

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 conditionally on April 21, 2010 and approved by the CBRC on April 26, 2010, and will come into effect upon our listing.

Our Articles of Association are available for inspection at the address specified in Appendix X in “Documents 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.

**(b) Directors**

***The Board of Directors***

We established the Board of Directors which is composed of seven to 17 members including executive directors, non-executive directors and independent directors in accordance with the Articles of Association. The exact number of members of the Board of Directors is to be determined by the shareholders’ meeting. In accordance with the Articles of Association, independent directors shall number no less than three and their qualification should be in line with relevant requirements of supervising authorities. The number of the executive directors shall be no more than one-third of the total members of the Board of Directors. The chairman and the deputy chairman of the Board of Directors shall be appointed by directors and elected by more than half of the members of the Board of Directors.

The Board of Directors is the entity responsible to the shareholders’ meeting, exercising 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 development strategy (including development strategy of Sannong);
- decision on business plan and investment plan;
- decision on plan of risk-based capital allocation;
- formulation of proposal of annual financial budgets and final accounts;
- formulation of profit distribution and loss appropriation plan;
- formulation of plan of increase or reduction of registered capital;
- formulation of plan of issuance of corporate bonds and other securities and listing plan;

- formulation of plan of merger, division, dissolution or change of the legal form of our Bank;
- formulation of plan of share repurchase plan;
- formulation of general internal management policies, risk management and internal control policies, and supervision of the implementation of these rules and policies;
- review and approval of general risk management report of senior management and evaluation of effectiveness of risk management and improvement thereof;
- formulation of amendments to the Articles of Association, by-laws of the shareholders' meeting and the Board of Directors as well as corporate governance rules;
- review and approval of the president's operating guideline which is proposed by the president;
- decision on establishment of material legal person entities, merger and acquisition, significant investment, significant assets purchase, significant assets disposal, significant assets write-off and significant provision of guarantees under the authorization of the shareholders' meeting;
- appointment and dismissal of the president and the secretary to the Board of the Directors;
- appointment and dismissal of the deputy president and other senior management upon the nomination by the president (excluding secretary to the Board of Directors);
- election of chairman and members of the nomination and remuneration committee upon the proposal by the shareholders individually or aggregately holding the shares representing at least 10% of the voting rights of the Company, the chairman of the Board of Directors, one-third or more of directors or one-half or more (at least two) of independent directors; election of chairman and members of other committees (excluding the chairman of the strategic planning committee) upon nomination by the nomination and remuneration committee;
- formulation of performance measurement for directors and compensation systems for directors and supervisors (according to the assessment of the Board of Supervisors), and proposing to the shareholders' meeting for approval;
- decision on remuneration, performance review and incentives measurement for senior management;
- decision or authorizing the president to make decision on structures of internal operational divisions, tier-1 domestic and overseas branches, directly-managed branches and other directly-managed or oversea entities;
- regular evaluation and improvement of corporate governance;
- formulation of stock incentive schemes;
- managing information disclosure;
- proposal to the shareholders' meeting for engagement, dismissal and discontinuance of engagement of the accounting firm;
- review and approval of or authorizing the related party transactions management committee to approve related party transactions, and reporting to the shareholders' meeting concerning related party transactions and related party transaction management rules implementation;

- review and approval of proposals by committees;
- debriefing the reports of the president, to ensure that all directors are informed of sufficient information for performance of their duties, in accordance with relevant supervision requirements; and reviewing performance of the senior management to ensure effective performance of their duties; and
- functions as required by laws, administrative regulations, rules 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 reporting to the shareholders' general meeting on behalf of the Board of Directors;
- convening and presiding over the Board of Directors' meeting;
- supervising and inspecting the implementation of resolutions of the Board of Directors;
- signing certificates of shares, bonds and others securities of the Bank;
- signing other documents that shall be signed by the legal representative of the Bank; and
- exercising other duties and powers vested by relevant laws and administrative regulations, rules and the Articles of Association as well as authorized by the Board of Directors.

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 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 approve 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 rights and 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 the aforesaid item.

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

With the prior approval of a shareholders' general meeting, the Bank shall sign written contracts with its directors and supervisors in the matter of remuneration. The matter of remuneration 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 contracts, 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, and senior management members, nor shall it provide the same to their related persons.

The following situations are not subject to the above prohibition:

- the Bank provides loans or loan guarantee for its bank subsidiaries (subsidiary companies);
- pursuant to the employment contracts approved by shareholders' general meeting, the Bank provides loans, loan guarantees or other funds for its directors, supervisors, and senior management members, to enable them to make payments for the Bank or for the expenses arising from the performance of their responsibilities; and
- the Bank may provide loans or loan guarantees for its directors, supervisors, and 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 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.

The acts listed below are not prohibited:

- where the Bank provides the 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;
- 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).

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

- donation;
- guarantee (including the guarantor bearing responsibility or offering property in order to guarantee the obligator's performance of obligations), compensation (but excluding the compensation arising out of the Bank's fault), relief or waiver of rights;
- providing loans or entering into a contract in which the Bank performs its obligations prior to other parties; change of the parties to such loans and contracts as well as transfer of rights in such loans and contracts;
- financial assistance provided by the Bank in any other form when the Bank is insolvent or has no net assets or such financial aid will lead to a substantial reduction of net assets.

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 contract or arrangement is enforceable, or whether or not such obligations are assumed by the obligator individually or jointly with any other person.

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

Where the Bank's directors, supervisors, and senior management members are directly or indirectly relevant to the contracts, transactions or arrangements (except employment contracts between the Bank and its directors, supervisors, and senior management members) signed or planned by the Bank, they shall notify the Board of Directors of 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, and senior management members have informed the Board of Directors of the matter, 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 contracts, transactions or arrangements, except where the counterparty is an innocent party who is not aware of the relevant directors, supervisors, and senior management members' violation of their obligations.

The Bank's directors, supervisors, and 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 prior approval of a shareholder's general meeting.

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

*Nomination and Election of Directors*

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

Candidates for directors of the board shall be nominated by the Board of Directors or the shareholders who individually or in aggregate hold 5% or more of total voting shares of the Bank, and shall be elected by the general meeting of shareholders.

The Board of Directors, Board of Supervisors and shareholders who individually or in aggregate hold 1% or more of total voting 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. The qualification of holding a position as independent director shall be submitted to and reviewed by the banking supervisory authorities of the State Council.

*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 5% or more of the voting shares of the Bank, and elected by the general meeting of shareholders of the Bank.

Supervisors representing employees shall be elected and removed by employees.

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*

The shareholders' general meeting shall not dismiss any director without justified reasons prior to the expiry of service term. However, under the premise of observance of relevant laws and

administrative regulations, the shareholders' general meeting may dismiss any director during his/her service term through a general resolution (however, the director's claim that can be proposed in accordance with any contract will not be affected).

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 law, such director shall continue to perform his/her duties in accordance with laws, administrative regulations 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 received by 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*

No supervisor may be removed before the expiry of his/her term of office without justified reasons.

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. The provisions concerning the resignation of directors shall apply to 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:

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

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

Resolutions of board meetings shall be approved and adopted by more than half of the votes cast by all directors, however for the following matters, the resolution shall be adopted by a two-thirds majority of all directors and the meeting shall not be held in the manner of written resolution:

- plans for annual fiscal budget and final accounts;
- plans for deployment of high risk capital, profit distribution and recovery of losses;



- plans for the increase or decrease of registered capital;
- plans for issuance of corporate bonds or other securities and public listing;
- plans for merger, division, dissolution, liquidation and change of corporate form;
- plans for repurchase of the shares of the Bank;
- amendments to the Articles of Association; and
- the establishment of material legal persons, material acquisition and merger, material investments, material purchase of assets, material disposal of assets, material write-off of assets, and material guarantee matters within the authorization of the shareholders' meeting.

**(c) Alteration to Constitutional Documents**

Our Bank may amend the Articles of Association in accordance with laws, administrative regulations and provisions of the Articles of Association. Our Bank shall amend the Articles of Association if any of the following circumstances occurs:

- any terms contained in the Articles of Association becoming inconsistent with the provisions of the amended PRC Company Law and other relevant laws and administrative regulations from time to time;
- certain changes of our Bank resulting in the non-compliance with certain terms specified in the Articles of Association; or
- a resolution being passed by the shareholders' meeting to amend the Articles of Association.

Any amendments to the Articles of Association which are subject to approval by relevant banking authorities shall be filed to relevant banking authorities for approval. 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 meaning:

- 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 "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' general meeting shall be passed only after it is adopted by two-thirds or more of voting shares present at a class shareholders' general 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;

- shares of the Bank held by its promoters, after approval from the securities regulatory authorities of the State Council or the authorized securities approval authorities of the State Council can be converted to overseas listed shares.

**(e) Alteration of Capital**

***Increase of Registered Capital***

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

- offering new shares to non-specific investors;
- offering new shares to specific investors;
- allotting new shares to existing shareholders;
- transferring capital reserve funds; and
- other methods permitted by relevant competent authorities or by laws and administrative regulations.

The Bank's increase of its capital by issuing new shares shall be conducted in accordance with the procedures provided in relevant laws and administrative regulations 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 an inventory of assets 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 in full 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 special resolution:

- increase or reduction of the Bank's registered capital;
- plans for issuance of corporate bonds or other securities and public listing;
- such matters as merger, division, dissolution, liquidation, change of corporate form of the Bank;
- repurchase of the Bank's shares;
- revision of the Articles of Association;
- approving shareholding incentive scheme;
- examining and approving or authorizing the Board of Directors to approve proposals on the establishment of material legal persons, material acquisition and merger, material investments, material disposal of assets, material set off of assets, and material guarantee matters and so on;
- any ordinary resolution by the shareholders' general meeting in which it is determined that any resolution is significant to the Bank which needs to be approved through a special resolution; and
- other matters stipulated by laws, administrative regulations, rules, or the Articles of Association, which require the adoption through a special resolution.

Any resolution not approved by special resolution will be approved through ordinary 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:

- presider 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% (including 10%) of the voting shares in the meeting, whether individually or in aggregate.

Unless someone proposes ballot voting, the presider 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 presider of the meeting or termination of the meeting shall be conducted immediately; for other matters, the presider of the meeting shall decide when to conduct ballot voting. The meeting can continue to discuss other matters, and the voting result therefrom 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.

**(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 banking regulatory authorities of the State Council 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 statutory required, the minimum number as stipulated by the Articles of Association or two-thirds of the number of the Board of Directors as determined by the shareholders' general meeting;
- 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, administrative regulations, rules 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 competent financial department of the State Council.

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, administrative regulations and rules.

The Bank shall prepare its financial statement not only according to the Chinese accounting standards and regulations but also 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 duration of the meeting;
- describing the matters to be considered 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;
- 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 contracts (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 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 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;
- setting the deadline and place for the delivery of the proxy letter of the meeting;

- setting the registration date for shareholders who are eligible for attending the shareholders general meeting;
- providing the major contact person's name and telephone number in the meeting; and
- where the shareholders' general meeting is convened through the internet or by other means, to provide a clear description on the time and procedure of the voting process through internet or by other means.

**(k) Transfer of Shares**

Unless otherwise specified by laws, administrative regulations, rules and regulations of the securities regulatory authorities in the locality where the shares of the Bank are listed, the shares of the Bank may be transferred in accordance with laws 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 in 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 objectives.

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

The Bank may repurchase its shares in the following circumstances in accordance with the laws, administrative regulations and rules, and provisions of the Article of Associations:

- canceling the shares for the purpose of reducing the registered 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 consolidation and division of the Bank; and
- other circumstances permitted by laws and administrative regulations and rules as well as the securities regulatory authorities for the place of listing of our shares.

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:

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

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

There are no provisions 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 year-end after-tax 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 reserve fund is required when the cumulative amount reaches or exceeds 50% of the Bank's registered capital. The shareholders' general meeting shall decide whether or not to contribute to the discretionary reserve fund after contributing to the statutory reserve fund and making general reserve. The Bank shall not distribute any of its profits to any of its shareholders before offsetting its losses, contributing to its statutory reserve fund and making general reserve.

The Bank may distribute dividends in the form of cash or shares.

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, 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 issued by a shareholder to entrust proxy to attend shareholders' meeting shall contain the following contents:

- name of the proxy;
- proxy's voting right and voting shares;
- instructions on each item to be discussed on the agenda of shareholders' meeting, stating whether the shareholder agrees to, object to or abstain from voting the resolution respectively;
- issuing date of proxy letter and its effective period; and
- signature or seal of the shareholder or the proxy with written authorization.

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, administrative regulations and rules 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 free of charge and make photocopies at reasonable cost.

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

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.

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, administrative regulations, rules 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, administrative regulations 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 and liquidated 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’s business license is suspended, or it is ordered to be terminated or revoked due to its violation of any law or regulation; or
- 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.

Dissolution of the Bank shall be reported to the banking regulatory authorities of the State Council for approval.

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 first 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, replacement and dismissal of directors and decision on the remuneration of directors;
- election, replacement and dismissal of external supervisors and supervisors representing shareholders 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 issuance of corporate bonds and other forms of securities and listing plans;
- resolutions on merger, divestment, dissolution, liquidation or change of the legal form of our Bank;
- review and approval of share repurchase plan;
- approval of amendment to the Articles of Association, by-laws of the shareholders meeting, the Board of Directors and the Board of Supervisors;
- decision on engagement, dismissal or discontinuance of engagement of accounting firm;
- review and approval or authorization to the Board of Directors of establishment of material legal person entity, merger and acquisition, significant investment, significant assets purchase, significant assets disposal, significant assets write-off and significant provision of guarantees;
- review and approval of the change of use of proceeds;
- review and approval of stock incentive plan;
- review and approval of proposals by shareholders independently or collectively representing more than 3% of voting rights;

- review and approval of related party transactions which shall be reviewed and approved by the shareholders' meeting in accordance with laws, regulations, rules, requirements by relevant securities regulatory authorities and the Articles of Association; and
- review and approval of other matters which shall be reviewed and approved by the shareholders' meeting in accordance with laws, regulations, rules, 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 5% of the 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 strategic planning committee, County Area Banking Business development committee, audit committee, nomination and remuneration committee, and risk management committee (under which there shall be related party transactions management committee). The Board of Directors may set up other committees and adjust the existing committees whenever necessary. Each committee of the Board of Directors shall be accountable to the Board of Directors and, according to the authorization by the Board of Directors, provide expert opinion to the Board of Directors and make decisions on matters requiring expert opinion.

Each committee shall work out its annual work plans and meet regularly. Each committee shall be composed of no less than three directors. Non-executive independent directors shall comprise the majority of the audit committee, the nomination and remuneration committee and the related party transactions management committee and act as the chairman in such committees.

#### ***Strategic Planning Committee***

The strategic planning committee shall perform the following duties:

- considering overall and specific plans for strategic development and making suggestions in that respect to the Board of Directors;
- evaluating factors having an impact on development and implementation of our strategic development plan in light of domestic and international financial conditions and market

changes, and making suggestions for strategies development plan to the Board of Directors;

- evaluating the overall development of various financial businesses and making suggestions for adjustment to strategic development plan to the Board of Directors;
- reviewing the operation, investment and financing plans submitted by the senior management and making suggestions in that respect to the Board of Directors;
- reviewing annual financial budgets and final accounts and making suggestions in that respect to the Board of Directors;
- reviewing plans for establishment of legal persons and merger and acquisition and making suggestions in that respect to the Board of Directors;
- reviewing matters regarding investment, acquisitions and disposal of assets, assets write-off and guarantee and making suggestions in that respect to the Board of Directors;
- reviewing strategic capital deployment and targets for assets and liabilities management and making suggestions in that respect to the Board of Directors;
- reviewing establishment and adjustment to head office departments, domestic and overseas tier-1 branches, branches and other entities directly managed by the head office and overseas entities and making suggestions in that respect to the Board of Directors;
- supervising and inspecting the implementation of our operation and investment plans;
- evaluating our corporate governance and making suggestions in that respect to the Board of Directors; and
- functions required by law, administrative regulations, rules as well as those authorized by the Board of Directors.

*County Area Banking Business Development Committee*

The County Area Banking Business development committee shall perform the following duties:

- in accordance with our overall strategic development plan, reviewing strategic development plan of County Area Banking Business and making suggestions in that respect to the Board of Directors;
- in accordance with the State Sannong policy and Sannong economic and financial market trend, evaluating material factors having an impact on our development of County Area Banking Business, and making suggestions for adjustment to strategic development plan of County Area Banking Business to the Board of Directors;
- reviewing our policy and basic systems of County Area Banking Business and making suggestions in that respect to the Board of Directors;
- in accordance with our risk management strategic plan, reviewing our County Area Banking Business risk strategic plan, evaluating risk management and internal controls in relation to County Area Banking Business, and making suggestions in that respect to the Board of Directors;
- monitoring the implementation of our County Area Banking Business strategic plan, policy and basic systems, evaluating the effect of service for Sannong, and making suggestions in that respect to the Board of Directors;

- in accordance with our operation plan, reviewing County Area Banking Business plan, and making suggestions in that respect to the Board of Directors; and
- reviewing matters in relation to County Area Banking Business or as authorized by the Board of Directors.

#### *Audit Committee*

The audit committee shall perform the following duties:

- supervising our internal controls, and reviewing and evaluating our core business activities and significant operations and their compliance;
- reviewing our significant financial policies and their implementation, and supervising our financial operations;
- examining our internal audit rules, medium-long term plan and annual plan for internal audit, supervising implementation of our internal audit policies, rules and plans, and making suggestions in that respect to the Board of Directors;
- reviewing plans for deployment of our internal audit system, and making suggestions in that respect to the Board of Directors;
- reviewing, or as authorized by the Board of Directors, examining annual budget for internal audit department to ensure independence of internal audit;
- supervising and evaluating performance of internal audit department;
- proposing the appointment or dismissal of accounting firm, and supervising their performance to ensure accounting firm' independence;
- reviewing annual audit plan, scope and important audit rules made by accounting firm;
- reviewing our annual audit report, specific opinions, audited annual financial and accounting reports, other financial and accounting reports and financial information made by accounting firm; and reporting on the truth, completeness and accuracy thereof and proposing to the Board of Directors for approval;
- facilitating communications between our internal audit departments and accounting firm; and
- functions required by law, administrative regulations, rules as well as those authorized by the Board of Directors.

#### *Nomination and Remuneration Committee*

The nomination and remuneration committee shall perform the following duties:

- formulating standards and procedures for the election of directors, chairman and members of committees and senior management members and submitting the proposed procedures and standards to the Board of Directors for approval;
- examining and proposing to the Board of Directors the candidates for directors, the president, the secretary to the Board of Directors, vice president and other senior management nominated by the president;



- nominating the candidates for chairman and members of other committees (other than the chairman of the strategic planning committee);
- formulating development plans for senior management members and key talents;
- formulating assessment measures of directors and senior management, and compensation plans for directors, supervisors and senior management (the compensation plans of supervisors need to be referred to the Board of Supervisors), and submitting them to the Board of Directors for approval;
- organizing assessment of performance of directors, advising and proposing to the Board of Directors compensation of directors for approval;
- advising and proposing to the Board of Directors compensation of supervisors for approval according to the assessment of supervisors conducted by the Board of Supervisors;
- organizing assessment of performance of senior management members and proposing to the Board of Directors compensation of senior management members for approval;
- reviewing human resources and compensation policies and basic systems submitted by the senior management and proposing to the Board of Directors for approval as well as monitoring implementation thereof; and
- functions required by law, administrative regulations, rules as well as those authorized by the Board of Directors.

#### *Risk Management Committee*

The risk management committee shall perform the following duties:

- examining our risk management strategies and policies and internal control policies and basic systems according to our overall strategy and making suggestions to the Board of Directors;
- supervising and assessing the implementation of our risk management strategies and policies and internal controls policies and basic systems and making suggestions to the Board of Directors;
- reviewing plans for deployment of risk capital and proposing to the Board of Directors for approval;
- supervising and assessing the risk control by the senior management in respect of credit, market and operation; conducting regular assessments of our risk management and internal controls and making suggestions to the Board of Directors;
- reviewing overall risk management reports submitted by the senior management and making suggestions to the Board of Directors;
- assessing establishment, working procedures and effects of risk management and internal controls departments; and
- functions required by law, administrative regulations, rules as well as those as authorized by the Board of Directors.

*Related Party Transactions Management Committee*

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

- managing related party transactions, reviewing basic rules for related party transactions and its implementation and proposing to the Board of Directors;
- identifying our related party, reporting to the Board of Directors and the Board of Supervisors, and informing relevant staff;
- identifying our related party transactions, reviewing related party transactions subject to approvals by the Board of Directors or general meeting and proposing to the Board of Directors or general meeting via the Board of Directors for approval;
- under authorization by the Board of Directors, approving matters in relation to related party transactions, maintaining filing of related party transactions, and reporting to the Board of Directors regularly;
- reviewing material related party transaction information which is required to be disclosed; and
- functions required by law, administrative regulations, rules or those as authorized by the Board of Directors.

*The Board of Supervisors*

We established the Board of Supervisors which is the supervisory entity and responsible to the shareholders' meeting. The Board of Supervisors has the following functions and authorities:

- supervision of performance of the Board of Directors and senior management, supervision and questioning of due diligence of directors and senior management, and urging directors and senior management to correct their acts which impair the benefits of the Bank;
- proposal of dismissing or initiating litigation against the directors and senior management who breach laws, administrative regulations and rules and the Articles of Association or the resolution of the shareholders' meeting;
- carrying out departure audit of directors and senior management as necessary;
- supervision of financial activities, business decision, risk management and internal control, and advice to internal auditing work;
- reviewing financial and accounting reports, operation reports and profit distribution plan which is submitted by the Board of Directors to the shareholders' meeting; engaging external accountants and auditors to review such reports if any problems are identified;
- supervision of the implementation of development strategic plan, policies and general management system of County Area Banking Business;
- submission of proposal to the shareholders' meeting;
- nomination of supervisor representing shareholders, external supervisor and independent supervisor;
- formulation of amendment to by-laws of the Board of Supervisors; and
- other functions as required by laws, administrative regulation, rules and the Articles of Association or those as authorized by the shareholders' meeting.