

The Rule of Procedures for the Board of Directors of Shanghai Pudong Development Bank

Article 1 Basic Guidelines

This rule is formulated in order to further standardize the Board of Directors of Shanghai Pudong Development Bank (hereafter referred to as the 'Company') in its conferring and decision-making, so that the Board and the directors would perform their duties more effectively and their operation and decision-making could be more normative and scientific. It complies with *the Corporation Law, the Securities Law, the Code of Governance for Listed Companies* and *the Regulation on Public Offering of Shanghai Stock Exchange* and *Company's Articles of Association*.

Article 2 Regular Sessions

There are two types of sessions of the Board of Directors: regular ones and provisional ones. Regular sessions should be held once in a quarter.

Article 3 Motions of Regular Sessions

Prior to the release of the notice of a regular session of the Board of Directors, the General Office may consult with the directors and work out a preliminary motion, which shall be presented to the Chairman of the Board for finalization.

The Chairman may confer with the presidents and other senior managers before finalizing the motion if necessary.

Article 4 Provisional Session

The Board of Directors should hold a provisional session under one of the following circumstances:

- 1) moved by shareholders representing 10% upwards voting right;
- 2) co-moved by one third upwards of directors;
- 3) moved by the Board of Supervisors;
- 4) deemed necessary by the Chairman of the Board of Directors;
- 5) moved by half upwards of independent directors;
- 6) moved by the President of the Company;
- 7) required by regulators;
- 8) in other situations stipulated by the Company's *Articles of Association*.

Article 5 Procedure for Moving to Hold a Provisional Session

To move to hold a provisional session of Board of Directors under above-said circumstances, the prime mover should present a written and signed motion to the Chairman of the Board either directly or through the General Office. The following elements have to be included in the written motion:

- 1) name of the prime mover
- 2) reasons or realistic causes for making such motion
- 3) proposed time (or time range), venue and approach of the meeting
- 4) specific motion
- 5) contact details of the prime mover and the date of the motion.

The content of the motion should not overrun the scope of duty of the Board of Directors stipulated by the Company's Articles Association. All necessary relevant materials should be presented along.

Upon receiving the above-said motion and relevant materials, the General Office to the Board of Directors should forward to the Chairman. If the Chairman considers the documentation unclear or insufficient, he/she may request the prime mover to make amendment and supplementation.

The Chairman of the Board of Directors should summon the session and preside over it within 10 days since receiving the motion or request from securities regulators.

Article 6 Convening and Presiding over the Session

Sessions of the Board of Directors should be convened and presided over by the Chairman of the Board. When the Chairman can not or does not perform his duties, the Vice Chairman should take the place. When the Vice Chairman can not or does not perform his duties, the meeting shall be convened and presided over by a director elected by half upwards of the directors.

Article 7 Notice of Session

For regular and provisional sessions of the Board of Directors, the General Office should send out written notice stamped with its official seal and the special seal for the session through direct delivery, fax, email or other medium to all directors, supervisors, presidents and the corporate secretary. If the notice is sent by means other than direct delivery, the General Office should confirm by phone and take a record accordingly.

In urgent cases when a provisional session has to be convened as the earliest possible time, the notice can be delivered by phone or other oral means. The convener, though, has to give an explanation on the meeting.

Article 8 Content of a Session Notice

The notice of a session should contain no less than the following elements:

- 1) time and venue of the session;
- 2) in what way the session is to be held;
- 3) motions to be deliberated;
- 4) convener and presider of the session, prime mover of a provisional session and his/her written motion;
- 5) documentation necessary for the voting of directors;
- 6) requirements for directors to attend in person or to delegate somebody to attend;
- 7) contact person and his/her contact details.

A notice sent orally should at least contain elements 1) and 2) and a statement that a provisional session has to be convened at the earliest possible time due to urgent causes.

Article 9 Amendment to a Session Notice

If the written notice of a regular session has to be amended in the time or venue of the session, or there has to be addition, alteration or cancellation of the motions of the session, a written amendment notice should be sent out three days ahead of the original date of session, which should include an explanation of the situation and the new motion along with relevant documentation. If it is impossible to do so 3 days in advance, the session should be delayed

accordingly or convened on the original date with written acknowledgement of all attending directors.

If the notice of a provisional session has to be amended in the time or venue of the session, or there has to be addition, alteration or cancellation of the motions of the session, such alteration should be acknowledged by all attending directors, which should be taken record.

Article 10 Holding the Session

A session of the Board of Directors should be held with at least more than half of the directors. If a relevant director declines to attend or neglects the session, the Chairman of the Board and the corporate secretary should report it to the regulators in a timely manner.

Supervisors may attend the session as non-voting participants; the presidents and the corporate secretary are obliged to attend the session as non-voting participants. The presider of the session may advice other relevant persons to attend as non-voting participants.

Article 11 Attendance in Person and by Delegation

On principle, all directors should attend the sessions in person. When a director is unable to attend on reasonable excuse, he/she should study the documentation of the session and shape his/her specific opinions and trust another director to attend the session with a written power of attorney.

The following should be clarified in the power of attorney:

- 1) names of the both the trustor and trustee directors;
- 2) the trustor's excuse for the absence;
- 3) a concise opinion of the trustor towards each motion;
- 4) the scope of the power of attorney and an instruction on the position over voting;
- 5) signatures of both the trustor and trustee and the date of signing.

The trustee director should present the written power of attorney to the presider of the session and make a statement on the situation on the session's registration book.

Article 12 Limitation on the Attendance by Delegation

Both the trustor and trustee directors shall follow the guidelines below:

- 1) When the session involves voting over related transactions, non-associated director shall not delegate an associated director to attend the session while an associated director shall not accept the delegation of a non-associated director in such case either.
- 2) An independent director shall not delegate a non-independent director while a non-independent director shall not accept the delegation of an independent director.
- 3) A director shall not offer full power of attorney to another director if his/her personal position on the motions and voting are not clearly expressed while the relevant director shall not accept such full or vague power of attorney.
- 4) One director is prohibited from accepting delegation of more than five other directors while a director should not delegate another director who has already trusted by five other directors.

Article 13 Forms of the Sessions

On principle, the session of the Board of Directors should be a material one with a real meeting site. When necessary, provided that the director can express themselves sufficiently, the session may be held by means of voting via video conference, phone, fax or email with prior consent of

the convener (presider) and the prime mover.

When the session is not held in the material way, the number of attending directors is based on who appear in the video conference, who speak on the teleconference and the valid ballots received by fax and email within required period, or written confirmation on the attendance submitted by directors after the session.

Article 14 Process of Deliberation and Voting on Motions

The presider of the session should ask attending directors to express their views on the motion one by one.

For motions which require prior acknowledgement of independent directors according to relevant regulations, the presider should designate an independent director to read out the acknowledgement reached in consensus by the independent directors.

When a director speaks repeatedly over one motion and his/her speech has overrun the scope of the motion and has hindered the expression of other directors or the continuance of the session, the presider should stop such behavior without delay.

The session shall not vote over motions outside of the notice of the session except that all attending directors agree to do so.

Article 15 Expression of Opinions

All directors should study all documentation of the session and express their opinions based on thorough knowledge of the situation in an independent and prudent way.

The directors may ask the General Office to the Board of Directors, the convener, the presidents and other senior managers, the special committees, relevant accounting firms and law firms for information necessary for their decision-making. They may also request the presider in the course of the session to ask the above-mentioned parties to give explanation on relevant situation.

Article 16 Voting

The presider of the session should ask the attending directors to vote over each motion one by one after sufficient deliberation over them.

The voting is based on 'one person, one vote' system. It can be carried out by show of hands, signed ballots or in other written forms.

The directors can choose only one position from consent, objection or waiver. The presider should ask those who have made no choice or two choices upwards to choose again. If the director still refuses to choose, he/she is regarded to have given up his vote. Those who withdraw themselves in the course of a session and fail to make any choice are regarded to have given up their votes.

Article 17 Counting Voting Results

When voting is done by show of hands, the presider should count the result.

When voting is done in written forms, the securities representative of the General Office to the Board or other staff should collect all ballots immediately after the attending directors finish voting and submit all ballots to the corporate secretary for counting, which should be carried out under supervision by one independent director or other director.

The presider should announce the result of counting on the spot at a material meeting. For session in other forms, the presider should request the corporate secretary to inform the directors of the

result after the voting deadline and before the next working day.

Voting which is done after the presider announces the result or after the designated voting deadline shall not be counted.

Article 18 Reaching Resolutions

A resolution is reached only with over half of all directors voting for the motion except under circumstance described in article 20 of this rule. When relevant laws, administrative regulations or the Company's Articles of Association requires a high proportion, such stipulation must be followed.

When different resolutions are contradictory with each other in content or implication, the latter-reached one shall prevail.

Article 19 Withdrawal from Voting

A director should withdraw himself/herself from the voting under the following circumstances:

- 1) so stipulated by the *Regulation on Public Offering of Shanghai Stock Exchange*;
- 2) deemed so by the director himself/herself;
- 3) stipulated so by the Company's Articles of Association, such as when a director is associated to the corporation involved in the motion.

When any director has to withdraw from the session, the relevant session can be convened with over half of the non-associated directors, and the resolution can be reached with over half of the non-associated directors. When there are less than 3 non-associated directors attending the session, no resolution can be reached, and the relevant issue should be put forward to the General Meeting of Shareholders for deliberation and approval.

Article 20 Refrained Authority

The Board of Directors shall comply strictly with the stipulation of authority by the Company's Articles of Association. It is prohibited to overrun the scope of power to reach any resolution.

Article 21 Special Stipulation on Profit Distribution and Transferring Capital Surplus to Paid-in Capital

The session of the Board of Directors shall reach resolutions on profit distribution and the transferring of capital surplus to paid-in capital. However, when the auditor's report from CPAs is not yet available, the session should reach resolutions based on the CPA's draft report (all financial figures are settled but those related to profit distribution and transferring of capital surplus to paid-in capital). The resolutions will go into effect when the CPA's auditor's report is officially put forward.

Article 22 Treatment of Failed Motions

For motions failed to be adopted, the Board of Directors should not raise the same issue at another session within one month if no material changes have occurred to the relevant situation.

Article 23 Postponement of Voting

When two or more attending directors or two or more independent directors consider a motion unclear or un-specific, or they find it impossible to form logical judgment due to lack of relevant

documentation, the presider of the session should request the voting on such motion to be postponed.

The director who proposed the postponement should clarify his/her requirement on the motion or the relevant documentation for submission and deliberation a second time.

Article 24 Audio-Recording

Sessions of the Board of Directors held in material way or by video conference or teleconference shall be completely audio-recorded.

Article 25 Meeting Minutes

The corporate secretary should designate staff of the General Office to take minutes of the session, which should contain the following elements:

- 1) serial order, time and venue of the session and in what way the session will be held;
- 2) the status of the delivery of meeting notice;
- 3) the convener and presider of the session;
- 4) which directors attend in person and which ones attend as delegates;
- 5) specification on the procedure of the session and the status of its process;
- 6) the motions deliberated, major elements of the opinions expressed by each director and their respective positions towards the motions;
- 7) the way of voting for each motion and the result of voting (specifying numbers of consent, objection and waiver votes);
- 8) other items the attending directors deemed necessary to be included in the minutes.

Article 26 Meeting Summary and Record of Resolutions

Besides meeting minutes, the corporate secretary may also designate staff of the General Office to complete a brief summary of the session and an independent record of the resolutions based on the voting results.

Article 27 Signature of Directors

The directors should sign in person and on behalf of his/her trustor on the meeting minutes, the summary of the session and the record of resolutions as confirmation. They may specify in writing their different views on the meeting minutes, session summary and record resolutions upon signing. They may report to the regulators or make public statement when they believe it necessary.

Directors who do not sign according to above procedure or do not specify their difference in writing or do not report to regulators or make any public statement are regarded as totally agreed with content of the minutes and summary of the session and the record of resolutions.

Article 28 Announcement of Resolutions

The announcement of resolutions shall be undertaken by the corporate secretary in light of relevant stipulation of the *Regulation on Public Offering of Shanghai Stock Exchange*. All attending directors, other attendants and related recording taking and working staff are obliged to keep confidentiality of the content of the resolutions.

Article 29 Implementation of the Resolution

The Chairman of the Board of Directors should see to that relevant people implement the resolutions and check from time to time the implementation process. Relevant progress should be reported on later sessions of the Board.

Article 30 Preservation of Files

The files of the session including the notice, documentation, registration book, powers of authority, audio recordings, ballots, signed minutes, summary and record of resolutions, announcement of resolutions shall be kept by the corporate secretary for ten years upwards.

Article 31 General Office to the Board of Directors

The General Office to the Board of Directors is the organ which handles the Board's routine work. The Corporate Secretary acts as the head of the General Office to the Board of Directors and keeps its official seal. The Corporate Secretary may designate Representatives for Securities Affairs or other relevant staff to assist him/her in routine jobs.

Article 32 Supplementary Provisions

In this rule, the expression 'upwards' related to number implies the relevant number is included.

This rule is formulated by the Board of Directors and effective after being approved by the General Meeting of Shareholders. Any amendments shall follow the same procedure.

This rule is subject to the interpretation of the Board of Directors.

