

Set out below is a summary of certain provisions of our Articles of Association. As the information contained below is in summary form, it does not contain all the information that may be important to potential investors.

Our Bank was incorporated in the PRC as a joint stock limited liability company. The Articles of Association comprise our constitution.

Our Articles of Association were adopted by our Shareholders in the shareholders' extraordinary general meeting held on March 29, 2013 and approved by the CBRC on May 7, 2013 and will come into effect upon listing of our H Shares on Hong Kong Stock Exchange.

Our Articles of Association are available for inspection at the address specified in Appendix VIII "Documents Delivered to the Registrar of Companies and Available for Inspection."

**(a) Classes of Shares**

Shareholders holding different types of shares shall be shareholders of different classes.

Shareholders of different classes shall enjoy the rights and assume the obligations stipulated by laws, administrative regulations, and the Articles of Association.

Except shareholders holding other types of shares, shareholders holding domestic-listed shares and shareholders holding overseas-listed shares are considered as shareholders of different classes.

Shareholders of different classes shall enjoy the same rights in any distribution in the form of dividends or any other form.

**(b) Directors**

*The Board of Directors*

The Board of Directors is responsible for the shareholders' meeting. Each term of our Board of Directors is three years. The Board of Directors is composed of 11 to 19 members including independent directors no less than one third of the Board, one chairman and one deputy chairman of the Board of Directors. The chairman and deputy chairman shall be elected and removed by more than half of the members of the Board of Directors.

The Board of Directors exercises the following functions and authorities:

- convening the shareholders' meeting and reporting to the shareholders' meeting;
- implementation of the resolutions of the shareholders' meeting;
- decision on business plan and investment strategy;
- formulation of proposals of annual financial budgets, final accounts and risk-based capital allocation, decision on any material change or adjustment during the implementation;
- formulation of profit distribution and loss appropriation plan;
- formulation of plan of increase or reduction of registered capital, issuance of corporate bonds or other securities and listing plan;
- proposal of plan of material acquisition and repurchase plan;
- formulation of plan of merger, division, dissolution or change of the legal form of our Bank;

- formulation of related party transactions management rules, examination and approval of material related party transactions other than those subject to the resolution of the shareholders' meeting as required by laws, administrative regulations, rules and provisions of the securities regulatory authorities of the places where our shares are listed, and preparation of special reports to the Shareholders' meeting on implementation of the related party transactions management rules and related party transactions;
- review and approval of the long and medium term strategy and plan of the Bank and decision on the capital adequacy ratio management objectives;
- review and approval of external investment, purchase and sale of assets, mortgage of assets, provision of guarantee of the Bank and other matters within the authorization by the shareholders' meeting;
- decision on the establishment of internal management organizations and an all-encompassing business management system reform plan of the Bank;
- appointment and removal of the President and the secretary to the Board of the Directors, appointment and removal of the vice President, financial principals, assistant of the President and other senior management upon the nomination by the President and personnel the Board of Directors deems necessary to be appointed or dismissed by it; and decision on the remuneration and punishment of such personnel;
- decision on the fundamental management rules (including human resource, finance and remuneration, etc.) and risk management and internal control policy;
- proposal of amendments to the Articles of Association;
- formulation of information disclosure rules, management of information disclosure and being ultimately liable to the completeness and accuracy of the accounting and financial reporting system of the Bank;
- supervision of performance for senior management and ensuring senior management will perform their management duties efficiently;
- listening to the work reporting of the President and inspection of the President's work;
- proposal to the shareholders' meeting for engagement, or replacement of the accounting firm that performs audits for the Bank;
- review of the regulatory opinions from CBRC and the implementation of remedial actions in related to the inspection;
- regular evaluation and improvement of corporate governance of the Bank; and
- other functions as required by laws, regulations, rules, statutory documents and the Articles of Association and authorized by the shareholders' meeting.

#### ***Chairman of Board of Directors***

The chairman of the Board of Directors shall exercise the following duties and powers:

- presiding over the shareholders' general meeting, and convening and presiding over the Board of Directors' meeting;
- supervising and inspecting the implementation of resolutions of the Board of Directors;
- signing certificates of bonds and others marketable securities of the Bank;
- signing important documents of the Board of Directors and other documents that shall be signed by the legal representative of the Bank;

- exercising the duties as legal representative of the Bank;
- exercising special powers in connection with the affairs of the Bank under the emergency circumstance of material natural disaster and force majeure in compliance with statutory rules and in the interest of the Bank and reporting to the Board of Directors and the shareholders' meeting of the Bank afterwards; and
- exercising other duties and powers vested by laws, regulations, rules, statutory documents and the Articles of Association as well as authorized by the Board of Directors.

The vice chairman assists the Chairman, and when the chairman of the Board of Directors cannot perform or fails to perform his/her duties and powers, the vice chairman shall act on his/her behalf; when the vice chairman cannot perform or fails to perform his/her duties and powers, a director elected jointly by half or more of all the directors shall act on his/her behalf.

***(i) Power to allot and issue shares***

There is no provision in the Articles of Association empowering the directors, supervisors and senior management members to allot and issue shares.

Any proposal to increase the registered capital of the Bank must be submitted for approval by a special resolution of the shareholder's general meeting. Any such increase is subject to approval of relevant authorities.

***(ii) Power to dispose of the assets of the Company or any subsidiary***

When disposing of fixed assets, if the expected value of the fixed assets the Board of Directors intends to dispose of and the total value of the fixed assets already disposed of four months before such disposal proposal in aggregate exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed by the shareholders' general meeting, the Board of Directors must not dispose of or consent to the disposal of such fixed assets before such disposal is approved by the shareholders' general meeting.

Disposal of fixed assets referred to above includes the transfer of certain interests of assets, but excludes the provision of security using fixed assets.

The effectiveness of transactions conducted by the Bank to dispose of fixed assets is not subject to any violations of the above provisions.

***(iii) Compensation or payment for loss of office***

The remuneration plan of the Directors or Supervisors (among which the plan on the remuneration of Supervisors shall be subject to the opinions solicited from the Board of Supervisors) shall be formulated by the remuneration committee under the Board of Directors, and be subject to the approval of a shareholders' general meeting upon passing the Board of Directors. With the prior approval of a shareholders' general meeting, the Bank shall sign written agreements with its directors and supervisors in the matter of remuneration. The matter of remuneration above includes:

- remuneration for positions as the Bank's Directors, Supervisors or senior management members;
- remuneration for positions as the Directors, Supervisors or senior management members of bank subsidiaries of the Bank (subsidiary companies);
- remuneration for other services supporting the management of the Bank and its bank subsidiaries (subsidiary companies); and
- compensation for a Director or Supervisor's loss of posts or retirement.

Unless pursuant to the aforesaid agreements, the Directors and Supervisors shall not file any lawsuit against the Bank and claim the benefits they shall obtain for the foregoing matters.

*(iv) Loans to directors, supervisors and senior management*

The Bank shall not, directly or indirectly, provide loans or loan guarantees for its Directors, Supervisors, President or senior management members, nor shall it provide the same to their related persons.

The following situations are not subject to the above provisions:

- the provision of a loan or a guarantee for a loan by the Bank to the bank subsidiaries (subsidiary companies);
- the provision of a loan or a guarantee for a loan or any other funds by the Bank to any of its Directors, Supervisors, President, or other senior management to meet expenditure incurred or to be incurred by him/her for the purpose of the Bank or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of an employment contract approved by the shareholders' general meeting; and
- the Bank may provide loans or loan guarantees for related Directors, Supervisors, President and other senior management members and related persons based on normal commercial terms.

*(v) Financial assistance to purchase shares*

The Bank or the bank subsidiaries (subsidiary companies) shall not offer any financial assistance for the purpose of purchasing or planning to purchase the Bank's Shares at any time by any means to purchasers or prospective purchasers of the Bank's shares. Such purchasers of the Bank's shares as mentioned above shall include those who directly or indirectly assume the obligations due to purchase of the shares of the Bank.

The Bank or the bank subsidiaries (subsidiary companies) shall not offer any financial assistance at any time by any means in order to reduce or relieve the obligations of the aforesaid obligator due to their purchase or intention of purchase of the shares of the Bank.

For these purposes, the financial assistance shall include but is not limited to the following means:

- gifts;
- 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), compensation (other than the compensation in respect of the Bank's fault) or release or waiver of any rights;
- provision of loan or any agreement under which the obligations of the Bank are to be fulfilled before the obligations of another party, or a change in the parties to, or the novation of, or the assignment of rights arising under, such loan or agreement; or
- any other form of financial assistance given by the Bank when the Bank is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The obligations referred to shall include the obligations of the obligator by signing a contract or making an arrangement or changing its financial status in any other way, regardless of whether or not the aforesaid agreement or arrangement is enforceable, or whether or not such obligations are assumed by the obligator individually or jointly with any other person.

The acts listed below are not prohibited:

- where the Bank provides relevant financial assistance truthfully 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 an overall plan of the Bank;

- lawful distribution of the Bank's property in the form of dividends;
- distribution of dividends in the form of shares;
- reduction of registered capital, repurchase of shares, shareholding structuring, etc., in accordance with the Articles of Association of the Bank;
- provision of a loan by the Bank within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Bank or that if the same constitutes a reduction, the financial assistance is deducted from the Bank's distributable profits); and
- the provision of money by the Bank for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Bank or that if the same constitutes a reduction, the financial assistance is deducted from the Bank's distributable profits).

***(vi) Disclosure of interest in contracts with the Bank or any of its subsidiaries***

Where the Bank's Directors, Supervisors, President and other senior management members are directly or indirectly relevant to the agreements, transactions or arrangements (except employment agreements between the Bank and its Directors, Supervisors, President and other senior management members) signed or planned by the Bank, they shall disclose to the Board of Directors the nature and degree of such a relationship, no matter whether such matter, in general, shall be approved by the Board of Directors.

Unless the interested Directors, Supervisors, President and other senior management members of the Bank have informed the Board of Directors of the matter as specified, and the Board of Directors has approved it at a meeting where they are not incorporated into the quorum and nor do they participate in the voting, the Bank shall have the right to cancel such agreements, transactions or arrangements, except where the counterparty is an innocent party who is not aware of the relevant Directors, Supervisors, President and other senior management members' violation of their obligations.

The Bank's Directors, Supervisors, President and other senior management members shall be treated as interested parties where their related persons are interested in a certain contract, transaction or arrangement.

***(vii) Remuneration***

The remuneration of directors shall be subject to the approval of a shareholders' general meeting. Please refer to the above mentioned "compensation or payment for loss of office."

***(viii) Retirement, appointment and removal***

*Nomination and Election of Directors*

Candidates for directors of the board shall be nominated by the Board of Directors or the Shareholders who individually or in aggregate hold 3% or more of total shares of the Bank, and shall be elected by the general meeting of Shareholders. The qualification for holding a position as a Director shall be submitted to and reviewed by the CBRC.

The Board of Directors, Board of Supervisors and shareholders who individually or in aggregate hold 1% or more of outstanding shares of the Bank can nominate candidates for independent directors, who shall be elected by the general meeting of Shareholders. Service term of independent directors is the same as that of other directors of the Bank.

*Nomination and Election of Supervisors*

Supervisors of the Bank include supervisors representing shareholders, external supervisors and supervisors representing employees. The proportion of the Bank's supervisors representing employees shall not be less than one third of the total number of supervisors, and the Bank shall have at least two external supervisors.

Candidates for supervisors representing shareholders shall be nominated by the Board of Supervisors or the Shareholders holding individually or jointly 3% or more of the shares of the Bank, and elected by the general meeting of Shareholders of the Bank.

Supervisors representing employees shall be elected and removed by the employees' congress, the employees' meeting or other democratic method.

The external supervisor of the Bank shall be nominated by the Board of Supervisors or the shareholders holding individually or jointly 1% or more of shares of the Bank and elected by the general meeting of shareholders.

*Removal and Resignation of Directors*

A director may resign prior to the expiry of his/her service term. When a director intends to resign, he/she shall submit a written resignation to the Board of Directors. The Board of Directors shall disclose this fact within 2 days.

If, upon the expiry of a director's service term, a new director cannot be elected in time, or the resignation of any director causes the number of directors to fall below the minimum number of directors required by the Articles of Association, such director shall continue to perform his/her duties in accordance with laws, rules, regulations, statutory documents and the Articles of Association until a new director is elected and assumes his/her office.

Except in the situation aforesaid that resignation of any director causes the number of directors to fall below the minimum number of directors required by law, the resignation of a director shall become effective when it is served to the Board. The resignation of independent directors shall comply with the Articles of Association.

There is no provision in the Articles of Association regarding retirement or non-retirement of directors under an age limit.

*Removal and Resignation of Supervisors*

A supervisor may offer to resign before the expiry of his/her term of office. A supervisor who intends to resign shall submit a written resignation to the Board of Supervisors.

**(ix) Borrowing powers**

The Articles of Association do not specifically provide for the manner in which borrowing powers may be exercised nor do they contain any specific provision in respect of the manner in which such borrowing powers may be amended, except for:

- the proposals formulated by the Board of Directors for the issuance and listing of corporate bonds or other securities by the Bank; and
- provisions which provide that the issuance of corporate bonds and other securities and listing plan shall be approved by the shareholders' general meeting by a special resolution.

**(x) Proceedings of the Board of Directors**

The resolutions of the Board meetings are divided into the general resolutions and special resolutions.

The general resolutions of Board meetings shall be adopted by more than half of the votes cast by all directors, provided that the resolution on approval of related party transactions shall be adopted by more than half of the directors not related.

The special resolutions of Board meetings shall be adopted by a two-thirds majority of all directors and the following matters shall be adopted by a special resolution of the Board meetings:

- plans for profit distribution;
- plans for investment including material equity investment;
- purchase (disposal and write-off) of material assets;
- plans for hiring or dismissing senior management;
- annual risk tolerance of the Bank;
- external donation;
- formulation of plans for the increase or decrease of registered capital, and plans for issuance of bonds;
- proposal on plans for merger, division and dissolution;
- amendments to the Articles of Association;
- plans for annual operations and fiscal budget and accounts; and
- such other matters whereby more than half of all directors consider will have a material adverse effect on the Bank and shall be approved and adopted by more than two-thirds of all directors.

In considering the following matters, the meeting of Board of Directors may not be held by way of written resolution:

- plans for profit distribution;
- plans for material investment;
- plan for disposal of material assets;
- hiring or dismissing senior management;
- plans for risk-based capital allocation;
- plans for financial budget, final budgets and recovery of losses;
- plans for the increase or decrease of registered capital, and plans for issuance and listing of bonds or other securities;
- plans for material acquisition, repurchase of own shares or merger, division and dissolution; and
- such other material matters which the Board of directors consider is not appropriate for a written resolution.

**(c) Alteration to Constitutional Documents**

In any of the following circumstances, our Bank shall amend the Articles of Association:

- If upon amendments to the Company Law, or other applicable laws, rules, regulations, statutory documents, any terms contained in the Articles of Association become inconsistent with the provisions of the amended laws, rules, regulations, statutory documents;
- certain changes of our Bank resulting in the non-compliance with certain terms specified in the Articles of Association; and
- a resolution being passed by the shareholders' meeting to amend the Articles of Association.

For any amendments to the Articles of Association, the Board of Directors shall propose the plan on amendments, which are subject to approval by the shareholders' meeting. The amendments to the Articles of Association passed by the shareholders' meeting shall be subject to the approval by the relevant banking authorities, if required; and where an amendment to the Articles of Association shall be subject to registration, the Bank shall register such amendment in accordance with relevant laws.

**(d) Variation of Rights of Existing Shares or Classes of Shares**

If the Bank intends to change or abrogate the rights of a class of shareholders, it may do so only after such change or abrogation has been approved by way of a special resolution of the shareholders' general meeting and by a separate shareholders' meeting convened by the affected shareholders of that class in accordance with the Articles of Association.

In the following conditions, rights of a class of shareholders shall be deemed to have been changed or abrogated:

- an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- a change of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
- a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- a reduction or removal of a dividend preference or property distribution preference during liquidation of the Bank, attached to shares of such class;
- an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Bank attached to shares of such class;
- a removal or reduction of rights to receive amounts payable by the Bank in a particular currency attached to shares of such class;
- a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- an issuance of rights to subscribe for, or convert into, shares of such type or other classes;
- an increase in the rights and privileges of shares of other classes;
- restructuring of the Bank causing shareholders of different categories to bear liability to different extents during the restructuring; or
- an amendment or cancellation of the above provisions.

Interested shareholders shall not enjoy voting rights in class shareholders' general meeting. "Interested shareholders" shall have the following meanings:

- after the Bank has made a repurchase offer to all shareholders equally pro rata or made a repurchase by means of public transaction at the stock exchange in accordance with the Articles of Association, "interested shareholders" refers to the controlling shareholders defined in the Articles of Association;
- after the Bank has made a repurchase by means of agreement outside the stock exchange in accordance with the Articles of Association, "interested shareholders" refers to the shareholders concerned with this agreement; and
- in the Bank's restructuring plan, "interested shareholders" refers to those shareholders who assume responsibilities with smaller proportion than other shareholders of the same class or those shareholders who enjoy different interests from other shareholders of the same class.



A resolution of class shareholders' meeting shall be passed after it is adopted by two-thirds or more of voting shares present at a class shareholders' meeting.

Special procedures for voting by shareholders of different classes do not apply to the following cases:

- after approval by the shareholders' general meeting through special resolution, the Bank issues domestic listed shares and overseas listed shares every other 12 months, either separately or simultaneously, and the domestic listed shares and overseas listed shares to be issued do not exceed 20% of this kind of shares already issued to the public;
- the plan to issue domestic listed shares and overseas listed shares during the Bank's establishment is accomplished within 15 months from the date of approval of the securities regulatory authorities of the State Council; and
- shares of the Bank held by the shareholders of domestic shares, after approval from the securities regulatory authorities of the State Council can be converted to overseas listed shares and be listed on an overseas stock exchange.

**(e) Alteration of Capital**

***Increase of Registered Capital***

Upon the demands of operation and business development and in accordance with relevant laws, rules, regulations and statutory documents, the Bank may, subject to resolutions of the shareholders' meeting, increase its registered capital in the following ways:

- public offering of shares;
- non-public offering of shares;
- placing new shares to existing shareholders;
- allotting dividend shares to existing shareholders;
- transferring capital reserve funds to increased capital; and
- other methods permitted by relevant competent authorities or by laws and regulations.

The Bank's increase of its capital by issuing new shares shall be conducted in accordance with the procedures provided in relevant laws, rules, regulations and statutory documents after being approved according to the Articles of Association.

***Reduction of Registered Capital***

The Bank may reduce its registered capital in accordance with the provisions of the Articles of Association.

The Bank must prepare a balance sheet and a list of properties when it is to reduce its registered capital.

The Bank shall notify its creditors within ten days of adopting the resolution to reduce its registered capital and shall publish an announcement of the resolution in a newspaper at least three times within 30 days. Creditors shall, within 30 days of receiving a written notice or within 90 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Bank to pay its debts or to provide a corresponding guarantee for repayment.

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

**(f) Special Resolution – Majority Required**

The resolutions of the shareholders' general meeting are divided into two types: (i) general resolutions, and (ii) special resolutions.

General resolutions made by shareholders' general meeting shall be adopted by more than half of the voting shares represented by the shareholders present at the meeting (including their proxies).

Special resolutions made by shareholders' general meeting shall be adopted by two-thirds or more of the voting shares represented by the shareholders present at the meeting (including their proxies).

The following items shall be adopted by shareholders' general meeting through general resolution:

- guidelines for operations and plan for investment of the Bank;
- work reports of the Board of Directors and the Board of Supervisors;
- profit distribution plans and plans to cover company losses proposed by the Board of Directors;
- appointment and dismissal of directors and supervisors and their remuneration and payment thereof;
- plans for financial budget, final budgets, balance sheets, statements of loss and profits and other financial statements of the Bank;
- annual reports of the Bank;
- engagement and dismissal of the accounting firms;
- guarantee to shareholders, actual controllers and their related parties; and
- other matters than those stipulated by laws, regulations, rules and statutory documents, or the Articles of Association, which require the adoption through a special resolution.

The following items shall be adopted by shareholders' general meeting through special resolution:

- revision of the Articles of Association;
- increase or reduction of the Bank's registered capital and issuance of stock, warrants of any type or any other similar securities;
- repurchase of the Bank's shares;
- such matters as merger, division, dissolution, liquidation and change of corporate form of the Bank;
- offering of bonds of the Bank;
- review and approval of or authorization to the Board of Directors for approval of the establishment of important legal person entities, material mergers and acquisitions, materials investment, material asset disposal and provision of material guarantee;
- shareholding incentive scheme;
- adjustment to the profit distribution policy of the Bank pursuant to laws, regulations, rules, statutory documents or the Articles of Association; and
- other matters stipulated by laws, regulations, rules, statutory documents or the Articles of Association, and determined by the shareholders' general meeting by an ordinary resolution that are significant to the Bank and shall be approved by special resolution.

**(g) Voting Rights (generally, on a poll and right to demand a poll)**

When voting in a shareholders' general meeting, shareholders (including their proxies) shall exercise their voting rights according to the voting shares held by them, with each share representing one voting right.

Shares held by the Bank have no voting rights, and will not be counted toward the total voting shares present in the shareholders' general meeting.

Shareholders may vote by hand in a shareholders' general meeting, unless relevant regulations of the securities regulatory authorities of the locality where the shares of the Bank are listed require ballot voting, or the following persons require ballot voting before or after hand voting:

- chairman of the meeting;
- at least two shareholders or their proxies with voting rights; and
- one or several shareholders (including their proxies) holding more than 10% of the voting shares in the meeting, whether individually or in aggregate.

Unless someone proposes ballot voting, the chairman of the meeting shall announce the adoption status of the proposal according to the hand voting result, and record it in the meeting minutes as the final basis without demonstrating the affirmative or negative votes or their proportion for the resolution adopted in this meeting. The request for ballot voting can be withdrawn by the proposer.

Ballot voting requested for matters concerning the election of chairman of the meeting or termination of the meeting shall be conducted immediately; for other matters, the chairman of the meeting shall decide when to conduct ballot voting. The meeting can continue to discuss other matters, and the voting result there from will still be deemed as the resolution adopted in this meeting.

During ballot voting, shareholders (including their proxies) with two or more voting rights do not necessarily use them all for affirmative or negative votes or abstention of votes.

In the case of an equality of votes, whether on a show of hands or on ballot voting, the chairman of the meeting shall be entitled to an additional vote.

#### **(h) Annual General Meetings**

There are two types of shareholders' general meeting: annual shareholders' general meeting and interim shareholders' general meeting. The shareholders' general meeting is generally convened by the board.

The annual shareholders' general meeting shall be held once a year within six months after the end of the previous fiscal year. If the meeting has to be postponed due to special reasons, it shall be reported to the CBRC in time with the reasons stated.

An interim shareholders' general meeting shall be convened within two months from the occurrence date of any of the following events:

- the number of directors is less than the minimum quorum as specified by the Company Law, or two-thirds of the number of the Board of Directors as stipulated by the Articles of Association;
- the outstanding balance of the Bank's loss reaches one-third of the Bank's total paid-up share capital;
- shareholders holding 10% or more of the Bank's shares with voting rights, either individually or jointly, request in writing the convening of a shareholders' general meeting;
- the Board of Directors deems it as necessary;
- the Board of Supervisors proposes its opening; and
- other situations, as stipulated in laws, regulations, rules, statutory documents and the Articles of Association.

**(i) Accounts and Audit**

The Bank shall establish its financial and accounting systems according to laws, administrative rules and the provisions of Chinese accounting standards formulated by the MOF.

The Board of Directors shall at each annual shareholders' general meeting submit to the Shareholders the financial statements prepared by the Bank as required by the relevant laws, regulations, rules and statutory documents.

The Bank shall prepare its financial statement not only according to the Chinese accounting standards and regulations but also according to the international accounting standards or the accounting standards in the overseas-listing place. In case there are major differences between the financial statements prepared according to the two accounting standards, they should be indicated clearly in the notes of the financial statements. When distributing the after-tax profit for the related accounting year, the Bank shall adopt whichever is the lower of the after-tax profit in the aforesaid two financial statements.

The Bank shall publish its financial report twice in each fiscal year, i.e. publish the interim financial report within 60 days after the end of the first six months of a fiscal year, and publish the annual financial report within 120 days after the end of a fiscal year. Other regulations of the regulatory authorities of the locality where the shares of the Bank are listed shall prevail.

**(j) Notice of Meetings and Business to be Conducted**

When the Bank is to convene a shareholders' general meeting, the Board of Directors shall notify all Shareholders with the location and time of the meeting and matters to be considered 45 days prior to the meeting. Shareholders to be present in the shareholders' general meeting shall send a written reply of attendance to the Bank 20 days before the meeting is convened.

The Bank shall calculate the number of shares with voting rights based upon the written reply received 20 days prior to the shareholders' general meeting. Where the number of voting rights shares held by Shareholders who are going to attend the meeting reaches half of the total of shares with voting rights of the Bank, then the meeting can be held. Otherwise, the Bank shall inform the Shareholders again, in the form of an announcement about the matters to be discussed in the meeting, with the location, date and duration of the meeting to be held within five days. The Bank may convene such a Shareholders' general meeting after such announcement has been made.

The meeting notice for the Shareholders' general meeting shall satisfy the following conditions:

- made in writing;
- specifying the location, date and time of the meeting;
- describing the matters to be considered at the meeting;
- providing the materials and explanations necessary for shareholders to make sensible decisions regarding the matters to be discussed, principally including (but not limited to) specific terms and agreements (if any) for a proposed transaction, and a detailed explanation of its reason and sequence where the Bank proposes a merger, repurchase of shares, restructuring of shares or other form of restructuring;
- where any Directors, Supervisors, President and other senior management have an important interest with regard to matters to be discussed, then the nature and extent of that interest shall be disclosed. Further, where the impact of the matters to be discussed by such directors, supervisors, President and other senior management who are shareholders is different from the impact on other shareholders of the same class, then that difference shall be illustrated;
- containing the full text of any special resolution proposed to be passed at the meeting;

- providing a clear description stating that all shareholders have the right to attend the shareholders' general meeting and to entrust at least one proxy, as necessary, who does not need to be a shareholder of the Bank, to attend the meeting and also to put forward a resolution; and
- setting the deadline and place for the delivery of the proxy letter of the meeting.

**(k) Transfer of Shares**

Unless otherwise specified by the relevant laws, regulations, rules and statutory documents and the regulations of the securities regulatory authorities (including the stock exchanges of the place of listing) in the locality where the shares of the Bank are listed, the shares of the Bank may be transferred freely without any lien attached. To transfer the overseas-listed shares listed in Hong Kong, the transferor shall entrust the stock registration organization entrusted by the Bank in Hong Kong to deal with the registration procedures.

All fully paid overseas-listed shares listed on the Hong Kong Stock Exchange may be freely transferred in accordance with the Articles of Association. However, the Board of Directors may refuse to recognize any transfer documents without stating any reason unless the conditions stipulated in the Articles of Association are met.

For all transfer of the overseas-listed shares that are listed in Hong Kong, the written transfer documents that are in general or ordinary form or in a form acceptable to the Board of Directors shall be adopted. The written transfer document may be signed by hand. If the shareholders are the recognized clearing house as defined in SFO or its proxy, then the written transfer document may be signed in the machine printing form.

The Bank shall not accept any pledge with its own shares as the subject matters.

**(l) Power of the Company to Purchase Its Own Shares**

The Bank may repurchase its shares in the following circumstances in accordance with the provisions of the Article of Associations and subject to the approval from the relevant state authorities:

- canceling the shares for the purpose of reducing the capital of the Bank;
- merging with any other companies holding the shares of the Bank;
- giving the shares to employees of the Bank as a reward;
- being requested to repurchase the shares of the Bank by the shareholders who object to the resolutions adopted at the shareholders' general meeting concerning merger and division of the Bank; and
- other circumstances permitted by laws, regulations and rules, statutory documents.

Where the Bank repurchases its shares under circumstances (1) to (3), it shall obtain approval from shareholders' general meeting. Where the Bank repurchases its shares under circumstance (1), it shall cancel the shares within 10 days from the date of repurchase. Where the Bank repurchases its shares under circumstances (2) and (4), the Bank shall transfer or cancel the shares within 6 months.

The shares repurchased by the Bank under circumstance (3) shall not exceed 5% of the total issued shares of the Bank. The funds for repurchase shall be paid from the after-tax profits of the Bank. The shares redeemed shall be transferred to the employees within one year.

The Bank may repurchase its shares in any of the following ways after being approved by relevant competent authorities:

- making a repurchase offer pro rata to all shareholders;
- repurchasing by means of open transaction at a stock exchange;
- repurchasing by means of contractual agreement outside a stock exchange; and
- other methods as permitted by relevant competent authorities or by laws, regulations, rules and statutory documents.

**(m) Power of Any Subsidiary of the Company to Own Shares**

There are no provision in the Articles of Association restricting ownership of shares in our Bank by any of our subsidiaries.

**(n) Dividends and Other Methods of Distributions**

The Bank's profits shall be distributed in the following order of priority:

- (i) offsetting the losses in previous years;
- (ii) contributing 10% of them to its statutory reserve fund;
- (iii) making general reserve;
- (iv) contributing to its discretionary reserve fund; and
- (v) paying dividends to its shareholders.

No further contribution to the Bank's statutory surplus reserve is required when the cumulative amount reaches or exceeds 50% of the Bank's registered capital. In case the Bank's statutory reserve fund is not sufficient to offset the losses of any previous year, the profits of the current year shall be used to offset the loss before contributing to the statutory reserve fund. The Bank may contribute to the discretionary reserve fund from the after-tax profits upon the resolution of the shareholders' general meeting after contributing to the statutory reserve fund and making general reserve from the after-tax profits. The Bank may distribute at the proportion of the shares held by a shareholder any of its profits after offsetting its losses, contributing to its statutory reserve fund, making general reserve and contributing to the discretionary reserve fund. In case the shareholders' general meeting distribute profits to its shareholders in breach of the provisions above before offsetting its losses, contributing to its statutory reserve fund and making general reserve, the shareholders receiving such distribution shall return the profits distributed in breach of the prescribed provisions. The Bank will not participate in any distribution of profits in terms of the shares it holds.

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

Except in extraordinary circumstances, the Bank shall make its profit distribution by way of cash dividend if the Bank makes profits and its accumulated undistributed profit is a positive figure in the current year. The profit distributed by way of cash dividend shall not be less than 10% of the realized distributable profit of the Bank in the current financial year. "Extraordinary circumstances" shall mean circumstances in which:

- (i) the Bank's capital adequacy ratio has become lower than the regulatory standard, or is expected to become lower than the regulatory standard after distribution of cash dividend for the year;
- (ii) the Bank's reserves made fails to meet the requirements from relevant financial regulatory authorities;

- (iii) dividend distribution is otherwise restricted by laws and regulations; or
- (iv) cash distribution will otherwise affect the long-term interest of the Shareholders in the Bank's belief.

Where the Bank performs well and the Board of Directors opines that the price of the Bank's shares does not match the size of share capital of the Bank and distribution of share dividend is beneficial to the interest of the Shareholders as a whole, the Board of Directors may, subject to the satisfaction of the above conditions for distributing cash dividend, present a proposal for profit distribution in share dividend. Where the Bank makes profit distribution in share dividend, the Bank shall seek approval from the relevant national regulatory authorities.

In case of force majeure such as war and natural disaster, or external changes in the operation circumstances having material effects to the Bank's operation, or material internal changes in the Bank's operation, the Bank may adjust its profit distribution policy. Any adjustment to the profit distribution policy of the Bank shall be adopted by the shareholders' general meeting through special resolution.

The Board of Directors shall implement plans of profit distribution (either in cash dividend or share dividend) within two months after the shareholders' general meeting on which relevant resolution has been approved.

The Bank shall appoint a proxy to receive payment for shareholders of overseas-listed shares. The proxy shall receive dividends distributed to overseas-listed shares and other payments from the Bank on behalf of the shareholders concerned. The proxy appointed by the Bank shall meet the requirements of the laws or the relevant provisions of the securities exchange in the place of listing. The proxy appointed by the Bank for shareholders of its overseas-listed shares in Hong Kong shall be a trust company registered in accordance with Trustee Ordinance in Hong Kong.

**(o) Proxies**

Any shareholders entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (who need not be shareholders) as his/her proxies to attend and vote on his/her behalf.

Shareholders shall entrust the proxy in writing, and the proxy shall be signed by the shareholders or agents authorized by the shareholders in writing. If a shareholder is a legal person or other agencies, the instrument shall be sealed with the legal person's stamp or signed by its legal representative or its director or agent authorized in writing.

The proxy letter shall specify that in the absence of instructions from the shareholder, the proxy may vote as he/she thinks fit.

- Where a shareholder has died, lost capacity for acts, revoked the proxy or the signed authorization prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of proxy letter shall remain valid as long as our Bank does not receive a written notice of the event before the commencement of the relevant meeting.

**(p) Calls on Shares and Forfeiture of Shares**

For dividends that are not claimed by anyone, the Bank may exercise the right of expropriation under the precondition of complying with the relevant laws, regulations, rules and statutory documents of China, but the right shall be exercised only after the expiration of the applicable period.

The Bank shall have the right to terminate sending dividend warrants to holders of overseas listed shares by mail, but the Bank shall exercise the right only after a dividend warrant fails to be redeemed for

two consecutive occasions, however the Bank can exercise the right after the first occasion on which such a dividend warrant is returned as undelivered.

The Bank shall have the right to sell the shares of shareholders of overseas-listed shares who are untraceable in a way deemed appropriate by the Board of Directors, provided the following conditions are met:

- the Bank has distributed dividends at least three times to the shares within 12 years, and the dividends are not claimed by anyone during the period; and
- the Bank publishes announcements in one or more newspapers in the place where the Bank's shares are listed after the expiration of the 12-year period, stating its intention to sell the shares, and informs the securities regulatory authorities in the place where the Bank's shares are listed.

**(q) Inspection of Register of Members**

Our shareholders are entitled to inspect all parts of the register of members and make photocopies upon payment of a reasonable cost according to the Articles of Association of the Bank.

**(r) Quorum for Meetings and Separate Class Meetings**

The Bank shall calculate the number of shares with voting rights represented by the shareholders who are going to attend the shareholders' general meeting based upon the written reply received 20 days prior to the shareholders' general meeting. Where the number of voting rights shares held by shareholders who are going to attend the meeting reaches half of the total of shares with voting rights of the Bank, then the meeting can be held. Otherwise, the Bank shall inform the shareholders again, in the form of an announcement about the matters to be discussed in the meeting, with the location, date and duration of the meeting to be held within five days. The Bank may convene such shareholders' general meeting after such announcement has been made.

When the voting shares represented by the shareholders to be present in the meeting reach half or more of the total voting shares of that class in the meeting, the Bank can convene class shareholders' general meeting; otherwise, the Bank shall, within five days, inform the shareholders again of the matters to be reviewed in the meeting, the meeting date and place through public announcement, after which it can convene class shareholders' general meeting.

**(s) Rights of Minorities in Relation to Fraud or Oppression**

The controlling shareholders of the Bank have a fiduciary duty to the Bank and other shareholders. The controlling shareholders shall strictly comply with laws, regulations, rules and statutory documents and the Articles of Association when exercising their rights as investors, and shall not abuse their position to gain improper benefits, or cause detriment to the legitimate rights and interests of the Bank or other shareholders.

Except for the obligations as required by laws, regulations, rules and statutory documents or relevant regulations of securities regulatory authorities in the place where the shares of the Bank are listed, the controlling shareholders shall not make any decisions that impair the interests of all or part of the shareholders concerning the following aspects when they exercise their rights as shareholders and exercise their voting rights:

- exempting the responsibility of the directors and the supervisors to act in good faith for the maximum benefit of the Bank;
- approving the directors and the supervisors to deprive the property of the Bank (including but not limited to the opportunities that are favorable to the Bank) in any form for their own benefit or for the benefit of others; and



- approving the directors and the supervisors to deprive the individual rights and interests of other shareholders (including but not limited to any distribution rights, voting rights, but excluding the reorganization of the Bank which is submitted to the shareholders' general meeting for approval in accordance with the Articles of Association) for their own benefit or for the benefit of others.

The controlling shareholders of the Bank shall not directly or indirectly interfere with the decision-making of the Bank as well as the management and operation activities conducted in accordance with laws and shall not impair the rights and interests of the Bank and other shareholders.

The term "controlling shareholder(s)" herein shall refer to the person(s) satisfying any of the following conditions:

- acting alone or in concert with others, has the right to elect half or more of the directors;
- acting alone or in concert with others, has the right to exercise or control the exercise of 30% or more of the voting rights of the Bank;
- acting alone or in concert with others, holds 30% or more of the issued shares of the Bank; and
- acting alone or in concert with others, can de facto control the Bank in any other manners.

**(t) Procedure on liquidation**

The Bank shall be dissolved according to laws, if:

- its shareholders meeting has resolved to do so;
- it is required as a result of the merger or division of the Bank;
- the Bank is declared bankrupt according to law due to its failure to discharge its debts due;
- the Bank's business license is suspended, or it is ordered to be terminated or revoked due to its violation of any law or regulation; or
- in case the Bank encounters significant difficulties in its operation and management, under the circumstance of which continuing existence will cause material harm to shareholders' interests, and the problems could not be solved by other means, the shareholders holding 10% or more of all the voting shares may request the People's Court to dissolve the Bank.

If the Board of Directors decides the Bank shall carry out liquidation (except for liquidation resulting from the Bank's declaration of bankruptcy), it shall state in the notice of the shareholders' general meeting convened for this purpose that the Board of Directors has conducted comprehensive investigation of the Bank's condition and believes that the Bank is able to pay off all its debts within 12 months after starting the liquidation.

The powers and functions of the Board of Directors shall terminate immediately upon the resolution on liquidation by shareholders' general meeting.

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

The liquidation committee shall give notice of its establishment to the creditors within 10 days of its establishment and publish an announcement of the establishment in a newspaper at least three times within 60 days from its establishment.

The creditors shall declare their claims to the liquidation committee within 30 days of the date of receiving the notice or within 45 days of the date of the announcement in the case of not receiving the notice.

The creditors shall explain the matters related to their claims and provide supporting materials when declaring their claims. The liquidation committee shall register the claims.

The liquidation committee shall not settle any debt with the creditors during the period of claim declaration.

**(u) Other Provisions Material to Our Shareholders**

***Functions and Authority of the Shareholders' Meeting***

The shareholders' meeting is the authorized entity to exercise the functions and authorities as follows:

- decision on business policies and investment plans;
- election and replacement of directors who are not employee representatives and decision on the remuneration of directors;
- election and replacement of supervisors who are not employee representatives and decision on remuneration of supervisors;
- review and approval of reports of the Board of Directors;
- review and approval of reports of the Board of Supervisors;
- review and approval of proposed annual financial budgets and final accounts;
- review and approval of profit distribution and loss appropriation plan;
- resolutions on increase or reduction of registered capital;
- resolutions on merger, division, dissolution, liquidation or change of the legal form of our Bank;
- resolutions on issuance and listing of corporate bonds and other forms of securities;
- decision on engagement, dismissal or discontinuance of engagement of accounting firm;
- amendment to the Articles of Association;
- review and approval of proposals by shareholders independently or collectively representing more than 3% of voting rights;
- review and approval of establishment of material legal person entity, merger and acquisition, significant investment, disposal of material assets and significant provision of guarantees;
- review and approval of the change of use of proceeds;
- review and approval of stock incentive plan;
- resolution on repurchase of the shares of the Bank;
- review and approval of related party transactions which shall be reviewed and approved by the shareholders' meeting in accordance with laws, regulations, rules, statutory documents and requirements by relevant securities regulatory authorities; and
- review and approval of other matters which shall be reviewed and approved by the shareholders' meeting in accordance with laws, regulations, rules, statutory documents and requirements by relevant securities regulatory authorities and the Articles of Association.

***Loans to Shareholders***

The conditions of loans that the Bank offers to the shareholders shall not be more favorable than those that the Bank offers to other borrowers of the same type of loan.

The balance of loans granted to one shareholder of the Bank shall not exceed 10% of the net capital of the Bank.

Shareholders who hold more than 3% of the voting shares of the Bank and owe overdue loans to the Bank shall be disqualified from exercising voting rights during the overdue period and the shares held by them shall not be included in the total voting shares of the shareholders present at the shareholders' general meeting. The Bank shall have the right to withhold the dividends of such shareholders as repayment of their overdue loans. Any assets to be distributed to such shareholders in the Bank's liquidation process shall also be used in priority for repayment of their outstanding loans to the Bank.

***Directors' Qualification Shares***

A director is a natural person, who does not necessarily hold the shares of the Bank.

***Committees of the Board of Directors***

The Board of Directors shall have a strategy committee, risk management committee, audit committee, nomination committee, remuneration committee and related party transactions control committee. The Bank may establish other committees according to demands. The committees under the Board of Directors shall be responsible to the Boards of Directors and the proposals of the committees shall be subject to the review and decision by the Board of Directors.

Each committee shall be composed of no less than three Directors.

***Strategy Committee***

The strategy committee shall perform the following duties:

- studying and advising on the business objectives and long and medium term development strategy regularly, and ensuring that the development strategy of the Bank is consistent with the changes of the operation situation and the market environment;
- reviewing the capital adequacy ratio management objective and capital replenishment plan and advising on the information disclosure in respect of capital adequacy ratio;
- reviewing annual business plans and annual financial budgets and any material change or adjustment in the implementation process and making proposals to the Board of Directors;
- reviewing and advising on the material investment plans and material capital operation plans that are subject to approval by the Board of Directors;
- carrying out regular assessment and inspection of the implementation of items described above that have been approved by the Board of Directors, and reporting to the Board of Directors; and
- functions required by law, regulations, rules, statutory documents and our Articles of Association as well as those authorized by the Board of Directors.

*Risk Management Committee*

The risk management committee shall perform the following duties:

- proposing the risk management strategies and the overall acceptable risk level of the Bank, and implementing the same upon approval by the Board of Directors;
- supervising the risk control conducted by the senior management in respect of credit, market and operational risks;
- assessing the basic risk management rules and risk management systems, and advising on the improvement of the risk management of the Bank to the Board of Directors;
- submitting risk management reports to the Board of Directors regularly;
- proposing the capital adequacy ratio management objectives of the Bank, and reviewing the capital plans and supervising the implementation of such plans;
- advising on the information disclosure in respect of capital adequacy ratio; and
- functions required by law, regulations, rules, statutory documents and our Articles of Association as well as those as authorized by the Board of Directors.

*Audit Committee*

The audit committee shall perform the following duties:

- reviewing our accounting policy, financial operation and financial reporting procedures, and reviewing our internal control system and supervising its implementation;
- reviewing reports from our internal audit department and supervising our internal audit work, internal audit system and its implementation, directing the work of the internal audit department and examining and supervising the work of the internal audit department;
- advising on the appointment of external auditors, and guide and supervise the work of external auditors;
- being responsible for our annual audit work, reporting on the truthfulness, completeness and accuracy of the financial information and submitting the annual accounts to the Board of Directors for approval;
- appointing independent counsel or lawyers if the committee deems necessary; and
- other matters required by law, regulations, rules and statutory documents, our Articles of Association as well as those authorized by the Board of Directors.

*Nomination Committee*

The nomination committee shall perform the following duties:

- setting up the human resource database of qualified candidates for directors and senior management;
- formulating standards and procedures for the election of Directors and senior management members, carrying out preliminary review of the qualifications of the candidates and making suggestions to the Board of Directors;
- making suggestions on the composition of other committees under the Board of Directors based on the nomination by the chairman and taking into account the specialties and intentions of the directors and the need of the Board of Directors; and
- other matters required by law, regulations, rules and statutory documents, the Articles of Association of the Bank as well as those authorized by the Board of Directors.

*Remuneration Committee*

The remuneration committee shall perform the following duties:

- proposing plans on the remuneration of the Directors, Supervisors and senior management, making suggestions to the Board of Directors and supervising implementation of the remuneration plans according to the relevant provisions of the competent state authorities;
- reviewing the performance of the Directors and senior management and making suggestions to the Board of Directors on evaluation and assessment;
- reviewing the basic rules on salaries and benefits of the employees of the Bank, making suggestions to the Board of Directors and supervising implementation of such rules; and
- other matters required by laws, regulations, rules, statutory documents and the Articles of Association of the Bank and those as authorized by the Board of Directors.

*Related Party Transactions Control Committee*

The related party transactions control committee shall perform the following duties:

- keeping records of the ordinary related party transactions approved by the Credit Approval Committee of our Head Office or other competent department authorized by the President of the Bank;
- reviewing material related party transactions and submitting such transactions to the Board of Directors for approval;
- submitting a detailed report on related party transactions to the Board of Directors after each operating year, including the overall situation, risk level and composition and distribution of the related party transactions occurred;
- formulating related party transactions management rules of the Bank and implementing the same upon approval by the Board of Directors;
- identifying our related parties, reporting to the Board of Directors and Board of Supervisors and informing other relevant staff promptly regarding identified related parties; and
- other matters required by laws, regulations, rules, statutory documents and the Articles of Association of the Bank and those as authorized by the Board of Directors.

*The Board of Supervisors*

We established the Board of Supervisors and the Board of Supervisors has the following functions and authorities:

- reviewing and making comments in writing on the report prepared by the Board of Directors at regular intervals;
- supervising the Directors and senior management in their performance of duties and proposing the removal of directors and senior management who have contravened any law, administrative regulation, our Articles of Association or resolutions at the shareholders' general meeting;
- requesting rectification from the directors and senior management when the acts of such persons are harmful to the Bank's interest;
- reviewing financial reports, operation reports and profit distribution plan which is submitted by the Board of Directors to the shareholders' meeting; engaging accountants and auditors on behalf of the Bank to review such reports if any problems are identified;
- examining the Bank's financials;
- inspecting and supervising the operation decision, risk management and internal control of the Bank;

- enquiring with the Directors, the chairman, the President or senior management;
- proposing interim shareholders' meeting and convening and presiding the shareholder's meeting in the event that the Board of Directors fails to perform the duties of convening and presiding the shareholder's meeting as provided in the Articles of Association;
- attending the meeting of the Board of Directors;
- submitting proposal to the shareholders' meeting;
- negotiating with the Directors and senior management or caring out litigation on the Directors and senior management on behalf of the Bank according to the laws and the Articles of Association;
- carrying out investigation where any unusual situations in the process of operation of the Bank was discovered and, if necessary, engaging accounting firms, law firms and other professional institutions to help to carry out such investigations; and
- other functions as required by laws, regulations, rules, statutory documents and the Articles of Association or those as authorized by the shareholders' meeting.