Board of our Bank has established an Audit Committee which shall have not less than three members. The chairman of the Audit Committee shall be an independent Director.

The Bank shall prepare its financial statements in accordance with PRC accounting standards and regulations, as well as in accordance with international accounting standards or the accounting standards required by securities regulatory authorities of the place where the shares of the Bank are listed. 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. For distribution of the after-tax profits for the relevant financial year, the Bank shall adopt the one with the lower after-tax profits out of the aforesaid two financial statements.

The interim results or financial information published or disclosed by our Bank shall be prepared in accordance with PRC accounting standards and regulations, as well as in accordance with international accounting standards or the accounting standards required by securities regulatory authorities of the place where the shares of the Bank are listed.

Our Bank shall publish its financial report twice every financial year, i.e. the interim financial report within 60 days after the end of the first six months of each financial year and the annual financial report within 120 days after the end of each financial year.

The regulations of the securities regulatory authority in the place where the shares of the Bank are listing shall prevail.

The financial report of our Bank shall be made available at our Bank not less than 21 days before the convening of the annual general meeting for inspection by shareholders. Each Shareholder of our Bank shall be entitled to obtain the financial reports mentioned in these Articles.

The Bank shall send (a) the aforesaid report or report of the Board along with the balance sheet (including all documents attached to balance sheet according to law) and income statement or income and expenditure statement or (b) summary of financial report to each Shareholder of overseas listed shares by personal delivery or pre-paid post at least twenty-one (21) days prior to the convening of the annual general meeting of Shareholders. The address of the recipients shall be the address registered in the register of Shareholders. The aforesaid reports can be delivered to holder of overseas listed shares by posting on the website of the Bank or Hong Kong Stock Exchange or other websites allowed by the Hong Kong Listing Rules from time to time subject to the laws, administrative regulations or listing rules of the places where the shares of the Bank are listed. The regulations, if any, of the securities regulatory authority in the place where the Shares are listed shall prevail.

**NOTICE OF MEETINGS AND BUSINESS TO BE CONDUCTED THEREAT**

Shareholders' general meetings can be classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year.

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

- (a) the number of Directors is less than the minimum number required by the Company Law or less than two-thirds of the number stipulated in the Articles of the Bank;
- (b) the outstanding loss of the Bank equals to or is more than one-third of the total paid-up share capital of the Bank;
- (c) shareholders individually or jointly holding more than 10% of the voting shares of the Bank request to convene the meeting in writing;
- (d) the Board considers necessary to convene the meeting;
- (e) the Board of Supervisors proposes to convene the meeting; and
- (f) any other circumstances as stipulated by the laws, regulations, regulatory requirements or the Articles of the Bank.

When the Bank is to convene a general meeting, the conveners shall issue a written notice, twenty (20) business days prior to the date of the meeting, to all Shareholders whose names appear on the register of Shareholders, stating the matters to be considered at the meeting and the date and venue of the meeting. When the Bank is to convene an extraordinary general meeting, the conveners shall issue a written notice, ten (10) business days or fifteen (15) days (whichever is longer) prior to the date of the meeting, to all Shareholders whose names appear on the register of Shareholders, stating the matters to be considered at the meeting and the date and venue of the meeting. An extraordinary general meeting shall not decide on matters not specified in the notice.

The notice of a Shareholders' general meeting shall meet the following requirements:

- (a) be made in writing;
- (b) specify the venue, date and time of the meeting and duration of the meeting;
- (c) specify the matters to be discussed at the meeting;
- (d) 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 merger, share repurchase, share capital reorganization or structural reorganization of the Bank, are involved, the terms of the proposed transaction, copies of the proposed agreement (if any) and detailed explanation as to the cause and effects of such transaction shall be provided;
- (e) if any of the Directors, Supervisors or other senior management have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the effects of the matters to be discussed have a different effect on a Director, Supervisor or other senior management as Shareholders compared to other Shareholders of the same class, they shall explain this difference;

- (f) the full text of the special resolution to be voted on at the meeting;
- (g) an explicit statement that a Shareholder is entitled to attend and vote at the meeting in person or by proxy who need not be a Shareholder;
- (h) the time and address for lodging the proxy forms of the meeting;
- (i) the shareholding record date to determine the entitlement of Shareholders to attend the meeting;
- (j) the name and phone number of the contact person of the meeting;
- (k) other requirements stipulated by relevant laws, regulations, regulatory requirements and the Articles of the Bank.

The notice of a Shareholders' general meeting shall be delivered by hand or prepaid mail to all Shareholders (regardless of whether they have voting rights at the Shareholders' general meeting) unless otherwise stipulated by relevant laws, regulations, regulatory requirements and the Articles of the Bank. The address of the recipients shall be the address registered in the register of Shareholders. For holders of domestic shares, the notice of a Shareholders' general meeting may be in the form of an announcement.

The aforesaid announcement shall be published in one or more newspapers specified by the securities regulatory and administrative authorities under the State Council. All holders of domestic shares shall be deemed as having been notified of the forthcoming Shareholders' general meeting once the announcement is published.

The Shareholders' general meeting is an organ of power of the Bank. It shall exercise the following powers in accordance with the law:

- (a) to decide on the business policies and investment plans of the Bank;
- (b) to elect and replace Directors and Supervisors who are not employee representatives and to decide on the remuneration of the Directors and Supervisors;
- (c) to consider and approve reports of the Board;
- (d) to consider and approve reports of the Board of Supervisors;
- (e) to consider and approve the annual financial budget and final accounts of the Bank;
- (f) to consider and approve profit distribution plans and the plans for making up losses of the Bank;
- (g) to determine the increase or reduction in registered capital of the Bank;
- (h) to determine the issue and listing of corporate bonds or other securities of the Bank;
- (i) to determine the merger, division, dissolution, liquidation, or change of the form of organization of the Bank;

- (j) to amend the Articles of the Bank;
- (k) to decide on the engagement, dismissal or discontinuation of the appointment of accounting firm of the Bank;
- (l) to consider and approve the annual report of the Bank;
- (m) to consider the investment of fixed assets, provision guarantees, external investments, asset acquisition or disposal, mortgages, entrusting others to manage the funds or assets of the Bank which are required to be considered by Shareholders' general meeting in accordance with the laws, regulations, regulatory requirements, the Articles of the Bank and other internal regulations of the Bank, including any single purchase or disposal of material assets accounting for more than 10% of the latest audited net assets of the Bank, external equity investment amount exceeding 5% of the net capital of the Bank, or any equity investment which may cause the balance of equity investment exceeds 20% of the net capital of the Bank;
- (n) to consider proposals raised by Shareholders individually or jointly holding not less than 3% of the total voting shares of the Bank;
- (o) to consider and determine on other matters significantly important to the Bank; and
- (p) to consider other matters which are required to be decided by Shareholders' general meeting in accordance with the laws, regulations, regulatory requirements and the Articles of the Bank.

The following matters shall be approved by special resolutions of Shareholders' general meeting:

- (a) an increase or reduction in the registered capital and the issue of any class of shares, warrants and other securities of the Bank;
- (b) the issue and listing of bonds or other securities of the Bank;
- (c) the merger, division, dissolution, liquidation, or change of the form of organization of the Bank;
- (d) the purchase or sale of single material asset that exceed 10% of the latest audited net assets of the Bank;
- (e) amendments to the Articles of the Bank;
- (f) equity incentive plans; and
- (g) other matters required to be approved by special resolution in accordance with the laws, regulations, regulatory requirements or the Articles of the Bank, or by ordinary resolution of Shareholders' general meeting as the matters are significantly important to the Bank.

#### **TRANSFER OF SHARES**

Unless otherwise specified by the laws, regulations and the regulations of the securities regulatory authorities in the place where the securities of the Bank are listed, the fully paid shares of the Bank may be transferred freely without any lien attached. The transfer of shares of the Bank, transfer notes and other documents related to the ownership of any shares or that may affect the ownership of the shares need to be registered with the local share registrar authorized by the Bank.

All paid-up overseas-listed shares listed on the Hong Kong Stock Exchange may be freely transferred in accordance with the Articles of the Bank without any lien of our Bank attached. However, the Board may refuse to recognize the documents for transfer without stating any reason if the conditions stipulated by the Articles of the Bank are not met.

The Bank shall comply with the relevant regulations of the banking regulatory and administrative authorities under the State Council or other relevant administrative authorities in transferring its shares.

**Pledge of Shares**

The Bank shall not accept its own shares as a pledge.

If the Shareholders pledge their shares in the Bank to provide guarantees for themselves or others, they shall comply strictly with the laws, regulations and the requirements of regulatory authorities, and inform the Board of the Bank in advance.

If Shareholders who are Directors or Supervisors of the Bank or Shareholder who can directly or indirectly, or jointly hold or control above 2% of the shares or voting rights of the Bank pledge the shares of the Bank, they shall make an application to the Board for filing in advance to state basic information such as reason for pledge, number of shares, duration of the pledge and the pledgee. Filing shall not be made if the Board determines that it has material adverse effect on the stability of the shareholding, corporate governance, risk and control on related (connected) transactions of the Bank. The Director(s) nominated by a Shareholder proposing to pledge his shares in the Bank shall abstain from voting at the meeting of the Board at which such proposal is considered.

Upon completion of shares pledge registration, Shareholders shall in a timely manner provide the Bank with relevant information regarding the pledge of shares in line with the risk management of the Bank and information disclosure requirement.

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

When the shares pledged by a Shareholder reaches or exceeds 50% of its holding of shares in the Bank, the voting rights of such Shareholder at general meetings and the voting rights of Directors appointed by such Shareholder at meetings of the Board shall be restricted.

**POWER OF OUR BANK TO REPURCHASE ITS OWN SHARES**

The Bank shall not purchase its own shares. However, the Bank may, in accordance with the Articles of the Bank and with the approval of the competent authorities, repurchase its issued shares in the following circumstances:

- (a) to cancel shares in order to reduce the capital of the Bank;
- (b) to merge with another company that holds its shares;

- (c) to use shares for employee stock ownership plan or equity incentives;
- (d) a shareholder requests the Bank to purchase the shares held by him/her since he/she objects to a resolution of Shareholders' meeting on the merger or division of the Bank;
- (e) to use shares for conversion of convertible corporate bonds issued by the Bank;
- (f) necessary for protection of corporate value and the rights and interests of its Shareholders;
- (g) any other circumstances as stipulated by the laws, regulations and relevant state authorities.

Except for the circumstances set out above, the Bank shall not be engaged in sale and purchase of its Shares.

The Bank purchasing its own shares under any of the circumstances set forth in sub-paragraphs (a) and (b) of the preceding paragraph shall be approved by resolution of shareholders' meeting; and the Bank purchasing its own shares under any of the circumstances set forth in sub-paragraphs (c), (e) and (f) of the preceding paragraph shall be approved, pursuant to the Articles of the Bank or the authorization of the shareholders' meeting, by resolution of the Board at which more than two-thirds of Directors are present.

After purchasing its own shares pursuant to the provisions of the above paragraph, the Bank shall, in the case of the circumstance in sub-paragraph (a), cancel such Shares within 10 days after the purchase; in the case of the circumstances in sub-paragraphs (b) or (d), transfer or cancel such Shares within six months; and in the case of the circumstances in sub-paragraphs (c), (e) or (f), the shares in the Bank held in aggregate by the Bank shall not exceed 10% of the total issued Shares in aggregate and such Shares shall be transferred or cancelled within three years.

If the Bank purchase its shares under the circumstances set forth in sub-paragraphs (c), (e), and (f) above, the purchase shall be conducted by way of open block trading.

With the approval of competent authorities, the Bank may conduct the repurchase in one of the following manners:

- (a) to make an offer to all Shareholders to repurchase shares in the same proportion;
- (b) to repurchase Shares through public trading on a stock exchange;
- (c) to repurchase through an off-market agreement; and
- (d) by other means permitted by the laws, administrative regulations and the relevant competent authorities.

The share repurchase by the Bank through an off-market agreement shall be approved by Shareholders' general meeting in advance in accordance with the Articles of the Bank. The Bank may rescind or alter any contracts entered into as aforesaid manner or waive any rights under such contracts if so approved by Shareholders' general meeting in the same manner.

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

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

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

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

- (a) for repurchases of shares by the Bank at their par value, payment shall be made from retained distributable profits or from the proceeds of a new issue of shares for that purpose;
- (b) where the Bank repurchases its shares at a premium, payment up to the par value shall be made from retained distributable profits or from the proceeds of a new issue of shares for that purpose. Payment of the portion in excess of the par value shall be made as follows: (i) if the shares being repurchased were issued at par value, payment shall be made from distributable profits; (ii) if the shares being repurchased were issued at a premium, payment shall be made from distributable profits or from the proceeds of the new issue of shares for that purpose. However, the amount deducted from the proceeds of the new issue of shares shall not exceed the aggregate amount of the premium received by the Bank from the issue of the shares so repurchased, nor shall it exceed the amount in the premium account or capital reserve account (including premium on the new issue) of the Bank at the time of such repurchase;
- (c) the Bank shall make the following payments from the distributable profits of the Bank: (i) acquisition of the rights to repurchase its own shares; (ii) variation of any contracts for the repurchase of its shares; (iii) release from its obligations under any repurchase contracts;
- (d) the par value of the canceled shares shall be deducted from the registered capital of the Bank in accordance with the relevant requirements, the amount deducted from the distributable profits for the repurchase of shares at par value shall be credited to the premium account or capital reserve account of the Bank.

#### **RIGHT OF OUR SUBSIDIARIES TO OWN SHARES IN OUR BANK**

There are no provisions in the Articles of the Bank preventing a subsidiary of our Bank from owning any of our shares.

#### **DIVIDENDS AND OTHER METHODS OF PROFIT DISTRIBUTION**

The Bank may distribute dividends in the following manners: 1. cash; 2. Shares; 3. other forms in compliance with laws, regulations, regulatory requirements and the stock exchanges where the securities of the Bank are listed.



Our Bank shall appoint a recipient agent for Shareholders of overseas listed shares. The recipient agent shall collect on behalf of the Shareholders concerned the dividends distributed and other funds payable by the Bank in respect of the overseas listed shares. The recipient agent appointed by the Bank shall comply with the laws of the place where the shares of the Bank are listed or the relevant requirements of the stock exchange where the shares of the Bank are listed. The recipient agent appointed by the Bank for Shareholders of the overseas-listed shares shall be a company which is registered as a trust company under the Trustee Ordinance of Hong Kong.

**PROXIES**

Any Shareholder entitled to attend and having voting rights at a Shareholders' general meeting shall be entitled to appoint one or more persons (these persons need not be Shareholders) as proxies to attend and vote on their behalf. A proxy may exercise the following powers at a Shareholders' general meeting as instructed by the Shareholder:

- (a) the same right of speech as the Shareholder at the meeting;
- (b) have authority to demand or join other Shareholders in demanding a poll;
- (c) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.

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

A corporate shareholder shall be represented by its legal representative or proxies authorized by the resolutions of the Board and other decision-making bodies to attend the general meeting of the Bank.

If the appointing Shareholder deceases, loses his/her ability to act, withdraws the power of attorney, withdraws the authorization or transferred all of his/her Shares prior to voting, as long as the Bank has not received any written notice regarding these matters before the commencement of the relevant meeting, the vote cast by the proxy in accordance with the proxy form shall remain valid.

**CALLS ON SHARES AND FORFEITURE OF SHARES**

Our Bank shall have the right to cease delivering dividend notice to the Shareholders of overseas listed shares by mail, but such right can only be exercised after the dividend notice has not been drawn twice consecutively. If a dividend notice fails to reach the expected recipient in the initial mail delivery and is returned, the Bank may exercise the right promptly.

Our Bank shall have the right to sell the shares of the untraceable Shareholders of overseas listed shares through the methods the Board deems appropriate and subject to the following conditions:

- (a) the Bank has distributed dividends on such shares at least three (3) times in a period of twelve (12) years and the dividends are not claimed by anyone during that period;
- (b) after the expiration of the twelve-year period, the Bank makes a public announcement in one or more newspapers in the place of listing, stating its intention to sell such shares and notifies the securities regulatory authorities of the place where the shares of the Bank are listed.

#### **RIGHTS OF SHAREHOLDERS (INCLUDING INSPECTION OF REGISTER OF SHAREHOLDERS)**

The Shareholders of ordinary Shares of our Bank shall enjoy the following rights:

- (a) to receive dividends and other kinds of distributions according to their shareholdings;
- (b) to request, convene, preside over, attend or appoint a proxy to general meetings, and to exercise voting rights according to laws;
- (c) to supervise the business operations of the Bank, and to make suggestions and enquiries accordingly;
- (d) to transfer, bestow or pledge shares held by them in accordance with the laws, regulations, regulatory requirements and these Articles;
- (e) to obtain relevant information in accordance with the laws, regulations, regulatory requirements and these Articles, including:
  - 1. to obtain a copy of these Articles after paying the costs and expenses incurred;
  - 2. have the right to inspect and to photocopy, after paying a reasonable fee, the following documents:
    - (i) all register and branch registers of Shareholders;
    - (ii) the personal information of the Directors, Supervisors and senior management of our Bank;
    - (iii) report of the share capital of the Bank;
    - (iv) reports on the aggregate par value, number of shares, and highest and lowest prices of each class of shares in relation to any repurchase by the Bank of its own shares since the last financial year, as well as all the expenses paid by the Bank in relation to such repurchases;
    - (v) minutes of Shareholders' general meetings;

- (vi) the latest audited financial statements, Directors' reports, auditors' report and report of the Board of Supervisors of the Bank;
- (vii) special resolutions;
- (viii) a copy of the latest annual report submitted to the State Administration for Market Regulation or other competent bodies;
- (ix) counterfoil of debentures, board resolutions, resolutions of the supervisory board of our bank;

Except the documents set out in (ii) above, the Bank shall keep the documents specified in sub-paragraphs (i) to (viii) at the Hong Kong address of the Bank for free inspection by the public and holders of overseas-listed Shares. Documents set out in (v) are for inspection by Shareholders only. Shareholders can inspect copies of the minutes of shareholders' general meeting for free during office hours of the Bank. If any shareholder requests a copy of meeting minutes, the Bank shall send the copy within seven days after receiving a reasonable fee.

- (f) to participate in the distribution of the remaining assets of the Bank based on the number of shares held in the event of the dissolution or liquidation of the Bank;
- (g) to demand the Bank to acquire their shares (for Shareholders who disagree with the resolutions adopted at a Shareholders' general meeting in relation to the merger or division of the Bank); and
- (h) to have other rights conferred in accordance with the laws, regulations, and these Articles.

The Bank shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person has not disclosed his/her equity to the Bank.

#### **QUORUM FOR SHAREHOLDERS' GENERAL MEETINGS AND CLASS MEETINGS**

When the Bank is to convene a general meeting, the conveners shall issue a written notice, twenty (20) business days prior to the date of the meeting, to all Shareholders whose names appear on the register of Shareholders, stating the matters to be considered at the meeting and the date and venue of the meeting.

When convening a meeting for a certain class of Shareholders, the Bank shall issue a written notice, twenty (20) business days prior to the date of the meeting, to all Shareholders in the relevant class whose names appear on the register of Shareholders, stating the matters to be considered at the meeting and the date and venue of the meeting.

The class meeting convened for considering change or abolish any rights of class shareholders shall be attended by one-third or above of such class shareholders unless such class meeting is an adjourned class meeting.

**RIGHTS OF MINORITY SHAREHOLDERS**

In addition to the obligations required under the laws, regulations, regulatory requirements or the listing rules of a stock exchange located in the place where the shares of the Bank are listed, when exercising their rights as a Shareholder, controlling shareholders shall not exercise their voting rights and make decisions on the following issues as these issues are detrimental to the interests of all or some of the Shareholders:

- (a) relieving a Director or Supervisor of their responsibility to act in good faith and in the best interests of the Bank;
- (b) approving a Director or a Supervisor in depriving the Bank of its assets in any form, including but not limited to any opportunities that are advantageous to the Bank, regardless of whether the deprivation is made for the Director, or Supervisor's benefit or for the benefit of others;
- (c) approving a Director or a Supervisor (for his/her own or for the benefit of others) in depriving other Shareholders of their personal interests, including but not limited to any distribution rights and voting rights, unless the deprivation is made pursuant to a Bank restructuring submitted to and adopted at the Shareholders' general meeting in accordance with these Articles.

The "controlling shareholder(s)" shall refer to the shareholder(s) satisfying any of the following conditions: 1. the shareholder may elect more than half of the Directors when acting alone or in concert with others; 2. the shareholder may exercise or control the exercise of above 30% of the total voting shares of the Bank when acting alone or in concert with others; 3. the shareholder holds above 30% of issued and outstanding shares of the Bank when acting alone or in concert with others; 4. the shareholder may de facto control the Bank in any other manner when acting alone or in concert with others.

**PROCEDURES ON LIQUIDATION**

The Bank shall be dissolved due to the following reasons:

- (a) term of operation expires;
- (b) the Shareholders' general meeting resolves to do so;
- (c) dissolution is necessary as a result of a merger or division of the Bank;
- (d) the Bank is declared bankrupt due to its failure to repay debts due;
- (e) if the business license of the Bank is revoked or if it is ordered to close down its business due to violation of laws and administrative regulations;
- (f) where the operation and management of the Bank encounter serious difficulties and its continued existence would cause material losses to Shareholders, the Shareholders holding more than 10% of the total voting rights of the Bank may apply to the people's court to dissolve the Bank if there are no other solutions.

If the Bank is dissolved under the circumstances in sub-paragraphs (a), (b), (e) or (f), the Bank shall set up a liquidation committee within fifteen days after the approval of the banking regulatory and administrative authorities under the State Council and the members of the liquidation committee shall be decided by ordinary resolution of Shareholders' general meeting.

If the Bank is dissolved under the circumstances of sub-paragraph (d), the people's court shall set up a liquidation committee composed of representatives from the banking regulatory and administrative authorities under the State Council, shareholders, related authorities and professionals according to the laws.

Creditors may apply to the People's Court for the establishment of a liquidation committee and appointment of its members if a liquidation committee is not set up in time.

If the Bank is dissolved under the circumstances of sub-paragraph (e), the banking regulatory and administrative authorities under the State Council shall set up a liquidation committee composed of representatives from shareholders, related authorities and professionals.

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

The functions and powers of the Board of the Bank shall be terminated immediately upon the adoption of a resolution by Shareholders' general meeting for liquidation.

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

## **OTHER PROVISIONS MATERIAL TO OUR BANK AND OUR SHAREHOLDERS**

### **General Provisions**

Having considered and approved by Shareholders' general meeting and approved by the banking regulatory and administrative authorities under the State Council, these Articles shall become effective from the date of listing of the H Shares of the Bank on the Hong Kong Stock Exchange. When effective, these articles shall be a legally binding document to regulate the organization and activities of the Bank, as well as the rights and obligations between the Bank and its Shareholders, and amongst the Shareholders.

Subject to approval by Shareholders' general and the banking regulatory authority under the State Council, the Bank may increase its registered capital as follows in the light of its business and development needs, in accordance with the relevant laws, regulations, and these Articles:

- (a) open offer of new shares to non-specific investors;
- (b) issuance of new shares to specific investors;

- (c) rights issue of new shares to existing Shareholders;
- (d) bonus issue of new shares to existing Shareholders;
- (e) capitalization of reserve;
- (f) other methods permitted by laws and administrative regulations.

The increase of capital of the Bank by issuing new shares shall be conducted in accordance with the procedures provided in relevant laws, regulations and regulatory provisions, after being approved according to these articles and the banking regulatory and administrative authorities under the State Council.

Shareholder of our Bank shall have the following obligations:

- (a) to abide by the laws, regulations, regulatory provisions, and these articles;
- (b) to contribute to the share capital according to the number of shares subscribed and the prescribed method of capital contribution;
- (c) not to withdraw their contributed share capital unless allowed by the laws, regulations and regulatory provisions;
- (d) to safeguard the interests and reputation of our Bank and support the legal operation of the Bank;
- (e) to comply with and implement resolutions of a general meeting;
- (f) corporate shareholders shall report in writing of their related-party relationship with other shareholders and their shareholdings in other commercial banks promptly, truly and completely to the Board of our Bank;
- (g) a corporate Shareholder shall inform our Bank in writing within thirty days, if there have occurred any changes with respect to its legal representative, company name, registered address, business scope, affiliative relationships and other major matters, or its dissolution, deregistration, consolidation with or merger into another company;
- (h) support the measures proposed by the Board to increase capital adequacy ratio when the capital adequacy ratio of our Bank is lower than the statutory threshold or the minimum level required by the banking regulatory and administrative authorities under the State Council;
- (i) Shareholders shall repay all borrowings from the Bank, whether due to repay or not, when the Bank is likely to have difficulty in liquidity;
- (j) not to abuse Shareholders' rights to harm the interests of our Bank or other Shareholders; not to abuse the independent status of the Bank as a legal person and the limited liability of Shareholder to harm the interest of the creditors of the Bank;

- (k) substantial Shareholders shall support the Board to formulate reasonable capital planning, make long-term written commitments on contribution of additional capital and replenish capital as part of the capital plan of the Bank when necessary to main the compliance of regulatory requirement. When our capital fails to satisfy the regulatory requirement, we shall formulate capital replenishment plan to meet the regulatory requirement on capital adequacy ratio within time limit and replenish capital by increasing core capital or other means. Substantial Shareholders shall not hinder other Shareholders to replenish capital to the Bank or the admission of qualified new Shareholders;
- (l) without the requisite approval from or report to the regulatory authorities, Shareholders shall not exercise their rights to demand the convening of Shareholders' general meeting, to vote, to nominate, to raise motions and to impose punishment;
- (m) for any Shareholder who has made 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 may restrict or prohibit any related party transactions between the Bank and him/her and restrict the quota of the equity of the Bank held by him/her and equity pledge ratio as well as his/her rights including the right to request convening the Shareholders' general meeting, voting right, right of nomination, right of making motions and right of disposition;
- (n) to assume other obligations required by the laws, regulations and these articles.

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

Difficulty in liquidity referred to in sub-paragraph (i) above shall have the meaning prescribed by laws and regulations. Otherwise, the meaning of difficulty in liquidity shall be determined by resolution of the Board of the Bank.

#### **Qualification Shares of Directors**

Directors of the Bank shall be a natural person and is not required to hold any shares of the Bank.

#### **BOARD OF DIRECTORS**

The Board undertakes final responsibility of operation and management of the Bank, and exercises the following functions and powers in accordance with law:

- (a) to convene Shareholders' general meetings and report its works at the meetings;
- (b) to implement resolutions of Shareholders' general meetings;
- (c) to establish business development strategies, and special development strategies of green credit, financial innovation and consumer interest protection, supervise the implementation of strategies and to decide operational plans and investment proposals of the Bank;
- (d) to prepare annual financial budget plans and final account plans of the Bank;

- (e) to formulate profit distribution plans and loss recovery plans of the Bank;
- (f) to formulate the capital planning and take ultimate responsibility for capital management, propose increases in or reductions of registered capital, issue of bonds of the company or other securities and listing plans of the Bank;
- (g) to propose major acquisition by the Bank, acquisition of shares of the Bank or merger, division, dissolution and change in corporate structure of the Bank;
- (h) to decide, other than daily operation of the Bank, external investments, purchase or disposal and pledge of assets, external guarantees, entrustments of others to manage the Bank's funds or other assets of the Bank, except for material matters regulated in the Articles, which shall be decided by the shareholders' general meeting;
- (i) to decide material related party transactions of the Bank, unless otherwise regulated in the Articles;
- (j) to decide on the establishment of internal management structure of the Bank;
- (k) to decide on the appointment or dismissal and remuneration of the President and the Secretary of the Board based on the advice of the Nomination and Remuneration Committee and the proposals of the President of the Board; to decide on the appointment or dismissal of other senior management members, such as the Vice President, Assistant to the President, proposed by the President and remunerations of the aforesaid persons;
- (l) to establish the basic management system of the Bank;
- (m) to take the ultimate responsibility for specific risk management of the Bank such as the comprehensive risk management and operation compliance, liquidity risk management, reputation risk management and management of consolidated financial statements as well as the key work such as protection of consumers' interests;
- (n) to develop risk management culture, to formulate the comprehensive risk management policy of the Bank, and to formulate risk management systems for risk tolerance, risk preference, internal control, reputation risk, financial innovation risk management and event risk management, which shall be taken as the important parts of the risk management of the Bank;
- (o) to prepare any amendment proposals to the Articles;
- (p) to formulate information disclosure system of the Bank and take ultimate responsibilities for the truthfulness, accuracy, completeness and timeliness of accounting and financial reports of the Bank;
- (q) to determine the job responsibilities for any manager, including the President, the Vice President, the Assistant to President, the Secretary to the Board of the Bank;
- (r) to monitor the performance of senior management and ensure their effective performance;



- (s) to receive the work report from the president and inspect the work of the president of the Bank;
- (t) the Board shall establish a supervisory system for the management to formulate the code of conduct and terms of reference for management and business officers and that the normative documents above shall specifically require employees at all levels to report any potential conflict of interests in a timely manner, provide particular rules and establish corresponding mechanisms;
- (u) the Board shall establish a reporting system and require the senior management to report to the Board and directors the operation and management issues of the Bank, and the reporting system shall cover provisions for the following issues:
  - (i) the content of the information reported to the Board and directors and the minimum reporting standards;
  - (ii) the reporting frequency;
  - (iii) the reporting method;
  - (iv) the responsible body and liabilities arising from postponed or incomplete reporting;
  - (v) the confidentiality obligations.
- (v) to evaluate and refine the corporate governance of the Bank on a regular basis;
- (w) to protect the legitimate interests of depositors and other interested parties;
- (x) to establish the mechanism for identification, verification and management of the conflict of interest between the Bank and shareholders, in particular Substantial Shareholders;
- (y) to exercise any other duties and power conferred by laws, regulations, regulatory provisions and the Articles.

Not less than four regular meetings of the Board shall be held every year, at least one meeting every quarter. The regular meetings shall be convened by the chairman of the Board by written notice to all Directors and Supervisors 14 days before the date of the meeting.

### **BOARD OF SUPERVISORS**

The Bank shall have a Board of Supervisors composed of twelve Supervisors. The Board of Supervisors shall have one chairman elected by more than two-thirds of all members of the Board of Supervisors through a resolution subject to confirmation of the compliance of the appointment by the banking regulatory authorities of the State Council. The chairman of the supervisory board shall be served by a professional for a term of three years and he/she may serve consecutive terms if reelected. The appointment and removal of the chairman shall be subject to the approval of more than two-third of all members of the Board of Supervisors by resolution.

The chairman of the board of supervisors shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over supervisory board meetings.

Representatives of the staff of the Bank at the board of supervisors shall be democratically elected by the staff of the Bank at the staff representative assembly, general staff meeting or otherwise.

The board of supervisors shall perform the following duties:

- (i) to review and provide written comments on the regular reports of the Bank prepared by the Board; to review the regular reports prepared by the Bank and provide written comments on the truthfulness, accuracy and completeness of the report; to review the profit distribution plan of the Bank and express opinions on the compliance and reasonableness of the plan;
- (ii) to review and monitor the financial activities of the Bank; to supervise and examine operation decision, financial activities, risk management, and internal control of the Bank, and supervise the rectification; to provide guidance to the internal audit departments;
- (iii) to supervise the work of the directors and senior management; to supervise the performance of the directors and senior management; to supervise the Board to maintain prudent operation and to propose the removal of directors and senior management who have violated laws, regulations, these Articles or resolutions of Shareholders' general meeting;
- (iv) to make inquiries to the Directors and senior management and to demand rectification when the acts of a Director or senior management are detrimental to the interests of the Bank;
- (v) to propose the convening of extraordinary Shareholders' general meetings and to convene and preside over Shareholders' general meetings when the board fails to perform the duty of convening and presiding over Shareholders' general meetings according to the Company Law;
- (vi) to submit proposals to Shareholders' general meetings;
- (vii) to bring actions against directors and senior management according to article 151 of the Company Law;
- (viii) to conduct investigation when irregular activities are found, and if necessary, engage an accounting firm, legal firm and other professional institutions to assist in its work at the expenses of the Bank;
- (ix) to make inquiries to the Directors and senior management;
- (x) to conduct audit on Directors and senior management upon termination of their services;
- (xi) to review and examine the operation decision, risk management and internal control of the Bank and to provide guidance to the internal audit departments;

- (xii) to exercise other duties and rights prescribed by laws, regulations, these Articles and authorized by the Board of Supervisors and Shareholders' general meetings.

The Board of Supervisory shall perform duties by means of site visit, examination, attending meetings, interview, report review, investigation, inquiry, audit and engagement of third party professional institutions to assist in its work.

### **President**

The Bank shall appoint a President. The President has a term of three years. Upon expiry of the term, the President may be re-appointed. The roles of President of the Bank and Chairman shall not be performed by the same person.

The president is accountable to the Board and shall perform the following duties:

- (i) to be responsible for the operation and management of the Bank and the implementation of the resolutions passed on the Board, and report work to the Board;
- (ii) to submit operation plan and investment proposal to the Board on behalf of the senior management, and to be responsible for the implementation upon approved by the Board;
- (iii) to propose internal management structure of the Bank;
- (iv) to propose the basic management system of the Bank;
- (v) to propose the regulations of the Bank;
- (vi) to propose the appointment or removal of Vice President, Assistant to the President, Chief Finance Officer, Internal Audit Officer and Chief Compliance Officer by the Board;
- (vii) to appoint or dismiss persons in charge of the internal departments and branches of the Bank other than those to be appointed or dismissed by the Board;
- (viii) to authorize the senior management, internal departments and persons in charge of branches to conduct business;
- (ix) to adopt emergency measures when any material emergency (such as a run on the Bank) arises and promptly report them to the Board and the Board of Supervisors and the banking regulatory authority of the State Council;
- (x) to determine the awards and punishment of the employees of the Bank;
- (xi) to exercise other duties and rights conferred by laws, administrative regulations, these Articles and the Board.

The President who does not serve as the Director of the Bank shall attend the Board meetings, but shall have no voting rights thereat.

**Secretary of the Board**

The Bank will appoint a secretary of the Board. The secretary of the Board is a senior management of the Bank and is accountable to the Board. The secretary of the Board shall be nominated by the Board and the Remuneration Committee and appointed by the Board.

The secretary of the Board shall perform the following main duties:

- (i) to ensure the preparation and delivery of any reports and documents required by banking regulatory authorities and other competent authorities under the State Council;
- (ii) to ensure the completeness of constitutional documents and records of the Bank;
- (iii) to ensure the duly procession of the share register and ensure the timely delivery of records and documents to any persons who are entitled to such records and documents;
- (iv) to prepare the convening of any Board meeting and shareholders' meeting;
- (v) to draft any documents of the Board and shareholders' meeting and related terms of reference;
- (vi) to assist the Board in the management of information disclosure;
- (vii) to maintain the share register and to deal with any affairs relating to equity management;
- (viii) other duties authorized by the Board.

The secretary of the Board shall comply with the requirements of laws, regulations, regulatory provisions and the Articles of the Bank.

**RESOLUTION OF DISPUTES**

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

- (i) If any disputes or claims in relation to the business of the Bank, with respect to any rights or obligations under these Articles, the PRC Company Law or any other relevant laws and administrative regulations, arise between Shareholders of overseas listed shares and the Bank, between Shareholders of overseas listed shares and the Directors, Supervisors or senior management of the Bank, or between Shareholders of overseas listed shares and Shareholders of domestic shares, the parties hereto 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 Shareholders, Directors, Supervisors and senior management of the Bank) that have a cause of action based on the same grounds or the persons whose participation is necessary for the resolution of such disputes or claims, shall comply with the arbitration. Disputes with respect to the definition of Shareholders and the register of Shareholders can be resolved by ways other than arbitration.

- (ii) An applicant may choose for the arbitration to be arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center 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 Center, 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 Center.

- (iii) Unless otherwise provided by the laws, regulations and regulatory provisions, the laws of the PRC shall apply to the settlement of any disputes or claims that are resolved by arbitration described in item (i) above.
- (iv) The award of the arbitration institution shall be final and binding on all parties.