

# CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.\*

*(A joint stock limited company incorporated in the People's Republic of China)*

## Rules of Procedures for the Board of Directors

Considered and approved at the 2023 annual general meeting of the Company  
on 28 June 2024



**国银金租**  
CHINA DEVELOPMENT BANK LEASING

\* *China Development Bank Financial Leasing Co., Ltd. is (a) not an authorized institution within the meaning of the Banking Ordinance; (b) not authorized to carry on banking business/deposit-taking business in Hong Kong; and (c) not subject to the supervision of the Hong Kong Monetary Authority.*

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## **Chapter I General Provisions**

**Article 1** In order to ensure that the board of directors (the “Board”) of China Development Bank Financial Leasing Co., Ltd. (the “Company”) exercises its powers and functions independently, regularly and effectively in accordance with the law, ensure the efficient and regular operation and scientific decision-making of the Board, and improve the Company’s governance structure, these Rules have been formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), Securities Law of the People’s Republic of China, Law of the People’s Republic of China on Regulation of and Supervision over the Banking Industry, Administrative Measures on Financial Leasing Companies, Implementation Measures for Administrative Licensing Matters of Non-banking Financial Institutions, Corporate Governance Standards for Banking and Insurance Institutions, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and relevant requirements of other laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed, Articles of Association of China Development Bank Financial Leasing Co., Ltd. (the “Articles of Association”), with reference to Guidelines for the Articles of Association of the Listed Companies and in the light of the actual situation of the Company.

**Article 2** The Company shall have the Board. Meetings of the Board are the main form of the discussion of the Board. Attending the meetings of the Board as required is a primary way for directors to perform their duties.

## **Chapter II Composition and Powers of the Board**

### **Section I Composition of the Board**

**Article 3** The Board shall consist of nine directors, including one chairman, one vice chairman and three independent directors. External directors (including independent directors and other directors who are not employees of the Company) shall constitute a majority of the Board. The Board may establish employee directors who are employee representatives.

The President, Vice President and other senior management may concurrently serve as directors, provided that the total number of directors who concurrently serve as the President, Vice President and other senior management and the total number of directors who are served by employee representatives shall not exceed half of the total directors of the Company.

Before taking office, the qualifications of directors shall be approved by the banking regulatory authorities.

**Article 4** Non-employee directors shall be elected at the shareholders’ general meeting and employee directors shall be elected or removed democratically by the staff of the Company through the staff representative meeting, general staff meeting or otherwise. The term of office of a director is three years and is eligible for re-election upon expiry of his/her term of office. The term of office of any re-elected non-employee directors shall commence from the date of election at the shareholders’ general meeting. The term of office of any person who fills the casual vacancy on, or as an addition to the Board shall expire at the end of the term of the current session of the Board.

**Article 5** The shareholders' general meeting may remove any non-independent directors, other than employee directors, whose terms of office have not yet expired by way of an ordinary resolution subject to the provisions of relevant laws and administrative regulations, and independent directors whose terms of office have not yet expired by way of a special resolution (provided that claims which may be made by the removed director pursuant to any contract shall not be affected thereby).

Directors shall attend in person no less than two-thirds of the on-site meetings of the Board every year. Where a director fails to attend meetings of the Board and has not appointed a representative to attend the meetings on his/her behalf for two consecutive times, he/she shall be deemed as incapable to perform his/her duty. The Board shall propose at the shareholders' general meeting to remove the director.

**Article 6** A director may resign before expiration of his/her term. The resigning director shall submit a resignation report in writing to the Board.

In case that the number of directors falls below the quorum required by the Company Law or two-thirds of the number specified in the Articles of Association as a result of resignation of directors, the leaving director shall, prior to a new director taking his/her office, continue to perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules and the Articles of Association. The directors of the Company who are dealing with major risks shall not resign without the approval by the regulatory authorities.

Except as specified in the preceding paragraph of this Article, the director's resignation shall be effective from the day when the written resignation report is served to the Board.

When a director is removed by the shareholders' general meeting, dies, or an independent director loses his/her independence and resigns, or there are other circumstances where he/she cannot perform the duties of a director, resulting in the number of board members being lower than the quorum required by the Company Law or the quorum required for the Board to vote, the powers of the Board shall be exercised by the shareholders' general meeting until the number of board members meets the requirements.

**Article 7** A director shall complete all of the handover procedures with the Board when a director's resignation takes effect or his/her term of service expires.

**Article 8** The chairman and the vice chairman of the Board shall be elected and dismissed by the majority of all the Directors. Their tenure of office is of three years, which is renewable upon expiry and eligible for re-election.

**Article 9** The chairman of the Board shall exercise the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the Board;
- (2) to urge and check on the implementation of resolutions passed by the Board at directors' meetings and to be briefed on relevant reports;
- (3) to urge and organize to formulate the rules for the operation of the Board and to coordinate the operation of the Board;
- (4) to sign the securities certificates issued by the Company;
- (5) to sign the significant documents of the Board;
- (6) to sign the significant documents with legal effectiveness on behalf of the Company;
- (7) where there is emergency of force majeure such as serious natural disasters, to exercise the special right of disposal of the Company in accordance with the laws and for the interest of the Company, and report to the Board and shareholders' general meeting afterwards;
- (8) to exercise other powers specified in laws, regulations or the Articles of Association and conferred by the Board.

When the chairman is unable to perform his/her duties, the chairman may designate the vice chairman to perform the duties on his/her behalf.

When the chairman is unable to perform his/her duties and fails to designate a vice chairman to perform the duties on his/her behalf or fails to perform his/her duties, the vice chairman shall perform the duties on his/her behalf (if the Company has two or more vice chairmen, then these duties will be carried out by the vice chairman nominated by more than half of the directors); if the vice chairman is unable or fails to perform his/her duties, more than half of the directors may nominate a director to perform the duties.

**Article 10** The board office under the Board established by the Company is responsible for organizing, preparing documents for and keeping minutes of shareholders' general meetings, meetings of the Board and meetings of the special committees under the Board, information disclosure, investor relations and other general affairs of the Board and the special committees under the Board.

The staff employed to work in the office of the Board shall have relevant professional knowledge, so as to sufficiently ensure their assistance to the Board in fulfilling its duties.

## **Section II Functions and Authorizations of the Board**

**Article 11** The Board is accountable to the shareholders' general meeting and exercises the following functions and powers in accordance with laws:

- (1) to convene shareholders' general meetings and to report its work to the shareholders' general meeting;
- (2) to implement the resolutions of the shareholders' general meeting;
- (3) to formulate the Company's development strategic plans and supervise the implementation of such strategies; to determine the operation plans, investment proposals and detailed annual business objectives of the Company;
- (4) to formulate the Company's annual financial budgets plan and final accounts plan;
- (5) to formulate the Company's profit distribution plan and loss recovery plan;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital and to formulate and approve the detailed plans for the issue of the bonds under the annual plan for the issue of the bonds approved at the shareholders' general meeting, among others, the asset-backed securitization launched by the Company;
- (7) to prepare plans for the material acquisition, repurchase of the Company's shares or merger, division, dissolution or change of corporate form of the Company;
- (8) to determine the structure of internal management departments of the Company and the establishment or revocation of the Company's branches and other sub-branches;
- (9) to elect the chairman and vice chairman of the Board of the Company;
- (10) to appoint or dismiss the President and secretary of the Board of the Company, to appoint or dismiss chairmen of all special committees under the Board;
- (11) pursuant to the President's nominations to appoint or dismiss the Vice President, chief financial officers and other senior management, to decide on their remuneration, incentive and punishment and to supervise the performance of duties by the senior management;
- (12) to formulate the Company's basic management system and terms of reference of all special committees under the Board;
- (13) to propose plans for amendments to the Articles of Association, Rules of Procedures for the General Meeting of Shareholders and Rules of Procedures for the board of directors;
- (14) to formulate the Company's equity incentive scheme;
- (15) to be responsible for the information disclosure of the Company and to assume the ultimate responsibility for the authenticity, accuracy, completeness and timeliness of accounting and financial reporting;

- (16) to determine the establishment of special committees and to elect their members;
- (17) to determine the Company's risk management system which includes risk assessments, financial control, internal audit and legal risk control and monitor its implementation, to formulate the Company's policies on the risk tolerance, risk management and internal control and to assume the ultimate responsibility for overall risk management;
- (18) to propose the appointment or dismissal of the accounting firm for periodic statutory audits of the Company's financial reports to the shareholders' general meeting;
- (19) to listen to the regular or non-regular work reports from the Company's President or the senior management which is entrusted by the President, and to approve the President's work report;
- (20) to consider and approve the external donation that is more than RMB three million;
- (21) to consider and approve the major financial accounting policies and accounting estimates changes;
- (22) to determine the staff establishment, compensation plan and performance appraisal of the senior management;
- (23) to consider the material equity investments, bond investments, acquisition of assets, disposition of assets, write off of assets and external guarantee except for those which shall be approved by the shareholders' general meetings in accordance with the Articles of Association;
- (24) to formulate the capital plans of the Company and to assume the ultimate responsibility for capital or solvency management;
- (25) to consider the material related party transactions which shall be approved by the Board pursuant to the laws, regulations and listing rules of the place on which the Company's securities are listed, and to assume the ultimate responsibility for the management of related party transactions;
- (26) to regularly evaluate and improve corporate governance, to safeguard the legitimate rights and interests of financial consumers and other stakeholders, and to establish a mechanism for identifying, reviewing and managing conflicts of interest between the Company and shareholders, especially substantial shareholders; to assume the ultimate responsibility for consumer rights protection work;
- (27) to assume responsibility for the management of shareholder's affairs;
- (28) to formulate data strategies, to approve or authorize the approval of major matters related to data governance, to urge senior management to improve the effectiveness of data governance, and to assume the ultimate responsibility for data governance;
- (29) to exercise other functions and powers conferred by laws, regulations, listing rules of the stock exchange on which the Company's shares are listed, the shareholders' general meetings and the Articles of Association.

For resolutions relating to the matters above, with the exception of sub-paragraphs (5), (6), (7), (10), (11), (13), (22), (23), (24), (25) and those matters which must be agreed upon by more than two-thirds of the directors as stipulated in the laws, regulations, regulatory documents, listing rules of the stock exchange on which the Company's shares are listed and the Articles of Association, the remaining shall require the consent of a majority of the directors. The Board shall carry out its duties in accordance with the PRC laws, administrative regulations, the Articles of Association and resolutions of the shareholders.

The Board of the Company should explain to the shareholders' general meeting in respect of auditors' report with a qualified opinion issued by the certified public accountants regarding the financial report of the Company.

The functions and powers of the Board are exercised collectively by the Board. In principle, the functions and powers of the Board stipulated in the Company Law shall not be delegated to the chairman of the Board, directors, other institutions or individuals. If authorization is indeed necessary for certain specific decision-making matters, it shall be carried out in accordance with the law through resolutions of the Board. Authorization shall be delegated for one matter at a time, and the functions and powers of the Board shall not be overall or permanently delegated to other institutions or individuals.

The matters for delegation shall be approved either by a majority or two-thirds of the directors if the matters are so provided under the Articles of Association. The content of the delegation by the Board shall be specific, and the terms and conditions of the delegation shall be determined in writing.

**Article 12** The Board shall not, without the prior approval of shareholders' general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate amount of the expected value of the proposed disposition and the total value of all the dispositions of fixed assets of the Company that have been completed in the period of four months immediately preceding the proposed disposition, exceeds thirty-three percent of the value of the Company's fixed assets as shown in the latest balance sheet reviewed by the Shareholders' general meeting.

For the purposes of this Article, a disposition of fixed assets includes an act involving the transfer of an interest in assets but does not include the usage of fixed assets for the provision of security.

The validity of a disposition of fixed assets by the Company shall not be affected by any breach of the first paragraph of this Article.



**Article 13** Directors are entitled to the right to access all operational and financial information of the various businesses of the Company and to supervise the performance of the senior management in accordance with the law and regulations. The management of the Company shall provide the members of the Board with the monthly updates on operational, financial or market data so as to enable the directors to sufficiently fulfil their duties.

The Company shall take measures to protect the directors' right of information, provide adequate information in a timely manner to ensure that the directors are adequately informed and have the basis to make appropriate decisions on matters submitted to the Board for consideration and approval. The Company shall take measures to safeguard the right of directors to attend meetings of the Board and provide directors with necessary support for the performance of their duties.

When directors exercise their powers, relevant personnel of the Company shall proactively cooperate and shall not refuse, hinder or conceal, or intervene in their exercise of powers.

Directors shall exercise their powers to the extent as permitted by the laws, regulations, regulatory documents and the Articles of Association and shall not interfere in an ultra vires manner with the operation and management activities of senior management out of their scope of powers in violation of the decision-making system and procedures of the Company.

**Article 14** The Board shall be able to access all relevant information to make judgement and decision on their own instead of relying on the judgement of shareholders or the senior management.

Directors shall faithfully perform their obligations to the Company and should take measures to avoid any conflict between their own interests and the interests of the Company, and should not use their powers to gain an improper advantage. Directors owe a duty of diligence to the Company and shall exercise the reasonable care normally expected of a manager in the best interests of the Company in the performance of their duties.

Under appropriate circumstances, directors may need independent professional opinions to perform their duties to the Company, with the expenses being borne by the Company. Relevant requirements shall be submitted to the Board or special committees of the Board. The Company shall follow procedures to seek professional advice from appropriate persons or organizations for the directors.

### **Chapter III Special Committees Under the Board**

**Article 15** The Board shall set up certain special committees including the strategic decision committee, risk management and internal control committee, related party transaction control committee, audit committee, remuneration committee and nomination committee. Under the leadership of the Board, the special committees are responsible for assisting the Board in exercising their powers or advising or consulting on decisions of the Board.

**Article 16** The members of the special committees shall be composed of directors and shall have the professional knowledge or work experience commensurate with the duties of the special committees. In principle, the proportion of independent directors in the audit, nomination, remuneration, risk management and internal control, and related party transaction control committees shall not be less than one-third or the higher percentage requirements stipulated in the Hong Kong Listing Rules. The audit, nomination, remuneration, and related party transaction control committees shall be chaired or headed by an independent director. Members of the audit committee shall have professional knowledge and work experience in one aspect of finance, auditing, accounting or law, and shall also meet appropriate professional qualifications or expertise as stipulated in the Hong Kong Listing Rules.

The chairman of each of the risk management and internal control committee, the audit committee, and the related party transaction control committee of the Board shall work at the Company for no less than 20 working days each year.

**Article 17** The terms of reference of each special committee of the Board shall be stipulated by the Board. Measures should be adopted to ensure the performance of each special committee.

**Article 18** The primary duties of the strategic decision committee are as follows:

- (1) to research on the Company's long-term development plan, business objectives and development policies, and make suggestions;
- (2) to research on the Company's development strategy and make suggestions;
- (3) to study the internal and external development environment of the Company and make suggestions;
- (4) to make suggestions on the adjustment and change of the Company's business scope and main businesses;
- (5) to research on major investment and financing plans that must be approved by the Board as stipulated in the Articles of Association, and make suggestions;

- (6) to research on major capital operations and asset operation projects that must be approved by the Board as stipulated in the Articles of Association, and make suggestions;
- (7) to research on other major issues affecting the Company's development and make suggestions;
- (8) to supervise and inspect the implementation of sub-paragraphs (1) to (7);
- (9) other functions and powers prescribed by laws, regulations, the Hong Kong Listing Rules, the Articles of Association or granted by the Board.

**Article 19** The primary duties of the risk management and internal control committee are as follows:

- (1) to supervise the establishment, improvement and effective implementation of the comprehensive risk management system of the senior management, and to consider the overall objectives, basic policies and important systems of the Company's risk management and internal control;
- (2) to supervise the Company's senior management's risk control in credit risk, liquidity risk, market risk, operational risk, compliance risk, information technology risk, reputational risk, leasehold value risk, concentration risk, country risk, money laundering and sanction compliance risk and strategic risk;
- (3) to review the operation of the Company's risk management and internal control system and propose improvement opinions, check the effectiveness and adequacy of the risk management and internal control system and the internal audit function at least once a year; and conduct regular assessment of the Company's risk policy, management status and risk tolerance;
- (4) to report to the Board of the Company on major matters of risk management and internal control, consider risk assessment of major decisions and solutions to major risks, and provide professional advice and recommendations;
- (5) to consider the Company's risk appetite based on the external environment and the Company's risk profile, combining with the Company's operation strategy and risk tolerance capacity, propose policy adjustments to the risk appetite and report to the Board in a timely manner;
- (6) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

**Article 20** The primary duties of the related party transaction control committee are as follows:

- (1) to review the list of related parties, and to listen or to review reports on the accountability of failure to report related parties in accordance with the requirements and irregularities in carrying out related party transactions;
- (2) to be responsible for the management of related party transactions, to review and improve the Company's related party transaction management system, and to supervise the establishment, improvement and effective implementation of the related party transaction management system;
- (3) to review matters requiring consideration by the Board, such as major related party transactions, continuing connected transactions and unified transaction agreements, so as to form resolutions and recommendations, and to submit them to the Board for approval in a timely manner, or the Board submitting them to the general meeting of shareholders for approval;
- (4) to focus on the compliance, fairness and necessity of major or special related party transactions, and to manage and control to prevent the predictable risks of related party transactions;
- (5) to fill and monitor of general related party transactions that have been approved in accordance with the Company's related party transaction management system and authorization procedures;
- (6) to consider reports on related party transactions and make recommendations to the Board in relation thereto;
- (7) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

**Article 21** The primary duties of the audit committee are as follows:

- (1) to review significant financial policies of the Company and their implementation, and supervise financial activities of the Company;
- (2) to review the financial information and relevant disclosure of the Company;
- (3) to consider and approve the internal control evaluation proposal of the Company, and supervise and evaluate the internal control of the Company;
- (4) to consider and approve the audit budget, remuneration of staff and appointment and removal of major officers of the Company, supervise and evaluate the internal audit work of the Company and formulate medium-to-long term audit plan, annual working plan and internal audit system setting plan of the Company in accordance with the authorization of the Board, and make reports to the Board;
- (5) to propose the appointment or dismissal of the external accounting firm, to supervise the work of the external accounting firm and to review the report of the external accounting firm to ensure that the external accounting firm undertakes the audit responsibilities;
- (6) to facilitate communications and monitor relationship between the internal audit department of the Company and the external accounting firm;
- (7) to monitor the non-compliance of the Company in respect of financial reports and internal control;
- (8) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

**Article 22** The primary duties of the remuneration committee are as follows:

- (1) to organize the formulation of remuneration policy and plan of directors and senior management and submit to the Board for approval, and propose remuneration distribution plan according to the performance evaluation of directors and senior management and submit to the Board for approval;
- (2) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

**Article 23** The primary duties of the nomination committee are as follows:

- (1) to formulate procedures and standards for the election of directors and senior management and make recommendations to the Board;
- (2) to make recommendations to the Board on the nomination of the candidates for directors, President and board secretary;
- (3) to preliminarily examine the eligibility of the candidates for directors and senior management;
- (4) to make recommendations to the Board on the nomination of candidates for chairmen and members of the special committees of the Board;
- (5) to examine the structure and composition of the Board, and make suggestions to the Board;
- (6) to review the work performance of the Board;
- (7) to review the succession planning of board members and make suggestions to the Board;
- (8) to supervise the implementation of the procedures and standards for the selection and appointment of directors and senior management to ensure that they meet the needs of the Company and satisfy regulatory requirements, and reflect good corporate governance requirements;
- (9) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

#### **Chapter IV Secretary of the Board**

**Article 24** The Company shall have one secretary of the Board. The secretary of the Board is the Company's senior management, who shall be nominated by the chairman of the Board, appointed and dismissed by the Board and responsible for the Board.

**Article 25** The secretary of the Board has an obligation of fidelity and diligence to the Company, and shall perform his/her duties in accordance with relevant laws, regulations, regulatory documents, the Articles of Association and these Rules.

**Article 26** The secretary of the Board shall be a natural person who has the requisite professional knowledge and experience. His/her primary duties are as follows:

- (1) to assist the directors in handling the daily work of the Board, to provide the directors with or, remind them of and ensure that they understand the regulations, policies and requirements of the relevant regulatory authorities in relation to the Company's operation; and to assist the directors and the President in complying with the relevant laws, regulations, regulatory documents, the Articles of Association and other relevant provisions when exercising their powers;
- (2) to organize and prepare the documents of shareholders' general meetings and meetings of the Board, prepare minutes of the meetings and ensure the decisions of such meetings are in compliance with the statutory procedures, and monitor the execution of the resolution by the Board;
- (3) to organize and coordinate information disclosure with the aim of enhancing the transparency of the Company, and to ensure that the Company prepares and submits the reports and documents required by the regulatory authorities in accordance with laws;
- (4) to be responsible for investor relations, to coordinate the relationship between the Company and the regulatory authorities, intermediaries, media and to coordinate public relations;
- (5) to assist the Board in preparing and revising documentation for corporate governance of the Company, and to establish a scientific decision-making system and corporate governance procedure;
- (6) to maintain the registers of the shareholders, directors and senior management and the documents and minutes of the shareholders' general meeting, meetings of the Board and meetings of special committees under the Board, and to ensure the availability of the relevant minutes and documents of the Company for access by people entitled thereto in a timely manner;
- (7) to perform other duties stipulated in the laws, regulations, regulatory documents and the Articles of Association and authorized by the Board.

**Article 27** The Company shall support the secretary of the Board to perform his/her duties pursuant to the laws, in terms of structural and staff deployment and funding for the fulfillment of his/her duties and the smooth operation of the respective departments.

**Article 28** A director or senior management of the Company other than the President and chief accountant may also act as the secretary of the Board. Any accountant from the accounting firm which has been appointed by the Company to act as its auditors shall not act as the secretary of the Board.

**Article 29** Where the office of secretary of the Board of the Company is held concurrently by a director, and an act shall be done by a director and a secretary separately, the person who holds the office of director and secretary of the Board shall not perform the act in a dual capacity.

## **Chapter V Procedures for Convening of Meeting of the Board**

### **Section I Methods for Convening of Meeting**

**Article 30** The meetings of the Board include regular meetings and extraordinary meetings.

**Article 31** Regular meetings shall be held at least four times every year, which shall be convened by the chairman of the Board. Notice of each meeting shall be delivered to all of the directors and supervisors at least fourteen days prior to the date of meeting.

**Article 32** Meeting of the Board shall be convened by the chairman of the Board.

If the chairman of the Board is unable to perform his/her duties of convening a meeting of the Board for certain reasons, the vice chairman of the Board shall perform the duties on his/her behalf. If the vice chairman of the Board is unable or fails to perform his/her duties, a director shall be elected by no less than half of the directors to convene the meeting.

**Article 33** The chairman of the Board shall convene an extraordinary meeting of the Board in any of the following circumstances:

- (1) request of more than one-third of directors;
- (2) request of the board of supervisors;
- (3) request of more than two independent directors;
- (4) the chairman of the Board deems necessary;
- (5) request in writing by shareholders who hold 10% or more of the shares with voting rights of the Company;
- (6) request of the President.

The notice of extraordinary meeting of the Board shall be given to the directors for three days prior to the date of meeting. In case of an urgent business, such notice is not subject to the time limit, provided that the convener shall make explanations at the meeting.

**Article 34** Notice of regular meetings and extraordinary meetings of the Board shall be delivered by telephone, email or the feasible ways specified in Article 37 of these Rules.

The time and place of the meeting may be appointed by the Board in advance and recorded in the minutes. If the minutes have been sent to all of the directors at least fourteen days prior to the date of the next meeting of the Board, there is no need to send another notice to the directors.

If a director has attended the meeting and made no statement before or during the meeting that he did not receive the notice of the meeting, he/she is deemed to have received the notice of the meeting.



**Article 35** Meetings of the Board may be held on-site (including on-site, via conference call and video conference) or by written resolutions. If the meetings of the Board are telephone conferences or video conferences, it shall be ensured that the participating directors are able to hear clearly other directors' speeches and are able to communicate with each other. Meetings of the Board held on-site shall be recorded or taped.

If the meetings of the Board is convened by means of adopting written resolutions, i.e., by delivering the resolution for review in counterparts or by circulating it among the directors in turn, directors or other directors entrusted by them shall write "for", "against" or "abstain" on the vote clearly. Once the number of directors who sign in favor of a resolution reaches the quorum as required by the Articles of Association, the resolution shall be deemed adopted. Matters requiring the consent of more than two-thirds of all directors, including but not limited to profit distribution plan, remuneration plan, major investment, major asset disposal plan, appointment or dismissal of senior management, capital supplement plan and other major matters, shall not be voted by written resolutions.

## **Section II Notice of Meeting and Communication before Meeting**

**Article 36** A notice of meeting shall be despatched to all directors, supervisors and other attendees in advance before a meeting of the Board is held. Such notice shall generally set out:

- (1) the venue and time of the meeting and the means by which the meeting will be held;
- (2) the convener of the meeting;
- (3) the agenda, subject matter and resolutions of the meeting;
- (4) the date on which such notice is dispatched;
- (5) relevant explanation for and the basis of convening the meeting of the Board in the event that the meeting is not convened by the chairman of the Board;
- (6) request that directors should either attend in person or authorize other directors to attend on their behalf.

**Article 37** The notice convening a meeting of the Board shall be given in the following ways:

- (1) a notice convening a regular meeting of the Board shall be given in writing; a notice convening an extraordinary meeting of the Board shall be given in writing, with exception in case of emergency where such notice may be given via telephone or verbal communications and followed by a written notice thereafter;
- (2) such notice may be given by personal delivery, registered mail, email or other means. In case of notifying by means other than personal delivery, the Company shall confirm by telephone and keep the relevant records;
- (3) If the notice is served personally, the receiver shall sign (or affix the seal) on the return receipt, and the date of signing shall be the date of service; if the notice is served by registered mail, 48 hours from the date of delivery shall be the date of service; and if the notice is served by email, the date of transmission shall be the date of service.

**Article 38** After receiving the meeting notice, the person required to attend the meeting shall notify the office of the Board whether they will participate in the meeting.

From the issue of the meeting notice to the holding of the meeting, the office of the Board shall arrange for the communication and liaison with directors. If directors have opinions or suggestions on proposals, the office of the Board shall collect their opinions or suggestions on relevant proposals and convey these opinions or suggestions to related proposers for their improvement of proposals. The office of the Board shall also timely supplement the materials necessary for directors to make decisions on proposals, including relevant background materials on the items of the meeting and other materials that help directors make reasonable, rapid and prudent decisions.

### **Section III Attending the Meeting in Person or by Proxy**

**Article 39** Meetings of the Board shall be held only if more than a majority of the directors (including those who appoint other directors to attend the meeting on their behalf) are present, unless otherwise provided for considering the related party transaction matters by the Board as provided in Article 40 hereof.

**Article 40** When a director has an associated relationship with an enterprise (which means the director acts as a director or senior management of the counterparty, or acts as a director or senior management in a legal person entity which can exercise direct or indirect control over the counterparty, or in a legal person entity under direct or indirect control of the counterparty) which is involved with a resolution to be decided at a meeting of the Board, he/she cannot vote on that resolution, and cannot vote on behalf of other directors. The meeting of the Board may be held if not less than two-thirds of all the directors who have no relevant interest in the resolutions attend. Resolutions made by the meeting of the Board shall be passed by no less than two-thirds of the votes of all the directors who have no relevant interest in the resolutions. Where less than three directors who have no material interest in the resolutions attend the meeting of the Board, the Board shall refer such matters to shareholders' general meeting for review.

**Article 41** For the meeting of the Board held by telephone or video, the number of directors who are confirmed to be present during the telephone conference and the directors who are present on the video display shall be counted. For the meeting of the Board held by written signature, the number of directors present at the meeting shall be counted by the effective votes received during the prescribed time limit.

**Article 42** Directors shall attend the meetings of the Board in person. Where a director is unable to attend a meeting in person for any reason, he may by a written power of attorney appoint another director to attend the meeting on his behalf. The power of attorney shall set out the scope of the authorization.

A director appointed as the representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the Board and has not appointed the representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

**Article 43** The power of attorney made by directors appointing others to attend the meetings of the Board on his/her behalf shall include the following details:

- (1) names of the director and the proxy;
- (2) scope of authorization (including the right to vote on the interim proposal), instructions on voting in respect of each of the proposals;
- (3) term of the appointment;
- (4) signature of the director and date, etc.

**Article 44** The appointment of proxy for a meeting of the Board shall comply with the followings:

- (1) If connected transactions are to be considered, a director who has interest in the transactions shall not appoint or be appointed by another director as proxy to attend the meeting on his/her behalf;
- (2) An independent director shall not appoint a non-independent director and a non-independent director shall not accept the appointment by an independent director to attend a meeting of the Board on his/her behalf;
- (3) A director shall not appoint another director to attend a meeting of the Board without stating his opinions and voting instruction and the other director shall not accept such appointment;
- (4) A director shall not accept appointments by more than two directors. A director shall not appoint another director who has been appointed by two other directors to attend a meeting of the Board.

**Article 45** If a director needs to leave a meeting of the Board in process, he/she shall explain to the chairman of the meeting and ask for a leave. The director shall entrust in written other director to exercise the right of voting on the remaining proposals. Otherwise, he/she shall be deemed abstention from voting on such proposals.

**Article 46** The supervisor, secretary of the Board, the non-director senior management and personnel involving the topics shall attend the meeting of the Board as non-voting delegates. The non-voting delegates have the right to issue opinions about relevant topics but have not voting right.

## **Chapter VI Procedural Rules for Meeting of the Board**

### **Section I Proposal and Collection of Topics and Resolutions**

**Article 47** The following persons or organs may propose a resolution to the Board:

- (1) Shareholders individually or jointly holding 10% or more of the shares of the Company carrying the right to vote;
- (2) Chairman of the Board;
- (3) more than one-third of the directors;
- (4) more than two independent directors;
- (5) Special committees under the Board;
- (6) President;
- (7) Board of Supervisors.

**Article 48** The secretary to the Board is responsible for organizing drafts of the matters discussed at the meeting, and the proposers of the relevant proposals shall submit the proposals and related explanatory materials twenty days before the meeting. After sorting out the relevant materials, the secretary to the Board lists the meeting place, time and agenda of the Board and presents it to the chairman.

### **Section II Discussing and Examining the Meeting**

**Article 49** The meeting of the Board shall be chaired by the chairman. If the chairman is unable to chair the meeting, the chairman of the meeting will be determined according to the procedural rules of the Article 32 hereof.

**Article 50** The chairman of the meeting shall announce the commencement of the meeting according to the time predetermined by the meeting of the Board. After the meeting commences, the chairman of the meeting shall announce the process first.

**Article 51** The meeting will audit every resolution, and the proposer or other persons trusted by the proposer shall give resolution explanations to the Board.

**Article 52** When the meeting of the Board is considering resolutions or listening to reports, to understand the key points and process in detail, it may request the persons-in-charge of the relevant departments of the Company to attend the meeting as non-voting delegates and hear and query the relevant questions in order to make proper resolutions. During the course of discussion and examination, if it is found that the situation is uncertain or the feasibility is questionable as regards certain topics for discussion, the Board may request relevant departments to give an explanation.

**Article 53** Directors shall express their opinions on each resolution. The attendees who are requested make speech shall get approval from the chairman of the meeting.

**Article 54** Independent directors shall express object, fair and independent opinions in relation to matters of discussion in the Company's meeting of the Board, especially opinions to the Board in relation to the following matters:

- (1) major related party transactions;
- (2) nominating or removing directors and appointing and dismissing senior management personnel;
- (3) remuneration of the directors and senior management personnel;
- (4) profit allocation plan;
- (5) appointing or dismissing auditor firm which conducts periodic statutory audits of the Company's financial report;
- (6) matters which independent directors consider that the same may have a material impact on the legal interests of the Company, minority shareholders and financial consumers;
- (7) matters which independent directors consider that the same may damage the loss of the Company;
- (8) other matters stipulated by the law, administrative regulations, rules, security governance authority where the Company's shares are listed or the Articles of Association.

**Article 55** Opinions of the above expressed definitely by independent directors shall include:

- (1) consent;
- (2) qualified opinions and their reasons;
- (3) objections and their reasons;
- (4) unable to express opinions and the impediments.

The opinions expressed by independent directors to the Board shall be included in the meeting minutes of the Board.

### **Section III Voting and Resolution of the Meeting**

**Article 56** Each director shall be entitled to one vote. Other than related party transactions of the meeting of the Board stated in Article 40 of these Rules, the resolutions of the Board shall be passed by more than half or two-thirds of all directors. When the number of negative votes is equal to that of affirmative votes, the chairman of the Board has the right to cast one more vote.

**Article 57** The vote of the meeting of the Board may be conducted by open ballot.

All attending directors are to vote for or against proposals or abstain from voting. Directors shall vote one of the above resolutions. If directors fail to vote or vote more than two at the same time, it shall be regarded as an abstention. Directors should make prudent vote. Once vote to the resolutions is made, it shall be not revoked.

**Article 58** The Board shall not, in principle, review special resolutions that are not included in the notice of the meeting, nor shall it make resolutions on matters that are not included in the agenda. In the event of an emergency that must be agreed upon at the meeting of the Board, the chairman shall vote on whether or not to submit a special resolution for considering at the meeting, and it may be audited only if it is approved by a majority of all the directors. In the event that a resolution is required to be made and the director attending the meeting on behalf of the proxy does not have the proxy's prior authorization to vote on the additional issue, the proxy's vote shall not be considered as a valid vote, unless the proxy has made a similar proxy commitment in the proxy form.

**Article 59** A director attending a meeting on behalf of a proxy shall present the power of attorney before the meeting is convened and exercise the rights on behalf of the proxy within the scope of the power of attorney.

**Article 60** The meeting of the Board shall vote on each resolution one by one.

**Article 61** The meeting of the Board is convened by way of on-site meeting (including on-site, teleconference and video conference). If the directors are unable to sign the resolution of the meeting immediately during the teleconference or video conference, they may express their opinions orally first, and the resolution of the meeting of the Board shall take effect from the date of the oral vote, but the directors shall fulfill the written signature procedure as soon as possible, and the written signature must be consistent with the oral opinions expressed at the meeting afterwards. In case of inconsistency between the written signatures and the oral vote, the oral vote shall prevail. The office of the Board shall count the voting results of the meeting of the on-site meeting, and the chairman of the meeting of the Board shall announce the counting results on the spot.

Where the meeting of the Board is convened by written summons, the time limit for valid voting shall be specified in the notice of the meeting of the Board. Directors shall express their opinions before the end of the last business day within the prescribed time limit. Directors who have not expressed their opinions by the end of the last business day within the prescribed time limit shall be deemed to have abstained from voting. If the number of directors who have signed the consent has reached the number of directors required to pass the resolution, the contents of the relevant resolutions shall be deemed to have been reviewed and passed by the Board from the time when the voting ballots signed by these directors are delivered to the secretary of the Board. The office of the Board shall immediately report to the chairman of the Board the voting results of the meeting of the Board after the statistic has been completed and reviewed and signed by the secretary of the Board, and shall report the situation back to the directors within five days after the end of the time limit for voting.

**Article 62** If a director or any of his/her associates (as defined in the Hong Kong Listing Rules) has a material interest in a matter to be resolved at a meeting of the Board, he/she shall not exercise his/her right to vote at the meeting of the Board when the Board is reviewing on the relevant matter, nor shall he/she accept the entrustment of any other director to exercise his/her right to vote on his/her behalf, and he/she shall not be counted in the quorum of the meeting unless otherwise provided for in the laws, regulations, regulatory filings and relevant provisions of the securities regulatory authorities in the place where the shares of the Company are listed.

Where a director or any of his/her associates has a material interest in a matter to be considered, such director shall make a declaration to the Board in advance. Resolutions made at a meeting of the Board shall be approved by more than half of the directors who have no material interest, and certain material matters shall be approved by more than two-thirds of the directors in accordance with the Articles of Association. If the number of directors with no material interest present at the meeting of the Board is less than three, the Board shall submit the resolution to the general meeting for consideration in a timely manner. The Board shall state the review of the Board on the resolutions when submitting resolutions to the general meeting for review, and shall record the opinions of the directors with no material interests on resolutions.

Material interest for the purpose of this Article means a relationship that may result in the transfer of resources, benefits or obligations from the Company to the director or any of his/her associates. Whether a director has a material interest in a proposed matter may be determined by the Board in accordance with the laws, administrative rules and regulations, the relevant provisions of the securities regulatory authorities and stock exchanges in which the Company's shares are listed, and the Company's Articles of Association.

**Article 63** A resolution of the Board of the Company shall be null and void if the contents of the resolution are in violation of laws or administrative regulations.

Where the procedure for convening a meeting of the Board or the manner of voting is in violation of laws or administrative regulations or the Articles of Association, or where the contents of a resolution are in violation of the Articles of Association, the shareholders may request the People's Court to revoke the resolution within 60 days from the date of its issuance, however, except for minor defects in the procedures for convening meetings of the Board or in the manner of voting, which do not materially affect the resolution.

The directors shall be liable for the resolutions of the Board. If a resolution of the meeting of the Board violates laws, regulations, regulatory documents, the Articles of Association or the resolution of the general meeting, resulting in the Company to suffer losses, the directors who participated in the resolution shall be liable to the Company for compensation; however, if it is proved that they have expressed dissenting views at the time of the resolution and such dissenting views are recorded in the minutes of the meeting, such directors may be exempted from liability.

#### **Section IV Non-Voting Procedures for Meetings**

**Article 64** In accordance with the laws, regulations, standardized documents and supervisory provisions, and taking into account the actual situation of the Company, the Board, in addition to considering and voting on the resolutions stipulated in its duties, shall still listen to reports on other important matters in relation to the Company, including:

- (1) supervisory opinions of regulatory authorities on the Company and the Company's rectification situation;
- (2) the status and results of the stress tests conducted;
- (3) the status of annual consumer protection;
- (4) the status of information technology risk management;
- (5) the status of annual anti-fraud conducted;
- (6) matters which the Board have been authorized at the shareholders' general meeting to decide or handle and delegate to the senior management, or which the Board have authorized the senior management to decide or handle, and which the senior management may, as appropriate, submit to the Board for a hearing;
- (7) matters that the special committees under the Board consider should be submitted to the Board for a hearing;
- (8) other matters that the Board shall hear or review.



**Article 65** The matters to be reported for a hearing need not be voted by the Board. The relevant reporters shall report one by one, and the directors may express their opinions on the matters reported. If a person in attendance requests to speak, he/she shall obtain the consent of the presiding officer of the meeting. If a majority of the directors of the Board or a special committee of the Board request that the matters to be debriefed be submitted to the Board for review, the Board shall review the matters in accordance with the procedures.

## **Section V Minutes of Meetings**

**Article 66** The on-site meetings of the Board shall be recorded as the minutes. The secretary of the Board shall be responsible for arranging for detailed minutes to be made of the proceedings of the on-site meeting. The minutes of the meetings of the Board shall include the following contents:

- (1) the date, place and name of the convenor of the meeting;
- (2) the names of the directors present at the meeting and the names of the directors (agents) who have been delegated to attend the meeting of the Board;
- (3) the agenda of the meeting;
- (4) the main points of the directors' speeches;
- (5) the manner and result of voting on each resolution (the voting result shall indicate the number of votes in favor, against or abstaining from voting);
- (6) any other matters that the directors at the meeting consider should be recorded.

**Article 67** The office of the Board shall carefully arrange the recording and collation of the businesses of the meeting. The minutes of each meeting of the Board shall be provided to all directors present for review within five working days after the end of the meeting, and the directors who request for revisions and supplements to the minutes shall provide written feedback on their revisions within three working days after the receipt of the minutes. After the minutes are finalized, the minutes of meetings of the Board shall be sent to all directors within a reasonable period of time, and the directors attending the meeting (or proxy) and the secretary of the Board (recorder) shall sign the minutes. The finalized minutes shall be sent to all directors within a reasonable time.

If a director has different opinions on the minutes, he/she may attach a written explanation to his/her signature. A director who neither confirms his signature on the minutes nor attaches a written explanation to the dissenting opinion is deemed to be in full agreement with the contents of the minutes.

**Article 68** The minutes of the meetings of the Board shall be permanently preserved as the files of the Company.

**Article 69** Where information relating to the Board shall be submitted to the regulatory authorities in accordance with laws, regulations, standardized documents and the Articles of Association, such information shall be submitted in a timely manner in accordance with the relevant provisions. If any director gives reasonable notice, the Board shall disclose the relevant meeting minutes to the relevant director for his/her inspection at any reasonable time.

## **Chapter VII Implementation and Feedback of Resolutions of the Board**

**Article 70** The Board resolutions shall be implemented by senior management or the executors determined by the Board resolutions, and the results of implementation shall be reported to the chairman of the Board in a timely manner; and the secretary of the Board shall keep abreast of the implementation of the resolutions and report the implementation of the Board resolutions to the chairman of the Board in a timely manner.

**Article 71** The secretary of the Board shall truthfully communicate the opinions of the chairman of the Board to the relevant directors and the relevant senior management of the Company.

## **Chapter VIII Supplementary Provisions**

**Article 72** The Company shall publish on its official website and the website of the Hong Kong Stock Exchange an updated list of the members of the Board, setting out their roles and functions and indicating whether they are independent directors.

**Article 73** Unless otherwise specified, the terms used herein shall have the same meaning with their references in the Articles of Association of the Company.

**Article 74** These Rules shall be prepared and amended by the Board, and become effective after being passed by an ordinary resolution at the shareholders' general meeting.

**Article 75** If there are any matters which are not dealt with in these Rules or there are any conflicts with the new or amended laws, regulations or provisions of the Articles of Association arising upon these Rules take effect, the laws, regulations and provisions of the Articles of Association of the Company shall prevail.

**Article 76** Unless otherwise stipulated in these Rules, the references "more than", "within", "at least" and "before" hereunder shall all include the number immediately following them; the references "more than", "less than", "below" and "majority" shall exclude the number immediately following them.

**Article 77** Interpretation of these Rules shall be vested with the Board.