

Administrative Measures for Shares Pledging of China Construction Bank Corporation

(Version 2022)

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Chapter I General Provisions

Article 1 To strengthen the management of shares pledging of China Construction Bank Corporation (hereinafter referred to as “CCB” or “the Bank”), safeguard the legitimate rights of the Bank and its shareholders, propel the Bank towards sustaining robust operation and sound development, the *Administrative Measures for Shares Pledging of China Construction Bank Corporation* (hereinafter referred to as “the Measures”) is hereby formulated in accordance with the applicable laws, regulations, and regulatory provisions such as the *Interim Measures for the Equity Management of Commercial Banks* (CBRC Order [2018] No. 1), the *Notice of CBRC on Strengthening the Management of Equity Pledge of Commercial Banks* (Y.J.F. [2013] No. 43) and the *Measures for the Supervision of Behaviors of Major Shareholders of Banking and Insurance Institutions (for Trial Implementation)* (Y.B.J.F. [2021] No. 43) as well as the *Articles of Association of China Construction Bank Corporation* (hereinafter referred to as “the Articles of Association of the Bank”).

Article 2 The primary purpose of the Measures is set to regulate the registration and filing, restriction on rights, day-to-day management, and other matters related to the pledging of the Bank’s shares by its shareholders to external parties. Credit businesses carried out by CCB which involve the pledging of equity or shares of other banks shall comply with the pertinent provisions governing the credit businesses of the Bank.

Article 3 While pledging the shares they hold in the Bank, shareholders shall abide by the applicable laws, regulations, regulatory provisions and the Articles of Association of the Bank, and refrain from infringing on the interests of the Bank and other shareholders.

Article 4 The Bank shall establish and improve a firewall that isolates operational risks of the Bank from those of its shareholders, with a view to effectively preventing various types of risk arising from the pledge of the Bank’s shares by its shareholders.

Chapter II Registration and Filing

Article 5 Where a shareholder of the Bank provides guarantee with the shares of the Bank for itself or others, such shareholder shall strictly abide by the applicable laws, regulations and requirements of the regulatory departments, and inform the Board of Directors and the Board of Directors Office of the Bank in advance in writing, explaining the reason of the pledge, the amount of shares involved, duration of the pledge (if any), pledgee and other basic information as well as providing related materials such as financial statements of the shareholder.

Article 6 Relevant departments of the Bank shall carry out risk assessment on the matters related to shares pledging by shareholders, including financial position of shareholders and risks of pledged shares being executed.

Article 7 When pledging the shares they hold in the Bank, A-share holders shall register the pledge with the A-share registration and clearing institution of the Bank in accordance with the applicable laws, regulations and relevant requirements.

When pledging the shares they hold in the Bank, H-share holders shall complete relevant procedures in accordance with the applicable laws, regulations and relevant requirements. If shareholders are Hong Kong companies or non-Hong Kong companies registered with the Companies Registry of Hong Kong, they shall register the pledge with the Companies Registry of Hong Kong.

Article 8 Where shareholders who also serve as directors or supervisors of the Bank, or shareholders who directly or indirectly, jointly hold or control more than 2% of the shares or voting rights of the Bank pledge the shares of the Bank, they shall apply to the Board of Directors of the Bank for filing beforehand, stating basic information of the filing such as the reason of the pledge, the amount of shares involved, duration of the pledge (if any), and the pledgee. When the relevant filing circumstances change, relevant shareholders shall apply to the Board of Directors of the Bank for a new filing.

Article 9 Filing shall not be made if the Board of Directors of the Bank determines that pledging the shares of the Bank by shareholders could bring material adverse impact on the equity stability, corporate governance, control on risks and related party transactions, and other domains of the Bank.

Article 10 When the Board of Directors of the Bank deliberates on the filing matters related to pledging of the Bank's shares by a shareholder, the director(s) designated by the shareholder who applies for pledging shall abstain from the deliberation.

Article 11 After completing the shares pledge registration, shareholders of the Bank shall provide the Bank with relevant information regarding the shares pledging in line with the Bank's risk management and information disclosure requirement in a timely manner, including but not limited to the provision of financial statements within 10 days after the end of each quarter following the completion of the shares pledge registration.

During the period of shares pledging, in the event that the pledged shares are involved in litigation (arbitration), freezing, auction, discounting, de-pledging and other circumstances, the shareholders concerned shall inform the Bank within 5 days from the date of occurrence of such circumstances.

Article 12 After the Board of Directors Office receives relevant written notices, filing materials, and other relevant information from shareholders regarding shares pledging, it shall make prompt reports to relevant business departments.

Chapter III Restriction on Shareholders' Rights

Article 13 Shareholders shall not pledge the shares of the Bank if the outstanding balance of the loans they have borrowed from the Bank exceeds the audited net value of the shares held by them in the previous year.

Shareholders shall not hold shares of the Bank on behalf of others, illegally hold shares through related parties, or transfer shares of the Bank in disguised form, by means of share pledge.

The major shareholder of the Bank shall not pledge the shares of the Bank to provide guarantees for any liabilities except for the debts of the shareholder itself or its related parties.

Article 14 If the amount of pledged shares of the Bank reaches or exceeds 50% of the Bank's shares held by the shareholders, the shares they hold in the Bank shall be deprived of voting rights at the shareholders' general meeting; the shares they hold in the Bank shall not be included into the total shares held by the shareholders attending the shareholders' general meeting; and the directors designated by the shareholders shall neither exercise voting rights at the Board meeting of the Bank, nor be counted as an attendee of such a meeting.

Article 15 For shareholders who are imposed with regulatory penalties due to false statements, abuse of shareholders' rights, or other acts that harm the interests of the Bank, the Bank shall cooperate with the regulatory authorities and take necessary measures to restrict the rights of such shareholders.

Chapter IV Day-to-day Management

Article 16 The Bank shall manage the matters related to shares pledging by shareholders of the Bank properly. The Board of Directors Office is the department that leads the management of shares pledging by shareholders of the Bank. Other relevant departments shall cooperate with the Board of Directors Office according to the division of responsibilities. Day-to-day management of matters related to shares pledging by shareholders of the Bank includes but not limited to:

- (1) Communicating with the relevant securities registration and clearing institutions, supervising the proper management of pledging and de-pledging of the Bank's shares, and recording pledging-related information in the register of shareholders in a timely manner;
- (2) Assisting shareholders with the registration of shares pledging according to their applications;
- (3) Performing the daily work related to the collection, collation and regulatory reporting of the Bank's information on shares pledging;
- (4) Assisting the Board of Directors of the Bank in handling matters related to the filing of shares pledging by shareholders, making preliminary judgments on whether the shares pledging could bring material adverse impact on the equity stability, corporate governance, control on risks and related party transactions, and other domains of the Bank, and offering recommendations to the Board of Directors of the Bank;
- (5) Regularly collecting and analyzing the financial data on the relevant shareholders who have pledged shares of the Bank, and paying ongoing attention to whether the pledged shares involve litigation, freezing, discounting, auction, and other circumstances;
- (6) Doing a good job in risk monitoring, public opinion guidance, and emergency planning for matters related to shares pledging at the Bank;
- (7) Establishing a shares pledge management and monitoring ledger, strengthening the building of IT information systems, and improving the normativity of shares management and the transparency of shares pledging;
- (8) Strengthening communication with regulatory authorities and relevant departments; garnering support of industrial and commercial administrations, securities registration and clearing institutions for the Bank's work; improving the Bank's registration procedures for shares pledging; and coordinating judicial departments and auction houses to ensure the qualifications of bidders who participate in the public auctions of the Bank's shares can meet the requirements of regulatory policies;
- (9) Strictly abiding by other relevant laws and regulations as well as relevant provisions of regulatory authorities for shares pledging by shareholders.

Article 17 The Bank shall regulate the development of shares-pledged credit business. While accepting equity (shares) of other banks as pledges in the course of developing the credit business, it shall earnestly verify the legality of equity (shares) pledging, refine contract terms in advance, and regulate the behavior of pledgers. It shall register the pledges in accordance with the laws to ensure that the pledges are legal and effective. Detailed operations shall be specified by relevant departments of the Bank through pertinent policies.

The Bank shall not accept the following bank equity (shares) as pledges for the credit business:

- (1) Shares of the Bank;
- (2) Bank equity (shares) that is prohibited from pledging according to the articles of association of the bank, relevant agreements, or other legal documents or is within the period of transfer restriction;
- (3) Bank equity (shares) whose ownership is uncertain, in dispute or involved in other circumstances that may affect the value and right of disposition of pledged equity (shares), or whose value is difficult to assess;
- (4) Bank equity (shares) frozen in accordance with the laws or subject to other compulsory measures;
- (5) Shares of listed banks that have been suspended, de-listed or adopted with special treatment by stock exchanges;
- (6) Bank equity (shares) that should be filed with the board of directors of a bank where the equity (shares) are attributed before they are pledged as required, but have not been filed or fail to be filed;
- (7) Bank equity (shares) involving repeated pledges or other imprudent acts recognized by regulatory authorities.

Article 18 Business requirements that need to be met by the equity (shares) of commercial banks accepted by the Bank as pledges such as access standards, appraisal value, pledge rate, and pledge value monitoring shall be specified in the applicable policies by relevant departments of the Bank. Relevant departments shall strictly comply with loan standards and earnestly perform “three loan checks”.

Article 19 Relevant business departments of the Bank shall monitor the borrowings of non-natural person shareholders and natural person shareholders of the Bank who pledge their shares in the Bank. Where a shareholder of the Bank pledges the shares he holds in the Bank, the loan balance provided by the Bank to the shareholder shall not exceed the audited net value of the Bank’s shares held by the shareholder in the previous year.

Chapter V Information Submission and Disclosure

Article 20 In case that any of the following circumstances occurs, the Bank shall disclose such information in a timely manner through such channels as quarterly reports and annual reports, and shall report relevant information to the regulatory authorities through the legal person regulatory information reporting channel within 10 days from the occurrence of any of the following circumstances:

- (1) The pledged shares of the Bank have reached or exceeded 20% of all its shares;
- (2) The number of shares pledged by a substantial shareholder has reached or exceeded 50% of the total shares it holds in the Bank;
- (3) The pledged shares of the Bank are involved in freezing, judicial auction, legal restrictions on voting rights, or are subject to restrictions from other rights.

Article 21 The Bank shall promptly disclose the information on the Bank's shares pledging in accordance with the information disclosure requirements set out by the regulatory authorities in the places where its shares are listed.

Chapter VI Supplementary Provisions

Article 22 The following terms and expressions mentioned in the Measures shall have the meanings ascribed to them below:

- (1) A controlling shareholder shall mean a shareholder who holds more than 50% of the total share capital of the Bank; or a shareholder who, despite the proportion of its shareholding being less than 50%, has sufficient voting rights based on its shareholding to exert a significant influence on the resolutions of the shareholders' general meeting, as prescribed in Article 216 of the *Company Law of the People's Republic of China*.
- (2) A substantial shareholder is a shareholder who holds or controls more than 5% of the shares or voting rights of the Bank, or a shareholder who holds less than 5% of the total capital or shares but exerts a significant influence on the operation and management of the Bank.

The aforesaid "significant influence" refers to circumstances, including but not limited to dispatching directors, supervisors or senior management personnel to the Bank, impacting the Bank's financial and operation management decisions through agreements or other means, and other circumstances recognized by regulatory authorities.

- (3) The major shareholder refers to a shareholder of the Bank that meets any of the following conditions:
 - i. Holding more than 15% of shares of the Bank;
 - ii. Actually the largest shareholder of the Bank, and holding not less than 5% of shares of the Bank (including shareholders holding the same amount of shares);
 - iii. Nominating two or more directors;
 - iv. A Shareholder is deemed to have a controlling impact on the operation and management of the Bank by the Board of Directors of the Bank;
 - v. Other circumstances determined by the China Banking and Insurance Regulatory Commission or any of its authorized local offices.

The shareholding ratios of a shareholder, its related parties, and persons acting in concert therewith shall be combined for calculation. If the combined shareholding ratio meets the above requirements, the relevant shareholders shall be treated as major shareholders for management.

- (4) A concerted action refers to an act or a fact that some investors, through agreements or other arrangements, act together with other investors to increase the quantity of voting rights of shares they hold in the Bank at their disposal. Investors who have reached a concerted action are called persons acting in concert.

Article 23 The Board of Directors of the Bank is responsible for the interpretation and revision of the Measures.

Article 24 The Measures shall take effect and come into force from the date of being adopted by the Board of Directors of the Bank.